

SENATE BILL 505

B2

8lr2317
CF 8lr3656

By: **Senators Hough and Young**

Introduced and read first time: January 29, 2018

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Frederick County – CrossRoads Freedom Center**
3 **Recovery Housing**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed \$116,000, the
5 proceeds to be used as a grant to the Board of Directors of the CR Freedom Center
6 Inc. for certain development or improvement purposes; providing for disbursement
7 of the loan proceeds, subject to a requirement that the grantee provide and expend a
8 matching fund; prohibiting the use of the loan proceeds or matching fund for
9 sectarian religious purposes; establishing a deadline for the encumbrance or
10 expenditure of the loan proceeds; and providing generally for the issuance and sale
11 of bonds evidencing the loan.

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

14 (1) The Board of Public Works may borrow money and incur indebtedness on
15 behalf of the State of Maryland through a State loan to be known as the Frederick County
16 – CrossRoads Freedom Center Recovery Housing Loan of 2018 in a total principal amount
17 equal to the lesser of (i) \$116,000 or (ii) the amount of the matching fund provided in
18 accordance with Section 1(5) below. This loan shall be evidenced by the issuance, sale, and
19 delivery of State general obligation bonds authorized by a resolution of the Board of Public
20 Works and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 and
21 8–131.2 of the State Finance and Procurement Article.

22 (2) The bonds to evidence this loan or installments of this loan may be sold as a
23 single issue or may be consolidated and sold as part of a single issue of bonds under §
24 8–122 of the State Finance and Procurement Article.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 the books of the Comptroller and expended, on approval by the Board of Public Works, for
2 the following public purposes, including any applicable architects' and engineers' fees: as a
3 grant to the Board of Directors of the CR Freedom Center Inc. (referred to hereafter in this
4 Act as "the grantee") for the acquisition, planning, design, construction, repair, renovation,
5 reconstruction, site improvement, and capital equipping of the CrossRoads Freedom Center
6 Recovery Housing building, located in Frederick County.

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

11 (5) Prior to the payment of any funds under the provisions of this Act for the
12 purposes set forth in Section 1(3) above, the grantee shall provide and expend a matching
13 fund. No part of the grantee's matching fund may be provided, either directly or indirectly,
14 from funds of the State, whether appropriated or unappropriated. No part of the fund may
15 consist of real property. The fund may consist of in kind contributions or funds expended
16 prior to the effective date of this Act. In case of any dispute as to the amount of the matching
17 fund or what money or assets may qualify as matching funds, the Board of Public Works
18 shall determine the matter and the Board's decision is final. The grantee has until June 1,
19 2020, to present evidence satisfactory to the Board of Public Works that a matching fund
20 will 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 equal
22 to the amount of the matching fund shall be expended for the purposes provided in this Act.
23 Any amount of the loan in excess of the amount of the matching fund certified by the Board
24 of Public Works shall be canceled and be of no further effect.

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

33 (7) The proceeds of the loan must be expended or encumbered by the Board of
34 Public Works for the purposes provided in this Act no later than June 1, 2025. If any funds
35 authorized by this Act remain unexpended or unencumbered after June 1, 2025, the
36 amount of the unencumbered or unexpended authorization shall be canceled and be of no
37 further effect. If bonds have been issued for the loan, the amount of unexpended or
38 unencumbered bond proceeds shall be disposed of as provided in § 8-129 of the State
39 Finance and Procurement Article.

40 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
41 1, 2018.