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**By: Senator Pica**

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Baltimore City - U.S.S. Constellation and the U.S.S.**  
3 **Constellation Loan of 1995**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed \$2,500,000,  
5 the proceeds to be used as a grant to the Board of Directors of the Constellation  
6 Foundation, Inc. for certain acquisition, development, or improvement purposes;  
7 providing for disbursement of the loan proceeds, subject to a requirement that the  
8 grantee provide and expend a matching fund; requiring the grantee to petition the  
9 Secretary of the United States Navy to grant and convey to the Maryland Historical  
10 Trust a historic easement; providing generally for the issuance and sale of bonds  
11 evidencing the loan; and amending Chapter 287 of the Acts of the General  
12 Assembly of 1995, the U.S.S. Constellation Loan of 1995, to alter the method of  
13 providing the matching fund and to make technical changes.

14 BY repealing and reenacting, with amendments,  
15 Chapter 287 of the Acts of the General Assembly of 1995  
16 Section 1

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

19 (1) The Board of Public Works may borrow money and incur indebtedness on  
20 behalf of the State of Maryland through a State loan to be known as the Baltimore City  
21 - U.S.S. Constellation Loan of 1996 in a total principal amount equal to the lesser of (i)  
22 \$2,500,000 or (ii) the amount of the matching fund provided in accordance with Section  
23 1(5) below. This loan shall be evidenced by the issuance, sale, and delivery of State  
24 general obligation bonds authorized by a resolution of the Board of Public Works and  
25 issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of the State  
26 Finance and Procurement Article and Article 31, § 22 of the Code.

27 (2) The bonds to evidence this loan or installments of this loan may be sold as a  
28 single issue or may be consolidated and sold as part of a single issue of bonds under §  
29 8-122 of the State Finance and Procurement Article.

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

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1 for the following public purposes, including any applicable architects'and engineers' fees:  
2 as a grant to the Board of Directors of the Constellation Foundation, Inc. (referred to  
3 hereafter in this Act as "the grantee") for the design, repair, restoration, improvement,  
4 and preservation of the U.S.S. Constellation.

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

9 (5) (a) The grantee shall provide and expend a matching fund.

10 (b) No part of the grantee's matching fund may be provided, either directly  
11 or indirectly, from funds of the State, whether appropriated or unappropriated. No part  
12 of the fund may consist of real property. The fund may consist of in kind contributions  
13 made after January 1, 1993 or funds expended prior to the effective date of this Act and  
14 after January 1, 1993. In case of any dispute as to the amount of the matching fund or  
15 what money or assets may qualify as matching funds, the Board of PublicWorks shall  
16 determine the matter and the Board's decision is final.

17 (c) The grantee shall present evidence to the satisfaction of the Board of  
18 Public Works of the provision and expenditure of the matching fund, andthe Board of  
19 Public Works shall disburse the proceeds of the grant under the provisions of this Act for  
20 the purposes set forth in Section 1(3) above, both to be done in installments.

21 (d) As the grantee provides and expends an installment of the matching  
22 fund, the Board of Public Works shall disburse an installment of the proceeds of the grant  
23 equal to the portion of the matching fund presented at that time by thegrantee.

24 (e) Each installment of the matching fund shall be of at least \$75,000.

25 (f) This method of presentation of the matching fund in installments and of  
26 the disbursement of the proceeds of the loan in installments that are equal to each  
27 presentation of the matching fund shall continue until the first to occur of the  
28 disbursement of the total amount of the grant or June 1, 1999.

29 (g) The grantee has until June 1, 1999, to present the final evidence  
30 satisfactory to the Board of Public Works that the total matching fund will be provided. If  
31 satisfactory evidence is presented, the Board shall certify this fact, the amount of the final  
32 installment of the matching fund, and the amount of the total matching fund to the State  
33 Treasurer, and the final proceeds of the loan equal to the final installment of the  
34 matching fund shall be expended for the purposes provided in this Act. After June 1,  
35 1999, any amount of the loan in excess of the amount of the matching fund certified by  
36 the Board of Public Works shall be canceled and be of no further effect.

37 (6) (a) Prior to the issuance of the bonds, the grantee shall petition the  
38 Secretary of the United States Navy to grant and convey to the MarylandHistorical Trust  
39 a perpetual preservation easement to the extent of the interest of the United States Navy  
40 on the historic vessel.

41 (b) The easement must be in form and substance acceptable to the Trust  
42 and the extent of the interest to be encumbered must be acceptable to the Trust.

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1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
2 read as follows:

3 **Chapter 287 of the Acts of 1995**

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

6 (1) The Board of Public Works may borrow money and incur indebtedness  
7 on behalf of the State of Maryland through a State loan to be known as the U.S.S.  
8 Constellation Loan of 1995 in a total principal amount equal to the lesser of (i) \$500,000  
9 or (ii) the amount of the matching fund provided in accordance with Section 1(5) below.  
10 This loan shall be evidenced by the issuance, sale, and delivery of State general obligation  
11 bonds authorized by a resolution of the Board of Public Works and issued, sold, and  
12 delivered in accordance with §§ 8-117 through 8-124 of the State Finance and  
13 Procurement Article and Article 31, § 22 of the Code.

14 (2) The bonds to evidence this loan or installments of this loan may be sold  
15 as a single issue or may be consolidated and sold as part of a single issue of bonds under  
16 § 8-122 of the State Finance and Procurement Article.

17 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
18 and first shall be applied to the payment of the expenses of issuing, selling, and delivering  
19 the bonds, unless funds for this purpose are otherwise provided, and then shall be  
20 credited on the books of the Comptroller and expended, on approval by the Board of  
21 Public Works, for the following public purposes, including any applicable architects' and  
22 engineers' fees: as a grant to the [U.S.F.] Constellation Foundation, Inc. (referred to  
23 hereafter in this Act as "the grantee") for the design, repair, restoration, improvement,  
24 and preservation of the U.S.S. Constellation.

