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By: **Senators Jones and McFadden**

Introduced and read first time: February 3, 2006

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Baltimore City - Gay Street One/Madison Square**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$300,000,  
4 the proceeds to be used as a grant to the Board of Directors of the East  
5 Baltimore Community Corporation for certain development or improvement  
6 purposes; providing for disbursement of the loan proceeds, subject to a  
7 requirement that the grantee provide and expend a matching fund; establishing  
8 a deadline for the encumbrance or expenditure of the loan proceeds; and  
9 providing generally for 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 Baltimore  
14 City - Gay Street One/Madison Square Loan of 2006 in a total principal amount equal  
15 to the lesser of (i) \$300,000 or (ii) the amount of the matching fund provided in  
16 accordance with Section 1(5) below. This loan shall be evidenced by the issuance, sale,  
17 and delivery of State general obligation bonds authorized by a resolution of the Board  
18 of 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 East  
29 Baltimore Community Corporation (referred to hereafter in this Act as "the grantee")  
30 for the acquisition, planning, design, construction, repair, renovation, reconstruction,  
31 and capital equipping of vacant and boarded housing properties, located in the Gay  
32 Street One/Madison Square area of Baltimore City.

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. No part of the fund may consist of in kind contributions. The fund  
10 may consist of real property and funds expended prior to the effective date of this Act.  
11 In case of any dispute as to the amount of the matching fund or what money or assets  
12 may qualify as matching funds, the Board of Public Works shall determine the matter  
13 and the Board's decision is final. The grantee has until June 1, 2008, to present  
14 evidence satisfactory to the Board of Public Works that a matching fund will be  
15 provided. If satisfactory evidence is presented, the Board shall certify this fact and  
16 the amount of the matching fund to the State Treasurer, and the proceeds of the loan  
17 equal to the amount of the matching fund shall be expended for the purposes provided  
18 in this Act. Any amount of the loan in excess of the amount of the matching fund  
19 certified by the Board of Public Works shall be canceled and be of no further effect.

20 (6) The proceeds of the loan must be expended or encumbered by the Board of  
21 Public Works for the purposes provided in this Act no later than June 1, 2013. If any  
22 funds authorized by this Act remain unexpended or unencumbered after June 1,  
23 2013, the amount of the unencumbered or unexpended authorization shall be  
24 canceled and be of no further effect. If bonds have been issued for the loan, the  
25 amount of unexpended or unencumbered bond proceeds shall be disposed of as  
26 provided in § 8-129 of the State Finance and Procurement Article.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 June 1, 2006.