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April 15, 2020

The Honorable Lawrence J. Hogan, Jr.
Governor of Maryland
State House
100 State Circle
Annapolis, Maryland 21401

RE: Senate Bill 191, "Creation of a State Debt – Maryland Consolidated Capital Bond Loan of 2020, and the Maryland Consolidated Capital Bond Loans of 2013, 2014, 2016, 2017, and 2019"

Dear Governor Hogan:

We have reviewed and hereby approve for constitutionality and legal sufficiency Senate Bill 191, "Creation of a State Debt – Maryland Consolidated Capital Bond Loan of 2020, and the Maryland Consolidated Capital Bond Loans of 2013, 2014, 2016, 2017, and 2019" ("Capital Budget Bill"). We write simply to note a printing error in Section 13 of the bill and to offer a comment on Section 16.

In Section 13, which is the capital preauthorization for fiscal year 2022, the amount allocated for the renovation of Sherman Hall at the University of Maryland Baltimore County, Item RB31(B) on page 106, lines 33-34 of the enrolled bill, is "6,00,000." It appears that a zero was omitted when the bill was reprinted in the Senate and that the amount of the allocation was supposed to be \$6 million. *See* Report of the Senate Budget and Taxation Committee: Recommendations, Reductions, and Summary of Action Pertaining to Senate Bill 191, Amendment No. 122. The error can be corrected in next year's capital budget bill.

Section 16 of the bill authorizes the expenditure of premiums received from the sale of State general obligation bonds in fiscal year 2021 for capital projects enumerated in that section. In prior years, pursuant to § 8-132(c) of the State Finance and Procurement Article, premiums from the sale of State bonds typically have been used to pay debt service on the

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State's general obligation bonds. By using bond premiums for the payment of debt service, the State has been able to ensure that any bond premium is expended in sufficient time to meet certain tax-exempt bond requirements. We note that the State could be required to rebate certain investment earnings to the Internal Revenue Service if the bond premiums set aside for the enumerated projects are not expended in time to meet the tax exempt bond requirements.

Sincerely,

A handwritten signature in blue ink that reads "Brian E. Frosh". The signature is fluid and cursive, with the first name "Brian" being the most prominent.

Brian E. Frosh
Attorney General

BEF/DWS/kd

cc: The Honorable John C. Wobensmith
Keiffer J. Mitchell, Jr.
Victoria L. Gruber