

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 403  
Appropriations

(Delegate V. Clagett, *et al.*)

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

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This bill changes the name of the grantee of the Historic London Town Visitors Center and Museum to the County Executive and County Council of Anne Arundel County. The current grantee is the Board of Directors of The London Town Foundation, Inc. as established by Chapter 432 of 2001. The bill also specifies that the grant may be used to plan, design, construct, or equip exhibits, display cases, and related lighting at the visitors center and museum.

The bill takes effect June 1, 2009.

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Fiscal Summary

**State Effect:** The bill does not directly affect governmental operations or finances.

**Local Effect:** The bill does not directly 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 219 of 2008 extended the deadline to expend or encumber funds to June 1, 2010.

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.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Anne Arundel County, Board of Public Works, Department of General Services, Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2009  
mlm/rhh

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