Senate Bill No. 482. State Debt—Hospitals

AN ACT to authorize the creation of a State debt in the aggregate amount of Twenty Million Dollars ($20,000,000.00) for the purpose of aiding in the financing of certain loans to be made to voluntary nonprofit hospitals upon completion of the construction, expansion, relocation, replacement or modernization of their hospital buildings, facilities, and equipment; providing generally for the terms and conditions of creating this debt and for expending funds thereunder; providing generally for the issue and sale of certificates evidencing this loan; and to repeal and re-enact, with amendments, Section 568F (a) and (b) of Article 43 of the Annotated Code of Maryland (1965 Replacement Volume), title "Health," subtitle "Maryland Hospital Commission," to change the conditions and procedures for repayment of State loans made to nonprofit hospitals, to change the basis for determination of the rate of interest to be charged upon the repayment of a hospital loan, and to provide for the effect of these changed conditions on loans approved prior to the effective date of this Act.

May 4, 1967.

Honorable William S. James
President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Section 17, Article II, of the Maryland Constitution, I have vetoed today Senate Bill 482 and am returning it to you.

This bill would authorize additional State debt in the amount of $20 million to aid in the construction and modernization of voluntary non-profit hospitals. The bill supplements a previous authorization of $50 million passed in 1964.

Although there is no question about the desirability of better hospital facilities and services for Maryland citizens, there must be a recognition that the implementation of such needs must be fiscally sound. Bond authorizations approved by the 1967 General Assembly totaled $284,046,700. Most of them were essential to provide necessary State services. Although this bill involves a comparatively small part of the total amount, it has some characteristics that distinguish it from most of the other authorizations.

First, it would supplement a prior very substantial authorization of $50 million, certainly a heavy present investment in hospital expansion.

Next, even though the hospitals affected would eventually repay loans under the program, initial debt service would involve the State property tax which our fiscal reform and pay-as-you-go programs are attempting to reduce.

Finally, the bill and its predecessor give more favorable treatment to private hospital loans than to similar grants for public school construction. Counties are required to repay school loans within the bond term, whereas the hospitals are given a much greater length of time, 25 years, to amortize the indebtedness.