

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1504
Appropriations

(Delegate McIntosh, *et al.*)

**Maryland Consolidated Capital Bond Loan of 2006 - Baltimore City - Assisted
Living on the Green**

This bill specifies that two grants to the Board of Directors of GS Housing, Inc., as specified in the Maryland Consolidated Capital Bond Loan of 2006, may not terminate before June 1, 2015.

The bill takes effect June 1, 2013.

Fiscal Summary

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

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

Small Business Effect: None.

Analysis

Current Law: Chapter 46 of 2006 (SB 370) authorized up to a total of \$500,000 in matching funds for two grants to the Board of Directors of GS Housing, Inc. for the planning, design, construction, and capital equipping of an assisted living facility for low-income individuals in Baltimore City. One of the grants specified that the assisted living facility was to be located on the campus of The Good Samaritan Hospital; the other did not. If any funds remain unexpended or unencumbered after June 1, 2013, the amount of the unexpended or unencumbered authorization must be canceled. The bill's changes apply to both grants.

Chapter 153 of 2003 (HB 444) 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 more than seven years old has resulted in the State earning arbitrage interest on the bond proceeds, creating a federal tax rebate liability.

Background: The grantee, GS Housing, Inc., is associated with MedStar Good Samaritan Hospital in Baltimore City. According to the grantee, the project has been delayed due to the need to first complete refinancing and renovations of the Belvedere Green subsidized housing facility. The new assisted living facility will be attached to Belvedere Green. Matching funds for the grants are available, and the project is now ready to move forward.

Additional Information

Prior Introductions: None.

Cross File: SB 1034 (Senator Conway) - Budget and Taxation.

Information Source(s): MedStar Good Samaritan Hospital, Department of General Services, Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2013
mm/ljm

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510