

HOUSE BILL 1055

B5

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By: **Delegate B. Barnes**

Introduced and read first time: February 5, 2021

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Capital Budget – Legislative Initiatives – Alterations**

3 FOR the purpose of requiring the Department of General Services to notify, within a certain
4 period of time, the recipient of a grant authorized under certain enabling acts;
5 requiring the Department, on receipt of a certain completed grant application, to
6 promptly request a certain approval by the Board of Public Works or provide certain
7 notice to the Comptroller; altering certain provisions of law that authorize the form
8 of certain enabling acts; requiring the Comptroller, on notice by the Department, to
9 expend money from the State and Local Facilities Loan Fund for certain purposes;
10 providing that the Board of Public Works is not required, under certain
11 circumstances, to approve a contract to spend the proceeds of a general obligation
12 loan; repealing certain provisions of prior authorizations of State debt that require
13 the recipients of certain grants to provide and expend a certain matching fund;
14 defining a certain term; and generally relating to certain grants authorized in the
15 capital budget.

16 BY adding to

17 Article – State Finance and Procurement
18 Section 4–211 and 8–117(d)
19 Annotated Code of Maryland
20 (2015 Replacement Volume and 2020 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article – State Finance and Procurement
23 Section 8–117(c), 8–125, and 8–301
24 Annotated Code of Maryland
25 (2015 Replacement Volume and 2020 Supplement)

26 BY repealing

27 Article – State Finance and Procurement
28 Section 8–117(d)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2015 Replacement Volume and 2020 Supplement)

3 BY repealing and reenacting, with amendments,
4 Chapter 14 of the Acts of the General Assembly of 2019
5 Section 1(3)

6 BY repealing
7 Chapter 14 of the Acts of the General Assembly of 2019
8 Section 1(5)

9 BY adding to
10 Chapter 14 of the Acts of the General Assembly of 2019
11 Section 1(5) and (10)

12 BY repealing and reenacting, with amendments,
13 Chapter 537 of the Acts of the General Assembly of 2020
14 Section 1(3)

15 BY repealing
16 Chapter 537 of the Acts of the General Assembly of 2020
17 Section 1(5)

18 BY adding to
19 Chapter 537 of the Acts of the General Assembly of 2020
20 Section 1(5) and (10)

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

23 **Article – State Finance and Procurement**

24 **4–211.**

25 **(A) IN THIS SECTION, “ENABLING ACT” HAS THE MEANING STATED IN §**
26 **8–101 OF THIS ARTICLE.**

27 **(B) THE DEPARTMENT SHALL NOTIFY THE RECIPIENT OF A GRANT**
28 **AUTHORIZED UNDER SECTION 1(3) ITEMS ZA00 THROUGH ZB02 OF AN ENABLING**
29 **ACT WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THE ENABLING ACT.**

30 **(C) ON RECEIPT OF A COMPLETED GRANT APPLICATION FOR A GRANT**
31 **AUTHORIZED UNDER SECTION 1(3) ITEMS ZA00 THROUGH ZB02 OF AN ENABLING**
32 **ACT THE DEPARTMENT PROMPTLY SHALL:**

33 **(1) REQUEST THAT THE BOARD OF PUBLIC WORKS APPROVE THE**

1 EXPENDITURE OF THE GRANT FUNDS; OR

2 (2) IF THE TOTAL AMOUNT AUTHORIZED FOR THE GRANT BY THE
3 ENABLING ACT IS LESS THAN \$500,000, NOTIFY THE COMPTROLLER TO EXPEND THE
4 MONEY AS PROVIDED UNDER § 8-125(D) OF THIS ARTICLE.

5 8-117.

6 (c) An enabling act may take substantially the following form:

7 “A BILL ENTITLED

8 AN ACT concerning

9 Creation of a State Debt — (Name of Project)

10 FOR the purpose of authorizing the creation of a State debt [not to exceed \$....., (for an
11 enabling act that requires an equal matching fund)/] in the amount of \$....., [(for
12 an enabling act that requires no matching fund or a lesser matching fund)] the
13 proceeds to be used as a grant to (name of grantee) for certain development or
14 improvement purposes; providing for disbursement of the loan proceeds[, subject
15 to the requirement that the grantee provide and expend a matching fund (if the
16 enabling act requires a matching fund)]; and providing generally for the issuance
17 and sale of bonds evidencing the loan.

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That:

20 (1) The Board of Public Works may borrow money and incur indebtedness on
21 behalf of the State of Maryland through a State loan to be known as the (name of
22 project) Loan of (year) [equal to the lesser of (i)] **IN THE TOTAL PRINCIPAL**
23 **AMOUNT OF \$.....** [or (ii) the amount of the matching fund provided in accordance with
24 Section 1(5) below. (For an enabling act that requires an equal matching fund)/ in the
25 total principal amount of \$..... (for an enabling act that requires no matching fund or a
26 lesser matching fund)]. This loan shall be evidenced by the issuance, sale, and delivery
27 of State general obligation bonds authorized by a resolution of the Board of Public Works
28 and issued, sold, and delivered in accordance with §§ 8-117 through 8-124 and 8-131.2
29 of the State Finance and Procurement Article.

