

SENATE BILL 754

B3

8lr2970
CF HB 1338

By: **Senator Edwards**

Introduced and read first time: February 1, 2008

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2008

CHAPTER _____

1 AN ACT concerning

2 **Garrett County – Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Garrett County, from time to time, to borrow not more than ~~\$10,000,000~~
5 \$21,000,000 in order to finance, with certain restrictions, certain projects in
6 Garrett County, as herein defined, and to effect such borrowing by the issuance
7 and sale at public or private sale of its general obligation bonds in like par
8 amount; empowering the County to fix and determine, by resolution, the form,
9 tenor, interest rate or rates or method of determining the same, terms,
10 conditions, maturities, and all other details incident to the issuance and sale of
11 the bonds; empowering the County to issue refunding bonds for the purchase or
12 redemption of bonds in advance of maturity; empowering and directing the
13 County to levy, impose, and collect, annually, ad valorem taxes in rate and
14 amount sufficient to provide funds for the payment of the maturing principal of
15 and interest on the bonds; authorizing the County to enter into certain
16 agreements; providing a certain exemption from taxation for certain bonds;
17 providing that nothing in this Act shall prevent the County from authorizing
18 the issuance and sale of bonds or refunding bonds, if the interest on or income
19 derived from the bonds is not exempt from State, local, or other taxation in the
20 State; providing that nothing in this Act shall prevent the County from
21 authorizing the issuance and sale of bonds the interest on which is not
22 excludable from gross income for federal income tax purposes; and relating
23 generally to the issuance and sale of such bonds.

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That, as used herein, the term “County” means that body politic and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 corporate of the State of Maryland known as the County Commissioners of Garrett
2 County, and the term “projects” means the cost of the purchase and acquisition of
3 property, the installation, construction, repair, or renovation of the infrastructure, the
4 creation and renovation of capital projects for the benefit of the Garrett County Board
5 of Education, Garrett College, the Garrett County Roads Department, the Garrett
6 County Department of Economic Development, the Garrett County Department of
7 General Services, the Garrett County Department of Public Safety, and other projects
8 in Garrett County, as well as the alteration, construction, reconstruction,
9 enlargement, expansion, extension, improvement, rehabilitation, renovation,
10 upgrading, equipping, and repair of other facilities in Garrett County, all of which
11 includes related costs for architectural, financial, legal, planning, or engineering
12 services, any finance charges or interest prior to or during such financings, and any
13 other costs or expenditures incurred by the County in connection therewith.

14 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
15 authorized to finance any part or all of the costs of the projects described in Section 1
16 of this Act, and to borrow money and incur indebtedness for that purpose, at one time
17 or from time to time, in an amount not exceeding, in the aggregate, ~~\$10,000,000~~
18 \$21,000,000 and to evidence such borrowing by the issuance and sale upon its full
19 faith and credit of general obligation bonds in like par amount, which may be issued at
20 one time or from time to time, in one or more groups or series, as the County may
21 determine.

22 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued
23 pursuant to a resolution of the County, which shall describe generally the ~~economic~~
24 ~~development~~ projects for which the proceeds of the bond sale are intended and the
25 amount needed for those purposes. The County shall have and is hereby granted full
26 and complete authority and discretion in the resolution to fix and determine with
27 respect to the bonds of any issue: the designation, date of issue, denomination or
28 denominations, form or forms, and tenor of the bonds, which, without limitation, may
29 be issued in registered form within the meaning of Section 30 of Article 31 of the
30 Annotated Code of Maryland as effective from time to time; the rate or rates of
31 interest payable thereon, or the method of determining the same, which may include a
32 variable rate; the date or dates and amount or amounts of maturity, which need not be
33 in equal par amounts or in consecutive annual installments, provided only that no
34 bond of any issue shall mature later than 30 years from the date of its issue; the
35 manner of selling the bonds, which may be at either public or private sale, for such
36 price or prices as may be determined to be for the best interests of Garrett County; the
37 manner of executing and sealing the bonds, which may be by facsimile; the terms and
38 conditions, if any, under which bonds may be tendered for payment or purchase prior
39 to their stated maturity; the terms or conditions, if any, under which bonds may or
40 shall be redeemed prior to their stated maturity; the place or places of payment of the
41 principal of and the interest on the bonds, which may be at any bank or trust company
42 within or without the State of Maryland; covenants relating to compliance with
43 applicable requirements of federal income tax law, including (without limitation)
44 covenants regarding the payment of rebate or penalties in lieu of rebate; covenants
45 relating to compliance with applicable requirements of federal or State securities laws;
46 and generally all matters incident to the terms, conditions, issuance, sale, ~~and~~ delivery

1 thereof, and implementation of the authority herein provided. The County may enter
2 into agreements with agents, banks, fiduciaries, insurers, or others for the purpose of
3 enhancing the marketability of any security for the bonds and for the purpose of
4 securing any tender option that may be granted to holders of the bonds, all as may be
5 determined and presented in the aforesaid resolution, which may (but need not) state
6 as security for the performance by the County of any monetary obligations under such
7 agreements the same security given by the County to bondholders for the performance
8 by the County of its monetary obligations under the bonds. In addition, the County
9 may enter into loan, grant, or similar or related agreements in connection with
10 financing the projects, all as may be determined and presented in the aforesaid
11 resolution. In case any officer whose signature appears on any bond ceases to be such
12 officer before delivery, the signature shall nevertheless be valid and sufficient for all
13 purposes as if the officer had remained in office until delivery. The bonds and their
14 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article
15 31 of the Annotated Code of Maryland as effective from time to time. If the County
16 determines in the resolution to offer any of the bonds by solicitation of competitive bids
17 at public sale, the resolution shall fix the terms and conditions of the public sale and
18 shall adopt a form of notice of sale, which shall outline the terms and conditions, and a
19 form of advertisement, which shall be published in one or more daily or weekly
20 newspapers having a general circulation in the County and which may also be
21 published in one or more journals having a circulation primarily among banks and
22 investment bankers. At least one publication of the advertisement shall be made not
23 less than 10 days before the sale of the bonds. Upon delivery of any bonds to the
24 purchaser or purchasers, payment therefor shall be made to ~~the Treasurer of Garrett~~
25 ~~County or such other~~ such official of Garrett County as may be designated to receive
26 such payment in a resolution passed by the County before such delivery.

