

SENATE BILL 209

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B2

1998 Regular Session
8lr0834
CF 8lr0833

By: **Senator Hafer**

Introduced and read first time: January 29, 1998

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 27, 1998

CHAPTER_____

1 AN ACT concerning

2 **Creation of a State Debt - Garrett County Memorial Hospital**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$361,000,
4 the proceeds to be used as a grant to the Board of Directors of the Garrett
5 County Memorial Hospital, Inc. for certain acquisition, development, or
6 improvement purposes; providing for disbursement of the loan proceeds, subject
7 to a requirement that the grantee provide and expend a matching fund;
8 providing for a repayment equal to a certain amount of the grant under certain
9 circumstances; and providing generally for the issuance and sale of bonds
10 evidencing the loan.

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

13 (1) The Board of Public Works may borrow money and incur indebtedness on
14 behalf of the State of Maryland through a State loan to be known as the Garrett
15 County Memorial Hospital Loan of 1998 in a total principal amount equal to the
16 lesser of (i) \$361,000 or (ii) the amount of the matching fund provided in accordance
17 with Section 1(5) below. This loan shall be evidenced by the issuance, sale, and
18 delivery of State general obligation bonds authorized by a resolution of the Board of
19 Public Works and issued, sold, and delivered in accordance with §§ 8-117 through
20 8-124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

21 (2) The bonds to evidence this loan or installments of this loan may be sold as
22 a single issue or may be consolidated and sold as part of a single issue of bonds under
23 § 8-122 of the State Finance and Procurement Article.

24 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
25 and first shall be applied to the payment of the expenses of issuing, selling, and

1 delivering the bonds, unless funds for this purpose are otherwise provided, and then
2 shall be credited on the books of the Comptroller and expended, on approval by the
3 Board of Public Works, for the following public purposes, including any applicable
4 architects' and engineers' fees: as a grant to the Board of Directors of the Garrett
5 County Memorial Hospital, Inc. (referred to hereafter in this Act as "the grantee") for
6 the planning, design, renovation, repair, reconstruction, construction, and capital
7 equipping of the existing Garrett County Memorial Hospital, including the renovation
8 of the coronary intensive care unit, the step down unit, and the primary medical
9 surgical area, located at 251 North Fourth Street in Oakland.

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

14 (5) (a) Prior to the payment of any funds under the provisions of this Act for
15 the purposes set forth in Section 1(3) above, the grantee shall provide and expend a
16 matching fund. No part of the grantee's matching fund may be provided, either
17 directly or indirectly, from funds of the State, whether appropriated or
18 unappropriated. No part of the fund may consist of real property or in kind
19 contributions. The fund may consist of funds expended prior to the effective date of
20 this Act. In case of any dispute as to the amount of the matching fund or what money
21 or assets may qualify as matching funds, the Board of Public Works shall determine
22 the matter and the Board's decision is final. The grantee has until June 1, 2000, to
23 present evidence satisfactory to the Board of Public Works that a matching fund will
24 be provided. If satisfactory evidence is presented, the Board shall certify this fact and
25 the amount of the matching fund to the State Treasurer, and the proceeds of the loan
26 equal to the amount of the matching fund shall be expended for the purposes provided
27 in this Act. Any amount of the loan in excess of the amount of the matching fund
28 certified by the Board of Public Works shall be canceled and be of no further effect.

29 (b) Notwithstanding any other provision of law, the grantee shall repay
30 to the State an amount equal to the amount of the grant multiplied by a fraction, the
31 numerator of which is the time remaining on the life of the bonds and the
32 denominator of which is the total life of the bonds, if the grantee:

33 (i) ceases to exist as a nonprofit entity; or

34 (ii) sells, leases, exchanges, gives, or transfers in any way the
35 property that was acquired, constructed, or improved with grant funds to a for profit
36 entity.

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

