

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 783

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 33, after "facilities," insert "expansion or improvement of certain child care services.".

On page 2, in line 6, after "Administration;" insert "repealing the statute governing the Child Care Special Loan Fund;"; strike beginning with "authorizing" in line 10 down through "projects;" in line 12; strike beginning with "transferring" in line 18 down through "Development;" in line 20; in line 25, after "corrections;" insert "providing for the effective dates of this Act;"; and in line 40, before "6-401" insert "6-301 through 6-312, inclusive, and the subtitle "Subtitle 3. Child Care Special Loan Fund";".

AMENDMENT NO. 2

On page 3, in line 13, strike "and 5-1410" and substitute "5-1409, and 5-1411".

On pages 3 and 4, strike beginning with line 34 on page 3 through line 7 on page 4, inclusive.

On page 4, strike beginning with "6-401" in line 18 down through "Act" in line 19 and substitute "6-301 through 6-312, inclusive, and the subtitle "Subtitle 3. Child Care Special Loan Fund";" after line 23, insert:

"SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 6-401 through 6-421 and the subtitle "Subtitle 4. Maryland Energy Financing Act" of Article 83A - Department of Business and Economic Development of the Annotated Code of Maryland be repealed.";

and in line 24, strike "2." and substitute "3.".

AMENDMENT NO. 3

(Over)

On page 32, strike beginning with the second “THE” in line 9 down through “THE” in line 10 and substitute “FIXED ASSET FINANCING ASSISTED BY A”; in line 22, strike “THE USE OF”.

On page 33, strike beginning with the colon in line 3 down through “1.” in line 4; in line 4, strike “; OR” and substitute a period; strike in their entirety lines 5 and 6; in line 7, strike “CERTIFICATE OF”; in the same line, after the second “DEPOSIT” insert “THAT IS”; in line 8, strike “AT 3 PERCENT” and substitute “AND EARNS INCOME”; in line 9, after “RATE” insert “FOR EQUIVALENT DEPOSITS MADE WITH THE LENDER”; in line 22, strike “MAKE” and substitute “PLACE”; in the same line, after “DEPOSIT” insert “WITH A LENDER”; in line 34, after “ON” insert “CONDITIONAL”; in the same line, after “A” insert “FIXED ASSET FINANCING”; in the same line, after “APPLICATION” insert “TO BE ASSISTED BY A LINKED DEPOSIT,”; and in line 35, after “FORWARD” insert “THE LOAN PACKAGE”.

On pages 33 and 34, strike beginning with “A” in line 35 on page 33 through “AUTHORITY” in line 2 on page 34.

On page 34, after line 6, insert:

“(3) BY FORWARDING THE LOAN PACKAGE TO THE AUTHORITY, THE LENDER IS NOT REPRESENTING TO THE AUTHORITY THE ACCURACY OR VALIDITY OF ANY INFORMATION IN THE LOAN PACKAGE AS IT RELATES TO THE APPLICANT.”;

and in line 23, after “PACKAGE” insert “FORWARDED”.

On pages 34 and 35, strike beginning with “A” in line 24 on page 34 through “LOAN” in line 3 on page 35 and substitute “AN AGREEMENT UNDER WHICH THE AMOUNT AND TERM OF, AND SCHEDULE FOR PAYMENT OF PRINCIPAL AND INTEREST ON, THE LINKED DEPOSIT SHALL BE DETERMINED”.

On page 35, in line 5, strike “CARRY OUT THE” and substitute “ISSUE A”; in the same line, after “APPLICANT” insert “THAT SHALL PROVIDE, AMONG OTHER TERMS, THAT THE INTEREST RATE ON THE FINANCING WILL BE BELOW THE PREVAILING MARKET RATE TO THE SAME EXTENT AND FOR AS LONG AS INCOME EARNED ON THE LINKED DEPOSIT IS BELOW INCOME PAID ON EQUIVALENT DEPOSITS WITH THE LENDER”; and

strike in their entirety lines 6 through 15, inclusive, and substitute:

“(I) (1) A FIXED ASSET FINANCING LOAN ASSISTED BY A LINKED DEPOSIT IS NOT A DEBT OF THE STATE OR A PLEDGE OF THE CREDIT OF THE STATE.

