

SENATE BILL 101

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4lr0047

(PRE-FILED)

By: **Chair, Education, Health, and Environmental Affairs Committee (By Request – Departmental – Environment)**

Requested: October 10, 2013

Introduced and read first time: January 8, 2014

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Environment – Drinking Water Revolving Loan Fund – Use of Funds**

3 FOR the purpose of authorizing the use of the Maryland Drinking Water Revolving
4 Loan Fund to provide assistance in the form of grants, negative interest loans,
5 forgiveness of principal, subsidized interest rates, or other forms of financial
6 assistance, as authorized or required by federal law; and generally relating to
7 the use of revolving loan funds in the Department of the Environment.

8 BY repealing and reenacting, without amendments,
9 Article – Environment
10 Section 9–1605.1(a)(1)
11 Annotated Code of Maryland
12 (2007 Replacement Volume and 2013 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Environment
15 Section 9–1605.1(d)
16 Annotated Code of Maryland
17 (2007 Replacement Volume and 2013 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – Environment**

21 9–1605.1.

22 (a) (1) There is a Maryland Drinking Water Revolving Loan Fund. The
23 Drinking Water Loan Fund shall be maintained and administered by the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Administration in accordance with the provisions of this subtitle and such rules or
2 program directives as the Secretary or the Board may from time to time prescribe.

3 (d) Amounts in the Drinking Water Loan Fund may be used only:

4 (1) To make loans at or below market rates on the condition that:

5 (i) The local government borrower will establish a dedicated
6 source of revenue;

7 (ii) In the case of a water supply system owned by a borrower
8 other than a local government, the borrower shall provide adequate security for the
9 repayment of the loan;

10 (iii) The Drinking Water Loan Fund will be credited with all
11 payments of principal and interest on all loans; and

12 (iv) Annual principal and interest payments will commence not
13 later than 1 year after completion of any drinking water facility and, except as
14 provided in § 130 of the federal Safe Drinking Water Act, all loans will be fully
15 amortized not later than 20 years after project completion;

16 (2) To buy or refinance debt obligations of local governments issued by
17 a local government for the purposes of financing all or a portion of the cost of a water
18 supply system at or below market rates, if such debt obligations were incurred after
19 July 1, 1993;

20 (3) To guarantee or purchase insurance for bonds, notes, or other
21 evidences of indebtedness issued by a local government for the purposes of financing
22 all or a portion of the cost of a water supply system, if such action would improve
23 credit market access or reduce interest rates;

24 (4) As a source of revenue or security for the payment of principal and
25 interest on bonds issued by the Administration if the proceeds of the sale of such bonds
26 will be deposited in the Drinking Water Loan Fund;

27 (5) To earn interest on Drinking Water Loan Fund accounts;

28 (6) For the reasonable costs of administering the Drinking Water Loan
29 Fund and conducting activities under any federal law that may apply to federal
30 deposits to the Drinking Water Loan Fund;

31 (7) To establish a linked deposit program for loans in accordance with
32 this subtitle and the federal Safe Drinking Water Act;

33 (8) For loan subsidies for disadvantaged communities as provided by
34 the federal Safe Drinking Water Act, including but not limited to loan forgiveness,

1 provided that such loan subsidies shall not exceed 30% of the annual federal
2 capitalization grant received by the Administration;

3 (9) For any other purpose authorized for any federal funds deposited
4 in the Drinking Water Loan Fund including, without limitation, any purpose
5 authorized by the federal Safe Drinking Water Act, including source water protection
6 expenditures eligible for assistance from the Drinking Water Loan Fund; and

7 (10) To provide financial assistance in the form of grants, negative
8 interest loans, forgiveness of principal, subsidized interest rates, and any other form of
9 financial assistance as authorized or required by [the]:

10 (I) THE American Recovery and Reinvestment Act of 2009, as
11 may be amended and supplemented;

12 (II) § 302 OF THE FEDERAL SAFE DRINKING WATER ACT;

13 (III) TITLE VI OF THE FEDERAL WATER POLLUTION
14 CONTROL ACT; OR

15 (IV) FEDERAL APPROPRIATIONS OR AUTHORIZATION ACTS.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2014.