

SENATE BILL 593

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B2

1998 Regular Session
8lr2081
CF HB 133

By: **Senators Fry, McFadden, Boozer, Bromwell, Hollinger, and Sfikas**
Introduced and read first time: February 6, 1998
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Baltimore City - U.S.S. Constellation**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$1,000,000,
4 the proceeds to be used as a grant to the Board of Directors of the Constellation
5 Foundation, 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; requiring the grantee to
8 petition the Secretary of the United States Navy to grant and convey to the
9 Maryland Historical Trust a certain covenant on the historic vessel; and
10 providing generally for the issuance and sale of bonds 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 Baltimore
15 City - U.S.S. Constellation Loan of 1998 in a total principal amount equal to the
16 lesser of (i) \$1,000,000 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
26 delivering the bonds, unless funds for this purpose are otherwise provided, and then
27 shall be credited on the books of the Comptroller and expended, on approval by the
28 Board of Public Works, for the following public purposes, including any applicable
29 architects' and engineers' fees: as a grant to the Board of Directors of the
30 Constellation Foundation, Inc. (referred to hereafter in this Act as "the grantee") for
31 the design, repair, restoration, improvement, and preservation of the U.S.S.
32 Constellation.

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

5 (5) (a) The grantee shall provide and expend a matching fund.

6 (b) No part of the grantee's matching fund may be provided, either
7 directly or indirectly, from funds of the State, whether appropriated or
8 unappropriated. No part of the fund may consist of real property. The fund may
9 consist of in kind contributions made after January 1, 1993 or funds expended prior to
10 the effective date of this Act and after January 1, 1993. The matching fund, including
11 in kind contributions, may consist of items that are necessary to the renovation of the
12 ship, including but not limited to tools and tooling, utilities, and the rental and repair
13 of facilities. In case of any dispute as to the amount of the matching fund or what
14 money or assets may qualify as matching funds, the Board of Public Works shall
15 determine the matter and the Board's decision is final.

16 (c) The grantee shall present evidence to the satisfaction of the Board of
17 Public Works of the provision and expenditure of the matching fund, and the Board of
18 Public Works shall disburse the proceeds of the grant under the provisions of this Act
19 for the purposes set forth in Section 1(3) above, both to be done in installments.

20 (d) As the grantee provides and expends an installment of the matching
21 fund, the Board of Public Works shall disburse an installment of the proceeds of the
22 grant equal to the portion of the matching fund presented at that time by the grantee.

23 (e) Each installment of the matching fund shall be of at least \$250,000.

24 (f) This method of presentation of the matching fund in installments and
25 of the disbursement of the proceeds of the loan in installments that are equal to each
26 presentation of the matching fund shall continue until the first to occur of the
27 disbursement of the total amount of the grant or June 1, 2001.

28 (g) The grantee has until June 1, 2001, to present the final evidence
29 satisfactory to the Board of Public Works that the total matching fund will be
30 provided. If satisfactory evidence is presented, the Board shall certify this fact, the
31 amount of the final installment of the matching fund, and the amount of the total
32 matching fund to the State Treasurer, and the final proceeds of the loan equal to the
33 final installment of the matching fund shall be expended for the purposes provided in
34 this Act. After June 1, 2001, any amount of the loan in excess of the amount of the
35 matching fund certified by the Board of Public Works shall be canceled and be of no
36 further effect.

37 (6) (a) Prior to the issuance of the bonds, the grantee shall petition the
38 Secretary of the United States Navy to grant and convey to the Maryland Historical
39 Trust a perpetual preservation covenant to the extent of the interest of the United
40 States Navy on the historic vessel.

1 (b) The covenant shall be in form and substance acceptable to the Trust
2 and extent of the interest to be encumbered must be acceptable to the Trust.

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