27 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
28 sale of the bonds shall be used and applied exclusively and solely for the ~~economic~~
29 ~~development~~ projects in Garrett County. If the net proceeds of the sale of any issue of
30 bonds exceeds the amount needed to finance the ~~economic development~~ projects
31 described in the resolution, the excess funds shall be applied to the payment of the
32 next principal maturity of the bonds or to the redemption of any part of the bonds
33 which have been made redeemable or to the purchase and cancellation of bonds, as the
34 County may determine to be in its best interest, unless the County shall adopt a
35 resolution allocating the excess funds to other capital projects.

36 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
37 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
38 faith and credit and unlimited taxing power of the County to the payment of the
39 maturing principal of and interest on the bonds as and when they become payable. In
40 each and every fiscal year that any of the bonds are outstanding, the County shall levy
41 or cause to be levied ad valorem taxes upon all the assessable property within the
42 corporate limits of the County in rate and amount sufficient to provide for or assure
43 the payment, when due, of the principal of and interest on all the bonds maturing in
44 each such fiscal year and, in the event the proceeds from the taxes so levied in any
45 such fiscal year shall prove inadequate for such payment, additional taxes shall be
46 levied in the succeeding fiscal year to make up any such deficiency. The County may

1 apply to the payment of the principal of and interest on any bonds issued hereunder
2 any funds received by it from the State of Maryland, the United States of America, any
3 agency or instrumentality thereof, or from any other source, if such funds are granted
4 for the purpose of assisting the County in financing the ~~economic development~~ projects
5 and to the extent of any such funds received or receivable in any fiscal year, the taxes
6 that are required to be levied under this Act may be reduced proportionately or need
7 not be levied.

8 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
9 authorized and empowered, at any time and from time to time, to issue its bonds in
10 the manner herein above described for the purpose of refunding, by payment at
11 maturity or upon purchase or redemption, any bonds issued hereunder. The validity of
12 any such refunding bonds shall in no way be dependent upon or related to the validity
13 or invalidity of the obligations so refunded. The powers herein granted with respect to
14 the issuance of bonds shall be applicable to the issuance of refunding bonds. Such
15 refunding bonds may be issued by the County for the purpose of providing it with
16 funds to pay any of its outstanding bonds issued hereunder at maturity, for the
17 purpose of providing it with funds to purchase in the open market any of its
18 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose
19 of providing it with funds for the redemption prior to maturity of any outstanding
20 bonds issued hereunder which are, by their terms, redeemable, for the purpose of
21 providing it with funds to pay interest on any outstanding bonds issued hereunder
22 prior to their payment at maturity of purchase or redemption in advance of maturity,
23 or for the purpose of providing it with funds to pay any redemption or purchase
24 premium in connection with the refunding of any of its outstanding bonds issued
25 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated
26 and set apart by the County as a separate trust fund to be used solely for the purpose
27 of paying the purchase or redemption prices of the bonds to be refunded.

28 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
29 the preparation of definitive bonds, issue interim certificates or temporary bonds, with
30 or without coupons, exchangeable for definitive bonds when such bonds have been
31 executed and are available for such delivery, provided, however, that any such interim
32 certificates or temporary bonds shall be issued in all respects subject to the
33 restrictions and requirements set forth in this Act. The County may, by appropriate
34 resolution, provide for the replacement of any bonds issued hereunder which shall
35 have become mutilated or lost or destroyed upon such conditions and after receiving
36 such indemnity as the County may require.

37 SECTION 8. AND BE IT FURTHER ENACTED, That ~~nothing~~ any and all
38 obligations issued pursuant to the authority of this Act, their transfer, the interest
39 payable thereon, and any income derived therefrom in the hands of the holders thereof
40 from time to time (including any profit made in the sale thereof) shall be and are
41 hereby declared to be at all times exempt from State, county, municipal, or other
42 taxation of every kind and nature whatsoever within the State of Maryland. Nothing
43 in this Act shall prevent the County from authorizing the issuance and sale of ~~bonds~~
44 bonds on which the interest is not excludable from gross income for federal income tax
45 purposes.

1 ~~(a) on which the interest or income derived is not excludable from gross~~
2 ~~income for federal income tax purposes; or~~

3 ~~(b) which are subject to any State, county, municipal, or other taxation~~
4 ~~within the State of Maryland.~~

5 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
6 money, to issue bonds, and to provide loans and grants of the same that is conferred on
7 the County by this Act shall be deemed to provide an additional and alternative
8 authority for borrowing, loaning, and granting money and shall be regarded as
9 supplemental and additional to powers conferred upon the County by other laws and
10 shall not be regarded as in derogation of any power now existing; and all Acts of the
11 General Assembly of Maryland heretofore passed authorizing the County to borrow
12 money are hereby continued to the extent that the powers contained in such Acts have
13 not been exercised, and nothing contained in this Act may be construed to impair, in
14 any way, the validity of any bonds that may have been issued by the County under the
15 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,
16 and approved. This Act, being necessary for the welfare of the inhabitants of Garrett
17 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of
18 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of
19 such inconsistency.

20 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect June 1, 2008.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.