

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

House Bill 502  
Appropriations

(Delegates V. Clagett and George)

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**Anne Arundel County - Historic London Town Visitors Center and Museum  
Loan of 2001**

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This bill extends the deadline to June 1, 2010 for the Board of Directors of The London Town Foundation, Inc., as grantee, to expend or encumber funds provided in the Historic London Town Visitors Center and Museum Loan of 2001.

The bill takes effect June 1, 2008.

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**Fiscal Summary**

**State Effect:** Extending the deadline would not materially affect State finances or operations.

**Local Effect:** The bill would not affect the finances or operations of Anne Arundel County.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Chapter 432 of 2001 authorized up to \$200,000 in matching funds for the planning, design, construction, and capital equipping of a visitors center and museum at Historic London Town and Gardens in Edgewater. The grantee was required to present evidence to the Board of Public Works by June 1, 2003 that required matching funds would be provided. Matching funds were authorized to include in-kind contributions.

Chapter 153 of 2003 established a seven-year limitation on the authority to spend an appropriation for a capital expenditure and a seven-year limitation on the authorization for State debt. The Act applies to all debt authorized on or after June 1, 1997.

Under the Internal Revenue Code, an entity that sells tax-exempt bonds must spend down the proceeds within 18 to 24 months, depending on the project. The law prohibits entities that sell tax-exempt bonds from earning arbitrage, by which an entity earns a higher rate of interest from the investment of bond proceeds than the interest paid on the bonds. The accumulation of unexpended bond proceeds for projects over seven years old has resulted in the State earning arbitrage interest on the bond proceeds, creating a federal tax rebate liability.

**Background:** Historic London Town and Gardens is a 23-acre park owned by Anne Arundel County and managed by the nonprofit London Town Foundation. The site includes the National Historic Landmark William Brown House and museum as well as native and woodland gardens. Matching funds for the State grant were certified by the Board of Public Works in April 2003.

The grantee advises that the State grant funds have not yet been expended due to delays in the construction of the visitor center, which opened in June 2007. State funds, which will be used for visitor center exhibits, could not proceed until construction was complete.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of General Services, Anne Arundel County, Historic London Town and Gardens, Department of Legislative Services

**Fiscal Note History:** First Reader - February 8, 2008  
mam/ljm

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