SENATE BILL 218

B2 4lr0146
CF HB 190

By: **The President (By Request – Administration)**
Introduced and read first time: January 16, 2014
Assigned to: Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Creation of a State Debt – Qualified Zone Academy Bonds

FOR the purpose of authorizing the creation of a State Debt in the amount of $4,625,000, the proceeds to be used as grants to the Interagency Committee on School Construction and the Maryland State Department of Education for certain development or improvement purposes; providing for disbursement of the loan proceeds and the further grant of funds to eligible school systems for certain purposes, subject to a requirement that the grantees document the provision of a required matching fund; providing that, after a certain date, any bonds authorized under this Act shall be canceled and be of no further effect; providing that the proceeds of the loan under this Act shall be expended not later than a certain number of years after the issuance of the bonds authorized under this Act; authorizing the Board of Public Works to sell certain bonds at certain sales in proportion to the documented matching fund; and providing generally for the issuance and sale of bonds evidencing the loan.

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

(1) The Board of Public Works may borrow money and incur indebtedness on behalf of the State of Maryland through a State loan to be known as the Qualified Zone Academy Bonds Loan of 2014 in a total principal amount of $4,625,000. This loan shall be evidenced by the issuance, sale, and delivery of State general obligation qualified zone academy bonds, as defined in § 54E of the Internal Revenue Code of the United States, as amended, authorized by a resolution of the Board of Public Works and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 and 8–131.2 of the State Finance and Procurement Article and §§ 54A and 54E of the Internal Revenue Code, as amended.

(2) The bonds to evidence this loan or installments of this loan may be sold as a single issue or may be consolidated and sold as part of a single issue of bonds

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

under § 8–122 of the State Finance and Procurement Article. Notwithstanding §§ 8–123 and 8–124 of the State Finance and Procurement Article, the Board of Public Works may sell the bonds authorized herein at one or more private sales that best meet the terms and conditions of sale set by the Board. The bonds authorized under this Act shall be issued and sold no later than December 31, 2014.

(3) The cash proceeds from the sale of the bonds shall be paid to the Treasurer and first shall be applied to the payment of the expenses of issuing, selling, and delivering the bonds, unless funds for this purpose are otherwise provided, and then shall be credited on the books of the Comptroller, and held separately in a qualified zone academy bond account. The remaining proceeds from the sale of the bonds, including any interest earned from the investment of such proceeds, shall be expended, as determined and approved by the Board of Public Works, for the following public purposes: as grants to the Interagency Committee on School Construction and the Maryland State Department of Education (referred to hereafter in this Act as the "grantees") for the renovation, repair, and capital improvements of qualified zone academies, as defined in § 54E(d)(1) of the Internal Revenue Code, as amended, in accordance with the criteria established under the Aging Schools Program as follows:

(a) for competitively awarded grants by the Interagency Committee on School Construction to eligible school systems for qualified academies, including public charter schools; and

(b) for targeted grants awarded by the Maryland State Department of Education to eligible school systems for qualified academies, including public charter schools, under the Breakthrough Center Program.

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

(5) (a) The grantees shall document the provision of a matching fund as provided in this paragraph.

(b) No part of the matching fund may be provided, either directly or indirectly, from funds of the State or any other governmental body, whether appropriated or unappropriated. No part of the fund may consist of real property. The fund shall consist of private business contributions as required under § 54E(b) of the Internal Revenue Code, as amended, and may consist of funds or in kind contributions or funds other than funds of the State or any other governmental body. In case of any dispute as to what money or assets may qualify as matching funds, the Board of Public Works shall determine the matter and the Board's decision is final.

(c) The grantees shall present evidence to the satisfaction of the Board of Public Works of the provision and documentation of the matching fund, and the Board of Public Works shall authorize the sale of the bonds in proportion to the

documented matching fund and shall authorize the disbursement of the proceeds for the purposes set forth in Section 1(3) above.

(6) After December 31, 2014, any bonds authorized under this Act that have not been issued and sold by the Board of Public Works shall be canceled and be of no further effect.

(7) The proceeds of the loan, including any interest earned on the investment of the proceeds, shall be expended for the purposes provided in this Act not later than 3 years after the issuance of the bonds authorized under this Act.

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