“(2) THE AUTHORITY, THE DEPARTMENT, AND THE STATE ARE NOT LIABLE TO ANY LENDER FOR PAYMENT OF THE PRINCIPAL OR INTEREST ON A FIXED ASSET FINANCING LOAN ASSISTED BY A LINKED DEPOSIT.”.

AMENDMENT NO. 4

On page 36, strike beginning with “INCLUDING” in line 8 down through “ACT,” in line 9; in line 12, strike “FORMER”; and in line 13, after “CONTINUE” insert “AFTER DECEMBER 31, 2001”.

AMENDMENT NO. 5

On page 38, strike beginning with “IN” in line 7 down through “CHILDREN” in line 8 and substitute “THAT IS REQUIRED TO BE LICENSED AS A CHILD CARE CENTER UNDER §§ 5-570 THROUGH 5-585 OF THE FAMILY LAW ARTICLE”; after line 8, insert:

“(H) “CHILD CARE SPECIAL LOAN” MEANS A DIRECT LOAN FOR THE EXPANSION OR IMPROVEMENT OF CHILD CARE SERVICES AT CHILD CARE FACILITIES IN THE STATE, WHICH IS GOVERNED BY THE TERMS OF § 5-1409 OF THIS SUBTITLE.”;

and in lines 9, 11, 13, 17, 22, 25, 27, 31, 33, and 37, strike “(H)”, “(I)”, “(J)”, “(K)”, “(L)”, “(M)”, “(N)”, “(O)”, “(P)”, and “(Q)”, respectively, and substitute “(I)”, “(J)”, “(K)”, “(L)”, “(M)”, “(N)”, “(O)”, “(P)”, “(Q)”, and “(R)”, respectively.

On page 39, in line 3, strike “(R)” and substitute “(S)”.

On page 41, in line 30, after “FUND” insert “, THE FORMER CHILD CARE SPECIAL LOAN FUND”.

(Over)

On page 49, after line 6, insert:

“5-1409.

(A) IN ADDITION TO PROVIDING MONEYS FROM THE FUND TO ASSIST IN CREATING AND EXPANDING CHILD CARE FACILITIES IN THE STATE UNDER OTHER PROVISIONS OF THIS SUBTITLE, THE DEPARTMENT MAY USE FEDERAL OR OTHER FUNDS PROVIDED FOR THE PURPOSE TO MAKE CHILD CARE SPECIAL LOANS.

(B) CHILD CARE SPECIAL LOANS MAY BE PROVIDED TO FINANCE THE EXPANSION OR IMPROVEMENT OF CHILD CARE SERVICES AT CHILD CARE FACILITIES IN THE STATE, IN ACCORDANCE WITH THE TERMS OF THIS SECTION.

(C) ALL MONEYS RECEIVED BY THE FUND FOR MAKING CHILD CARE SPECIAL LOANS SHALL BE SEPARATELY ACCOUNTED FOR, INCLUDING:

(1) FEDERAL FUNDS ALLOCATED OR GRANTED FOR CHILD CARE SPECIAL LOANS, INCLUDING CHILD CARE AND DEVELOPMENT BLOCK GRANT FUNDS;

(2) PRIVATE MONEYS DONATED OR GRANTED TO THE FUND FOR CHILD CARE SPECIAL LOANS;

(3) PREMIUMS, FEES, INTEREST PAYMENTS, AND PRINCIPAL PAYMENTS ON CHILD CARE SPECIAL LOANS MADE WITH FEDERAL FUNDS;

(4) PROCEEDS FROM THE SALE, DISPOSITION, LEASE, OR RENTAL OF COLLATERAL RELATING TO CHILD CARE SPECIAL LOANS;

(5) ANY OTHER MONEYS MADE AVAILABLE FOR CHILD CARE SPECIAL LOANS; AND

(6) ANY FEDERAL FUNDS FOR CHILD CARE SPECIAL LOANS THAT ARE USED BY THE DEPARTMENT TO PAY COSTS OF ADMINISTERING THE LOANS.

(D) IN MAKING CHILD CARE SPECIAL LOANS, CONSIDERATION SHALL BE GIVEN TO:

(1) COMMUNITY NEED;

(2) COMMUNITY INCOME, WITH PRIORITY GIVEN TO THOSE COMMUNITIES WITH THE LOWEST MEDIAN FAMILY INCOME;

(3) CARE FOR CHILDREN WITH TEENAGE PARENTS IN SCHOOL OR TRAINING;

(4) CARE FOR CHILDREN WITH SPECIAL NEEDS; AND

(5) INFANT CARE.

