
By: **The Speaker and the Minority Leader (By Request - Administration)**
and Delegates Edwards, Amedori, Aumann, Barkley, Benson, Boschert,
Boutin, Bromwell, Costa, Cryor, Donoghue, Eckardt, Elliott, Elmore,
Frank, Gilleland, Goldwater, Hammen, Harrison, Hubbard, Hurson,
Jennings, Kach, Kelly, Malone, McComas, McConkey, McDonough,
McIntosh, Miller, Mitchell, Morhaim, Myers, Niemann, O'Donnell,
Rosenberg, Smigiel, Sossi, Stocksedale, Walkup, Weldon, Wood, and
Zirkin

Introduced and read first time: January 27, 2004
Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Health and Mental Hygiene - Federally Qualified Health**
3 **Centers Grant Program**

4 FOR the purpose of creating the Federally Qualified Health Centers Grant Program;
5 authorizing the Board of Public Works, on the recommendation of the Secretary
6 of Health and Mental Hygiene, to provide grants under the Program to counties,
7 municipal corporations, and nonprofit corporations for the conversion of public
8 buildings to Federally Qualified Health Centers facilities, the acquisition of
9 existing buildings or parts of buildings for use as Federally Qualified Health
10 Centers, the renovation of Federally Qualified Health Centers, the purchase of
11 capital equipment for Federally Qualified Health Centers, and the planning,
12 design, and construction of Federally Qualified Health Centers; requiring the
13 Department of Health and Mental Hygiene to make certain recommendations;
14 providing for the application process; authorizing the Board of Public Works to
15 adopt certain regulations; providing certain terms, conditions, and limitations
16 on the allocations, use, and amount of State grants; prohibiting proceeds of a
17 grant from being used for certain religious purposes; authorizing the State,
18 under certain circumstances, to recover a certain portion of the State funds
19 expended; providing for a certain judicial proceeding and liens to enforce the
20 State's right of recovery and the priority of the proceeding and the lien;
21 requiring the Department to adopt certain regulations; defining certain terms;
22 and generally relating to grants for Federally Qualified Health Centers.

23 BY adding to
24 Article - Health - General
25 Section 24-1101 through 24-1107, inclusive, to be under the new subtitle
26 "Subtitle 11. Federally Qualified Health Centers Grant Program"
27 Annotated Code of Maryland

1 (2000 Replacement Volume and 2003 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article - Health - General**

5 SUBTITLE 11. FEDERALLY QUALIFIED HEALTH CENTERS GRANT PROGRAM.

6 24-1101.

7 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
8 INDICATED.

9 (B) "FEDERALLY QUALIFIED HEALTH CENTER" MEANS A HEALTH CENTER
10 THAT IS:

11 (1) DESIGNATED AS A FEDERALLY QUALIFIED HEALTH CENTER UNDER
12 § 330 OF THE FEDERAL PUBLIC HEALTH SERVICE ACT, 42 U.S.C. 254B; AND

13 (2) WHOLLY OWNED BY AND OPERATED UNDER THE AUTHORITY OF A
14 COUNTY, MUNICIPAL CORPORATION, OR NONPROFIT ORGANIZATION.

15 (C) "NONPROFIT ORGANIZATION" MEANS:

16 (1) A BONA FIDE RELIGIOUS ORGANIZATION, NO PART OF THE
17 EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY INDIVIDUAL OR IS USED FOR
18 ANY PURPOSE OTHER THAN THE MAINTENANCE AND OPERATION OF A FACILITY,
19 THE PURCHASE OF EQUIPMENT TO BE USED IN A FACILITY, OR THE EXPANSION OF A
20 FACILITY; OR

21 (2) AN ORGANIZATION:

22 (I) THAT IS CHARTERED AS A NONPROFIT CORPORATION AND
23 CLASSIFIED BY THE INTERNAL REVENUE SERVICE AS NONPROFIT; AND

24 (II) NO PART OF THE EARNINGS OF WHICH INURES TO THE
25 BENEFIT OF ANY INDIVIDUAL OR IS USED FOR ANY PURPOSE OTHER THAN THE
26 MAINTENANCE AND OPERATION OF A FACILITY, THE PURCHASE OF EQUIPMENT TO
27 BE USED IN A FACILITY, OR THE EXPANSION OF A FACILITY.

