

# SENATE BILL 11

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By: **Senator Kelley**

Introduced and read first time: January 14, 2011

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Baltimore County – Augsburg Lutheran Home of**  
3 **Maryland**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed \$300,000,  
5 the proceeds to be used as a grant to the Board of Directors of the Augsburg  
6 Lutheran Home of Maryland, Inc. for certain development or improvement  
7 purposes; providing for disbursement of the loan proceeds, subject to a  
8 requirement that the grantee provide and expend a matching fund; prohibiting  
9 the use of the loan proceeds or matching fund for sectarian religious purposes;  
10 establishing a deadline for the encumbrance or expenditure of the loan  
11 proceeds; and providing generally for the issuance and sale of bonds evidencing  
12 the loan.

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That:

15 (1) The Board of Public Works may borrow money and incur indebtedness on  
16 behalf of the State of Maryland through a State loan to be known as the Baltimore  
17 County – Augsburg Lutheran Home of Maryland Loan of 2011 in a total principal  
18 amount equal to the lesser of (i) \$300,000 or (ii) the amount of the matching fund  
19 provided in accordance with Section 1(5) below. This loan shall be evidenced by the  
20 issuance, sale, and delivery of State general obligation bonds authorized by a  
21 resolution of the Board of Public Works and issued, sold, and delivered in accordance  
22 with §§ 8–117 through 8–124 of the State Finance and Procurement Article and  
23 Article 31, § 22 of the Code.

24 (2) The bonds to evidence this loan or installments of this loan may be sold  
25 as a single issue or may be consolidated and sold as part of a single issue of bonds  
26 under § 8–122 of the State Finance and Procurement Article.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
2 and first shall be applied to the payment of the expenses of issuing, selling, and  
3 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
4 shall be credited on the books of the Comptroller and expended, on approval by the  
5 Board of Public Works, for the following public purposes, including any applicable  
6 architects' and engineers' fees: as a grant to the Board of Directors of the Augsburg  
7 Lutheran Home of Maryland, Inc. (referred to hereafter in this Act as "the grantee")  
8 for the construction, renovation, and capital equipping of the Augsburg Lutheran  
9 Home of Maryland, located in Baltimore County.

10           (4) An annual State tax is imposed on all assessable property in the State in  
11 rate and amount sufficient to pay the principal of and interest on the bonds, as and  
12 when due and until paid in full. The principal shall be discharged within 15 years  
13 after the date of issuance of the bonds.

14           (5) Prior to the payment of any funds under the provisions of this Act for the  
15 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
16 matching fund. No part of the grantee's matching fund may be provided, either  
17 directly or indirectly, from funds of the State, whether appropriated or  
18 unappropriated. No part of the fund may consist of real property, in kind  
19 contributions, or funds expended prior to the effective date of this Act. In case of any  
20 dispute as to the amount of the matching fund or what money or assets may qualify as  
21 matching funds, the Board of Public Works shall determine the matter and the  
22 Board's decision is final. The grantee has until June 1, 2013, to present evidence  
23 satisfactory to the Board of Public Works that a matching fund will be provided. If  
24 satisfactory evidence is presented, the Board shall certify this fact and the amount of  
25 the matching fund to the State Treasurer, and the proceeds of the loan equal to the  
26 amount of the matching fund shall be expended for the purposes provided in this Act.  
27 Any amount of the loan in excess of the amount of the matching fund certified by the  
28 Board of Public Works shall be canceled and be of no further effect.

29           (6) No portion of the proceeds of the loan or any of the matching funds may  
30 be used for the furtherance of sectarian religious instruction, or in connection with the  
31 design, acquisition, or construction of any building used or to be used as a place of  
32 sectarian religious worship or instruction, or in connection with any program or  
33 department of divinity for any religious denomination. Upon the request of the Board  
34 of Public Works, the grantee shall submit evidence satisfactory to the Board that none  
35 of the proceeds of the loan or any matching funds have been or are being used for a  
36 purpose prohibited by this Act.

37           (7) The proceeds of the loan must be expended or encumbered by the Board  
38 of Public Works for the purposes provided in this Act no later than June 1, 2018. If any  
39 funds authorized by this Act remain unexpended or unencumbered after June 1, 2018,  
40 the amount of the unencumbered or unexpended authorization shall be canceled and  
41 be of no further effect. If bonds have been issued for the loan, the amount of  
42 unexpended or unencumbered bond proceeds shall be disposed of as provided in  
43 § 8-129 of the State Finance and Procurement Article.

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2    June 1, 2011.