

SENATE BILL 447

B2

71r1909
CF HB 120

By: **Senators Colburn and Pipkin**

Introduced and read first time: February 2, 2007

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Caroline County – Old Caroline High School**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$500,000,
4 the proceeds to be used as a grant to the Board of Directors of the Denton
5 Development Corporation, Inc. 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; requiring
8 the grantee to grant and convey a certain easement to the Maryland Historical
9 Trust; establishing a deadline for the encumbrance or expenditure of the loan
10 proceeds; and providing generally for the issuance and sale of bonds evidencing
11 the loan.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That:

14 (1) The Board of Public Works may borrow money and incur indebtedness on
15 behalf of the State of Maryland through a State loan to be known as the Caroline
16 County – Old Caroline High School Loan of 2007 in a total principal amount equal to
17 the lesser of (i) \$500,000 or (ii) the amount of the matching fund provided in
18 accordance with Section 1(5) below. This loan shall be evidenced by the issuance, sale,
19 and delivery of State general obligation bonds authorized by a resolution of the Board
20 of Public Works and issued, sold, and delivered in accordance with §§ 8–117 through
21 8–124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

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 Board of Directors of the Denton
10 Development Corporation, Inc. (referred to hereafter in this Act as "the grantee") for
11 the planning, construction, repair, renovation, and reconstruction of the Old Caroline
12 High School for use as a small business incubator and culinary institute, located in
13 Denton.

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

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

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

36 (i) On the land or such portion of the land acceptable to the
37 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.