28 (D) "WHOLLY OWNED" INCLUDES LEASED, IF:

29 (1) (I) THE LEASE IS FOR A MINIMUM TERM OF 30 YEARS FOLLOWING
30 PROJECT COMPLETION; OR

31 (II) THE LEASE AGREEMENT EXTENDS THE RIGHT OF PURCHASE
32 TO THE LESSEE; AND

1 (2) THE LESSOR CONSENTS TO THE RECORDING IN THE LAND RECORDS
2 OF THE COUNTY OR BALTIMORE CITY WHERE THE FACILITY IS LOCATED, OF A
3 NOTICE OF THE STATE'S RIGHT OF RECOVERY AS PROVIDED UNDER § 24-1106 OF THIS
4 SUBTITLE.

5 24-1102.

6 (A) THERE IS A FEDERALLY QUALIFIED HEALTH CENTERS GRANT PROGRAM.

7 (B) ON THE RECOMMENDATION OF THE SECRETARY, THE BOARD OF PUBLIC
8 WORKS MAY MAKE GRANTS TO COUNTIES, MUNICIPAL CORPORATIONS, AND
9 NONPROFIT ORGANIZATIONS FOR:

10 (1) THE CONVERSION OF PUBLIC BUILDINGS OR PARTS OF PUBLIC
11 BUILDINGS TO FEDERALLY QUALIFIED HEALTH CENTERS;

12 (2) THE ACQUISITION OF EXISTING BUILDINGS OR PARTS OF BUILDINGS
13 FOR USE AS FEDERALLY QUALIFIED HEALTH CENTERS;

14 (3) THE RENOVATION OF FEDERALLY QUALIFIED HEALTH CENTERS;

15 (4) THE PURCHASE OF CAPITAL EQUIPMENT FOR FEDERALLY
16 QUALIFIED HEALTH CENTERS; OR

17 (5) THE PLANNING, DESIGN, AND CONSTRUCTION OF FEDERALLY
18 QUALIFIED HEALTH CENTERS.

19 24-1103.

20 (A) ANY COUNTY, MUNICIPAL CORPORATION, OR NONPROFIT ORGANIZATION
21 SPONSORING A PROJECT INVOLVING WORK SPECIFIED IN § 24-1102 OF THIS
22 SUBTITLE MAY APPLY TO THE SECRETARY FOR A STATE GRANT TO BE APPLIED
23 TOWARD THE COST OF THAT PROJECT.

24 (B) THE APPLICATION SHALL INCLUDE:

25 (1) PROJECT PLANS FOR THE WORK TO BE CARRIED OUT;

26 (2) A STATEMENT LISTING THE PERSONNEL EMPLOYED OR TO BE
27 EMPLOYED AT THE FEDERALLY QUALIFIED HEALTH CENTER, INCLUDING ALL
28 REMUNERATION AND PERQUISITES FOR PERSONAL SERVICES AND ALL OTHER
29 EXPENSES PAID OR TO BE PAID TO THESE PERSONNEL;

30 (3) ALL OTHER EXPENSES INCURRED OR TO BE INCURRED IN
31 OPERATING THE FEDERALLY QUALIFIED HEALTH CENTER; AND

32 (4) THE SCHEDULE OF RATES CHARGED OR TO BE CHARGED FOR
33 SERVICES RENDERED.

34 (C) ON APPROVAL OF A PROJECT AND THE PROJECT PLANS, THE SECRETARY
35 SHALL PROMPTLY REPORT THE APPLICATION TO THE BOARD OF PUBLIC WORKS,

1 TOGETHER WITH THE SECRETARY'S RECOMMENDATION THAT THE BOARD MAKE
2 FUNDS AVAILABLE AS PROVIDED IN THIS SUBTITLE.

3 24-1104.

4 (A) THE ALLOCATION AND USE OF STATE FUNDS UNDER THIS SUBTITLE ARE
5 SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THIS SECTION.

