

HOUSE BILL 1072

Unofficial Copy
B2
SB 640/97 - B&T

1998 Regular Session
8r1358
CF 8r0260

By: **Delegates Franchot and Hixson**

Introduced and read first time: February 13, 1998

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Montgomery County - The Chelsea School**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$750,000,
4 the proceeds to be used as a grant to The Chelsea School for certain acquisition,
5 development, or improvement purposes; providing for disbursement of the loan
6 proceeds, subject to a requirement that the grantee provide and expend a
7 matching fund; providing that no proceeds of a loan or any matching funds may
8 be used for religious purposes; and providing generally for the issuance and sale
9 of 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 Chelsea
14 School Loan of 1998 in a total principal amount equal to the lesser of (i) \$750,000 or
15 (ii) the amount of the matching fund provided in accordance with Section 1(5) below.
16 This loan shall be evidenced by the issuance, sale, and delivery of State general
17 obligation bonds authorized by a resolution of the Board of Public Works and issued,
18 sold, and delivered in accordance with §§ 8-117 through 8-124 of the State Finance
19 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
21 a 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
24 and first shall be applied to the payment of the expenses of issuing, selling, and
25 delivering the bonds, unless funds for this purpose are otherwise provided, and then
26 shall be credited on the books of the Comptroller and expended, on approval by the
27 Board of Public Works, for the following public purposes, including any applicable
28 architects' and engineers' fees: as a grant to The Chelsea School (referred to hereafter
29 in this Act as "the grantee") for the acquisition, planning, design, repair, renovation,
30 reconstruction, construction, and equipping of a classroom building and gymnasium,
31 and for the demolition of, and lead abatement work on, the annex.

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

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
8 directly or indirectly, from funds of the State, whether appropriated or
9 unappropriated. No part of the fund may consist of real property. The fund may
10 consist of in kind contributions or funds expended prior to the effective date of this
11 Act. In case of any dispute as to the amount of the matching fund or what money or
12 assets may qualify as matching funds, the Board of Public Works shall determine the
13 matter and the Board's decision is final. The grantee has until June 1, 2000, to
14 present evidence satisfactory to the Board of Public Works that a matching fund will
15 be provided. If satisfactory evidence is presented, the Board shall certify this fact and
16 the amount of the matching fund to the State Treasurer, and the proceeds of the loan
17 equal to the amount of the matching fund shall be expended for the purposes provided
18 in this Act. Any amount of the loan in excess of the amount of the matching fund
19 certified by the Board of Public Works shall be canceled and be of no further effect.

20 (6) No portion of the proceeds of the loan or any of the matching funds may be
21 used for the furtherance of sectarian religious instruction, in connection with the
22 design, acquisition, or construction of any building used or to be used as a place of
23 sectarian religious worship or instruction, or in connection with any program or
24 department of divinity for any religious denomination. Upon the request of the Board
25 of Public Works, the grantee shall submit evidence satisfactory to the Board that none
26 of the proceeds of the loan or any matching funds has been or is being used for a
27 purpose prohibited by this Act.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 June 1, 1998.