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By: **Senator Pipkin**

Introduced and read first time: February 6, 2004

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Caroline County - Old Schoolhouse**  
3 **Redevelopment**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed \$250,000,  
5 the proceeds to be used as a grant to the Board of Directors of the Denton  
6 Development Corporation, Inc. for certain development or improvement  
7 purposes; providing for disbursement of the loan proceeds, subject to a  
8 requirement that the grantee provide and expend a matching fund; requiring  
9 the grantee to grant and convey a certain easement to the Maryland Historical  
10 Trust; establishing a deadline for the encumbrance or expenditure of the loan  
11 proceeds; and providing generally for the issuance and sale of bonds evidencing  
12 the loan.

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That:

15 (1) The Board of Public Works may borrow money and incur indebtedness on  
16 behalf of the State of Maryland through a State loan to be known as the Caroline  
17 County - Old Schoolhouse Redevelopment Loan of 2004 in a total principal amount  
18 equal to the lesser of (i) \$250,000 or (ii) the amount of the matching fund provided in  
19 accordance with Section 1(5) below. This loan shall be evidenced by the issuance, sale,  
20 and delivery of State general obligation bonds authorized by a resolution of the Board  
21 of Public Works and issued, sold, and delivered in accordance with §§ 8-117 through  
22 8-124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

23 (2) The bonds to evidence this loan or installments of this loan may be sold as  
24 a single issue or may be consolidated and sold as part of a single issue of bonds under  
25 § 8-122 of the State Finance and Procurement Article.

26 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
27 and first shall be applied to the payment of the expenses of issuing, selling, and  
28 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
29 shall be credited on the books of the Comptroller and expended, on approval by the  
30 Board of Public Works, for the following public purposes, including any applicable  
31 architects' and engineers' fees: as a grant to the Board of Directors of the Denton  
32 Development Corporation, Inc. (referred to hereafter in this Act as "the grantee") for

1 the acquisition, planning, design, construction, repair, renovation, and reconstruction  
2 of the old schoolhouse property for use as a small business facility to promote  
3 start-up businesses, located in Denton.

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

8 (5) Prior to the payment of any funds under the provisions of this Act for the  
9 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
10 matching fund. No part of the grantee's matching fund may be provided, either  
11 directly or indirectly, from funds of the State, whether appropriated or  
12 unappropriated. No part of the fund may consist of in kind contributions. The fund  
13 may consist of real property or funds expended prior to the effective date of this Act.  
14 In case of any dispute as to the amount of the matching fund or what money or assets  
15 may qualify as matching funds, the Board of Public Works shall determine the matter  
16 and the Board's decision is final. The grantee has until June 1, 2006, to present  
17 evidence satisfactory to the Board of Public Works that a matching fund will be  
18 provided. If satisfactory evidence is presented, the Board shall certify this fact and  
19 the amount of the matching fund to the State Treasurer, and the proceeds of the loan  
20 equal to the amount of the matching fund shall be expended for the purposes provided  
21 in this Act. Any amount of the loan in excess of the amount of the matching fund  
22 certified by the Board of Public Works shall be canceled and be of no further effect.

23 (6) (a) Prior to the issuance of the bonds, the grantee shall grant and convey  
24 to the Maryland Historical Trust a perpetual preservation easement to the extent of  
25 its interest:

26 (i) On the land or such portion of the land acceptable to the Trust;  
27 and

28 (ii) On the exterior and interior, where appropriate, of the historic  
29 structures.

30 (b) If the grantee or beneficiary of the grant holds a lease on the land  
31 and structures, the Trust may accept an easement on the leasehold interest.

32 (c) The easement must be in form and substance acceptable to the Trust  
33 and any liens or encumbrances against the land or the structures must be acceptable  
34 to the Trust.

35 (7) The proceeds of the loan must be expended or encumbered by the Board of  
36 Public Works for the purposes provided in this Act no later than June 1, 2011. If any  
37 funds authorized by this Act remain unexpended or unencumbered after June 1, 2011,  
38 the amount of the unencumbered or unexpended authorization shall be canceled and  
39 be of no further effect. If bonds have been issued for the loan, the amount of  
40 unexpended or unencumbered bond proceeds shall be disposed of as provided in §  
41 8-129 of the State Finance and Procurement Article.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect June 1, 2004.