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

32 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and
33 first shall be applied to the payment of the expenses of issuing, selling, and delivering

1 the bonds, unless funds for this purpose are otherwise provided, and then shall be
2 credited on the books of the Comptroller and expended, **EXCEPT AS PROVIDED IN**
3 **PARAGRAPH (10) OF THIS SECTION**, on approval by the Board of Public Works, for the
4 following public purposes, including any applicable architects' and engineers' fees: [as a
5 grant to (name of grantee) (referred to hereafter in this Act as "the grantee") (for an
6 enabling act that requires a matching fund) for (here state the purpose or purposes to
7 which the proceeds of the bonds are to be applied).]

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 June 1, ... (year)".

14 [(d) (1) If an enabling act requires an equal matching fund, the fifth
15 paragraph is as follows:

16 "(5) Prior to the payment of any funds under the provisions of this Act for the
17 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
18 matching fund. No part of the grantee's matching fund may be provided, either directly
19 or indirectly, from funds of the State, whether appropriated or unappropriated. No part
20 of the fund may consist of real property, in kind contributions, or funds expended prior
21 to the effective date of this Act. In case of any dispute as to the amount of the matching
22 fund or what money or assets may qualify as matching funds, the Board of Public Works
23 shall determine the matter and the Board's decision is final. The grantee has until June
24 1, ... (2 years from the effective date of the Act), to present evidence satisfactory to the
25 Board of Public Works that a matching fund will be provided. If satisfactory evidence is
26 presented, the Board shall certify this fact and the amount of the matching fund to the
27 State Treasurer, and the proceeds of the loan equal to the amount of the matching fund
28 shall be expended for the purposes provided in this Act. Any amount of the loan in excess
29 of the amount of the matching fund certified by the Board of Public Works shall be
30 canceled and be of no further effect."

31 (2) If an enabling act requires a lesser matching fund, the fifth paragraph is
32 as follows:

33 "(5) Prior to the payment of any funds under the provisions of this Act for the
34 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
35 matching fund of \$..., (amount of the matching fund to be provided by the grantee). No
36 part of the grantee's matching fund may be provided, either directly or indirectly, from
37 funds of the State, whether appropriated or unappropriated. No part of the fund may
38 consist of real property, in kind contributions, or funds expended prior to the effective
39 date of this Act. In case of any dispute as to the amount of the matching fund or what
40 money or assets may qualify as matching funds, the Board of Public Works shall
41 determine the matter and the Board's decision is final. The grantee has until June 1, ...

(2 years from the effective date of the Act), to present evidence satisfactory to the Board of Public Works that a matching fund will be provided. If satisfactory evidence is presented, the Board shall certify this fact to the State Treasurer, and the proceeds of the loan shall be expended for the purposes provided in this Act.”.]

(D) AN ENABLING ACT MAY ALSO CONTAIN THE FOLLOWING PARAGRAPH:

“NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A GRANTEE OF A GRANT AUTHORIZED UNDER SECTION 1(3) ITEMS ZA00 THROUGH ZB02 OF THIS ACT THAT SPECIFIES A MATCHING FUND IS NOT REQUIRED TO PRESENT EVIDENCE OF THE MATCHING FUND TO THE BOARD OF PUBLIC WORKS OR RECEIVE THE CERTIFICATION OF THE BOARD OF PUBLIC WORKS BEFORE THE PROCEEDS OF THE LOAN MAY BE EXPENDED FOR THE PURPOSES PROVIDED IN THIS ACT.”.

8–125.

(a) In this section, “Fund” means the State and Local Facilities Loan Fund.

(b) For bonds issued under § 8–122 of this subtitle, the Comptroller shall establish:

(1) the State and Local Facilities Loan Fund;

(2) a premium and expense account in the Fund; and

(3) for accounting purposes only:

(i) a capital project account for each enabling act; and

(ii) separate subaccounts for each project included in enabling acts authorizing multiple projects.

(c) (1) The Comptroller shall credit the proceeds of the sale of State bonds to the Fund.

(2) The Comptroller shall credit to the premium and expenses account:

(i) any part of the proceeds of a bond sale that is a premium; and

(ii) any additional part of the proceeds necessary to pay the expenses of that bond sale.

(d) (1) **(I) [On] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, ON** approval by the Board, the Comptroller may expend money from the Fund for any expenditure authorized by an enabling act, regardless of whether bonds have

1 been sold to specifically fund that enabling act.