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

29 [(5) Prior to the payment of any funds under the provisions of this Act for  
30 the purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
31 matching fund. No part of the grantee's matching fund may be provided, either directly or  
32 indirectly, from funds of the State, whether appropriated or unappropriated. No part of  
33 the fund may consist of real property. The fund may include in kind contributions or  
34 funds expended prior to the effective date of this Act. In case of any dispute as to the  
35 amount of the matching fund or what money or assets may qualify as matching funds, the  
36 Board of Public Works shall determine the matter and the Board's decision is final. The  
37 grantee has until June 1, 1997, to present evidence satisfactory to the Board of Public  
38 Works that a matching fund will be provided. If satisfactory evidence is presented, the  
39 Board shall certify this fact and the amount of the matching fund to the State Treasurer,  
40 and the proceeds of the loan equal to the amount of the matching fund shall be expended  
41 for the purposes provided in this Act. Any amount of the loan in excess of the amount of  
42 the matching fund certified by the Board of Public Works shall be canceled and be of no  
43 further effect.]

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1 (5) (A) THE GRANTEE SHALL PROVIDE AND EXPEND A MATCHING FUND.

2 (B) NO PART OF THE GRANTEE'S MATCHING FUND MAY BE PROVIDED,  
3 EITHER DIRECTLY OR INDIRECTLY, FROM FUNDS OF THE STATE, WHETHER  
4 APPROPRIATED OR UNAPPROPRIATED. NO PART OF THE FUND MAY CONSIST OF  
5 REAL PROPERTY. THE FUND MAY CONSIST OF IN KIND CONTRIBUTIONS MADE  
6 AFTER JANUARY 1, 1993 OR FUNDS EXPENDED PRIOR TO THE EFFECTIVE DATE OF  
7 THIS ACT AND AFTER JANUARY 1, 1993. IN CASE OF ANY DISPUTE AS TO THE AMOUNT  
8 OF THE MATCHING FUND OR WHAT MONEY OR ASSETS MAY QUALIFY AS MATCHING  
9 FUNDS, THE BOARD OF PUBLIC WORKS SHALL DETERMINE THE MATTER AND THE  
10 BOARD'S DECISION IS FINAL.

11 (C) THE GRANTEE SHALL PRESENT EVIDENCE TO THE SATISFACTION OF  
12 THE BOARD OF PUBLIC WORKS OF THE PROVISION AND EXPENDITURE OF THE  
13 MATCHING FUND, AND THE BOARD OF PUBLIC WORKS SHALL DISBURSE THE  
14 PROCEEDS OF THE GRANT UNDER THE PROVISIONS OF THIS ACT FOR THE  
15 PURPOSES SET FORTH IN SECTION 1(3) ABOVE, BOTH TO BE DONE IN INSTALLMENTS.

16 (D) AS THE GRANTEE PROVIDES AND EXPENDS AN INSTALLMENT OF  
17 THE MATCHING FUND, THE BOARD OF PUBLIC WORKS SHALL DISBURSE AN  
18 INSTALLMENT OF THE PROCEEDS OF THE GRANT EQUAL TO THE PORTION OF THE  
19 MATCHING FUND PRESENTED AT THAT TIME BY THE GRANTEE.

20 (E) EACH INSTALLMENT OF THE MATCHING FUND SHALL BE OF AT  
21 LEAST \$75,000.

22 (F) THIS METHOD OF PRESENTATION OF THE MATCHING FUND IN  
23 INSTALLMENTS AND OF THE DISBURSEMENT OF THE PROCEEDS OF THE LOAN IN  
24 INSTALLMENTS THAT ARE EQUAL TO EACH PRESENTATION OF THE MATCHING  
25 FUND SHALL CONTINUE UNTIL THE FIRST TO OCCUR OF THE DISBURSEMENT OF  
26 THE TOTAL AMOUNT OF THE GRANT OR JUNE 1, 1997.

27 (G) THE GRANTEE HAS UNTIL JUNE 1, 1997, TO PRESENT THE FINAL  
28 EVIDENCE SATISFACTORY TO THE BOARD OF PUBLIC WORKS THAT THE TOTAL  
29 MATCHING FUND WILL BE PROVIDED. IF SATISFACTORY EVIDENCE IS PRESENTED,  
30 THE BOARD SHALL CERTIFY THIS FACT, THE AMOUNT OF THE FINAL INSTALLMENT  
31 OF THE MATCHING FUND, AND THE AMOUNT OF THE TOTAL MATCHING FUND TO  
32 THE STATE TREASURER, AND THE FINAL PROCEEDS OF THE LOAN EQUAL TO THE  
33 FINAL INSTALLMENT OF THE MATCHING FUND SHALL BE EXPENDED FOR THE  
34 PURPOSES PROVIDED IN THIS ACT. AFTER JUNE 1, 1997, ANY AMOUNT OF THE LOAN  
35 IN EXCESS OF THE AMOUNT OF THE MATCHING FUND CERTIFIED BY THE BOARD OF  
36 PUBLIC WORKS SHALL BE CANCELED AND BE OF NO FURTHER EFFECT.

37 (6) (a) Prior to the issuance of the bonds, the grantee shall petition the United  
38 States Secretary of the Navy to grant and convey to the Maryland Historical Trust a  
39 perpetual preservation easement to the extent of its interest on the historic vessel.

40 (b) The easement must be in form and substance acceptable to the Trust  
41 and the extent of the interest to be encumbered must be acceptable to the Trust.

42 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
43 June 1, 1996.