6 (B) STATE FUNDS MAY ONLY BE USED FOR THE PURPOSES LISTED UNDER §
7 24-1102 OF THIS SUBTITLE AND APPROVED BY THE SECRETARY UNDER § 24-1103 OF
8 THIS SUBTITLE.

9 (C) (1) THE ALLOCATION AND USE OF STATE FUNDS UNDER THIS SUBTITLE
10 ARE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS.

11 (2) ANY FEDERAL OR OTHER GRANT THAT IS RECEIVED FOR AN
12 ELIGIBLE PROJECT SHALL BE APPLIED FIRST TO THE COST OF THE PROJECT.

13 (3) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A STATE
14 GRANT MAY NOT EXCEED THE LESSER OF \$500,000 OR 50% OF THE COST OF ELIGIBLE
15 WORK REMAINING UNPAID AFTER ALL FEDERAL GRANTS HAVE BEEN APPLIED.

16 (4) FOR PURPOSES OF THIS SUBTITLE, COMMUNITY DEVELOPMENT
17 BLOCK GRANT FUNDS SHALL BE CONSIDERED AS LOCAL MATCHING FUNDS AND MAY
18 NOT BE CONSIDERED AS FEDERAL GRANT FUNDS.

19 (D) FOR A PROJECT DESIGNATED AS ELIGIBLE FOR POVERTY AREA FUNDING
20 UNDER FEDERAL REGULATIONS, STATE PLANS, OR DEPARTMENTAL REGULATIONS, A
21 STATE GRANT MAY COVER UP TO THE LESSER OF \$500,000 OR 75%, OF THE COST OF
22 ELIGIBLE WORK REMAINING UNPAID AFTER ALL FEDERAL GRANTS HAVE BEEN
23 APPLIED.

24 (E) THE AMOUNT OF THE STATE GRANT RECOMMENDED TO THE BOARD OF
25 PUBLIC WORKS FOR ANY PROJECT SHALL BE DETERMINED AFTER CONSIDERATION
26 OF:

27 (1) ALL ELIGIBLE PROJECTS;

28 (2) THE TOTAL OF UNALLOCATED STATE FUNDS AVAILABLE AT THE
29 TIME THE GRANT RECOMMENDATION IS MADE TO THE BOARD OF PUBLIC WORKS;
30 AND

31 (3) THE PRIORITIES OF AREA NEED ESTABLISHED BY THE DEPARTMENT.

32 (F) (1) NO PORTION OF THE PROCEEDS OF A STATE GRANT MAY BE USED:

33 (I) TO FURTHER SECTARIAN RELIGIOUS INSTRUCTION;

34 (II) IN CONNECTION WITH THE DESIGN, ACQUISITION, OR
35 CONSTRUCTION OF ANY BUILDING TO BE USED AS A PLACE OF SECTARIAN
36 RELIGIOUS WORSHIP OR INSTRUCTION; OR

1 (III) IN CONNECTION WITH ANY PROGRAM OR DEPARTMENT OF
2 DIVINITY FOR ANY RELIGIOUS DENOMINATION.

3 (2) ON THE REQUEST OF THE BOARD OF PUBLIC WORKS, THE
4 APPLICANT SHALL SUBMIT EVIDENCE SATISFACTORY TO THE BOARD THAT THE
5 PROCEEDS OF THE GRANT ARE NOT BEING USED FOR A PURPOSE PROHIBITED
6 UNDER THIS SUBSECTION OR UNDER APPLICABLE FEDERAL LAW.

7 24-1105.

8 (A) THE BOARD OF PUBLIC WORKS SHALL MAKE ALLOCATIONS FROM FUNDS
9 AVAILABLE UNDER THIS SUBTITLE IN ACCORDANCE WITH THIS SUBTITLE.

10 (B) THE BOARD SHALL CERTIFY THE ALLOCATIONS TO THE PROPER STATE
11 OFFICERS, AND THE TREASURER SHALL MAKE PAYMENTS TO OR ON BEHALF OF THE
12 APPLICANT, WHEN NEEDED, FOR THE APPROVED PROJECT.

