

# SENATE BILL 769

B2

71r3173  
CF HB 814

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By: **Senator Colburn**

Introduced and read first time: February 14, 2007

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Caroline County – The Benedictine School**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$750,000,  
4 the proceeds to be used as a grant to the Board of Trustees of the Benedictine  
5 School Foundation, Inc. for certain development or improvement purposes;  
6 providing for disbursement of the loan proceeds, subject to a requirement that  
7 the grantee provide and expend a matching fund; prohibiting the use of the loan  
8 proceeds or matching fund for sectarian religious purposes; establishing a  
9 deadline for the encumbrance or expenditure of the loan proceeds; 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 Caroline  
15 County – The Benedictine School Loan of 2007 in a total principal amount equal to the  
16 lesser of (i) \$750,000 or (ii) the amount of the matching fund provided in accordance  
17 with Section 1(5) below. This loan shall be evidenced by the issuance, sale, and  
18 delivery of State general obligation bonds authorized by a resolution of the Board of  
19 Public Works and issued, sold, and delivered in accordance with §§ 8–117 through  
20 8–124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (3)     The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
2 and first shall be applied to the payment of the expenses of issuing, selling, and  
3 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
4 shall be credited on the books of the Comptroller and expended, on approval by the  
5 Board of Public Works, for the following public purposes, including any applicable  
6 architects' and engineers' fees: as a grant to the Board of Trustees of the Benedictine  
7 School Foundation, Inc. (referred to hereafter in this Act as "the grantee") for the  
8 planning, design, repair, renovation, and capital equipping of the fire protection and  
9 HVAC systems and infrastructure of the Benedictine School, located in Ridgely.

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

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

29           (6)     No portion of the proceeds of the loan or any of the matching funds may  
30 be used for the furtherance of sectarian religious instruction, or in connection with the  
31 design, acquisition, or construction of any building used or to be used as a place of  
32 sectarian religious worship or instruction, or in connection with any program or  
33 department of divinity for any religious denomination. Upon the request of the Board  
34 of Public Works, the grantee shall submit evidence satisfactory to the Board that none  
35 of the proceeds of the loan or any matching funds have been or are being used for a  
36 purpose prohibited by this Act.

37           (7)     The proceeds of the loan must be expended or encumbered by the Board  
38 of Public Works for the purposes provided in this Act no later than June 1, 2014. If any

1 funds authorized by this Act remain unexpended or unencumbered after June 1, 2014,  
2 the amount of the unencumbered or unexpended authorization shall be canceled and  
3 be of no further effect. If bonds have been issued for the loan, the amount of  
4 unexpended or unencumbered bond proceeds shall be disposed of as provided in §  
5 8–129 of the State Finance and Procurement Article.

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