

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 101 (Senators Peters and Currie)
Budget and Taxation

**Maryland Consolidated Capital Bond Loan of 2006 - Prince George's County -
White Rose Foundation Service Center**

This bill prohibits the grant for the White Rose Foundation service center project, as specified in the Maryland Consolidated Capital Bond Loan of 2006, from terminating before June 1, 2014, rather than June 1, 2013.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: The bill does not directly affect State finances or operations.

Local Effect: The bill does not directly affect the finances or operations of Prince George's County.

Small Business Effect: None.

Analysis

Current Law: Chapter 46 of 2006 (SB 370) authorized a grant of \$375,000 to the Board of Directors of the White Rose Foundation, Inc. for the acquisition, repair, renovation, and capital equipping of a service center for the White Rose Foundation, located in Upper Marlboro. The proceeds of the grant must be expended or encumbered by the Board of Public Works by June 1, 2013. If any funds authorized remain unexpended or unencumbered after June 1, 2013, the amount of the unexpended or unencumbered authorization must be canceled.

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. 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.

Background: The White Rose Foundation, Inc. is a 501(c)(3) organization and the charitable arm of the Prince George's County Maryland Chapter of the Links, Inc. The members of the chapter are involved in community service projects such as tutoring, programs and scholarships for youth, cultural arts enrichment, health and wellness education with training, and programs that support and celebrate the rich diversity of local and international communities.

The Links, Inc. is an international, not-for-profit corporation, established in 1946. The membership consists of 12,000 professional women of color in 276 chapters located in 41 states, the District of Columbia, and the Commonwealth of the Bahamas. It is one of the nation's oldest and largest volunteer service organizations of women who are committed to enriching, sustaining, and ensuring the culture and economic survival of African Americans and other persons of African ancestry. The Links, Inc. has five facets, which include national trends and services, the arts, services to youth, international trends and services, and health and human services. The programs are implemented through strategies, such as public information and education, economic development, and public policy campaigns.

The grantee reports that, since 2006, the plans to implement the project have changed and been delayed due to changes in leadership in Prince George's County and within the White Rose Foundation. The grantee is now coordinating with the current county leadership to create a service center near the Naylor Road Metro station to offer tutoring for youth and meeting space for nonprofits. The grantee reports that the center will help students who live in that community raise their test scores, and the center will be part of the area's redevelopment. The grantee reports that an extension is needed because the project is still in the planning and development stage.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of General Services, White Rose Foundation,
Department of Legislative Services

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ncs/ljm

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