13 (C) THE BOARD OF PUBLIC WORKS MAY ADOPT REGULATIONS TO IMPLEMENT
14 THIS SECTION.

15 24-1106.

16 (A) THE STATE MAY RECOVER FROM EITHER THE TRANSFEROR OR
17 TRANSFEREE OR, IN THE CASE OF A PROPERTY THAT HAS CEASED TO BE A
18 FEDERALLY QUALIFIED HEALTH CENTER, FROM THE OWNER, AN AMOUNT BEARING
19 THE SAME RATIO TO THE THEN CURRENT VALUE OF SO MUCH OF THE PROPERTY AS
20 CONSTITUTED AN APPROVED PROJECT AS THE AMOUNT OF THE STATE
21 PARTICIPATION BORE TO THE TOTAL ELIGIBLE COST OF THE APPROVED PROJECT,
22 TOGETHER WITH ALL COSTS AND REASONABLE ATTORNEYS' FEES INCURRED BY THE
23 STATE IN THE RECOVERY PROCEEDINGS, IF, WITHIN 30 YEARS AFTER COMPLETION
24 OF A PROJECT, A PROPERTY FOR WHICH FUNDS HAVE BEEN PAID UNDER THIS
25 SUBTITLE:

26 (1) IS SOLD OR TRANSFERRED TO ANY PERSON, AGENCY, OR
27 ORGANIZATION THAT WOULD NOT QUALIFY AS AN APPLICANT UNDER THIS
28 SUBTITLE, OR THAT IS NOT APPROVED AS A TRANSFEREE BY THE BOARD OF PUBLIC
29 WORKS; OR

30 (2) CEASES TO BE A FEDERALLY QUALIFIED HEALTH CENTER AS
31 DEFINED IN THIS SUBTITLE.

32 (B) (1) BEFORE THE STATE MAKES ANY FUNDS AVAILABLE FOR AN
33 APPROVED PROJECT, THE DEPARTMENT SHALL CAUSE A NOTICE OF THIS RIGHT OF
34 RECOVERY TO BE RECORDED IN THE LAND RECORDS OF THE COUNTY OR
35 BALTIMORE CITY WHERE THE PROPERTY IS LOCATED.

36 (2) THE RECORDING OF THE NOTICE:

37 (I) DOES NOT CREATE A LIEN AGAINST THE PROPERTY; BUT

1 (II) SHALL CONSTITUTE NOTICE TO ANY POTENTIAL TRANSFEREE,
2 POTENTIAL TRANSFEROR, POTENTIAL CREDITOR, OR OTHER INTERESTED PARTY OF
3 THE POSSIBILITY THAT THE STATE MAY OBTAIN A LIEN UNDER THIS SUBTITLE.

4 (C) (1) (I) THE SECRETARY OF THE BOARD OF PUBLIC WORKS MAY FILE A
5 CIVIL COMPLAINT UNDER SUBSECTION (B) OF THIS SECTION, IN THE CIRCUIT COURT
6 FOR THE COUNTY OR BALTIMORE CITY WHERE THE PROPERTY IS LOCATED, AGAINST
7 THE OWNER OF THE PROPERTY AND ANY OTHER INTERESTED PARTIES, INCLUDING
8 ANY TRANSFEROR THAT THE STATE WISHES TO MAKE A PARTY.

9 (II) THE COMPLAINT SHALL BE FILED WITH:

10 1. SWORN AFFIDAVITS STATING FACTS ON WHICH THE
11 ALLEGATIONS OF DEFAULT ARE BASED; AND

12 2. A DETAILED JUSTIFICATION OF THE AMOUNT CLAIMED.

13 (2) IF THE CIRCUIT COURT DETERMINES FROM THE STATE'S INITIAL
14 FILING THAT A DEFAULT HAS OCCURRED, PENDING FULL DETERMINATION OF THE
15 STATE'S CLAIM, THE COURT SHALL AUTHORIZE A TEMPORARY LIEN ON THE
16 PROPERTY:

17 (I) IN THE AMOUNT OF THE STATE'S COMPLAINT PLUS ANY
18 ADDITIONAL AMOUNT ESTIMATED TO BE NECESSARY TO COVER THE COSTS AND
19 REASONABLE ATTORNEYS' FEES INCURRED BY THE STATE; OR

20 (II) IN OTHER AMOUNTS THAT THE COURT DETERMINES TO BE
21 REASONABLE.

