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**By: Senators Della, Young, and Hoffman**

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 27, 1996

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Creation of a State Debt - Baltimore City - House of Mercy Center**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed ~~\$500,000~~  
4 \$250,000, the proceeds to be used as a grant to the House of Mercy Center for  
5 certain acquisition, development, or improvement purposes; providing for  
6 disbursement of the loan proceeds, subject to a requirement that the grantee  
7 provide and expend a matching fund; prohibiting the use of any of the funds for  
8 sectarian religious purposes; and providing generally for the issuance and sale of  
9 bonds evidencing the loan.

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
11 MARYLAND, That:

12 (1) The Board of Public Works may borrow money and incur indebtedness on  
13 behalf of the State of Maryland through a State loan to be known as the Baltimore City  
14 - House of Mercy Center Loan of 1996 in a total principal amount equal to the lesser of  
15 (i) ~~\$500,000~~ \$250,000 or (ii) the amount of the matching fund provided in accordance with  
16 Section 1(5) below. This loan shall be evidenced by the issuance, sale, and delivery of  
17 State general obligation bonds authorized by a resolution of the Board of Public Works  
18 and issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of the State  
19 Finance and Procurement Article and Article 31, § 22 of the Code.

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

23 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and  
24 first shall be applied to the payment of the expenses of issuing, selling, and delivering the  
25 bonds, unless funds for this purpose are otherwise provided, and then shall be credited on  
26 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 House of Mercy Center (referred to hereafter in this Act as "the  
3 grantee") for the planning, design, and construction of, and for the provision of capital  
4 equipment for, a new building in Baltimore City, which will house a health clinic and  
5 provide family and community support services, day care and after school programs for  
6 children, pre-employment training, housing counseling, and other associated counseling  
7 and advice services for the poor and needy in Baltimore City.

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

12 (5) Prior to the payment of any funds under the provisions of this Act for the  
13 purposes set forth in Section 1(3) above, the grantee shall provide and expend a matching  
14 fund. No part of the grantee's matching fund may be provided, either directly or  
15 indirectly, from funds of the State, whether appropriated or unappropriated. The fund  
16 may consist of real property, in kind contributions, or funds expended prior to the  
17 effective date of this Act. In case of any dispute as to the amount of the matching fund or  
18 what money or assets may qualify as matching funds, the Board of Public Works shall  
19 determine the matter and the Board's decision is final. The grantee has until June 1,  
20 1998, to present evidence satisfactory to the Board of Public Works that a matching fund  
21 will be provided. If satisfactory evidence is presented, the Board shall certify this fact and  
22 the amount of the matching fund to the State Treasurer, and the proceeds of the loan  
23 equal to the amount of the matching fund shall be expended for the purposes provided in  
24 this Act. Any amount of the loan in excess of the amount of the matching fund certified  
25 by the Board of Public Works shall be canceled and be of no further effect.

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

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 June 1, 1996.