

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1081
Appropriations

(Delegate Jones, *et al.*)

Budget and Taxation

Prior Authorizations of State Debt to Fund Capital Projects - Alterations

This bill amends prior authorization bond bills and capital projects 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, 2009.

Fiscal Summary

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

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

Small Business Effect: None.

Analysis

Bill Summary/Background: Several prior authorizations are consolidated into an omnibus bill. Prior to the 2008 session, individual prior authorization bills were passed by the General Assembly. Most of these prior authorizations had at least one bill introduced in the 2009 session as shown below, for which individual fiscal and policy notes are available.

Prior Authorization Bond Bill Consolidated into HB 1081

<u>SB</u>	<u>Sponsor</u>	<u>HB</u>	<u>Sponsor</u>	<u>Project</u>	<u>County</u>	<u>Year</u>	<u>Purpose</u>
--	--	--	--	St. James Academy Education Center	Balt. City	1998	Deadline ¹
--	--	--	--	Community Initiatives Academy	Balt. City	1999	Grantee, Purpose, Deadline ¹
--	--	--	--	St. Paul Community Centre	Prince George's	2000	Location, Deadline ¹
--	--	--	--	Aging School Program – Qualified Zone Academy Bonds	Statewide	2000/1/3/5	Grantee, Purpose
		873	Oaks	Park Heights Golf Range and Family Sports Park	Balt. City	2000/2	Grantee, Purpose, Deadline ¹
		1514	Proctor	Bethel Recreation Center	Prince George's	2000/1/3/5	Purpose, Deadline ¹
		432	Branch	East Baltimore Community Recreation and Learning Center	Balt. City	2001	Deadline ¹
		403	V. Claggett	Historic London Town Visitors Center and Museum	Anne Arundel	2001	Grantee, Purpose
--	--	--	--	Ebenezer Community Life Center	Prince George's	2001/3/6	Deadline ¹
945	Currie	1104	Vaughn	Palmer Park Boys and Girls Club	Prince George's	2001/7/8	Certification ³ , Deadline ¹
--	--	--	--	Legislative Facilities	Anne Arundel	2002	Deadline ¹
459	Madaleno			Wheaton Multi-Service Youth Center	Montgomery	2002/3/7	Grantee, Purpose, Location, Deadline ¹
--	--	--	--	Ivy Youth Family Center	Prince George's	2003	Location, Deadline ²
		1258	Proctor	Marlton Gazebo	Prince George's	2003/7	Certification ³
--	--	--	--	Public Safety Training Center	Carroll County	2004	Purpose

<u>SB</u>	<u>Sponsor</u>	<u>HB</u>	<u>Sponsor</u>	<u>Project</u>	<u>County</u>	<u>Year</u>	<u>Purpose</u>
--	--	--	--	Frederick Douglass Memorial	Talbot County	2005	Grantee, Deadline ²
283	Peters	460	Hubbard	Knights of St. John Hall	Prince George's	2005	Purpose
942	DeGrange	1367	Love	Tipton Airport Control Tower	Anne Arundel	2005	Grantee, Purpose, Certification ³
		1462	Bohanan	Sotterley Plantation	St. Mary's	2005	Grantee, Purpose, Deadline ²
738	Garagiola	321	Hixson	Old Blair High School Auditorium	Montgomery	2005	Deadline ²
--	--	--	--	State Government Center/State Office Building Number 3	Balt. City	2006	Purpose
1025	Kramer	1487	Heller	Our House Youth Home	Montgomery	2006	Deadline ²
246	Rosapepe	256	Pena-Melnyk	College Park City Hall	Prince George's	2006	Purpose
416	Currie			New Revival Center of Renewal	Prince George's	2006	Location, Deadline ²
--	--	--	--	Hope House	Statewide	2007	Deadline ²
--	--	--	--	Cecil County Breeder's Fair	Cecil County	2007	Purpose
		1381	Taylor	Martin Luther King, Jr., National Memorial Project	Washington, D.C.	2007	Restriction of grantee ⁴
36	Lenett	1523	Heller	Agriculture Activity Center Expansion	Montgomery	2007	Grantee, Deadline ²
28	Garagiola			Warren Historical Site - Loving Charity Hall	Montgomery	2007	Grantee, Deadline ²
--	--	--	--	Delta Alumnae Community Development Center	Prince George's	2007/8	Location, Deadline ²
312	Kramer	324	Taylor	Damascus Heritage Museum	Montgomery	2007	Deadline ²
--	--	--	--	Aging School Program – Qualified Zone Academy Bonds	Statewide	2007	Grantee, Purpose, Deadline, ^{1,2} Advancing of Funds ⁵

<u>SB</u>	<u>Sponsor</u>	<u>HB</u>	<u>Sponsor</u>	<u>Project</u>	<u>County</u>	<u>Year</u>	<u>Purpose</u>
--	--	--	--	Emmart-Pierpoint Safe House	Balt. County	2008	Certification ³
--	--	--	--	Annapolis Summer Garden Theatre	Anne Arundel	2008	Certification ³
--	--	--	--	Oxford Community Center	Talbot	2008	Certification ³
--	--	--	--	St. Mary's College	St. Mary's	2008	Purpose
225	McFadden	291	Stukes	Sojourner-Douglass College	Balt. City	2008	Certification ³
--	--	--	--	National Children's Museum	Prince George's	2008	Purpose
33	Zirkin			Weinberg Village V Senior Apartment Building	Balt. County	2008	Purpose
30	Glassman			Churchville Library Green Building and Science Center	Harford	2008	Grantee
313	Kramer	132	Kaiser	Sharp Street United Methodist Church Modular Building	Montgomery	2008	Location, Certification ³
198	Garagiola	239	Taylor,	The Arc of Montgomery County Group Homes	Montgomery	2008	Location, Purpose
		1434	Vaughn	Capitol Heights Municipal Building	Prince George's	2008	Certification ³

¹Extends the seven-year deadline to expend or encumber funds.

²Extends the deadline to present evidence that a matching fund will be provided.

³Modifies the requirement for certifying matching funds.

⁴The bill specifies that the U.S. Department of the Interior may not be required to become a party to the grant agreement.

⁵The bill authorizes the Comptroller to advance funds for authorized Qualified Zone Academy Bond (QZAB) expenditures, provided that the next sale of QZABs includes at least the amount of funds advanced.

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 Information

Prior Introductions: None.

Cross File: SB 876 (Senator DeGrange) - Budget and Taxation.

Information Source(s): Department of General Services, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2009
mlm/rhh Revised - House Third Reader - April 6, 2009
Revised - Enrolled Bill - May 19, 2009

Analysis by: Michael T. Vorgetts

Direct Inquiries to:
(410) 946-5510
(301) 970-5510