

SENATE BILL 593

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B2

1998 Regular Session  
8r2081  
CF HB 133

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By: **Senators Fry, McFadden, Boozer, Bromwell, Hollinger, and Sfikas**  
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 - 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 \$600,000, the proceeds to be used as a grant to the Board of Directors of the  
5 Constellation Foundation, Inc. for certain acquisition, development, or  
6 improvement purposes; providing for disbursement of the loan proceeds, subject  
7 to a requirement that the grantee provide and expend a matching fund;  
8 requiring the grantee to petition the Secretary of the United States Navy to  
9 grant and convey to the Maryland Historical Trust a certain covenant on the  
10 historic vessel; and providing generally for the issuance and sale of bonds  
11 evidencing 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 Baltimore  
16 City - U.S.S. Constellation Loan of 1998 in a total principal amount equal to the  
17 lesser of (i) ~~\$1,000,000~~ \$600,000 or (ii) the amount of the matching fund provided in  
18 accordance with Section 1(5) below. This loan shall be evidenced by the issuance, sale,  
19 and delivery of State general obligation bonds authorized by a resolution of the Board  
20 of Public Works and issued, sold, and delivered in accordance with §§ 8-117 through  
21 8-124 of the State 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 the  
7 Constellation Foundation, Inc. (referred to hereafter in this Act as "the grantee") for  
8 the design, repair, restoration, improvement, and preservation of the U.S.S.  
9 Constellation.

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) The grantee shall provide and expend a matching fund.

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

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

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

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

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

37 (g) The grantee has until June 1, 2001, to present the final evidence  
38 satisfactory to the Board of Public Works that the total matching fund will be  
39 provided. If satisfactory evidence is presented, the Board shall certify this fact, the  
40 amount of the final installment of the matching fund, and the amount of the total  
41 matching fund to the State Treasurer, and the final proceeds of the loan equal to the  
42 final installment of the matching fund shall be expended for the purposes provided in

1 this Act. After June 1, 2001, any amount of the loan in excess of the amount of the  
2 matching fund certified by the Board of Public Works shall be canceled and be of no  
3 further effect.

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

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

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