

## Article - Transportation

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§3–104.

(a) (1) In this section the following words have the meanings indicated.

(2) “Credit instrument” means a letter of credit, bond insurance policy, guaranty, line of credit, surety bond, or similar agreement or commitment securing an issue of consolidated transportation bonds or county transportation bonds.

(3) “Credit instrument provider” means an issuer of a credit instrument the unsecured indebtedness of which, or indebtedness insured by which, is rated on the date of issuance of the credit instrument by a nationally recognized rating agency in 1 of its 2 highest rating categories.

(4) “Maximum annual debt service” means, as of any particular date of computation:

(i) With respect to an issue of consolidated transportation bonds, the greatest amount required in the then current or any future calendar year to pay the principal of and interest on the bonds of that issue; and

(ii) With respect to an issue of county transportation bonds, the greatest amount required in the then current or any future fiscal year to pay the principal of and interest on the bonds of that issue.

(b) With respect to an issue of consolidated transportation bonds sold after June 1, 1989, the Secretary may provide in the resolution authorizing the issuance of the bonds that there shall be deposited in the sinking fund maintained under § 3–215(c) of this title only the amounts of the proceeds of the taxes levied and imposed under § 3–215 of this title that may be required from time to time to pay the principal of and interest on the bonds, as and when due, and that holders of bonds of that issue shall have no right to receive payment from any other amounts deposited or maintained in the sinking fund. The Secretary may, at his discretion, determine that:

(1) There shall be deposited with or held for the paying agent for the bonds a credit instrument under which the credit instrument provider is obligated to pay an amount at least equal to the maximum annual debt service on the bonds of that issue; or

(2) The bonds shall be issued without a credit instrument if, in the Secretary’s judgment, the absence of a credit instrument will not adversely affect the credit rating of the bonds.

(c) With respect to an issue of county transportation bonds sold after June 1, 1989, the Secretary may provide in the resolution authorizing the issuance of the bonds that there shall be withheld and deposited in the sinking fund maintained under §

3–307(b) of this title from funds allocable to the county under Title 8, Subtitle 4 of this article only the amounts that may be required from time to time to pay debt service on the bonds, as and when due, and that holders of bonds of that issue shall have no right to receive payment from any other amounts deposited or maintained in the sinking fund. The Secretary may, at his discretion, determine that:

(1) There shall be deposited with or held for the paying agent for the bonds a credit instrument under which the credit instrument provider is obligated to pay an amount at least equal to the maximum annual debt service on the bonds of that issue; or

(2) The bonds shall be issued without a credit instrument if, in the Secretary’s judgment, the absence of a credit instrument will not adversely affect the credit rating of the bonds.

(d) The sinking fund requirements established for consolidated transportation bonds and county transportation bonds sold before June 1, 1989 shall remain unchanged so long as those bonds are outstanding and unpaid as if this section had not been enacted.

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