

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 1037

(Senator DeGrange)

Budget and Taxation

Appropriations

Prior Authorizations of State Debt to Fund Capital Projects - Alterations

This bill amends prior authorization bond bills and capital projects by extending matching fund deadlines, removing or lowering matching fund requirements, 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 takes effect June 1, 2012.

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 (which is consistent with action taken at the 2008, 2009, and 2010 sessions). Most of these prior authorizations had at least one bill introduced in the 2012 session as shown in **Appendix 1**, 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 the 2011 session, most were amended into the capital budget.

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.

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 unless otherwise provided in an enabling act. 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.

Additional Information

Prior Introductions: None.

Cross File: Although designated as a cross file, HB 1384 (Delegate Jones – Appropriations) is not identical.

Information Source(s): Department of General Services, Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2012
mlm/ljm Revised - Senate Third Reader - March 30, 2012
Revised - Enrolled Bill - April 16, 2012

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Appendix 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>
-	-	1354	Rosenberg	Babe Ruth Birthplace and Museum	Baltimore City	2005	deadline ¹
-	-	1379	Rudolph	The Amphitheater at Bainbridge	Cecil	2005	purpose, certification ³ , deadline ¹
-	-	-	-	Seneca Schoolhouse Museum	Montgomery	2005	removal of match ⁴ , deadline ¹
-	-	-	-	Patuxent River Naval Air Museum and Visitors Center	St. Mary's	2005	deadline ¹
-	-	-	-	Robert A. Pascal Youth Counseling Clinic	Anne Arundel	2005	deadline ¹
963	Ramirez	-	-	Historic Bostwick House	Prince George's	2005	deadline ¹
-	-	830	Hixson	Old Blair High School Auditorium	Montgomery	2005	deadline ^{1,2}
189	Shank	54	Washington County Delegation	Rural Heritage Transportation Museum	Washington	2006	location
-	-	1069	Valentino-Smith	Reid Community Business Development Center	Prince George's	2007	lower match, deadline ²
-	-	1320	Bohanan	St. Mary's County Fairgrounds	St. Mary's	2007	deadline ²
931	Astle	410	Costa	Deale Elementary School Baseball Fields	Anne Arundel	2008	purpose, location
710	Forehand	1036	Barve	Gaithersburg Upcounty Senior Center	Montgomery	2008	purpose
473	Pinsky	307	Gaines	New Carrollton Recreation Center	Prince George's	2008	purpose
436	McFadden	-	-	Roberta's House	Baltimore City	2008	removal of match ⁴

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-	-	-	-	Button Farm Historic Preservation and Rehabilitation	Montgomery	2008	deadline ^{1,2}
1007	Astle	1270	Vitale	Goshen House	Anne Arundel	2008	certification ³ , deadline ²
-	-	-	-	Rosaryville Conservancy Tack House and Stables	Prince George's	2008	deadline ²
-	-	-	-	Lions Camp Merrick	Charles	2008	deadline ^{1,2}
-	-	-	-	Robert E. Lee Park	Baltimore	2009	purpose
-	-	-	-	Black Rock Center for the Arts	Montgomery	2009	deadline ^{1,2}
-	-	-	-	Franklin Entrepreneurial and Apprenticeship Center	Baltimore City	2010	deadline ^{1,2}
1050	Ferguson	1414	McHale	Port Discovery	Baltimore City	2010	deadline ^{1,2}
1084	Ferguson	1449	Clippinger	Southeast Neighborhood Development Center	Baltimore City	2010	deadline ^{1,2}
664	Carroll County Senators	-	-	Carroll County Agriculture Center	Carroll	2010	deadline ^{1,2}
946	Colburn	-	-	Richardson Maritime Heritage Center	Dorchester	2010	certification ³ , deadline ^{1,2}
1071	Edwards	1461	Beitzel	Oakland B&O Museum	Garrett	2010	deadline ^{1,2}
1051	Kasemeyer	-	-	Symphony Woods Park	Howard	2010	deadline ^{1,2}
-	-	1350	Howard County Delegation	Troy Regional Park	Howard	2010	deadline ¹
985	Montgomery	1291	Luedtke	Maydale Nature Center	Montgomery	2010	deadline ^{1,2}
1038	Montgomery	1420	Luedtke	Sandy Spring Museum	Montgomery	2010	deadline ^{1,2}
4	Ramirez	503	Niemann	Bladensburg Market Square II	Prince George's	2010	deadline ^{1,2}
268	Pinsky	327	Gaines	Community Forklift Facility	Prince George's	2010	deadline ^{1,2}

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-	-	1468	Gaines	La Vida Sana (Healthy Living Farm)	Prince George's	2010	deadline ^{1,2}
-	-	-	-	Kellam's Field	Calvert	2010	grantee, deadline ^{1,2}
-	-	577	James	Nuttal Avenue Park	Harford	2010	deadline ^{1,2}
1072	Currie	1440	Griffith	Walker Mill Daycare and Training Center	Prince George's	2010	deadline ^{1,2}
1047	Peters	-	-	Marlboro Meadows Senior Center	Prince George's	2010	purpose, deadline ^{1,2}
-	-	178	Bohanan	United States Colored Troops Memorial Monument	St. Mary's	2010	grantee, purpose, certification ³ , deadline ^{1,2}
914	Currie	-	-	Largo High School PTSA Track Renovation	Prince George's	2010	lower match, deadline ^{1,2}
965	Currie	-	-	Forestville Military Academy Track	Prince George's	2010	lower match, deadline ^{1,2}
-	-	1442	Stein	HopeWell Cancer Support Facility	Baltimore	2010	deadline ^{1,2}
996	Benson	-	-	John E. Feggans Center Renovation	Prince George's	2010	deadline ^{1,2}
1092	Peters	-	-	Marleigh Community Safety and Surveillance System	Prince George's	2010	grantee, deadline ^{1,2}
-	-	267	Jones	Liberty Road Corridor Infrastructure Improvements	Baltimore	2011	location, purpose, certification ³
-	-	-	-	Andover Field Renovations	Anne Arundel	2011	certification ³
1067	Pugh	-	-	Morgan Mill Facility	Baltimore City	2011	purpose, location
1085	Montgomery	1433	Zucker	Olney Theatre Center	Montgomery	2011	certification ³
1068	Ramirez	-	-	Battle of Bladensburg Visitor Center and Monument	Prince George's	2011	grantee

¹Extends the 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 by repealing an historic easement requirement, or allowing the matching fund to include real property, in-kind contributions, and/or previously expended funds.

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