

SENATE BILL 453

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B2

1998 Regular Session
8lr2428
CF 8lr2574

By: **Senator Hoffman**
Introduced and read first time: February 6, 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 - Mercy Medical Center**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$350,000,
4 the proceeds to be used as a grant to the Board of Directors of Mercy Medical
5 Center, 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; providing
9 that no proceeds of a loan or any matching funds may be used for religious
10 purposes; and providing generally for the issuance and sale of bonds evidencing
11 the loan.

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

14 (1) The Board of Public Works may borrow money and incur indebtedness on
15 behalf of the State of Maryland through a State loan to be known as the Mercy
16 Medical Center Loan of 1998 in a total principal amount equal to the lesser of (i)
17 \$350,000 or (ii) the amount of the matching fund provided in accordance with Section
18 1(5) below. This loan shall be evidenced by the issuance, sale, and delivery of State
19 general obligation bonds authorized by a resolution of the Board of Public Works and
20 issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of the State
21 Finance and Procurement Article and Article 31, § 22 of the Code.

22 (2) The bonds to evidence this loan or installments of this loan may be sold as
23 a single issue or may be consolidated and sold as part of a single issue of bonds under
24 § 8-122 of the State Finance and Procurement Article.

1 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
2 and first shall be applied to the payment of the expenses of issuing, selling, and
3 delivering the bonds, unless funds for this purpose are otherwise provided, and then
4 shall be credited on the books of the Comptroller and expended, on approval by the
5 Board of Public Works, for the following public purposes, including any applicable
6 architects' and engineers' fees: as a grant to the Board of Directors of Mercy Medical
7 Center, Inc. (referred to hereafter in this Act as "the grantee") for the planning,
8 design, repair, renovation, reconstruction, construction, expansion, and capital
9 equipping of a building for primary care, preventive services, and the Adult Medicine
10 and HIV/AIDS case management programs, to be located on the campus of the Park
11 West Medical Center in Baltimore.

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

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

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

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

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

39 (6) No portion of the proceeds of the loan or any of the matching funds may be
40 used for the furtherance of sectarian religious instruction, in connection with the
41 design, acquisition, or construction of any building used or to be used as a place of
42 sectarian religious worship or instruction, or in connection with any program or
43 department of divinity for any religious denomination. Upon the request of the Board

1 of Public Works, the grantee shall submit evidence satisfactory to the Board that none
2 of the proceeds of the loan or any matching funds has been or is being used for a
3 purpose prohibited by this Act.

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