

# SENATE BILL 686

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By: **Senator Ferguson**

Introduced and read first time: February 3, 2017

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Baltimore City – House of Freedom Commercial**  
3 **Kitchen Renovation**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed \$1,400,000, the  
5 proceeds to be used as a grant to the Board of Directors of the House of Freedom, Inc.  
6 for certain development or improvement purposes; providing for disbursement of the  
7 loan proceeds, subject to a requirement that the grantee provide and expend a  
8 matching fund; prohibiting the use of the loan proceeds or matching fund for  
9 sectarian religious purposes; establishing a deadline for the encumbrance or  
10 expenditure of the loan proceeds; and providing generally for the issuance and sale  
11 of bonds evidencing the loan.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
13 That:

14 (1) The Board of Public Works may borrow money and incur indebtedness on  
15 behalf of the State of Maryland through a State loan to be known as the Baltimore City –  
16 House of Freedom Commercial Kitchen Renovation Loan of 2017 in a total principal  
17 amount equal to the lesser of (i) \$1,400,000 or (ii) the amount of the matching fund provided  
18 in accordance with Section 1(5) below. This loan shall be evidenced by the issuance, sale,  
19 and delivery of State general obligation bonds authorized by a resolution of the Board of  
20 Public Works and issued, sold, and delivered in accordance with §§ 8–117 through 8–124  
21 and 8–131.2 of the State Finance and Procurement Article.

22 (2) The bonds to evidence this loan or installments of this loan may be sold as a  
23 single issue or may be consolidated and sold as part of a single issue of bonds under §  
24 8–122 of the State Finance and Procurement Article.

25 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and  
26 first shall be applied to the payment of the expenses of issuing, selling, and delivering the  
27 bonds, unless funds for this purpose are otherwise provided, and then shall be credited on

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 the books of the Comptroller and expended, on approval by the Board of Public Works, for  
2 the following public purposes, including any applicable architects' and engineers' fees: as a  
3 grant to the Board of Directors of the House of Freedom, Inc. (referred to hereafter in this  
4 Act as "the grantee") for the acquisition, planning, design, construction, repair, renovation,  
5 reconstruction, site improvement, and capital equipping of the commercial kitchen for the  
6 House of Freedom, located in Baltimore City.

7 (4) An annual State tax is imposed on all assessable property in the State in rate  
8 and amount sufficient to pay the principal of and interest on the bonds, as and when due  
9 and until paid in full. The principal shall be discharged within 15 years after the date of  
10 issuance of the bonds.

11 (5) Prior to the payment of any funds under the provisions of this Act for the  
12 purposes set forth in Section 1(3) above, the grantee shall provide and expend a matching  
13 fund. No part of the grantee's matching fund may be provided, either directly or indirectly,  
14 from funds of the State, whether appropriated or unappropriated. No part of the fund may  
15 consist of real property, in kind contributions, or funds expended prior to the effective date  
16 of this Act. In case of any dispute as to the amount of the matching fund or what money or  
17 assets may qualify as matching funds, the Board of Public Works shall determine the  
18 matter and the Board's decision is final. The grantee has until June 1, 2019, to present  
19 evidence satisfactory to the Board of Public Works that a matching fund will be provided.  
20 If satisfactory evidence is presented, the Board shall certify this fact and the amount of the  
21 matching fund to the State Treasurer, and the proceeds of the loan equal to the amount of  
22 the matching fund shall be expended for the purposes provided in this Act. Any amount of  
23 the loan in excess of the amount of the matching fund certified by the Board of Public Works  
24 shall be canceled and be of no further effect.

25 (6) No portion of the proceeds of the loan or any of the matching funds may be  
26 used for the furtherance of sectarian religious instruction, or in connection with the design,  
27 acquisition, or construction of any building used or to be used as a place of sectarian  
28 religious worship or instruction, or in connection with any program or department of  
29 divinity for any religious denomination. Upon the request of the Board of Public Works, the  
30 grantee shall submit evidence satisfactory to the Board that none of the proceeds of the  
31 loan or any matching funds have been or are being used for a purpose prohibited by this  
32 Act.

33 (7) The proceeds of the loan must be expended or encumbered by the Board of  
34 Public Works for the purposes provided in this Act no later than June 1, 2024. If any funds  
35 authorized by this Act remain unexpended or unencumbered after June 1, 2024, the  
36 amount of the unencumbered or unexpended authorization shall be canceled and be of no  
37 further effect. If bonds have been issued for the loan, the amount of unexpended or  
38 unencumbered bond proceeds shall be disposed of as provided in § 8-129 of the State  
39 Finance and Procurement Article.

40 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
41 1, 2017.