

SENATE BILL 567

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B2

1998 Regular Session
8r2432
CF 8r1575

By: **Senator Colburn**
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 - Caroline County - Choptank Community Health**
3 **System, Inc.**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed ~~\$88,000~~
5 \$50,000, the proceeds to be used as a grant to the Board of Directors of the
6 Choptank Community Health System, Inc. for certain acquisition, development,
7 or improvement purposes; providing for disbursement of the loan proceeds,
8 subject to a requirement that the grantee provide and expend a matching fund;
9 and 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
13 indebtedness on behalf of the State of Maryland through a State loan to be known as
14 the Caroline County - Choptank Community Health System, Inc. Loan of 1998 in a
15 total principal amount equal to the lesser of (i) ~~\$88,000~~ \$50,000 or (ii) the amount of
16 the matching fund provided in accordance with Section 1(5) below. This loan shall be
17 evidenced by the issuance, sale, and delivery of State general obligation bonds
18 authorized by a resolution of the Board of Public Works and issued, sold, and
19 delivered in accordance with §§ 8-117 through 8-124 of the State Finance and
20 Procurement Article and Article 31, § 22 of the Code.

21 (2) The bonds to evidence this loan or installments of this loan may be
22 sold as a single issue or may be consolidated and sold as part of a single issue of bonds
23 under § 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
25 Treasurer and first shall be applied to the payment of the expenses of issuing, selling,

1 and delivering the bonds, unless funds for this purpose are otherwise provided, and
2 then shall be credited on the books of the Comptroller and expended, on approval by
3 the 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 Choptank
5 Community Health System, Inc. (referred to hereafter in this Act as "the grantee") for
6 the planning, design, repair, renovation, and capital equipping of the Denton Medical
7 Center, located in Denton, Maryland.

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

12 (5) 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, in kind
17 contributions, or funds expended prior to the effective date of this Act. In case of any
18 dispute as to the amount of the matching fund or what money or assets may qualify
19 as matching funds, the Board of Public Works shall determine the matter and the
20 Board's decision is final. The grantee has until June 1, 2000, to present evidence
21 satisfactory to the Board of Public Works that a matching fund will be provided. If
22 satisfactory evidence is presented, the Board shall certify this fact and the amount of
23 the matching fund to the State Treasurer, and the proceeds of the loan equal to the
24 amount of the matching fund shall be expended for the purposes provided in this Act.
25 Any amount of the loan in excess of the amount of the matching fund certified by the
26 Board of Public Works shall be canceled and be of no further effect.

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