

# SENATE BILL 187

B2

7lr0470

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By: **Senators Hough and Young**

Introduced and read first time: January 18, 2017

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Frederick County – Helen Smith Studio**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$25,000, the  
4 proceeds to be used as a grant to the Board of Directors of the Luce Fund for  
5 Children, Inc. for certain development or improvement purposes; providing for  
6 disbursement of the loan proceeds, subject to a requirement that the grantee provide  
7 and expend a matching fund; prohibiting the use of the loan proceeds or matching  
8 fund for sectarian religious purposes; establishing a deadline for the encumbrance  
9 or expenditure of the loan proceeds; and providing generally for the issuance and  
10 sale of bonds evidencing the loan.

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
12 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 Frederick County  
15 – Helen Smith Studio Loan of 2017 in a total principal amount equal to the lesser of (i)  
16 \$25,000 or (ii) the amount of the matching fund provided in accordance with Section 1(5)  
17 below. This loan shall be evidenced by the issuance, sale, and delivery of State general  
18 obligation bonds authorized by a resolution of the Board of Public Works and issued, sold,  
19 and delivered in accordance with §§ 8–117 through 8–124 and 8–131.2 of the State Finance  
20 and Procurement Article.

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 the following public purposes, including any applicable architects' and engineers' fees: as a  
2 grant to the Board of Directors of the Luce Fund for Children, Inc. (referred to hereafter in  
3 this Act as "the grantee") for the acquisition, planning, design, construction, repair,  
4 renovation, reconstruction, site improvement, and capital equipping of the Helen Smith  
5 Studio project, including the relocation of the studio of Helen Smith to the Lucy School,  
6 located in Frederick County.

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

11 (5) Prior to the payment of any funds under the provisions of this Act for the  
12 purposes set forth in Section 1(3) above, the grantee shall provide and expend a matching  
13 fund. No part of the grantee's matching fund may be provided, either directly or indirectly,  
14 from funds of the State, whether appropriated or unappropriated. No part of the fund may  
15 consist of funds expended prior to the effective date of this Act. The fund may consist of real  
16 property or in kind contributions. In case of any dispute as to the amount of the matching  
17 fund or what money or assets may qualify as matching funds, the Board of Public Works  
18 shall determine the matter and the Board's decision is final. The grantee has until June 1,  
19 2019, to present evidence satisfactory to the Board of Public Works that a matching fund  
20 will be provided. If satisfactory evidence is presented, the Board shall certify this fact and  
21 the amount of the matching fund to the State Treasurer, and the proceeds of the loan equal  
22 to the amount of the matching fund shall be expended for the purposes provided in this Act.  
23 Any amount of the loan in excess of the amount of the matching fund certified by the Board  
24 of Public Works shall be canceled and be of no further effect.

25 (6) No portion of the proceeds of the loan or any of the matching funds may be  
26 used for the furtherance of sectarian religious instruction, or in connection with the design,  
27 acquisition, or construction of any building used or to be used as a place of sectarian  
28 religious worship or instruction, or in connection with any program or department of  
29 divinity for any religious denomination. Upon the request of the Board of Public Works, the  
30 grantee shall submit evidence satisfactory to the Board that none of the proceeds of the  
31 loan or any matching funds have been or are being used for a purpose prohibited by this  
32 Act.

33 (7) The proceeds of the loan must be expended or encumbered by the Board of  
34 Public Works for the purposes provided in this Act no later than June 1, 2024. If any funds  
35 authorized by this Act remain unexpended or unencumbered after June 1, 2024, the  
36 amount of the unencumbered or unexpended authorization shall be canceled and be of no  
37 further effect. If bonds have been issued for the loan, the amount of unexpended or  
38 unencumbered bond proceeds shall be disposed of as provided in § 8-129 of the State  
39 Finance and Procurement Article.

40 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
41 1, 2017.