

SENATE BILL 379

B5

(6lr0162)

ENROLLED BILL

— Budget and Taxation / Appropriations —

Introduced by **The President (By Request – Administration)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Creation of a State Debt – Qualified Zone Academy Bonds**

3 FOR the purpose of authorizing the creation of a State Debt in the amount of \$4,680,000,
4 the proceeds to be used as grants to the Interagency Committee on School
5 Construction and the Maryland State Department of Education for certain
6 development or improvement purposes; providing for disbursement of the loan
7 proceeds and the further grant of funds to eligible school systems for certain
8 purposes, subject to a requirement that the grantees document the provision of a
9 required matching fund; providing that, after a certain date, any bonds authorized
10 under this Act shall be canceled and be of no further effect; providing that the
11 proceeds of the loan under this Act shall be expended not later than a certain number
12 of years after the issuance of the bonds authorized under this Act; authorizing the
13 Board of Public Works to sell certain bonds at certain sales in proportion to the
14 documented matching fund; *establishing that proceeds from the sale of certain bonds*

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.

Italics indicate opposite chamber / conference committee amendments.



1 may only be spent on certain eligible costs; and providing generally for the issuance
2 and sale of bonds evidencing the loan.

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

4 That:

5 (1) The Board of Public Works may borrow money and incur indebtedness on
6 behalf of the State of Maryland through a State loan to be known as the Qualified Zone
7 Academy Bonds Loan of 2016 in a total principal amount of \$4,680,000. This loan shall be
8 evidenced by the issuance, sale, and delivery of State general obligation qualified zone
9 academy bonds, as defined in § 54E of the Internal Revenue Code of the United States, as
10 amended, authorized by a resolution of the Board of Public Works and issued, sold, and
11 delivered in accordance with §§ 8–117 through 8–124 and 8–131.2 of the State Finance and
12 Procurement Article and §§ 54A and 54E of the Internal Revenue Code, as amended.

13 (2) The bonds to evidence this loan or installments of this loan may be sold as a
14 single issue or may be consolidated and sold as part of a single issue of bonds under §
15 8–122 of the State Finance and Procurement Article. Notwithstanding §§ 8–123 and 8–124
16 of the State Finance and Procurement Article, the Board of Public Works may sell the bonds
17 authorized herein at one or more private sales that best meet the terms and conditions of
18 sale set by the Board. The bonds authorized under this Act shall be issued and sold no later
19 than December 31, 2016.

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

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

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

38 (4) An annual State tax is imposed on all assessable property in the State in rate
39 and amount sufficient to pay the principal of and interest, if any, on the bonds as and when

1 due and until paid in full. The principal shall be discharged within 15 years after the date
2 of issuance of the bonds.

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

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

13 (c) The grantees shall present evidence to the satisfaction of the Board of
14 Public Works of the provision and documentation of the matching fund, and the Board of
15 Public Works shall authorize the sale of the bonds in proportion to the documented
16 matching fund and shall authorize the disbursement of the proceeds for the purposes set
17 forth in Section 1(3) above.

18 (6) After December 31, 2016, any bonds authorized under this Act that have not
19 been issued and sold by the Board of Public Works shall be canceled and be of no further
20 effect.

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

24 SECTION 2. AND BE IT FURTHER ENACTED, That proceeds from the sale of the
25 qualified zone academy bonds may only be spent on costs that were eligible under the rules
26 and regulations governing the program that were in effect on January 1, 2016.

27 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 June 1, 2016.