22 (3) (I) A TEMPORARY LIEN SHALL TAKE EFFECT:

23 1. ON THE DATE OF THE COURT'S AUTHORIZATION, IF THE
24 SECRETARY OF THE BOARD OF PUBLIC WORKS RECORDS A NOTICE OF TEMPORARY
25 LIEN IN THE LAND RECORDS OF THE COUNTY OR BALTIMORE CITY WHERE THE
26 PROPERTY IS LOCATED WITHIN 10 DAYS AFTER THE COURT'S AUTHORIZATION; OR

27 2. ON THE DATE A NOTICE OF TEMPORARY LIEN IS
28 RECORDED.

29 (II) WHILE THE TEMPORARY LIEN IS IN EFFECT, NEITHER THE
30 OWNER NOR ANY PERSON WHO ACQUIRED AN INTEREST IN THE PROPERTY AFTER
31 THE STATE FIRST MADE FUNDS AVAILABLE IN CONNECTION WITH THE PROPERTY
32 MAY WITHOUT THE PRIOR WRITTEN CONSENT OF THE STATE:

33 1. TAKE ANY ACTION THAT WOULD AFFECT THE TITLE TO
34 THE PROPERTY; OR

35 2. INSTITUTE ANY PROCEEDINGS TO ENFORCE A SECURITY
36 INTEREST OR OTHER SIMILAR RIGHTS IN THE PROPERTY.

1 (4) (I) THE OWNER OF THE PROPERTY OR ANY OTHER INTERESTED
2 PARTY MAY OBTAIN RELEASE OF A TEMPORARY LIEN AT ANY TIME BY FILING WITH
3 THE COURT A BOND SECURING THE PAYMENT IN FULL OF THE STATE'S CLAIM AND
4 ANY ADDITIONAL AMOUNT NECESSARY TO COVER THE COSTS AND REASONABLE
5 ATTORNEYS' FEES INCURRED BY THE STATE.

6 (II) THE OWNER OR OTHER INTERESTED PARTY MAY CAUSE THE
7 RELEASE TO BE RECORDED IN THE LAND RECORDS.

8 (D) PROCEEDINGS TO DETERMINE THE STATE'S RIGHT TO RECOVER AND THE
9 AMOUNT OF ITS RECOVERY UNDER THIS SUBTITLE SHALL HAVE PRIORITY OVER
10 OTHER CIVIL PROCEEDINGS IN THE CIRCUIT COURTS.

11 (E) (1) (I) AT THE CONCLUSION OF FULL ADVERSARY PROCEEDINGS ON
12 THE ISSUE OF DEFAULT AND OF ANY DISPUTES OVER THE AMOUNT OF THE STATE'S
13 RECOVERY, THE CIRCUIT COURT SHALL, IF IT FINDS THAT A DEFAULT HAS
14 OCCURRED, ISSUE A FINAL JUDGMENT FOR THE AMOUNT IT FINDS TO BE
15 RECOVERABLE BY THE STATE.

16 (II) ALL PARTIES INVOLVED IN THE DEFAULT, INCLUDING IN
17 EVERY CASE THE OWNER OF THE PROPERTY, SHALL BE HELD JOINTLY AND
18 SEVERALLY LIABLE TO THE STATE FOR THE AMOUNT OF THE JUDGMENT.

