

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE

House Bill 1178  
Appropriations

(Delegate D. Davis)

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Prince George's County - Concorde Mansion Loan of 1999

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This bill changes the name of the Prince George's County – Rehabilitation, Therapy, and Educational Facility for People with Disabilities Loan of 1999 to the Prince George's County – Concorde Mansion Loan of 1999. The bill changes the purpose of the project to be the design, repair, and renovation of the historic Concorde Mansion, located in Capitol Heights. The bill also extends the deadline by which the Maryland-National Capital Park and Planning Commission, as grantee, must have its matching funds certified, from June 1, 2001 to June 1, 2006.

The bill takes effect June 1, 2005.

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Fiscal Summary

**State Effect:** Altering the purpose of the project and extending the deadline by which the proceeds must be expended or encumbered would not materially affect State finances or operations.

**Local Effect:** The bill would make \$100,000 available to the Maryland-National Capital Park and Planning Commission to develop this project in Prince George's County.

**Small Business Effect:** None.

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Analysis

**Current Law:** Chapter 259 of 1999 authorized up to \$100,000 to the Maryland-National Capital Park and Planning Commission, as grantee, for the planning, design, construction, reconstruction, and capital equipping of a facility to be used for therapy, rehabilitation, education, and conferences in association with the National Accessible Golf Course, to be

located in Capitol Heights on the “Berry Farm” tract of land as an expansion of Walker Mill Regional Park.

Chapter 153 of 2003 established a seven-year limitation on the authority to spend an appropriation for a capital expenditure and a seven-year limitation on the authorization for State debt.

**Background:** Under the Internal Revenue Code, an entity that sells tax-exempt bonds must spend down the proceeds within 18 to 24 months, depending on the project. The law prohibits entities that sell tax-exempt bonds from earning arbitrage, by which an entity earns a higher rate of interest from the investment of bond proceeds than the interest paid on the bonds. The accumulation of unexpended bond proceeds for projects over seven years old has resulted in the State earning arbitrage interest on the bond proceeds and becoming subject to a federal tax rebate liability. Chapter 153 was enacted to help prevent the State from incurring this liability in the future.

The grantee abandoned the original purpose of Chapter 259, the golf course, after federal funding, on which the project depended, did not materialize. The grantee now intends to use the proceeds from Chapter 259 to renovate the Concorde Mansion to host weddings and other events at a total cost of approximately \$7 million. The mansion is located on the Berry Farm, which is the same tract of land where the golf course would have been located. The matching funds for this project have not been certified. Under Chapter 153, the entire amount of the State money will no longer be available to the grantee on June 1, 2006.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 481 (Senator Currie) – Budget and Taxation.

**Information Source(s):** Maryland-National Capital Park and Planning Commission, Department of General Services, Comptroller’s Office, Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 2005  
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