

HOUSE BILL 267

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HB 342/03 - APP

2004 Regular Session
4lr0501
CF 4lr0500

By: **Delegates Morhaim, Arnick, Aumann, Boteler, Bromwell, Burns, Cardin, Cluster, DeBoy, Doory, Frank, Hammen, Hubbard, Impallaria, Jones, Kach, Malone, McDonough, Minnick, Nathan-Pulliam, Rosenberg, Weir, and Zirkin**

Introduced and read first time: January 26, 2004

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Baltimore County - Sheppard Pratt Health System**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$5,000,000,
4 the proceeds to be used as a grant to the Board of Trustees of Sheppard Pratt
5 Health System, Inc. for certain development or improvement purposes;
6 providing for disbursement of the loan proceeds, subject to a requirement that
7 the grantee provide and expend a matching fund; establishing a deadline for the
8 encumbrance or expenditure of the loan proceeds; expressing the intent of the
9 General Assembly to provide certain funds in future years; and providing
10 generally for the issuance and sale of bonds evidencing the loan.

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That:

13 (1) The Board of Public Works may borrow money and incur indebtedness on
14 behalf of the State of Maryland through a State loan to be known as the Baltimore
15 County - Sheppard Pratt Health System Loan of 2004 in a total principal amount
16 equal to the lesser of (i) \$5,000,000 or (ii) the amount of the matching fund provided
17 in accordance with Section 1(5) below. This loan shall be evidenced by the issuance,
18 sale, and delivery of State general obligation bonds authorized by a resolution of the
19 Board of Public Works and issued, sold, and delivered in accordance with §§ 8-117
20 through 8-124 of the State Finance and Procurement Article and Article 31, § 22 of
21 the Code.

22 (2) The bonds to evidence this loan or installments of this loan may be sold as
23 a single issue or may be consolidated and sold as part of a single issue of bonds under
24 § 8-122 of the State Finance and Procurement Article.

25 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
26 and first shall be applied to the payment of the expenses of issuing, selling, and
27 delivering the bonds, unless funds for this purpose are otherwise provided, and then
28 shall be credited on the books of the Comptroller and expended, on approval by the
29 Board of Public Works, for the following public purposes, including any applicable

1 architects' and engineers' fees: as a grant to the Board of Trustees of Sheppard Pratt
2 Health System, Inc. (referred to hereafter in this Act as "the grantee") for the
3 planning, design, and construction of a new hospital building at Sheppard Pratt
4 Health System, located in Baltimore.

5 (4) An annual State tax is imposed on all assessable property in the State in
6 rate and amount sufficient to pay the principal of and interest on the bonds, as and
7 when due and until paid in full. The principal shall be discharged within 15 years
8 after the date of issuance of the bonds.

9 (5) Prior to the payment of any funds under the provisions of this Act for the
10 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
11 matching fund. No part of the grantee's matching fund may be provided, either
12 directly or indirectly, from funds of the State, whether appropriated or
13 unappropriated. No part of the fund may consist of real property or in kind
14 contributions. The fund may consist of funds expended prior to the effective date of
15 this Act. In case of any dispute as to the amount of the matching fund or what money
16 or assets may qualify as matching funds, the Board of Public Works shall determine
17 the matter and the Board's decision is final. The grantee has until June 1, 2006, to
18 present evidence satisfactory to the Board of Public Works that a matching fund will
19 be provided. If satisfactory evidence is presented, the Board shall certify this fact and
20 the amount of the matching fund to the State Treasurer, and the proceeds of the loan
21 equal to the amount of the matching fund shall be expended for the purposes provided
22 in this Act. Any amount of the loan in excess of the amount of the matching fund
23 certified by the Board of Public Works shall be canceled and be of no further effect.

24 (6) The proceeds of the loan must be expended or encumbered by the Board of
25 Public Works for the purposes provided in this Act no later than June 1, 2011. If any
26 funds authorized by this Act remain unexpended or unencumbered after June 1, 2011,
27 the amount of the unencumbered or unexpended authorization shall be canceled and
28 be of no further effect. If bonds have been issued for the loan, the amount of
29 unexpended or unencumbered bond proceeds shall be disposed of as provided in §
30 8-129 of the State Finance and Procurement Article.

31 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
32 General Assembly that this Act represents the first \$5,000,000 of a \$15,000,000
33 commitment to this project, to be authorized in annual increments of \$5,000,000.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 June 1, 2004.