

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 985 (Senator Benson)  
Budget and Taxation

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Legislative Community Initiatives Loan of 2004 - Prince George's County - Ivy  
Youth and Family Center

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This bill extends the deadline to June 1, 2013, for the Board of Directors of Ivy Community Charities of Prince George's County, Inc. to present evidence that a matching fund will be provided for the Ivy Youth and Family Center project as required by the Legislative Community Initiatives Loan of 2004, as amended by Chapter 707 of 2009. The bill also specifies that the proceeds of the loan must be encumbered by the Board of Public Works or expended by the grantee by June 1, 2013.

The bill takes effect June 1, 2011.

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Fiscal Summary

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

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

**Small Business Effect:** None.

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Analysis

**Current Law:** Chapter 204 of 2003, as amended by Chapter 432 of 2004 and Chapter 707 of 2009 authorized up to \$500,000 to the Board of Directors of Ivy Community Charities of Prince George's County, Inc. for the acquisition, planning, design, construction, and capital equipping of the Ivy Youth and Family Center, located in Prince George's County. Matching funds may consist of real property, in-kind

contributions, or funds expended prior to the June 1, 2004 effective date of Chapter 432 of 2004. Chapter 707 of 2009 extended the deadline to present evidence of a matching fund to June 1, 2011.

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 previous administration of Prince George's County government had authorized grant funding for this project that would have given the grantee sufficient monies to meet the matching fund requirement. The grantee is engaged in negotiations with the current administration to ensure that those funds are still available. Further, the grantee has identified two potential locations that could be converted into the proposed Ivy Youth and Family Center.

The Ivy Youth and Family Center will allow the grantee to offer its community support services from a central location. The grantee currently offers programs for seniors, adults, and children of all ages. Youth services offered by the grantee are typically administered through partnerships with elementary, middle, and high schools in Prince George's County and include social and cultural activities.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1333 (Delegate Howard) - Appropriations.

**Information Source(s):** Ivy Community Charities of Prince George's County, Inc.; Prince George's County; Department of Legislative Services

**Fiscal Note History:** First Reader - March 21, 2011  
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