

SENATE BILL 479

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B2  
HB 627/00 - APP

2001 Regular Session  
11r2514  
CF 11r2008

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By: **Senator Ruben**

Introduced and read first time: February 2, 2001

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Montgomery County - The Chelsea School**

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 Chelsea  
5 School, Inc. for certain development or improvement purposes; providing for  
6 disbursement of the loan proceeds, subject to a requirement that the grantee  
7 provide and expend a matching fund; providing that no proceeds of a loan or any  
8 matching funds may be used for religious purposes; and providing generally for  
9 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 indebtedness on  
13 behalf of the State of Maryland through a State loan to be known as the Montgomery  
14 County - The Chelsea School Loan of 2001 in a total principal amount equal to the  
15 lesser of (i) \$1,000,000 or (ii) the amount of the matching fund provided in accordance  
16 with Section 1(5) below. This loan shall be evidenced by the issuance, sale, and  
17 delivery of State general obligation bonds authorized by a resolution of the Board of  
18 Public Works and issued, sold, and delivered in accordance with §§ 8-117 through  
19 8-124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

20 (2) The bonds to evidence this loan or installments of this loan may be sold as  
21 a single issue or may be consolidated and sold as part of a single issue of bonds under  
22 § 8-122 of the State Finance and Procurement Article.

23 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
24 and first shall be applied to the payment of the expenses of issuing, selling, and  
25 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
26 shall be credited on the books of the Comptroller and expended, on approval by the  
27 Board of Public Works, for the following public purposes, including any applicable  
28 architects' and engineers' fees: as a grant to the Board of Directors of The Chelsea  
29 School, Inc. (referred to hereafter in this Act as "the grantee") for the acquisition,  
30 planning, design, repair, renovation, reconstruction, construction, and capital  
31 equipping of a classroom building and gymnasium and for the demolition of, and lead  
32 abatement work on, the annex.

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) Prior to the payment of any funds under the provisions of this Act for the  
6 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
7 matching fund. No part of the grantee's matching fund may be provided, either  
8 directly or indirectly, from funds of the State, whether appropriated or  
9 unappropriated. The fund may consist of real property. The fund may consist of in  
10 kind contributions or funds expended prior to the effective date of this Act. In case of  
11 any dispute as to the amount of the matching fund or what money or assets may  
12 qualify as matching funds, the Board of Public Works shall determine the matter and  
13 the Board's decision is final. The grantee has until June 1, 2003, to present evidence  
14 satisfactory to the Board of Public Works that a matching fund will be provided. If  
15 satisfactory evidence is presented, the Board shall certify this fact and the amount of  
16 the matching fund to the State Treasurer, and the proceeds of the loan equal to the  
17 amount of the matching fund shall be expended for the purposes provided in this Act.  
18 Any amount of the loan in excess of the amount of the matching fund certified by the  
19 Board of Public Works shall be canceled and be of no further effect.

20 (6) No portion of the proceeds of the loan or any of the matching funds may be  
21 used for the furtherance of sectarian religious instruction, in connection with the  
22 design, acquisition, or construction of any building used or to be used as a place of  
23 sectarian religious worship or instruction, or in connection with any program or  
24 department of divinity for any religious denomination. Upon the request of the Board  
25 of Public Works, the grantee shall submit evidence satisfactory to the Board that none  
26 of the proceeds of the loan or any matching funds have been or are being used for a  
27 purpose prohibited by this Act.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 June 1, 2001.