
By: **Senator Hafer**

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Garrett County - Salem School**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$250,000,
4 the proceeds to be used as a grant to the Board of Directors of the Maryland
5 Salem Children's Trust, Inc. for certain development or improvement purposes;
6 providing for disbursement of the loan proceeds, subject to a requirement that
7 the grantee provide and expend a matching fund; prohibiting the loan proceeds
8 or the matching fund from being used for sectarian religious purposes;
9 establishing a deadline for the encumbrance or expenditure of the loan proceeds;
10 and providing generally for the issuance and sale of bonds evidencing the loan.

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That:

13 (1) The Board of Public Works may borrow money and incur indebtedness on
14 behalf of the State of Maryland through a State loan to be known as the Garrett
15 County - Salem School Loan of 2005 in a total principal amount equal to the lesser of
16 (i) \$250,000 or (ii) the amount of the matching fund provided in accordance with
17 Section 1(5) below. This loan shall be evidenced by the issuance, sale, and delivery of
18 State general obligation bonds authorized by a resolution of the Board of Public
19 Works and issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of
20 the State Finance and Procurement Article and Article 31, § 22 of the Code.

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

24 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
25 and first shall be applied to the payment of the expenses of issuing, selling, and
26 delivering the bonds, unless funds for this purpose are otherwise provided, and then
27 shall be credited on the books of the Comptroller and expended, on approval by the
28 Board of Public Works, for the following public purposes, including any applicable
29 architects' and engineers' fees: as a grant to the Board of Directors of the Maryland
30 Salem Children's Trust, Inc. (referred to hereafter in this Act as "the grantee") for the
31 planning, design, construction, and capital equipping of a new school building with
32 classrooms, a kitchen and dining room, a media center, a mobile computer lab, a

1 therapy room, an art and music room, and rest rooms, located in Frostburg, in Garrett
2 County.

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

7 (5) Prior to the payment of any funds under the provisions of this Act for the
8 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
9 matching fund. No part of the grantee's matching fund may be provided, either
10 directly or indirectly, from funds of the State, whether appropriated or
11 unappropriated. No part of the fund may consist of real property or in kind
12 contributions. The fund may consist of funds expended prior to the effective date of
13 this Act. In case of any dispute as to the amount of the matching fund or what money
14 or assets may qualify as matching funds, the Board of Public Works shall determine
15 the matter and the Board's decision is final. The grantee has until June 1, 2007, to
16 present evidence satisfactory to the Board of Public Works that a matching fund will
17 be provided. If satisfactory evidence is presented, the Board shall certify this fact and
18 the amount of the matching fund to the State Treasurer, and the proceeds of the loan
19 equal to the amount of the matching fund shall be expended for the purposes provided
20 in this Act. Any amount of the loan in excess of the amount of the matching fund
21 certified by the Board of Public Works shall be canceled and be of no further effect.

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

30 (7) The proceeds of the loan must be expended or encumbered by the Board of
31 Public Works for the purposes provided in this Act no later than June 1, 2012. If any
32 funds authorized by this Act remain unexpended or unencumbered after June 1,
33 2012, the amount of the unencumbered or unexpended authorization shall be
34 canceled and be of no further effect. If bonds have been issued for the loan, the
35 amount of unexpended or unencumbered bond proceeds shall be disposed of as
36 provided in § 8-129 of the State Finance and Procurement Article.

37 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
38 June 1, 2005.