

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 1328
Appropriations

(Delegate McHale, *et al.*)

Legislative Community Initiatives Loan of 2004 - Baltimore City - Carroll
Mansion Museum

This bill extends the deadline to June 1, 2013, for the Board of Directors of the Carroll Museums, Inc., as grantee, to expend the proceeds of a grant authorized by the Legislative Community Initiatives Loan of 2004. Any proceeds not expended by 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 directly affect governmental operations or finances.

Local Effect: The bill does not directly affect the finances or operations of Baltimore City.

Small Business Effect: None.

Analysis

Current Law: Chapter 204 of 2003, as amended by Chapter 432 of 2004, authorized up to \$75,000 in matching funds to the Board of Directors of the Carroll Museums, Inc. for the acquisition of heating, ventilating, and air conditioning equipment, and for the repair and renovation of the Carroll Mansion Museum, located in Baltimore City, subject to the requirement that the grantee grant and convey an historic easement to the Maryland Historical Trust. The matching fund may consist of in-kind contributions but may not consist of real property or funds expended prior to the June 1, 2004 effective date of Chapter 432.

Chapter 508 of 2006 extended the deadline, from June 1, 2006, to June 1, 2008, for the grantee to present evidence of the existence of matching funds for the Carroll Mansion Museum 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 matching funds have been certified. The grantee has expended roughly half of the funds necessary to meet the matching fund requirement. The remaining qualifying expenses will be made when the grantee undertakes necessary heating, ventilation, and air conditioning repair work at the museum; such work has not begun but bids will be sought in the near future.

According to the grantee, several factors have delayed the progress of repairing and renovating the museum. Between 2008 and 2011, revenues received by the museum from donors and other sources decreased by 50%. Accordingly, the museum was forced to cut its staffing level from three employees in 2008 to one part-time employee (an executive director) in 2011. Although funding is available for the project, the grantee has had difficulty administering the renovation effort with the reduced level of staffing. In addition, the grantee advises that the renovation effort is slowed due to the tedious process of ensuring that all improvements made to the building are up to code while also conforming the improvements to the guidelines established by the Maryland Historical Trust.

Founded in 2002, Carroll Museums, Inc. is a educational not-for-profit organization that is charged with revitalizing the Carroll Mansion and Phoenix Shot Tower. The Carroll Mansion was once the home of Charles Carroll, who was the only Catholic signatory to the Declaration of Independence. In the years following Carroll's death in 1832, the mansion was used as a saloon, an immigrant tenement, a vocational school, and a recreation center. The Phoenix Shot Tower, also located in Baltimore City, was built in 1828 and was the tallest structure in the United States until 1846.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Carroll Museums, Inc.; Baltimore City; Department of General Services; Department of Legislative Services

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mc/ljm

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