

# SENATE BILL 291

B2

71r1591  
CF HB 224

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By: **Senators Madaleno, Forehand, Frosh, Garagiola, Hogan, Kramer, Lenett,  
and Raskin**

Introduced and read first time: January 31, 2007

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Montgomery County – Circle Manor**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$150,000,  
4 the proceeds to be used as a grant to the Mayor and Town Council of the Town  
5 of Kensington for certain development or improvement purposes; providing for  
6 disbursement of the loan proceeds, subject to a requirement that the grantee  
7 provide and expend a matching fund; establishing a deadline for the  
8 encumbrance or expenditure of the loan proceeds; requiring the grantee to grant  
9 and convey a certain easement to the Maryland Historical Trust; and providing  
10 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 Montgomery  
15 County – Circle Manor Loan of 2007 in a total principal amount equal to the lesser of  
16 (i) \$150,000 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 Works  
19 and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 of the State  
20 Finance and Procurement Article and Article 31, § 22 of the Code.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

4           (3)     The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
5 and first shall be applied to the payment of the expenses of issuing, selling, and  
6 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
7 shall be credited on the books of the Comptroller and expended, on approval by the  
8 Board of Public Works, for the following public purposes, including any applicable  
9 architects' and engineers' fees: as a grant to the Mayor and Town Council of the Town  
10 of Kensington (referred to hereafter in this Act as "the grantee") for the acquisition of  
11 Circle Manor, to be preserved as a historic property and to be used to provide services  
12 to the community, located in Kensington.

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

17           (5)     Prior to the payment of any funds under the provisions of this Act for the  
18 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
19 matching fund. No part of the grantee's matching fund may be provided, either  
20 directly or indirectly, from funds of the State, whether appropriated or  
21 unappropriated. No part of the fund may consist of real property or in kind  
22 contributions. The fund may consist of funds expended prior to the effective date of  
23 this Act. In case of any dispute as to the amount of the matching fund or what money  
24 or assets may qualify as matching funds, the Board of Public Works shall determine  
25 the matter and the Board's decision is final. The grantee has until June 1, 2009, to  
26 present evidence satisfactory to the Board of Public Works that a matching fund will  
27 be provided. If satisfactory evidence is presented, the Board shall certify this fact and  
28 the amount of the matching fund to the State Treasurer, and the proceeds of the loan  
29 equal to the amount of the matching fund shall be expended for the purposes provided  
30 in this Act. Any amount of the loan in excess of the amount of the matching fund  
31 certified by the Board of Public Works shall be canceled and be of no further effect.

32           (6)     (a)     Prior to the issuance of the bonds, the grantee shall grant and  
33 convey to the Maryland Historical Trust a perpetual preservation easement to the  
34 extent of its interest:

35                           (i)     On the land or such portion of the land acceptable to the  
36 Trust; and

1                   (ii) On the exterior and interior, where appropriate, of the  
2 historic structures.

3                   (b) If the grantee or beneficiary of the grant holds a lease on the land  
4 and structures, the Trust may accept an easement on the leasehold interest.

5                   (c) The easement must be in form and substance acceptable to the  
6 Trust and any liens or encumbrances against the land or the structures must be  
7 acceptable to the Trust.

8                   (7) The proceeds of the loan must be expended or encumbered by the Board  
9 of Public Works for the purposes provided in this Act no later than June 1, 2014. If any  
10 funds authorized by this Act remain unexpended or unencumbered after June 1, 2014,  
11 the amount of the unencumbered or unexpended authorization shall be canceled and  
12 be of no further effect. If bonds have been issued for the loan, the amount of  
13 unexpended or unencumbered bond proceeds shall be disposed of as provided in §  
14 8-129 of the State Finance and Procurement Article.

15                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 June 1, 2007.