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By: **Senator Stoltzfus**

Introduced and read first time: February 6, 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 - McCready Memorial Hospital**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$115,000,  
4 the proceeds to be used as a grant to the Board of Directors of McCready  
5 Memorial Hospital, Inc. for certain acquisition, development, or improvement  
6 purposes; providing for disbursement of the loan proceeds, subject to a  
7 requirement that the grantee provide and expend a matching fund; providing for  
8 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 McCready  
15 Memorial Hospital Loan of 1998 in a total principal amount equal to the lesser of (i)  
16 \$115,000 or (ii) the amount of the matching fund provided in accordance with Section  
17 1(5) below. This loan shall be evidenced by the issuance, sale, and delivery of State  
18 general obligation bonds authorized by a resolution of the Board of Public Works and  
19 issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of the State  
20 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 McCready  
5 Memorial Hospital, Inc. (referred to hereafter in this Act as "the grantee") for the  
6 planning, design, renovation, repair, reconstruction, construction, capital equipping,  
7 and general upgrading of the emergency department facilities, creating a chest pain  
8 unit, and providing health education services at the McCready Memorial Hospital in  
9 Crisfield.

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.

