

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

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 795

(Senator DeGrange)

Budget and Taxation

Appropriations

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**Prior Authorizations of State Debt to Fund Capital Projects - Alterations**

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This bill amends prior authorization bond bills by extending matching fund deadlines, extending deadlines for expending or encumbering funds, altering the purposes for which funds may be used, modifying certification requirements, renaming grant recipients, or altering project locations.

The bill takes effect June 1, 2008.

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**Fiscal Summary**

**State Effect:** The bill amends the conditions under which State grant funds may be used. These changes would not materially affect State finances or operations.

**Local Effect:** None, unless the grantee is a local government.

**Small Business Effect:** None.

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**Analysis**

Several prior authorizations are consolidated into one bill. Most of these prior authorizations had at least one bill introduced in the 2008 session as shown below.

## Prior Authorization Bond Bills Consolidated into SB 795

<u>SB</u>	<u>Sponsor</u>	<u>HB</u>	<u>Sponsor</u>	<u>Project</u>	<u>County</u>	<u>Year</u>	<u>Purpose</u>
279	McFadden			Community Initiatives Academy	Balt. City	1999	Deadline <sup>1</sup>
858	Kasemeyer	1472	Malone	Arbutus Community Center	Balt. County	2000	Deadline <sup>1</sup>
--	--	--	--	Jefferson Patterson Park and Museum	Calvert	2000	Deadline <sup>1</sup>
752	Dyson			St. Clement's Island Lighthouse	St. Mary's	2001	Deadline <sup>1</sup>
833	Gladden			Ivy Family Support Center	Balt. City	2001	Deadline <sup>1</sup>
734	Miller	1141	Kullen	Chesapeake Beach Railway Trail	Calvert	2001	Deadline <sup>1</sup>
		267	Delegation	Echo Hill Outdoor School	Kent	2001	Deadline <sup>1</sup>
807	Currie			Kettering Largo Boys & Girls Club	Prince George's	2001	Deadline <sup>1,2</sup>
		502	V. Clagett	Historic London Town Visitors Center	Anne Arundel	2001	Deadline <sup>1</sup>
307	Glassman			Hosanna School	Harford	2001	Deadline <sup>1</sup>
		671	O'Donnell	Boys and Girls Clubs of Southern Maryland	Calvert	2001	Deadline <sup>1</sup>
233	Exum			Palmer Park Boys and Girls Club	Prince George's	2001	Deadline <sup>1</sup>
161	Munson	911	Donoghue	Barbara Ingram School	Washington	2004/7	Grantee
38	Dyson			Old Carvers Heights	St. Mary's	2004	Deadline <sup>2</sup>
779	Madaleno	853	Carr	Kensington Recreation Center	Montgomery	2004	Grantee, purpose, deadline <sup>2</sup>
870	Pugh	997	Tarrant	Baltimore Zoo	Balt. City	2003	Cert. <sup>3</sup> , deadline <sup>2</sup>
410	Della	846	McHale	Project T.O.O.U.R.	Balt. City	2005	Deadline <sup>2</sup>
364	Pugh	354	Tarrant	Waxter Center	Balt. City	2005/6	Purpose
380	Rosapepe			Paint Branch Creek	Prince George's	2005	Match, location
--	--	--	--	Old Blair High School Auditorium	Montgomery	2005	Easement
420	Munson	913	Donoghue	Hagerstown YMCA	Washington	2006	Deadline <sup>2</sup>
53	Gladden			Baltimore Clayworks	Balt. City	2006	Deadline <sup>2</sup>
890	Jones			Gay Street One/Madison Square	Balt. City	2006	Deadline <sup>2</sup>
67	Della			Peale Museum	Balt. City	2006	Deadline <sup>2</sup>
904	Della			The Powerhouse	Balt. City	2006	Deadline <sup>2</sup>

<u>SB</u>	<u>Sponsor</u>	<u>HB</u>	<u>Sponsor</u>	<u>Project</u>	<u>County</u>	<u>Year</u>	<u>Purpose</u>
472	Garagiola			Agricultural Activity Center	Montgomery	2006	Grantee, deadline <sup>2</sup>
781	Madaleno	1497	Carr	Circle Manor	Montgomery	2006	Grantee, purpose, match, deadline <sup>2</sup>
295	Rosapepe	341	Pena-Melnyk	Historic Laurel Mill Ruins	Prince George's	2006/7	Grantee
812	Currie			New Revival Center of Renewal	Prince George's	2006	Grantee, location, deadline <sup>2</sup>
228	Munson	914	Donoghue	Discovery Station	Washington	2006	Deadline <sup>2</sup>
938	Kramer	1184	Heller	Our House Youth Home	Montgomery	2006	Deadline <sup>2</sup>
--	--	--	--	Linthicum Walks	Anne Arundel	2006	Grantee, deadline <sup>2</sup>
471	Garagiola	104	Hixson	Woodstock Equestrian Park	Montgomery	2007	Grantee
377	Zirkin	464	Cardin	THE ASSOCIATED	Balt. City	2007	Match
--	--	--	--	Slave Church	Balt. County	2007	Grantee, purpose
		1456	Morhaim	United Cerebral Palsy Facility	Balt. County	2007	Location
415	Stone	477	Bromwell	Northeast Skate Park	Balt. County	2007	Location
248	Currie			Ernest Everett Just Monument	Prince George's	2007	Match
891	Peters	1525	Hubbard	Reid Comm. Business Dev. Center	Prince George's	2007	Location
895	Stoltzfus	1006	Conway	Delmarva Discovery Center	Worcester	2007	Purpose
		1579	Weldon	National Historic Catoctin Aqueduct	Frederick	2007	Match

<sup>1</sup>Extends the deadline to expend or encumber funds.

<sup>2</sup>Extends the deadline to present evidence that a matching fund will be provided.

<sup>3</sup>Modifies the requirement for certifying matching funds.

**Current Law:** In general, a grantee must present evidence of a matching fund to the Board of Public Works within two years of the authorization for State debt. The matching fund must be certified prior to the grantee's expending or encumbering State funds.

The authority to spend a capital appropriation authorized on or after June 1, 1997 terminates seven years after the effective date of the bill, per Chapter 153 of 2003. 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 and becoming subject to a federal tax rebate liability.

**Additional Comments:** With the exception of four projects, information on the individual projects included in this bill can be found in the fiscal notes prepared for prior authorization bills.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2008  
ncs/ljm Revised - Senate Third Reader - March 22, 2008  
Revised - Enrolled Bill - May 1, 2008

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