

Department of Legislative Services

Maryland General Assembly

2011 Session

FISCAL AND POLICY NOTE

House Bill 1351 (Delegate Howard)
Rules and Executive Nominations

Prior Authorizations - Prince George's County - Ebenezer Community Life Center Loans of 2001 and 2006

This bill extends the deadline – from June 1, 2011, to June 1, 2013 – for the Board of Directors of the Ebenezer Community Development Corporation to expend the funds authorized by the Ebenezer Community Life Center Loan of 2001 and the Maryland Consolidated Capital Bond Loan of 2006. Any matching funds not expended prior to June 1, 2013, must be encumbered by the Board of Public Works.

The bill takes effect June 1, 2011.

Fiscal Summary

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

Local Effect: The bill does not directly affect the finances or operations of Prince George's County.

Small Business Effect: None.

Analysis

Current Law: Chapter 462 of 2001, as amended by Chapter 707 of 2009, authorized up to \$100,000 in matching funds to the Board of Directors of the Ebenezer Community Development Corporation for the design, renovation, reconstruction, and capital equipping of two existing buildings on Whitfield Chapel Road in Lanham, and the design and construction and capital equipping of a new wing, to serve as a mixed educational, administrative, and fellowship complex. Matching funds may not consist of in-kind

contributions but may consist of real property or funds expended prior to the June 1, 2001 effective date of Chapter 462. Chapter 707 of 2009 extended the deadline to expend or encumber funds to June 1, 2011.

Chapter 46 of 2006, as amended by Chapter 707 of 2009, authorized up to \$150,000 in matching funds to the Board of Directors of the Ebenezer Community Development Corporation for the planning, design, construction, renovation, reconstruction, and capital equipping of the Community Life Center, located in Lanham. Matching funds may consist of real property, in-kind contributions, or funds expended prior to the June 1, 2006 effective date of Chapter 46. Chapter 707 of 2009 extended the deadline to expend or encumber funds to June 1, 2011.

Chapter 204 of 2003 authorized up to \$200,000 in matching funds to the grantee for this project.

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: The grantee advises that the project will serve as an anchor site for a variety of programming services and resources aimed at specific developmental, emotional, economic, and social needs within the community. The Community Life Center will be housed in a mixed educational, administrative, and fellowship complex consisting of three buildings.

The grantee advises that one element of the project – a Head Start center – has been completed. However, the completion of the overall project has been delayed due to changes in the county building code.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Ebenezer Community Development Corporation, Prince George's County, Department of General Services, Department of Legislative Services

Fiscal Note History: First Reader - April 8, 2011
ncs/ljm

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