

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1476
Appropriations

(Delegate Jones)

Budget and Taxation

Maryland Consolidated Capital Bond Loan of 2008 - Baltimore County - The
Emmart-Pierpoint Safe House

This emergency bill changes the purpose of the grant authorized by the Maryland Consolidated Capital Bond Loan of 2008 to the Board of Directors of The Friends of Cherry Hill AUMP, Inc. so that the funds may be used for the acquisition, planning, design, construction, reconstruction, renovation, restoration, and capital equipping of the Cherry Hill Church, rather than the construction, renovation, and capital equipping of the Emmart-Pierpoint Safe House. The bill also changes the title of the grant from “The Emmart-Pierpoint Safe House” to “Cherry Hill Church” and the name of the grantee from “Board of Directors of The Friends of Cherry Hill AUMP, Inc.” to “Friends of Historical Cherry Hill AUMP, Inc.”

Fiscal Summary

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

Local Effect: The bill does not affect the finances or operations of Baltimore County.

Small Business Effect: None.

Analysis

Current Law: Chapter 336 of 2008 (the fiscal 2009 capital budget) authorized up to \$100,000 in matching funds to the Board of Directors of The Friends of Cherry Hill AUMP, Inc. for the construction, renovation, and capital equipping of the Emmart-Pierpoint Safe House. Matching funds could consist of real property, in-kind contributions, or funds expended prior to the June 1, 2008 effective date of Chapter 336;

however, Chapter 707 of 2009 removed the matching fund requirement. The proceeds of the grant must be expended or encumbered by the Board of Public Works by June 1, 2015. If any funds remain unexpended or unencumbered after June 1, 2015, the amount of unexpended or unencumbered authorizations must be cancelled.

Chapter 488 of 2007 (the fiscal 2008 capital budget) authorized up to \$300,000 to the Board of Directors of the Friends of Cherry Hill AUMP, Inc. for the acquisition, planning, design, construction, renovation, restoration, and capital equipping of a slave church. Chapter 219 of 2008 changed the name of the project from Slave Church to Cherry Hill Church and removed “Board of Directors” from the grantee’s name, among other things.

Chapter 153 of 2003 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 grantee advises that, due to safety issues, the Emmart-Pierpoint Safe House project will no longer be moving forward.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Cherry Hill Church, Department of General Services, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2014
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Analysis by: Matthew B. Jackson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510