

SENATE BILL 423

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2000 Regular Session
0lr2316
CF 0lr2317

By: **Senator Bromwell**

Introduced and read first time: February 4, 2000

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Hospital Bonds - Public Body Obligation**

3 FOR the purpose of providing that a public body obligation includes a bond or other
4 obligation issued on behalf of a hospital that voluntarily closed that is insured
5 by an effective municipal corporation insurance policy; and generally relating to
6 public body obligations for closed or delicensed hospitals.

7 BY repealing and reenacting, with amendments,
8 Article 43C - Maryland Health and Higher Educational Facilities Authority
9 Section 16A(b)
10 Annotated Code of Maryland
11 (1998 Replacement Volume and 1999 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article 43C - Maryland Health and Higher Educational Facilities Authority**

15 16A.

16 (b) (1) In this section the following terms have the meanings indicated.

17 (2) "Closure costs" means the reasonable costs determined by the Health
18 Services Cost Review Commission to be incurred in connection with the closure,
19 delicensure, or conversion of a hospital, including expenses of operating the hospital,
20 payments to employees, employee benefits, fees of consultants, insurance, security
21 services, utilities, legal fees, capital costs, costs of terminating contracts with vendors,
22 suppliers of goods and services and others, debt service, contingencies and other
23 necessary or appropriate costs and expenses.

24 (3) (i) "Public body obligation" means any bond, note, evidence of
25 indebtedness or other obligation for the payment of borrowed money issued by the
26 Authority, the State, any agency, instrumentality, or public corporation of the State,
27 any public body as defined in Article 31, § 9 of the Code, the Mayor and City Council

1 of Baltimore, or any municipal corporation subject to the provisions of Article XI-E of
2 the Maryland Constitution.

3 (ii) "Public body obligation" does not include any obligation, or
4 portion of any such obligation, if:

5 1. The principal of and interest on the obligation or such
6 portion thereof is[:

7 A. Insured by an effective municipal bond insurance policy;
8 and

9 B. Issued] ISSUED on behalf of a hospital that voluntarily
10 closed in accordance with § 19-123(l) of the Health - General Article;

11 2. The proceeds of the obligation or such portion thereof were
12 used for the purpose of financing or refinancing a facility or part thereof which is used
13 primarily to provide outpatient services at a location other than the hospital; or

14 3. The proceeds of the obligation or such portion thereof were
15 used to finance or refinance a facility or part thereof which is primarily used by
16 physicians who are not employees of the hospital for the purpose of providing services
17 to nonhospital patients.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2000.