

SENATE BILL 889

B3

8lr2808
CF HB 1321

By: **Washington County Senators**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 6, 2018

CHAPTER _____

1 AN ACT concerning

2 **Washington County – Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of Washington
4 County, from time to time, to borrow not more than \$70,000,000 in order to finance
5 the costs of the construction, improvement, or development of certain public facilities
6 in Washington County, as herein defined, and to effect such borrowing by the
7 issuance 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, tenor,
9 interest rate or rates or method of determining the same, terms, conditions,
10 maturities, and all other details incident to the issuance and sale of the bonds;
11 empowering the County to issue refunding bonds for the purchase or redemption of
12 bonds in advance of maturity; empowering and directing the County to levy, impose,
13 and collect, annually, ad valorem taxes in rate and amount sufficient to provide funds
14 for the payment of the maturing principal of and interest on the bonds; exempting
15 the bonds and refunding bonds, and the interest thereon and any income derived
16 therefrom, from all State, county, municipal, and other taxation in the State of
17 Maryland; providing that nothing in this Act shall prevent the County from
18 authorizing the issuance and sale of bonds the interest on which is not excludable
19 from gross income for federal income tax purposes; providing that such borrowing
20 may be undertaken by the County in the form of installment purchase obligations
21 executed and delivered by the County for the purpose of acquiring agricultural land,
22 woodland preservation easements, and transferable development rights; and
23 relating generally to the issuance and sale of such bonds.

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

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 That, as used herein, the term “County” means the body politic and corporate of the State
2 of Maryland known as the County Commissioners of Washington County, and the term
3 “construction, improvement, or development of public facilities” means the acquisition,
4 alteration, construction, reconstruction, enlargement, equipping, expansion, extension,
5 improvement, rehabilitation, renovation, upgrading, and repair of public buildings and
6 facilities and public works projects, including, but not limited to, the following, together
7 with related architectural, financial, legal, planning, or engineering services:

8 (a) Public school buildings, a school for the arts, administrative facilities, sites,
9 and grounds;

10 (b) Community college buildings, sites, and grounds;

11 (c) Buildings and facilities for public safety, health and social services, libraries,
12 County administration purposes, County airport purposes, refuse collection, recycling or
13 disposal by whatever means, and park and recreation purposes;

14 (d) Acquisition of land or interests in land and any improvement thereon; and

15 (e) Easements or similar or related rights in land, including transferable
16 development rights, that restrict the use of agricultural land or woodland to maintain the
17 character of the land as agricultural land or woodland.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
19 authorized to finance any part or all of the costs of the facilities described in Section 1 of
20 this Act, and to borrow money and incur indebtedness for that purpose, at one time or from
21 time to time, in an amount not exceeding, in the aggregate, \$70,000,000 and to evidence
22 such borrowing by the issuance and sale upon its full faith and credit of general obligation
23 bonds in like par amount, which may be issued at one time or from time to time, in one or
24 more groups or series, as the County may determine.

25 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued in
26 accordance with a resolution of the County, which shall describe generally the construction,
27 improvement, or development of public facilities for which the proceeds of the bond sale are
28 intended and the amount needed for those purposes. The County shall have and is hereby
29 granted full and complete authority and discretion in the resolution to fix and determine
30 with respect to the bonds of any issue: the designation, date of issue, denomination or
31 denominations, form or forms, and tenor of the bonds which, without limitation, may be
32 issued in registered form within the meaning of § 19–204 of the Local Government Article,
33 as amended; the rate or rates of interest payable thereon, or the method of determining the
34 same, which may include a variable rate; the date or dates and amount or amounts of
35 maturity, which need not be in equal par amounts or in consecutive annual installments,
36 provided only that no bond of any issue shall mature later than 30 years from the date of
37 its issue; the manner of selling the bonds, which may be at either public or private sale, for
38 such price or prices as may be determined to be for the best interests of the County; the
39 manner of executing and sealing the bonds, which may be by facsimile; the terms and
40 conditions, if any, under which bonds may be tendered for payment or purchase prior to

1 their stated maturity; the terms or conditions, if any, under which bonds may or shall be
2 redeemed prior to their stated maturity; the place or places of payment of the principal of
3 and the interest on the bonds, which may be at any bank or trust company within or without
4 the State of Maryland; covenants relating to compliance with applicable requirements of
5 federal income tax law, including (without limitation) covenants regarding the payment of
6 rebate or penalties in lieu of rebate; covenants relating to compliance with applicable
7 requirements of federal or state securities laws; and generally all matters incident to the
8 terms, conditions, issuance, sale, and delivery thereof.

