

# SENATE BILL 110

B2

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CF 8lr1911

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By: **Senators Frosh, Forehand, Garagiola, King, Kramer, Lenett, Madaleno, and Raskin**

Introduced and read first time: January 17, 2008

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Suburban Hospital**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$410,000,  
4 the proceeds to be used as a grant to the Board of Directors of Suburban  
5 Hospital, Inc. for certain development or improvement purposes; providing for  
6 disbursement of the loan proceeds, subject to a requirement that the grantee  
7 provide and expend a matching fund; establishing a deadline for the  
8 encumbrance or expenditure of the loan proceeds; and providing generally for  
9 the issuance and sale of bonds evidencing the loan.

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
11 MARYLAND, That:

12 (1) The Board of Public Works may borrow money and incur indebtedness on  
13 behalf of the State of Maryland through a State loan to be known as the Suburban  
14 Hospital, Inc. Loan of 2008 in a total principal amount equal to the lesser of (i)  
15 \$410,000 or (ii) the amount of the matching fund provided in accordance with Section  
16 1(5) below. This loan shall be evidenced by the issuance, sale, and delivery of State  
17 general obligation bonds authorized by a resolution of the Board of Public Works and  
18 issued, sold, and delivered in accordance with §§ 8–117 through 8–124 of the State  
19 Finance and Procurement Article and Article 31, § 22 of the Code.

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Board of Public Works, for the following public purposes, including any applicable  
2 architects' and engineers' fees: as a grant to the Board of Directors of Suburban  
3 Hospital, Inc. (referred to hereafter in this Act as "the grantee") for the planning,  
4 design, renovation, expansion, repair, construction, and capital equipping of a medical  
5 and surgical nursing unit, located in Bethesda.

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

10 (5) Prior to the payment of any funds under the provisions of this Act for the  
11 purposes set forth in Section 1(3) above, the grantee shall provide and expend a  
12 matching fund. No part of the grantee's matching fund may be provided, either  
13 directly or indirectly, from funds of the State, whether appropriated or  
14 unappropriated. No part of the fund may consist of real property or in kind  
15 contributions. The fund may consist of funds expended prior to the effective date of  
16 this Act. In case of any dispute as to the amount of the matching fund or what money  
17 or assets may qualify as matching funds, the Board of Public Works shall determine  
18 the matter and the Board's decision is final. The grantee has until June 1, 2010, to  
19 present evidence satisfactory to the Board of Public Works that a matching fund will  
20 be provided. If satisfactory evidence is presented, the Board shall certify this fact and  
21 the amount of the matching fund to the State Treasurer, and the proceeds of the loan  
22 equal to the amount of the matching fund shall be expended for the purposes provided  
23 in this Act. Any amount of the loan in excess of the amount of the matching fund  
24 certified by the Board of Public Works shall be canceled and be of no further effect.

25 (6) The proceeds of the loan must be expended or encumbered by the Board  
26 of Public Works for the purposes provided in this Act no later than June 1, 2015. If any  
27 funds authorized by this Act remain unexpended or unencumbered after June 1, 2015,  
28 the amount of the unencumbered or unexpended authorization shall be canceled and  
29 be of no further effect. If bonds have been issued for the loan, the amount of  
30 unexpended or unencumbered bond proceeds shall be disposed of as provided in  
31 § 8-129 of the State Finance and Procurement Article.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 June 1, 2008.