(E) THE DEPARTMENT MAY MAKE A CHILD CARE SPECIAL LOAN TO AN APPLICANT ONLY IF:

(1) THE APPLICANT MEETS THE QUALIFICATIONS REQUIRED BY THIS SECTION;

(2) THE APPLICANT MEETS ANY ADDITIONAL REQUIREMENTS IMPOSED BY THE SOURCE OF THE FUNDS TO BE LOANED; AND

(3) THE LOAN WILL BE USED TO ASSIST APPLICANTS IN MEETING APPLICABLE STATE AND LOCAL CHILD CARE STANDARDS.

(F) TO APPLY FOR FINANCIAL ASSISTANCE, AN APPLICANT SHALL SUBMIT TO THE DEPARTMENT AN APPLICATION CONTAINING INFORMATION THAT THE DEPARTMENT REQUIRES, WHICH SHALL INCLUDE:

(Over)

- (1) A DETAILED DESCRIPTION OF THE PROPOSED OR EXISTING CHILD CARE FACILITY;
 - (2) AN ITEMIZATION OF KNOWN AND ESTIMATED COSTS;
 - (3) THE TOTAL AMOUNT OF FUNDS REQUIRED TO EXPAND OR IMPROVE THE CHILD CARE SERVICES AT THE CHILD CARE FACILITY;
 - (4) THE FUNDS AVAILABLE TO THE APPLICANT WITHOUT FINANCIAL ASSISTANCE FROM THE DEPARTMENT;
 - (5) THE AMOUNT OF FINANCIAL ASSISTANCE SOUGHT FROM THE DEPARTMENT;
 - (6) EVIDENCE OF THE INABILITY OF THE APPLICANT TO OBTAIN THE FINANCING NECESSARY FOR THE FACILITY ON AFFORDABLE TERMS THROUGH NORMAL LENDING CHANNELS;
 - (7) INFORMATION THAT RELATES TO THE FINANCIAL STATUS OF THE APPLICANT, INCLUDING, IF APPLICABLE:
 - (I) A CURRENT BALANCE SHEET;
 - (II) A PROFIT AND LOSS STATEMENT; AND
 - (III) CREDIT REFERENCES; AND
 - (8) EVIDENCE, SUCH AS A LEASE, OPTION TO BUY, OR DEED, THAT THE APPLICANT SHALL BE LEGALLY ENTITLED TO REMAIN AT THE CHILD CARE FACILITY FOR AT LEAST THE TERM OF THE LOAN.
- (G) EXCEPT AS PROVIDED IN THIS SECTION, THE DEPARTMENT MAY SET THE TERMS AND CONDITIONS FOR CHILD CARE SPECIAL LOANS.

(H) IF THE DEPARTMENT DECIDES TO LEND MONEY TO AN APPLICANT, THE DEPARTMENT SHALL PREPARE LOAN DOCUMENTS, WHICH SHALL INCLUDE:

(1) THE RATE OF INTEREST ON THE LOAN;

(2) THE AMOUNT OF THE LOAN;

(3) A REQUIREMENT THAT BEFORE EACH DISBURSEMENT OF LOAN PROCEEDS IS RELEASED TO THE APPLICANT, THE APPLICANT AND THE DEPARTMENT COSIGN THE REQUEST FOR THE FUNDS;

(4) PROVISIONS FOR REPAYMENT OF THE LOAN; AND

(5) ANY OTHER PROVISIONS THAT THE DEPARTMENT DETERMINES ARE NECESSARY, INCLUDING THE TAKING OF LIENS AND SECURITY INTERESTS IN REAL AND PERSONAL PROPERTY.

(I) (1) MORTGAGES OR DEEDS OF TRUST HELD AS SECURITY FOR LOANS MADE UNDER THIS SECTION WHICH ARE IN DEFAULT MAY BE FORECLOSED BY THE DEPARTMENT IN THE SAME MANNER AS PROVIDED BY THE MARYLAND RULES FOR FORECLOSURES IN PRIVATE TRANSACTIONS.

