

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 1018

(Senator DeGrange)

Budget and Taxation

Appropriations

Prior Authorizations of State Debt to Fund Capital Projects - Alterations

This emergency bill amends prior authorization bond bills and capital projects by extending matching fund deadlines, extending deadlines for expending or encumbering funds, modifying or removing certification requirements, renaming grant recipients, altering project locations, or altering the purposes for which funds may be used. In some cases altering the purpose of grant funds merely adds greater specification for how the funds may be used; in other cases grant funds may be reassigned to an entirely different project.

The bill is an emergency measure; however, with the exception of the Suitland Technology Center, the effective date for the changes to each of the projects listed below is June 1, 2010. The bill's changes to the Suitland Technology Center project are effective upon passage of the bill.

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. Most of these prior authorizations had at least one bill introduced in the

2010 session as shown below, for which individual fiscal and policy notes are available. Prior to the 2008 session, individual prior authorization bills were passed by the General Assembly.

In addition to the prior authorizations listed below, the bill amends the Program Open Space Acquisition Opportunity Loan of 2009, which was established by Chapter 419 of 2009, by allowing the Board of Public Works (BPW) to borrow money and incur indebtedness through general obligation bonds. Chapter 419 authorizes BPW to incur special obligation indebtedness through a special obligation loan in the total principal amount up to \$70 million.

Exhibit 1
Prior Authorization Bond Bills Consolidated into the Bill

<u>SB</u>	<u>Sponsor</u>	<u>HB</u>	<u>Sponsor</u>	<u>Current Project</u>	<u>County</u>	<u>Initial Authorization</u>	<u>Change</u>
–	–	–	–	Bowie State University	Prince George's	2000	Deadline ¹
113	Kelley	104	Robinson	Ivy Family Support Center	Baltimore City	2001	Deadline ¹
351	Currie	–	–	Kettering Largo Boys and Girls Club Storage Facility	Prince George's	2001	Deadline ^{1,2}
423	Colburn	99	Conway	Wicomico County Library	Wicomico	2003	Purpose
1079	Madaleno	–	–	MacDonald Knolls Center	Montgomery	2003/2007	Deadline ^{1,2}
962	Raskin	718	Hixson	Old Blair High School Auditorium	Montgomery	2005	Deadline ²
–	–	–	–	Maryland Historical Society	Baltimore City	2006	Removal of Match ⁴

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506	Pinsky	643	Gaines	YMCA Renaissance Square	Prince George's	2006	Grantee, Purpose, Location, Certification ³ , Deadline ²
–	–	1366	Bohanan	St. Mary's College Amphitheater	St. Mary's	2006	Amount ⁵ , Grantee, Purpose, Location, Deadline ²
115	Gladden	196	Rosenberg	Baltimore Clayworks	Baltimore City	2006	Deadline ²
138	Della	–	–	Peale Museum	Baltimore City	2006	Grantee, Deadline ²
–	–	1559	Heller	Our House Youth Home	Montgomery	2006	Deadline ²
–	–	–	–	Coppin State University	Baltimore City	2007	Purpose
32	Forehand	628	Simmons	Public Safety Memorial	Montgomery	2007	Location
–	–	–	–	St. Mary's College Amphitheater	St. Mary's	2007	Amount ⁵ , Purpose, Grantee, Location, Certification ³ , Deadline ²
873	Middleton	–	–	Old Waldorf School Community Center	Charles	2007	Certification ³ , Deadline ²
380	Rosapepe	–	–	Historic Laurel Mill Ruins	Prince George's	2007/2008	Amount ⁴ , Purpose, Deadline ²
1009	Dyson	–	–	St. Mary's Agriculture Service Center	St. Mary's	2007	Purpose

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304	Munson	–	–	Chesapeake and Ohio Canal National Historical Park	Washington	2007	Certification ³
–	–	–	–	Coppin State University	Baltimore City	2007	Purpose
–	–	–	–	Coppin State University	Baltimore City	2008	Purpose
–	–	–	–	Allegany County Museum	Allegany	2008	Purpose
1098	Conway	–	–	NACA Education and Community Center	Baltimore City	2008	Deadline ²
1032	McFadden	1449	Branch	Roberta’s House	Baltimore City	2008	Deadline ²
1087	Stone	1511	Minnick	Community Post	Baltimore County	2008	Purpose, Deadline ²
–	–	–	–	Family Life Intergenerational Center	Baltimore County	2008	Certification ³ , Deadline ²
937	Garagiola	–	–	Button Farm Historic Preservation and Rehabilitation	Montgomery	2008	Deadline ²
100	Muse	883	V. Turner	Forest Heights Municipal Building	Prince George’s	2008	Certification ³ , Deadline ²
–	–	–	–	St. Mary’s Agricultural Service Center	St. Mary’s	2008	Purpose
–	–	–	–	Goshen House	Anne Arundel	2008	Deadline ²

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–	–	105	Glenn	Youth Sports Program Facility	Baltimore City	2008	Certification ³ , Deadline ²
1113	Frosh	1530	Bronrott	Imagination Stage	Montgomery	2008/2009	Certification ³ , Deadline ²
–	–	–	–	Waters Barn Rehabilitation	Montgomery	2008	Deadline ²
–	–	–	–	Rosaryville Conservancy Tack House and Stables	Prince George's	2008	Certification ³ , Deadline ²
–	–	1364	Bohanan	St. Mary's College Amphitheater	St. Mary's	2008	Amount ⁵ , Purpose, Grantee, Location, Certification ³ , Deadline ²
290	McFadden	–	–	Sojourner-Douglass College	Baltimore City	2008	Deadline ²
–	–	–	–	Maryland Science Center Green	Statewide	2009	Removal of Match ⁴
–	–	–	–	Anne Arundel Community College	Anne Arundel	2009	Purpose, Removal of Match ⁴
168	Raskin	177	Hixson	Easter Seals Inter-Generational Center	Statewide	2009	Removal of Match ⁴
269	Simonaire	1220	Schuh	Historical Freetown Renovation	Anne Arundel	2009	Certification ³
–	–	212	Costa	Southern High School Field House	Anne Arundel	2009	Certification ³

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459	Middleton	–	–	Hospice House	Charles	2009	Location, Certification ³
950	Brinkley	21	G. Clagett	John Hanson Memorial	Frederick	2009	Location
1112	Peters	–	–	Kappa Alpha Psi Playground Equipment	Prince George's	2009	Purpose
–	–	–	–	Suitland Technology Center	Prince George's	2008	Location, Deadline ²

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.

⁴Removes the requirement that grantee raise matching funds; makes technical changes to certification requirements as appropriate.

⁵Redistributes all or a portion of the grant amount to another project or projects.

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: HB 1447 (Delegate Jones) - Appropriations.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - March 24, 2010
ncs/ljm Revised - Senate Third Reader - April 7, 2010
Revised - Enrolled Bill - June 1, 2010

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