

SENATE BILL 40

B2

11r1096

By: **Senator McFadden**

Introduced and read first time: January 17, 2011

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Baltimore City – St. Francis Xavier Head Start**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$250,000,
4 the proceeds to be used as a grant to the Board of Directors of St. Francis Xavier
5 Head Start, Inc. for certain development or improvement purposes; providing
6 for disbursement of the loan proceeds, subject to a requirement that the grantee
7 provide and expend a matching fund; prohibiting the use of the loan proceeds or
8 matching fund for sectarian religious purposes; establishing a deadline for the
9 encumbrance or expenditure of the loan proceeds; and providing generally for
10 the issuance and sale of bonds evidencing the loan.

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

13 (1) The Board of Public Works may borrow money and incur indebtedness on
14 behalf of the State of Maryland through a State loan to be known as the Baltimore
15 City – St. Francis Xavier Head Start Loan of 2011 in a total principal amount equal to
16 the lesser of (i) \$250,000 or (ii) the amount of the matching fund provided in
17 accordance with Section 1(5) below. This loan shall be evidenced by the issuance, sale,
18 and delivery of State general obligation bonds authorized by a resolution of the Board
19 of Public Works and issued, sold, and delivered in accordance with §§ 8–117 through
20 8–124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

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

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

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 St. Francis
3 Xavier Head Start, Inc. (referred to hereafter in this Act as "the grantee") for the
4 renovation of the St. Francis Xavier Head Start facility, located in Baltimore City.

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

9 (5) Prior to the payment of any funds under the provisions of this Act for the
10 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
11 matching fund. No part of the grantee's matching fund may be provided, either
12 directly or indirectly, from funds of the State, whether appropriated or
13 unappropriated. The fund may consist of real property, in kind contributions, or funds
14 expended prior to the effective date of this Act. In case of any dispute as to the amount
15 of the matching fund or what money or assets may qualify as matching funds, the
16 Board of Public Works shall determine the matter and the Board's decision is final.
17 The grantee has until June 1, 2013, to present evidence satisfactory to the Board of
18 Public Works that a matching fund will be provided. If satisfactory evidence is
19 presented, the Board shall certify this fact and the amount of the matching fund to the
20 State Treasurer, and the proceeds of the loan equal to the amount of the matching
21 fund shall be expended for the purposes provided in this Act. Any amount of the loan
22 in excess of the amount of the matching fund certified by the Board of Public Works
23 shall be canceled and be of no further effect.

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

32 (7) The proceeds of the loan must be expended or encumbered by the Board
33 of Public Works for the purposes provided in this Act no later than June 1, 2018. If any
34 funds authorized by this Act remain unexpended or unencumbered after June 1, 2018,
35 the amount of the unencumbered or unexpended authorization shall be canceled and
36 be of no further effect. If bonds have been issued for the loan, the amount of
37 unexpended or unencumbered bond proceeds shall be disposed of as provided in
38 § 8-129 of the State Finance and Procurement Article.

39 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
40 June 1, 2011.