(2) THE DEPARTMENT MAY TAKE TITLE IN ITS NAME TO ANY PROPERTY FORECLOSED UNDER THIS SECTION AS WELL AS TO CONVEY TITLE TO SUCH PROPERTY TO BONA FIDE PURCHASERS OF THE PROPERTY.

(J) THE TERM OF THE CHILD CARE SPECIAL LOAN MAY NOT EXCEED 10 YEARS.

(K) (1) THE APPLICANT FOR A CHILD CARE SPECIAL LOAN TO FINANCE A CHILD CARE FACILITY MUST AGREE TO OPERATE THE CHILD CARE FACILITY FOR AT LEAST THE TERM OF THE LOAN AND TO REPAY THE OUTSTANDING LOAN IN FULL UPON THE LOSS OF LICENSE, TERMINATION OF LEASE, OR TRANSFER, SALE, OR

REFINANCING OF THE CHILD CARE FACILITY, AS APPLICABLE, BEFORE THE END OF THE LOAN TERM.

(2) THE CHILD CARE SPECIAL LOAN DOCUMENTS MAY PROVIDE FOR PENALTIES FOR ANY APPLICANT WHO FAILS TO OPERATE THE CHILD CARE FACILITY FOR THE ENTIRE TERM OF THE LOAN.

(L) THE MINIMUM AMOUNT OF A SPECIAL LOAN FOR A FACILITY SHALL BE \$1,000 AND THE MAXIMUM AMOUNT SHALL BE \$10,000.

(M) (1) THE PROCEEDS OF THE CHILD CARE SPECIAL LOANS MAY BE USED:

(I) TO ASSIST APPLICANTS IN MEETING APPLICABLE STATE AND LOCAL CHILD CARE STANDARDS;

(II) TO PAY FOR MINOR RENOVATIONS, AND FOR UPGRADING CHILD CARE FACILITIES TO ASSURE THAT APPLICANTS MEET STATE AND LOCAL CHILD CARE STANDARDS; OR

(III) FOR THE PURCHASE AND INSTALLATION OF EQUIPMENT, MACHINERY, AND FURNITURE, INCLUDING EQUIPMENT NEEDED TO ACCOMMODATE CHILDREN WITH SPECIAL NEEDS.

(2) THE LOAN PROCEEDS MAY NOT BE USED FOR THE PURCHASE OR IMPROVEMENT OF LAND OR FOR THE PURCHASE, CONSTRUCTION, OR IMPROVEMENT OF ANY BUILDING OR FACILITY.”;

and in lines 7 and 33, strike “5-1409.” and “5-1410.”, respectively, and substitute “5-1410.” and “5-1411.”, respectively.

On page 50, in lines 2 and 8, in each instance, after “FUND,” insert “THE FORMER CHILD CARE SPECIAL LOAN FUND.”.

AMENDMENT NO. 6

On page 43, in line 4, after the second "A" insert "SIGNIFICANT".

On page 45, in line 20, after "SIGNIFICANT" insert "STRATEGIC".

AMENDMENT NO. 7

On page 51, in lines 11 and 12, in each instance, strike the bracket; in line 11, strike "5." and substitute "3."; and in lines 13, 15, and 17, strike "3.", "4.", and "5.", respectively, and substitute "4.", "5.", and "6.", respectively.

AMENDMENT NO. 8

On page 53, in line 14, strike the brackets; in line 15, strike "THE"; and strike beginning with "IN" in line 17 down through "COMMITTEE" in line 24.

On page 55, strike beginning with the second comma in line 31 down through "\$2,500,000" in line 33.

On page 57, in lines 10 and 11, strike ", OR ITS EXECUTIVE COMMITTEE,".

AMENDMENT NO. 9

On page 59, strike in their entirety lines 20 through 30; and in lines 31 and 37, strike "5." and "6.", respectively, and substitute "4." and "5.", respectively.

On page 60, in line 7, strike "7." and substitute "6."; in line 13, strike "8." and substitute "7."; strike beginning with the colon in line 13 down through "The" in line 14 and substitute "the"; strike in their entirety lines 17 through 21, inclusive; after line 21, insert:

"SECTION 8. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect January 1, 2002.";

and in line 22, after "That" insert ", except as provided in Section 8 of this Act,".