
By: Senators Derr and Ferguson

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Frederick County - Delaplaine Visual Arts Center**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$300,000, the
4 proceeds to be used as a grant to the Frederick Arts Center Foundation for certain
5 acquisition, development, or improvement purposes; providing for disbursement of
6 the loan proceeds, subject to a requirement that the grantee provide and expend a
7 matching fund; requiring the granting and conveyance of a historic easement; and
8 providing generally for the issuance and sale of bonds evidencing the loan.

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

11 (1) The Board of Public Works may borrow money and incur indebtedness on
12 behalf of the State of Maryland through a State loan to be known as the Frederick County
13 - Delaplaine Visual Arts Center Loan of 1996 in a total principal amount equal to the
14 lesser of (i) \$300,000 or (ii) the amount of the matching fund provided in accordance with
15 Section 1(5) below. This loan shall be evidenced by the issuance, sale, and delivery of
16 State general obligation bonds authorized by a resolution of the Board of Public Works
17 and issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of the State
18 Finance and Procurement Article and Article 31, § 22 of the Code.

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

22 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and
23 first shall be applied to the payment of the expenses of issuing, selling, and delivering the
24 bonds, unless funds for this purpose are otherwise provided, and then shall be credited on
25 the books of the Comptroller and expended, on approval by the Board of Public Works,
26 for the following public purposes, including any applicable architects' and engineers' fees:
27 as a grant to the Frederick Arts Center Foundation (referred to hereafter in this Act as
28 "the grantee") for the repair, renovation, equipping, and expansion of a historic building
29 along Carroll Creek in Frederick County, for use as an arts center.

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

1 (5) Prior to the payment of any funds under the provisions of this Act for the
2 purposes set forth in Section 1(3) above, the grantee shall provide and expend a matching
3 fund. No part of the grantee's matching fund may be provided, either directly or
4 indirectly, from funds of the State, whether appropriated or unappropriated. No part of
5 the fund may consist of real property, in kind contributions, or funds expended prior to
6 the effective date of this Act. In case of any dispute as to the amount of the matching
7 fund or what money or assets may qualify as matching funds, the Board of Public Works
8 shall determine the matter and the Board's decision is final. The grantee has until June 1,
9 1998, to present evidence satisfactory to the Board of Public Works that a matching fund
10 will be provided. If satisfactory evidence is presented, the Board shall certify this fact and
11 the amount of the matching fund to the State Treasurer, and the proceeds of the loan
12 equal to the amount of the matching fund shall be expended for the purposes provided in
13 this Act. Any amount of the loan in excess of the amount of the matching fund certified
14 by the Board of Public Works shall be canceled and be of no further effect.

15 (6) (a) Prior to the issuance of the bonds, the grantee shall grant and convey to
16 the Maryland Historical Trust a perpetual preservation easement to the extent of its
17 interest:

18 (i) On the land or such portion of the land acceptable to the Trust;
19 and

20 (ii) On the exterior and interior, where appropriate, of the historic
21 structures.

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

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