9 The bonds may be made redeemable before maturity, at the option of the County, at
10 such price or prices and under such terms and conditions as may be fixed by the County
11 prior to the issuance of the bonds, either in the resolution or in subsequent resolutions. In
12 case any officer whose signature appears on any bond ceases to be such officer before the
13 delivery thereof, such signature shall nevertheless be valid and sufficient for all purposes
14 as if he had remained in office until such delivery. The bonds and the issuance and sale
15 thereof shall be exempt from the provisions of §§ 19–205 and 19–206 of the Local
16 Government Article, as amended.

17 The County may enter into agreements with agents, banks, fiduciaries, insurers, or
18 others for the purpose of enhancing the marketability of any security for the bonds and for
19 the purpose of securing any tender option that may be granted to holders of the bonds, all
20 as may be determined and presented in the aforesaid resolution, which may (but need not)
21 state as security for the performance by the County of any monetary obligations under such
22 agreements the same security given by the County to bondholders for the performance by
23 the County of its monetary obligations under the bonds. If the County determines in the
24 resolution to offer any of the bonds by solicitation of competitive bids at public sale, the
25 resolution shall fix the terms and conditions of the public sale and shall adopt a form of
26 notice of sale, which shall outline the terms and conditions, including the manner of receipt
27 of bids, and a form of advertisement. At least one publication of the advertisement shall be
28 made not less than 10 days before the sale of the bonds.

29 Upon delivery of any bonds to the purchaser or purchasers, payment therefor shall
30 be made to the Treasurer of Washington County or such other official of the County as may
31 be designated to receive such payment in a resolution passed by the County Commissioners
32 of Washington County before such delivery. For purposes of issuance and sale, bonds
33 authorized hereunder may be consolidated into a single issue with any other bonds
34 authorized to be issued by the County.

35 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the sale
36 of bonds shall be used and applied exclusively and solely for the acquisition, construction,
37 improvement, or development of public facilities for which the bonds are sold. If the
38 amounts borrowed shall prove inadequate to finance the projects described in the
39 resolution, the County may issue additional bonds within the limitations hereof for the
40 purpose of evidencing the borrowing of additional funds for such financing, provided the
41 resolution authorizing the sale of additional bonds shall so recite, but if the net proceeds of
42 the sale of any issue of bonds exceeds the amount needed to finance the projects described
43 in the resolution, the excess funds so borrowed and not expended shall be applied to the

1 payment of the next principal maturity of the bonds or to the redemption of any part of the
2 bonds which have been made redeemable or to the purchase and cancellation of bonds,
3 unless the County shall adopt a resolution allocating the excess funds to the acquisition,
4 construction, improvement, or development of other public facilities, as defined and within
5 the limits set forth in this Act.

6 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby authorized
7 shall constitute, and they shall so recite, an irrevocable pledge of the full faith and credit
8 and unlimited taxing power of the County to the payment of the maturing principal of and
9 interest on the bonds as and when they become payable. In each and every fiscal year that
10 any of the bonds are outstanding, the County shall levy or cause to be levied ad valorem
11 taxes upon all the assessable property within the corporate limits of Washington County in
12 rate and amount sufficient to provide for or assure the payment, when due, of the principal
13 of and interest on all the bonds maturing in each such fiscal year and, in the event the
14 proceeds from the taxes so levied in any such fiscal year shall prove inadequate for such
15 payment, additional taxes shall be levied in the succeeding fiscal year to make up any such
16 deficiency. The County may apply to the payment of the principal of and interest on any
17 bonds issued hereunder any funds received by it from the State of Maryland, the United
18 States of America, any agency or instrumentality thereof, or from any other source, if such
19 funds are granted for the purpose of assisting the County in financing the acquisition,
20 construction, improvement, or development of the public facilities defined in this Act and,
21 to the extent of any such funds received or receivable in any fiscal year, the taxes that are
22 required to be levied may be reduced accordingly.