2 **(II) ON NOTICE BY THE DEPARTMENT OF GENERAL SERVICES,**
3 **THE COMPTROLLER SHALL EXPEND MONEY FROM THE FUND FOR ANY**
4 **EXPENDITURE THAT IS AUTHORIZED BY AN ENABLING ACT AND THE TOTAL AMOUNT**
5 **AUTHORIZED IS LESS THAN \$500,000, REGARDLESS OF WHETHER BONDS HAVE BEEN**
6 **SOLD TO SPECIFICALLY FUND THAT ENABLING ACT.**

7 (2) To ensure compliance with § 8–127 of this subtitle, the Comptroller
8 shall account for all expenditures from the Fund on a project–specific basis.

9 (3) An expenditure made under this subsection may not reduce the amount
10 of bonds authorized under an enabling act for which bonds have not been sold.

11 (e) (1) Unless payment of expenses otherwise has been provided, the expenses
12 of each bond sale shall be paid from the proceeds of that bond sale credited to the premium
13 and expense account.

14 (2) After the expenses of each sale of State bonds have been paid, the
15 remaining premium credited to the premium and expense account from that bond sale shall
16 be transferred to the Annuity Bond Fund to pay debt service on State bonds.

17 8–301.

18 (a) Except as provided in subsection (b) of this section or in other law, a contract
19 to spend the proceeds of a general obligation loan that has been authorized by any act of
20 the General Assembly may not be executed until the Board of Public Works approves the
21 contract.

22 (b) (1) Approval by the Board of Public Works is not required if the act merely
23 authorizes a county or municipal corporation to borrow money and no State funds are
24 involved.

25 (2) Approval by the Board of Public Works is not required for a contract or
26 other authorization to spend the proceeds of a general obligation loan for public school
27 construction projects.

28 **(3) APPROVAL BY THE BOARD OF PUBLIC WORKS IS NOT REQUIRED**
29 **FOR A CONTRACT TO SPEND THE PROCEEDS OF A GENERAL OBLIGATION LOAN IF**
30 **THE TOTAL AMOUNT OF THE EXPENDITURE AUTHORIZED BY THE ACT IS LESS THAN**
31 **\$500,000.**

32 **Chapter 14 of the Acts of 2019**

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
34 That:

1 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and
2 first shall be applied to the payment of the expenses of issuing, selling, and delivering the
3 bonds, unless funds for this purpose are otherwise provided, and then shall be credited on
4 the books of the Comptroller and expended, **EXCEPT AS PROVIDED IN PARAGRAPH (10)**
5 **OF THIS SECTION**, on approval by the Board of Public Works, for the following public
6 purposes, including any applicable architects' and engineers' fees:

7 [(5) (a) Prior to the payment of any matching grant funds under the provisions
8 of Section 1(3), Items ZA00 through ZB02 of this Act, grantees shall provide and expend
9 matching funds as specified. No part of a grantee's matching fund may be provided, either
10 directly or indirectly, from funds of the State, whether appropriated or unappropriated.
11 Except as otherwise provided, no part of the fund may consist of real property, in kind
12 contributions, or funds expended prior to the effective date of this Act. In case of any dispute
13 as to what money or assets may qualify as matching funds, the Board of Public Works shall
14 determine the matter, and the Board's decision is final. Grantees have until June 1, 2021,
15 to present evidence satisfactory to the Board of Public Works that the matching fund will
16 be provided. If satisfactory evidence is presented, the Board shall certify this fact to the
17 State Treasurer and the proceeds of the loan shall be expended for the purposes provided
18 in this Act. If this evidence is not presented by June 1, 2021, the proceeds of the loan shall
19 be applied to the purposes authorized in § 8–129 of the State Finance and Procurement
20 Article.

21 (b) It is further provided that when an equal and matching fund is specified
22 in Section 1(3), Items ZA00 through ZB02 above, grantees shall provide a matching fund
23 equal to the lesser of (i) the authorized amount of the State grant or (ii) the amount of the
24 matching fund certified by the Board of Public Works. If satisfactory evidence is presented,
25 the Board shall certify this fact and the amount of the matching fund to the State Treasurer
26 and the proceeds of the loan equal to the amount of the matching fund shall be expended
27 for the purposes provided in this Act. If this evidence is not presented by June 1, 2021, the
28 proceeds of the loan shall be applied to the purposes authorized in § 8–129 of the State
29 Finance and Procurement Article. The proceeds of any amount of the loan in excess of the
30 matching fund certified by the Board of Public Works shall also be applied to the purposes
31 authorized in § 8–129 of the State Finance and Procurement Article.]

