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By: **Senators Hogan, Forehand, Frosh, Garagiola, Kramer, Ruben, and Teitelbaum**

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 - Montgomery County - Germantown Life Sciences**  
3 **Incubator**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed \$5,000,000,  
5 the proceeds to be used as a grant to the County Executive and County Council  
6 of Montgomery County for certain development or improvement purposes;  
7 providing for disbursement of the loan proceeds, subject to a requirement that  
8 the grantee provide and expend a matching fund; establishing a deadline for the  
9 encumbrance or expenditure of the loan proceeds; and providing generally for  
10 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 Montgomery  
15 County - Germantown Life Sciences Incubator Loan of 2006 in a total principal  
16 amount equal to the lesser of (i) \$5,000,000 or (ii) the amount of the matching fund  
17 provided in accordance with Section 1(5) below. This loan shall be evidenced by the  
18 issuance, sale, and delivery of State general obligation bonds authorized by a  
19 resolution of the Board of Public Works and issued, sold, and delivered in accordance  
20 with §§ 8-117 through 8-124 of the State Finance and Procurement Article and  
21 Article 31, § 22 of the Code.

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

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

1 acquisition, planning, design, construction, renovation, reconstruction, and capital  
2 equipping of the Germantown Life Sciences Incubator, located next to the  
3 Germantown campus of Montgomery College.

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

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

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