23 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
24 authorized and empowered, at any time and from time to time, to issue its bonds in the
25 manner hereinabove described for the purpose of refunding, by payment at maturity or
26 upon purchase or redemption, any bonds issued hereunder. The validity of any such
27 refunding bonds shall in no way be dependent upon or related to the validity or invalidity
28 of the obligations so refunded. The powers herein granted with respect to the issuance of
29 bonds shall be applicable to the issuance of refunding bonds. Such refunding bonds may be
30 issued by the County for the purpose of providing it with funds to pay any of its outstanding
31 bonds issued hereunder at maturity, for the purpose of providing it with funds to purchase
32 in the open market any of its outstanding bonds issued hereunder, prior to the maturity
33 thereof, or for the purpose of providing it with funds for the redemption prior to maturity
34 of any outstanding bonds issued hereunder which are, by their terms, redeemable, for the
35 purpose of providing it with funds to pay interest on any outstanding bonds issued
36 hereunder prior to their payment at maturity of purchase or redemption in advance of
37 maturity, or for the purpose of providing it with funds to pay any redemption or purchase
38 premium in connection with the refunding of any of its outstanding bonds issued
39 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated and
40 set apart by the County as a separate trust fund to be used solely for the purpose of paying
41 the purchase or redemption prices of the bonds to be refunded.

42 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to the
43 preparation of definitive bonds, issue interim certificates or temporary bonds, with or
44 without coupons, exchangeable for definitive bonds when such bonds have been executed

1 and are available for such delivery, provided, however, that any such interim certificates
2 or temporary bonds shall be issued in all respects subject to the restrictions and
3 requirements set forth in this Act. The County may, by appropriate resolution, provide for
4 the replacement of any bonds issued hereunder which shall have become mutilated or lost
5 or destroyed upon such conditions and after receiving such indemnity as the County may
6 require.

7 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations issued
8 pursuant to the authority of this Act, their transfer, the interest payable thereon, and any
9 income derived therefrom in the hands of the holders thereof from time to time (including
10 any profit made in the sale thereof) shall be and are hereby declared to be at all times
11 exempt from State, county, municipal, or other taxation of every kind and nature
12 whatsoever within the State of Maryland.

13 Nothing in this Act shall prevent the County from authorizing the issuance and sale
14 of bonds the interest on which is not excludable from gross income for federal income tax
15 purposes.

16 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
17 money and issue bonds conferred on the County by this Act shall be deemed to provide an
18 additional and alternative authority for borrowing money and shall be regarded as
19 supplemental and additional to powers conferred upon the County by other laws and shall
20 not be regarded as in derogation of any power now existing; and all Acts of the General
21 Assembly of Maryland heretofore passed authorizing the County to borrow money are
22 hereby continued to the extent that the powers contained in such Acts have not been
23 exercised, and nothing contained in this Act may be construed to impair, in any way, the
24 validity of any bonds that may have been issued by the County under the authority of any
25 said Acts, and the validity of the bonds is hereby ratified, confirmed, and approved. This
26 Act, being necessary for the welfare of the inhabitants of Washington County, shall be
27 liberally construed to effect the purposes hereof. All Acts and parts of Acts inconsistent
28 with the provisions of this Act are hereby repealed to the extent of such inconsistency.

29 SECTION 10. AND BE IT FURTHER ENACTED, That the borrowing authorized by
30 this Act may also be undertaken by the County in the form of installment purchase
31 obligations executed and delivered by the County for the purpose of acquiring easements
32 or similar or related rights in land, including transferable development rights, that restrict
33 the use of agricultural land or woodland to maintain the character of the land as
34 agricultural land or woodland. The form of installment purchase obligations, the manner
35 of accomplishing the acquisition of easements, which may be by the direct exchange of
36 installment purchase obligations for easements or transferable development rights, and all
37 matters incident to the execution and delivery of the installment purchase obligations and
38 acquisition of the easements or transferable development rights by the County shall be
39 determined in the resolution. Except where the provisions of this Act would be inapplicable
40 to installment purchase obligations, the term "bonds" used in this Act shall include
41 installment purchase obligations and matters pertaining to the bonds under this Act, such
42 as the security for the payment of the bonds, the exemption of the bonds from State, county,
43 municipal, or other taxation, and authorization to issue refunding bonds and the limitation

1 on the aggregate principal amount of bonds authorized for issuance, shall be applicable to
2 installment purchase obligations.

3 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 June 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.