19 (2) (I) EXCEPT AS THE STATE MAY OTHERWISE PROVIDE BY A
20 WRITTEN SUBORDINATION AGREEMENT, IF THE AMOUNT OF THE FINAL JUDGMENT
21 REMAINS UNPAID AFTER 30 DAYS FOLLOWING THE COURT'S FINAL ORDER, THE
22 FINAL JUDGMENT SHALL CONSTITUTE A LIEN ON THE PROPERTY, SUPERIOR TO THE
23 LIEN OR OTHER INTEREST OF A MORTGAGEE, PLEDGEE, PURCHASER, OR JUDGMENT
24 CREDITOR WHOSE INTEREST BECAME PERFECTED AGAINST THIRD PERSONS AFTER
25 THE STATE FIRST MADE FUNDS AVAILABLE UNDER THIS SUBTITLE.

26 (II) 1. EXCEPT AS PROVIDED IN ITEM 2 OF THIS ITEM, A LIEN
27 TAKES EFFECT ON THE DATE A NOTICE OF LIEN IS RECORDED.

28 2. A LIEN TAKES EFFECT ON THE 31ST DAY FOLLOWING THE
29 COURT'S FINAL ORDER IF THE SECRETARY OF THE BOARD OF PUBLIC WORKS
30 RECORDS A NOTICE OF LIEN IN THE LAND RECORDS OF THE COUNTY OR BALTIMORE
31 CITY WHERE THE PROPERTY IS LOCATED ON OR BEFORE THE 41ST DAY FOLLOWING
32 THE FINAL ORDER.

33 (III) 1. AT THE TIME THAT A LIEN TAKES EFFECT, ANY
34 TEMPORARY LIEN THEN IN EFFECT SHALL BE AUTOMATICALLY AND FULLY
35 RELEASED.

36 2. THE RECORDED NOTICE OF A LIEN SHALL CONSTITUTE
37 NOTICE OF THE RELEASE OF A TEMPORARY LIEN.

38 (IV) A LIEN IMPOSED UNDER THIS SUBSECTION MAY BE ENFORCED
39 AND FORECLOSED IN ACCORDANCE WITH THE PROCEDURES PRESCRIBED IN THE

1 MARYLAND RULES, EXCEPT THAT NEITHER THE STATE NOR ANY AGENT APPOINTED
2 BY THE STATE TO SELL THE PROPERTY NEED FILE A BOND.

3 (3) (I) THE OWNER OR ANY OTHER INTERESTED PARTY MAY OBTAIN
4 RELEASE OF A LIEN AT ANY TIME BY PAYING TO THE STATE THE FULL AMOUNT OF
5 THE JUDGMENT RENDERED BY THE CIRCUIT COURT, TOGETHER WITH INTEREST
6 FROM THE DATE OF JUDGMENT.

7 (II) ON PAYMENT IN FULL, THE SECRETARY OF THE BOARD OF
8 PUBLIC WORKS SHALL CAUSE A RELEASE TO BE RECORDED IN THE LAND RECORDS.

9 (4) IF THE CIRCUIT COURT FINDS THAT THERE HAS BEEN NO DEFAULT
10 OR IF THE FULL AMOUNT OF THE COURT'S JUDGMENT IS PAID TO THE STATE WITHIN
11 30 DAYS AFTER THE COURT'S FINAL ORDER, A TEMPORARY LIEN THEN IN EFFECT
12 SHALL BE RELEASED IMMEDIATELY AND THE SECRETARY OF THE BOARD OF PUBLIC
13 WORKS SHALL CAUSE THE RELEASE TO BE RECORDED IN THE LAND RECORDS.

14 (F) (1) ALL FUNDS RECOVERED AS A RESULT OF THIS RIGHT OF RECOVERY
15 SHALL BE DEPOSITED IN THE ANNUITY BOND FUND AND APPLIED TO THE DEBT
16 SERVICE REQUIREMENTS OF THE STATE.

17 (2) IF THE BOARD DETERMINES THAT THERE IS GOOD CAUSE FOR
18 RELEASING THE TRANSFEROR, TRANSFEREE, OR OWNER FROM THE OBLIGATION
19 IMPOSED UNDER THIS SUBTITLE, THE BOARD OF PUBLIC WORKS MAY WAIVE THE
20 STATE'S RIGHT OF RECOVERY UNDER THIS SUBTITLE.

21 24-1107.

22 THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THE
23 PROVISIONS OF THIS SUBTITLE.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
25 effect July 1, 2004.