

# SENATE BILL 182

P2, B5

1lr1534

(PRE-FILED)

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By: **Senator Ellis**

Requested: November 1, 2020

Introduced and read first time: January 13, 2021

Assigned to: Education, Health, and Environmental Affairs and Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Finance – General Obligation Debt – Application of Minority Business**  
3 **Participation Goals**

4 FOR the purpose of establishing that a certain project that receives a certain appropriation  
5 from the State is subject to a certain minority business participation goal; and  
6 generally relating to general obligation debt and minority business participation  
7 goals.

8 BY repealing and reenacting, with amendments,  
9 Article – State Finance and Procurement  
10 Section 8–117  
11 Annotated Code of Maryland  
12 (2015 Replacement Volume and 2020 Supplement)

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

15 **Article – State Finance and Procurement**

16 8–117.

17 (a) The General Assembly may authorize the Board to:

18 (1) borrow money for any public purpose; and

19 (2) issue State bonds to evidence the debt.

20 (b) An enabling act shall specify the total principal amount of the debt authorized  
21 by the enabling act.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 "A BILL ENTITLED

3 AN ACT concerning

4 Creation of a State Debt – (Name of Project)

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

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That:

15 (1) The Board of Public Works may borrow money and incur indebtedness on  
16 behalf of the State of Maryland through a State loan to be known as the ... (name of  
17 project) Loan of ... (year) equal to the lesser of (i) \$... or (ii) the amount of the matching  
18 fund provided in accordance with Section 1(5) below. (For an enabling act that requires  
19 an equal matching fund)/ in the total principal amount of \$..... (for an enabling act that  
20 requires no matching fund or a lesser matching fund). This loan shall be evidenced by  
21 the issuance, sale, and delivery of State general obligation bonds authorized by a  
22 resolution of the Board of Public Works and issued, sold, and delivered in accordance  
23 with §§ 8–117 through 8–124 and 8–131.2 of the State Finance and Procurement Article.

24 (2) The bonds to evidence this loan or installments of this loan may be sold as  
25 a single issue or may be consolidated and sold as part of a single issue of bonds under §  
26 8–122 of the State Finance and Procurement Article.

27 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
28 and first shall be applied to the payment of the expenses of issuing, selling, and  
29 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
30 shall be credited on the books of the Comptroller and expended, on approval by the  
31 Board of Public Works, for the following public purposes, including any applicable  
32 architects' and engineers' fees: as a grant to ..... (name of grantee) (referred to hereafter  
33 in this Act as "the grantee") (for an enabling act that requires a matching fund) for (here  
34 state the purpose or purposes to which the proceeds of the bonds are to be applied).

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

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

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

5 “(5) Prior to the payment of any funds under the provisions of this Act for the  
6 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
7 matching fund. No part of the grantee’s matching fund may be provided, either directly  
8 or indirectly, from funds of the State, whether appropriated or unappropriated. No part  
9 of the fund may consist of real property, in kind contributions, or funds expended prior  
10 to the effective date of this Act. In case of any dispute as to the amount of the matching  
11 fund or what money or assets may qualify as matching funds, the Board of Public Works  
12 shall determine the matter and the Board’s decision is final. The grantee has until June  
13 1, ... (2 years from the effective date of the Act), to present evidence satisfactory to the  
14 Board of Public Works that a matching fund will be provided. If satisfactory evidence is  
15 presented, the Board shall certify this fact and the amount of the matching fund to the  
16 State Treasurer, and the proceeds of the loan equal to the amount of the matching fund  
17 shall be expended for the purposes provided in this Act. Any amount of the loan in excess  
18 of the amount of the matching fund certified by the Board of Public Works shall be  
19 canceled and be of no further effect.”.

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

22 “(5) Prior to the payment of any funds under the provisions of this Act for the  
23 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
24 matching fund of \$ ..., (amount of the matching fund to be provided by the grantee). No  
25 part of the grantee’s matching fund may be provided, either directly or indirectly, from  
26 funds of the State, whether appropriated or unappropriated. No part of the fund may  
27 consist of real property, in kind contributions, or funds expended prior to the effective  
28 date of this Act. In case of any dispute as to the amount of the matching fund or what  
29 money or assets may qualify as matching funds, the Board of Public Works shall  
30 determine the matter and the Board’s decision is final. The grantee has until June 1, ...  
31 (2 years from the effective date of the Act), to present evidence satisfactory to the Board  
32 of Public Works that a matching fund will be provided. If satisfactory evidence is  
33 presented, the Board shall certify this fact to the State Treasurer, and the proceeds of  
34 the loan shall be expended for the purposes provided in this Act.”.

35 (e) An enabling act may also contain the following paragraph:

36 “The proceeds of the loan must be expended or encumbered by the Board of Public  
37 Works for the purposes provided in this Act no later than June 1, .... (7 years from the  
38 effective date of the Act). If any funds authorized by this Act remain unexpended or  
39 unencumbered after June 1, .... (7 years from the effective date of the Act), the amount  
40 of the unencumbered or unexpended authorization shall be canceled and be of no further

1 effect. If bonds have been issued for the loan, the amount of unexpended or  
2 unencumbered bond proceeds shall be disposed of as provided in § 8–129 of the State  
3 Finance and Procurement Article.”.

4 (f) An enabling act under this section may contain:

5 (1) an additional provision for all or part of the principal of and interest on  
6 the State bonds issued under the enabling act to be paid primarily from sources of funds  
7 other than a State tax on assessable property; and

8 (2) any other additional provision that is appropriate to the purpose of the  
9 enabling act and the nature of State bonds.

10 **(G) A PROJECT FOR WHICH MONEY IS APPROPRIATED UNDER AN ENABLING**  
11 **ACT UNDER THIS SECTION IS SUBJECT TO THE MINORITY BUSINESS PARTICIPATION**  
12 **PERCENTAGE GOAL ESTABLISHED UNDER § 14–302 OF THIS ARTICLE.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
14 1, 2021.