



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Acting Secretary of Commerce

TESTIMONY OF HARRY COKER, JR., ACTING SECRETARY
on the
FY 2026 COMMERCE CAPITAL BUDGET ALLOWANCE
before the
HOUSE APPROPRIATIONS
CAPITAL BUDGET SUBCOMMITTEE
Monday, March 3, 2025
and the
SENATE BUDGET AND TAXATION
CAPITAL BUDGET SUBCOMMITTEE
Tuesday, March 4, 2025

Good afternoon Chairs and members of the subcommittees. Thank you for the opportunity to appear before you today in support of the FY 2026 capital budget allowance for the Maryland Department of Commerce. The proposed \$3 million budget supports the third year of the Maryland Arts Capital Grant Program within the Maryland State Arts Council (MSAC).

Before proceeding with our testimony, I want to thank Elizabeth Waibel and the staff of the Department of Legislative Services (DLS) for their thorough and professional review of this budget allowance.

Chapters 394 and 395, Acts of 2021, established the Maryland Arts Capital Grant program to be administered by MSAC. The Governor must include \$3M in the State operating or capital budget for the program in fiscal years 2024 through 2029. As such, the \$3M appropriation in the FY 2026 capital budget allowance is continued funding for this program.

The program will allow MSAC to continue offering grants for the acquisition, expansion, renovation, or major repairs to a facility or other infrastructure operated by nonprofit organizations with operating budgets under \$3 million that either participate in MSAC's Grants for Organizations or Community Arts Development programs or are open to the public and provide cultural education or experiences. Abby Neyenhouse has recently been hired as MSAC's Arts Capital Program Director position. Based on the success of the first two rounds of funding - evidenced by the volume of applications and the communicated importance of this funding stream for the health and sustainability of small and medium-budget arts organizations - MSAC has elevated the position to a director and reorganized to make the position dedicated to this program.

After initial funding was secured in the FY 2024 budget, MSAC worked at a brisk pace to create an accessible and transparent program that would equitably distribute the allocated funding. Program building included soliciting a great deal of constituent input to ensure the program meets the needs of Maryland's Arts Sector. In both the FY 2024 and FY 2025 rounds, MSAC hosted "how-to-apply" webinars with 80-100 potential applicants each; fielded questions and provided technical assistance to applicants; processed and reviewed over 100 eligible applications; and has made recommendations to award 27 grants. Between FY 2024 and FY 2025 grant rounds, MSAC staff made adjustments to the guidelines, application, rubric, and panel processes to learn

from experience and strengthen the program. One issue that the Council identified following the first round of grant recommendations was that the applicant and grantee pools lacked geographic diversity reflective of the state's strong arts sector. This was addressed by staff with intentional outreach to applicants, panelist recruitment efforts, and some changes mentioned above. Whereas in FY 2024 MSAC received 53 eligible applications from 17 jurisdictions and ultimately recommended 14 grants from 5 jurisdictions, in FY 2025, 51 eligible applications were received from 19 jurisdictions and 13 grants from 9 jurisdictions were recommended. Other adjustments were made with Council and Secretary approval to maximum grant amount, eligible expenses, and application questions (within the parameters of the statute).

If the budget is authorized, MSAC anticipates launching the FY 2026 application in late spring/early summer, and advancing the timeline so that annual awards will be made and approved by the Board of Public Works before the legislative session begins in future years.

The arts create jobs, attract visitors and visitor spending, improve health outcomes, build understanding, help us interpret our shared history, help strengthen our sense of community, and, where there is pain and division, help us heal. We believe this program is critical for small arts organizations - ones that often serve distinct communities in our state. It allows access to capital funds, allowing those organizations to leverage additional investment to build and maintain facilities in order to deliver high-quality programs, ultimately maintaining Maryland's status as an arts leader and getting us closer to ensuring access to the arts for all Marylanders.

We respectfully ask that you approve this proposal as submitted. Thank you very much, and we'd be happy to answer any questions you may have.

GO Bond Recommended Actions:

Approve the general obligation bond authorization for the Department of Commerce.

Commerce concurs with this recommendation.