

SENATE BILL 338

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B2

1998 Regular Session  
8r1571  
CF 8r1793

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By: **Senator Conway**  
Introduced and read first time: February 5, 1998  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 27, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Creation of a State Debt - Maryland General Hospital**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$480,000,  
4 the proceeds to be used as a grant to the Board of Directors of Maryland General  
5 Hospital, Inc. for certain acquisition, development, or improvement purposes;  
6 providing for disbursement of the loan proceeds, subject to a requirement that  
7 the grantee provide and expend a matching fund; providing for a repayment  
8 equal to a certain amount of the grant under certain circumstances; and  
9 providing generally for the issuance and sale 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 Maryland  
14 General Hospital ~~Project~~ Loan of 1998 in a total principal amount equal to the lesser  
15 of (i) \$480,000 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  
18 Works and issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of  
19 the State 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  
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

1 shall be credited on the books of the Comptroller and expended, on approval by the  
2 Board of Public Works, for the following public purposes, including any applicable  
3 architects' and engineers' fees: as a grant to the Board of Directors of Maryland  
4 General Hospital, Inc. (referred to hereafter in this Act as "the grantee") for the repair  
5 and renovation of the inpatient psychiatric and geropsychiatric facility of the  
6 Hospital, thereby improving the psychiatric services offered to the medically  
7 underserved citizens of Baltimore City.

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

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

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

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

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

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

