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By: **Senators Miller, Currie, DeGrange, Dyson, Forehand, Kasemeyer,  
Kelley, McFadden, and Middleton**

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Maryland Hospitals**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$5,000,000,  
4 the proceeds to be used as a grant to certain Boards of Directors of certain  
5 hospitals for certain development or improvement purposes; providing for  
6 disbursement of the loan proceeds, subject to a requirement that the grantees  
7 provide and expend matching funds; prohibiting the use of the loan proceeds or  
8 the matching fund from being used for sectarian religious purposes; establishing  
9 a deadline for the encumbrance or expenditure of the loan proceeds; and  
10 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 Maryland  
15 Hospitals Loan of 2005 in a total principal amount of \$5,000,000. This loan shall be  
16 evidenced by the issuance, sale, and delivery of State general obligation bonds  
17 authorized by a resolution of the Board of Public Works and issued, sold, and  
18 delivered in accordance with §§ 8-117 through 8-124 of the State Finance and  
19 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 Maryland hospitals, including any applicable  
28 architects' and engineers' fees, determined as follows:

29 (a) Calvert Memorial Hospital. Provide a grant equal to the lesser of (i)  
30 \$1,100,000 or (ii) the amount of the matching fund provided, to the Board of Directors

1 of Calvert Memorial Hospital of Calvert County, Inc. for the planning, design,  
2 construction, repair, renovation, expansion, and capital equipping of the emergency  
3 department, a lab, and rapid admission unit at Calvert Memorial Hospital, located in  
4 Prince Frederick;

5 (b) Atlantic General Hospital. Provide a grant equal to the lesser of (i)  
6 \$100,000 or (ii) the amount of the matching fund provided, to the Board of Directors  
7 of Atlantic General Hospital Corporation for the planning, design, construction, and  
8 capital equipping of existing space to create a Women's Imaging Center, located in  
9 Berlin;

10 (c) Civista. Provide a grant equal to the lesser of (i) \$1,200,000 or (ii) the  
11 amount of the matching fund provided, to the Board of Directors of Civista Medical  
12 Center, Inc. for the planning, design, renovation, expansion, repair, construction, and  
13 capital equipping of the emergency department, to be located in La Plata;

14 (d) North Arundel Hospital. Provide a grant equal to the lesser of (i)  
15 \$600,000 or (ii) the amount of the matching fund provided, to the Board of Directors  
16 of North Arundel Hospital Association, Inc. for the planning, design, construction,  
17 repair, renovation, expansion, and capital equipping of the inpatient psychiatric unit,  
18 to be located in Glen Burnie;

19 (e) Potomac Ridge Behavioral Health System. Provide a grant equal to  
20 the lesser of (i) \$400,000 or (ii) the amount of the matching fund provided, to the  
21 Board of Directors of Adventist HealthCare, Inc. d/b/a Potomac Ridge Behavioral  
22 Health System for the planning, design, renovation, expansion, repair, construction,  
23 and capital equipping of space to create a specialty acute psychiatric service center for  
24 emotionally disturbed children, located in Rockville;

25 (f) Northwest Hospital Center. Provide a grant equal to the lesser of (i)  
26 \$800,000 or (ii) the amount of the matching fund provided, to the Board of Directors  
27 of Northwest Hospital Center, Inc. for the planning, design, renovation, expansion,  
28 repair, construction, and capital equipping of the intensive care unit of the hospital  
29 center, located in Baltimore County; and

30 (g) Mercy Medical Center. Provide a grant equal to the lesser of (i)  
31 \$800,000 or (ii) the amount of the matching fund provided, to the Board of Directors  
32 of Mercy Medical Center, Inc. for the planning, design, renovation, expansion, repair,  
33 construction, and capital equipping of existing space at Mercy Medical Center for  
34 inpatient bed modernization, located in Baltimore.

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

39 (5) Prior to the payment of any funds under the provisions of this Act for the  
40 purposes set forth in Section 1(3) above, the grantees shall provide and expend  
41 matching funds as specified in Section 1(3). No part of the grantees' matching fund  
42 may be provided, either directly or indirectly, from funds of the State, whether

1 appropriated or unappropriated. No part of the funds may consist of real property or  
2 in kind contributions. The funds may consist of funds expended prior to the effective  
3 date of this Act. In case of any dispute as to the amount of the matching funds or what  
4 money or assets may qualify as matching funds, the Board of Public Works shall  
5 determine the matter and the Board's decision is final. The grantees have until June  
6 1, 2007, to present evidence satisfactory to the Board of Public Works that matching  
7 funds will be provided. If satisfactory evidence is presented, the Board shall certify  
8 this fact and the amount of the matching funds to the State Treasurer, and the  
9 proceeds of the loan equal to the amount of the matching funds shall be expended for  
10 the purposes provided in this Act. Any amount of the loan in excess of the amount of  
11 the matching funds certified by the Board of Public Works shall be canceled and be of  
12 no further effect.

13 (6) No portion of the proceeds of the loan or any of the matching funds may be  
14 used for the furtherance of sectarian religious instruction, or in connection with the  
15 design, acquisition, or construction of any building used or to be used as a place of  
16 sectarian religious worship or instruction, or in connection with any program or  
17 department of divinity for any religious denomination. Upon the request of the Board  
18 of Public Works, the grantees shall submit evidence satisfactory to the Board that  
19 none of the proceeds of the loan or any matching funds have been or are being used for  
20 a purpose prohibited by this Act.

21 (7) The proceeds of the loan must be expended or encumbered by the Board of  
22 Public Works for the purposes provided in this Act no later than June 1, 2012. If any  
23 funds authorized by this Act remain unexpended or unencumbered after June 1,  
24 2012, the amount of the unencumbered or unexpended authorization shall be  
25 canceled and be of no further effect. If bonds have been issued for the loan, the  
26 amount of unexpended or unencumbered bond proceeds shall be disposed of as  
27 provided in § 8-129 of the State Finance and Procurement Article.

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