

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1372
Appropriations

(Delegates Jones and Griffith)

Budget and Taxation

Prior Authorizations of State Debt to Fund Capital Projects - Alterations

This bill amends prior authorization bond bills and capital projects by extending matching fund deadlines, removing or lowering matching fund requirements, extending deadlines for expending or encumbering funds, modifying or removing certification requirements, renaming grant recipients, altering project locations, or altering the purposes for which funds may be used. In some cases altering the purpose of grant funds merely adds greater specification for how the funds may be used; in other cases grant funds may be reassigned to an entirely different project.

The bill also makes technical changes for several items included in the 2012 Capital Budget.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: The bill amends the conditions under which State grant funds may be used. These changes do not materially affect State finances or operations.

Local Effect: None, unless the grantee is a local government.

Small Business Effect: None.

Analysis

Bill Summary/Background: Several prior authorizations are consolidated into an omnibus bill (which is consistent with action taken at the 2008, 2009, 2010, and 2012 sessions). Most of these prior authorizations had at least one bill introduced in the

2013 session as shown in **Appendix 1**, for which individual fiscal and policy notes are available. Prior to the 2008 session, individual prior authorization bills were passed by the General Assembly. In the 2011 session, most were amended into the capital budget.

The bill also identifies 46 items requiring changes that are solely technical in nature (*e.g.*, correcting the name of the grantee and/or location). Changes of this nature are not identified in Appendix 1; however, some of the projects in Appendix 1 might have also required a technical change in addition to the substantive changes presented.

Current Law: In general, a grantee must present evidence of a matching fund to the Board of Public Works within two years of the authorization for State debt. The matching fund must be certified prior to the grantee's expending or encumbering State funds.

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 unless otherwise provided in an enabling act. 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.

Additional Information

Prior Introductions: None.

Cross File: SB 934 (Senator DeGrange) - Budget and Taxation.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2013
ns/ljm Revised - House Third Reader/Clarification - March 28, 2013
Revised - Enrolled Bill/Clarification - April 29, 2013

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Appendix 1 – Prior Authorization Bond Bills Needing Amendments Other than Technical Consolidated into the Bill

<u>SB</u>	<u>Sponsor</u>	<u>HB</u>	<u>Sponsor</u>	<u>Current Project</u>	<u>County</u>	<u>Initial Authorization</u>	<u>Change</u>
-	-	1380	Proctor	Bethel Senior Facilities	Prince George's	2003	purpose, deadline ¹
-	-	1516	McHale	Carroll Mansion Museum	Baltimore City	2003	deadline ¹
999	Astle	1458	Busch	Annapolis Recreational Center at 9 St. Mary's Street	Anne Arundel	2003	purpose, deadline ^{1, 2}
-	-	1163	Conway	Salisbury City Park	Wicomico	2003	deadline ¹
903	Raskin	1359	Hixson	Old Blair High School Auditorium	Montgomery	2005	deadline ^{1, 2}
-	-	1521	Rosenberg	Babe Ruth Birthplace and Museum	Baltimore City	2005	deadline ¹
-	-	94	Busch	Chesapeake Children's Museum	Anne Arundel	2006	grantee, purpose, deadline ¹
1034	Conway	1504	McIntosh	Assisted Living on the Green	Baltimore City	2006	deadline ¹
1061	Klausmeier	-	-	Perry Hall Mansion	Baltimore	2006	removal of match ⁵ , grantee, deadline ¹
101	Peters	-	-	White Rose Foundation Service Center	Prince George's	2006	deadline ¹
-	-	1035	Love	Hancock's Resolution Visitor Center	Anne Arundel	2006	deadline ¹
45	Rosapepe	111	Pena-Melnyk	College Park City Hall	Prince George's	2006	purpose, deadline ¹
-	-	992	Bohanan	Pathway's Facility Renovation	St. Mary's	2006	deadline ¹