32 **(5) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE GRANTEE OF**
33 **A GRANT AUTHORIZED UNDER SECTION 1(3) ITEMS ZA00 THROUGH ZB02 OF THIS**
34 **ACT THAT SPECIFIES ANY TYPE OF MATCHING FUND IS NOT REQUIRED TO PRESENT**
35 **EVIDENCE OF THE MATCHING FUND TO THE BOARD OF PUBLIC WORKS OR RECEIVE**
36 **CERTIFICATION OF THE BOARD OF PUBLIC WORKS BEFORE THE PROCEEDS OF THE**
37 **LOAN MAY BE EXPENDED FOR THE PURPOSES PROVIDED IN THIS ACT.**

38 **(10) THE BOARD OF PUBLIC WORKS IS NOT REQUIRED TO APPROVE THE**
39 **EXPENDITURE OF PROCEEDS FROM THE SALE OF THE BONDS AUTHORIZED BY THIS**
40 **ACT IF THE EXPENDITURE IS FOR A GRANT AUTHORIZED UNDER SECTION 1(3)**
41 **ITEMS ZA00 THROUGH ZB02 OF THIS ACT AND THE TOTAL AMOUNT AUTHORIZED IS**

1 **LESS THAN \$500,000.**

2 **Chapter 537 of the Acts of 2020**

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
4 That:

5 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and
6 first shall be applied to the payment of the expenses of issuing, selling, and delivering the
7 bonds, unless funds for this purpose are otherwise provided, and then shall be credited on
8 the books of the Comptroller and expended, **EXCEPT AS PROVIDED IN PARAGRAPH (10)**
9 **OF THIS SECTION**, on approval by the Board of Public Works, for the following public
10 purposes, including any applicable architects' and engineers' fees:

11 [(5) (a) Prior to the payment of any matching grant funds under the provisions
12 of Section 1(3) Items ZA00 through ZB02 of this Act, grantees shall provide and expend
13 matching funds as specified. No part of a grantee's matching fund may be provided, either
14 directly or indirectly, from funds of the State, whether appropriated or unappropriated.
15 Except as otherwise provided, no part of the fund may consist of real property, in kind
16 contributions, or funds expended prior to the effective date of this Act. In case of any dispute
17 as to what money or assets may qualify as matching funds, the Board of Public Works shall
18 determine the matter, and the Board's decision is final. Grantees have until June 1, 2022,
19 to present evidence satisfactory to the Board of Public Works that the matching fund will
20 be provided. If satisfactory evidence is presented, the Board shall certify this fact to the
21 State Treasurer and the proceeds of the loan shall be expended for the purposes provided
22 in this Act. If this evidence is not presented by June 1, 2022, the proceeds of the loan shall
23 be applied to the purposes authorized in § 8–129 of the State Finance and Procurement
24 Article.]

25 (b) It is further provided that when an equal and matching fund is specified
26 in Section 1(3) Items ZA00 through ZB02 of this Act, grantees shall provide a matching
27 fund equal to the lesser of (i) the authorized amount of the State grant or (ii) the amount of
28 the matching fund certified by the Board of Public Works. If satisfactory evidence is
29 presented, the Board shall certify this fact and the amount of the matching fund to the
30 State Treasurer and the proceeds of the loan equal to the amount of the matching fund
31 shall be expended for the purposes provided in this Act. If this evidence is not presented by
32 June 1, 2022, the proceeds of the loan shall be applied to the purposes authorized in §
33 8–129 of the State Finance and Procurement Article. The proceeds of any amount of the
34 loan in excess of the matching fund certified by the Board of Public Works shall also be
35 applied to the purposes authorized in § 8–129 of the State Finance and Procurement
36 Article.]

37 **(5) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE GRANTEE OF**
38 **A GRANT AUTHORIZED UNDER SECTION 1(3) ITEMS ZA00 THROUGH ZB02 OF THIS**
39 **ACT THAT SPECIFIES ANY TYPE OF MATCHING FUND IS NOT REQUIRED TO PRESENT**
40 **EVIDENCE OF THE MATCHING FUND TO THE BOARD OF PUBLIC WORKS OR RECEIVE**

1 CERTIFICATION OF THE BOARD OF PUBLIC WORKS BEFORE THE PROCEEDS OF THE
2 LOAN MAY BE EXPENDED FOR THE PURPOSES PROVIDED IN THIS ACT.

3 (10) THE BOARD OF PUBLIC WORKS IS NOT REQUIRED TO APPROVE THE
4 EXPENDITURE OF PROCEEDS FROM THE SALE OF THE BONDS AUTHORIZED BY THIS
5 ACT IF THE EXPENDITURE IS FOR A GRANT AUTHORIZED UNDER SECTION 1(3)
6 ITEMS ZA00 THROUGH ZB02 OF THIS ACT AND THE TOTAL AMOUNT AUTHORIZED IS
7 LESS THAN \$500,000.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
9 1, 2021.