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256	Montgomery	249	Kaiser	Our House Youth Home	Montgomery	2006	deadline ¹
159	Middleton	-	-	Mattawoman Creek Art Center	Charles	2007	purpose, deadline ¹
-	-	-	-	Rosaryville Conservancy Tack House and Stables	Prince George's	2008	removal of match ⁵
-	-	-	-	Homeport Farm Park Building Rehabilitation Project	Anne Arundel	2009	purpose, deadline ¹
201	Gladden	406	Rosenberg	Roland Park Fire Station Rehabilitation	Baltimore City	2009	purpose, deadline ^{1,2}
-	-	-	-	Robert E. Lee Park	Baltimore	2009	purpose, grantee
-	-	63	Cardin	Owings Mills High School Stadium	Baltimore	2010	grantee, deadline ^{1,2}
-	-	65	Busch	Annapolis High School Booster Club Concession Stand	Anne Arundel	2010	deadline ^{1,2}
-	-	991	Rosenberg	Glen Avenue Firehouse	Baltimore City	2010	deadline ^{1,2}
-	-	1196	Guzzone	Symphony Woods Park	Howard	2010	deadline ^{1,2}
257	Montgomery	358	Zucker	Sandy Spring Museum	Montgomery	2010	deadline ^{1,2}
925	Pinsky	1369	Gaines	Community Forklift Facility	Prince George's	2010	grantee, deadline ^{1,2}
-	-	-	-	La Vida Sana (Healthy Living Farm)	Prince George's	2010	removal of match ⁵ , deadline ¹

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1000	Currie	1530	Griffith	Walker Mill Daycare and Training Center	Prince George's	2010	purpose, deadline ^{1,2}
-	-	1344	Griffith	Prince George's County Fire Department	Prince George's	2010	grantee, purpose, certification ³ , deadline ^{1,2}
1036	Edwards	1517	Beitzel	Cumberland City Market	Allegany	2011	grantee, removal of match ⁵
-	-	1419	Howard County Delegation	Linwood Center	Howard	2011	purpose, deadline ²
933	McFadden	-	-	Mary Harvin Transformation Center	Baltimore City	2011	deadline ²
-	-	-	-	Todd's Inheritance	Baltimore	2011	removal of match ⁵ , deadline ¹
983	Young	118	Clagett	Cultural Arts Center	Frederick	2011	grantee, deadline ²
250	Brinkley	76	Clagett	Frederick Alliance For Youth – Youth and Community Center	Frederick	2011	grantee, purpose, deadline ^{1,2}
1046	Benson	-	-	Capitol Heights Seat Pleasant Boys and Girls Club Initiative	Prince George's	2011	purpose, deadline ²
122	Peters	-	-	Community Safety and Surveillance Systems	Prince George's	2011	grantees

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-	-	1473	Griffith	Arthur & Mary E. Ridgley, Sr. Museum Phase I	Prince George's	2011	grantee, purpose, certification ³ , deadline ^{1,2}
-	-	-	-	Charles E. Smith Life Communities	Montgomery	2012	grantee ⁴
-	-	-	-	Maryland Science Center – Planetarium Improvements	Baltimore City	2012	certification ³
-	-	-	-	Friends Aware, Inc.	Allegany	2012	purpose ⁴
5	DeGrange	1506	Sophocleus	Meade High School Concession Stand	Anne Arundel	2012	certification ³
-	-	-	-	Neighbor-Space of Baltimore County	Baltimore	2012	removal of match ⁵
866	Middleton	-	-	Indian Head Center for the Arts Renovation	Charles	2012	grantee, purpose
-	-	1483	Hixson	Quebec Terrace Lighting	Montgomery	2012	location
952	Benson	1410	Vaughn	Labor of Love Learning Center	Prince George's	2012	certification ³
-	-	-	-	Lockhouse 44, Lock 44, and Western MD Railroad Lift Bridge	Washington	2012	grantee ⁴
-	-	-	-	Maryland Alliance of Boys & Girls Clubs - Renovations	Statewide	2012	certification ³
91	Astle	82	Busch	Shiplap House	Anne Arundel	2012	removal of match ⁵
-	-	-	-	Acorn Hill Natural Play Area	Baltimore	2012	removal of match ⁵

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-	-	-	-	Turf Field Security Investment	Baltimore	2012	removal of match ⁵

¹Extends the deadline to expend or encumber funds.

²Extends the deadline to present evidence that a matching fund will be provided.

³Modifies the requirement for certifying matching funds.

⁴Clarification recommended by the Attorney General.

⁵Removes the requirement that the grantee raise matching funds; makes technical changes to certification requirements as appropriate.