
By: Chairman, Ways and Means Committee (Departmental - Housing and Community Dev.)

Introduced and read first time: January 31, 1996

Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 13, 1996

CHAPTER ____

1 AN ACT concerning

**2 Department of Housing and Community Development - Community Development
3 Administration - Infrastructure Financial Assistance**

4 FOR the purpose of authorizing local governments to issue local infrastructure financing
5 obligations, make such obligations payable solely from revenues of the issuer, and
6 adopt certain other provisions; specifying certain mandatory and optional local
7 government infrastructure debt issuance procedures; providing for certain security
8 in connection with local infrastructure financing; and generally relating to the
9 Community Development Administration and infrastructure financing.

10 BY repealing and reenacting, with amendments,
11 Article 83B - Department of Housing and Community Development
12 Section 2-204(16)
13 Annotated Code of Maryland
14 (1995 Replacement Volume)

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

17 Article 83B - Department of Housing and Community Development

18 2-204.

19 The Administration shall have the following functions and responsibilities:

20 (16) (i) Make, purchase, and participate in making loans for any
21 infrastructure project or to purchase any local obligations issued to finance any
22 infrastructure project or to provide any other form of financial assistance that the
23 Administration may deem appropriate for the financing of infrastructure projects, except

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1 grants. The making, purchasing, or participating in making loans, the purchase of any
2 local obligations, or the providing of any other financial assistance shall be evidenced by
3 an agreement or other instrument indicating the terms and conditions necessary to secure
4 repayment to the Administration of any moneys provided by the Administration, any
5 interest charged by the Administration, and any other charges in connection with such
6 financial assistance. Subject to the provisions of any contract with holders of the
7 Administration's bonds, notes, or other obligations, the Administration may consent to
8 the modification, with respect to rate of interest, time of payment of any installment of
9 principal or interest, security, or any other term of any loan, local obligation,
10 commitment, contract, instrument, or agreement of any kind to which the Administration
11 is a party or which the Administration has acquired. In connection with any security
12 received by or owned by the Administration (including any local obligations), the
13 Administration may commence any action to protect or enforce the rights conferred upon
14 it by any law or agreement or acquire or take possession of such security, and in such
15 events, the Administration may administer, pay the principal of or interest on any
16 obligation incurred in connection with the security, dispose of and otherwise deal with the
17 security in a manner that the Administration considers necessary or desirable to protect
18 its interests. The Administration may sell any loan, agreement, local obligation, or other
19 obligation held by it at public or private sale with or without public bidding.

20 (ii) In the case of the purchase of local obligations, the procedures and
21 requirements for the issuance or sale of such local obligations shall [apply, except that,
22 BE AS PROVIDED IN SUBPARAGRAPHS (IV), (V), AND (VI) OF THIS PARAGRAPH, AND
23 notwithstanding any other provision of public general or public local law, charter, or
24 ordinance, any issuer of local obligations may sell local obligations to finance
25 infrastructure projects to the Administration:

26 1. At private or public sale, with or without public bidding;

27 2. Without regard to any limitations on the denomination of
28 such obligations; and

29 3. At any interest rate or cost or at any price that the issuer
30 considers necessary or desirable. The issuer of the local obligations may pay any fees or
31 charges necessary to enable the Administration to sell its bonds, notes, or other
32 obligations or to provide the financial assistance authorized by this subsection, including
33 any fees for the insurance of local obligations or of notes, bonds, or obligations of the
34 Administration, or to provide any other guarantee, credit enhancement, or additional
35 security for any such obligations.

36 (iii) Notwithstanding any other provision of public general or public
37 local law, charter, or ordinance, in order to enhance the security or the marketability of
38 the bonds, notes, or obligations of the Administration sold to finance an infrastructure
39 project, a county or municipality may agree with the Administration to pledge any moneys
40 that the county or municipality is entitled to receive from the State, including without
41 limitations the county or municipality share of income tax. In the event of such pledge,
42 the State Comptroller and the State Treasurer shall cause in accordance with the terms of
43 such agreement such moneys to be paid to the Administration or any trustee designated
44 by the Administration.

1 (IV) 1. NOTWITHSTANDING ANY OTHER PROVISION OF PUBLIC
2 GENERAL OR PUBLIC LOCAL LAW, CHARTER, OR ORDINANCE, A COUNTY OR
3 MUNICIPALITY, OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES, MAY ISSUE
4 LOCAL OBLIGATIONS TO BE PURCHASED BY THE ADMINISTRATION UNDER THIS
5 PARAGRAPH. LOCAL OBLIGATIONS SHALL BE ISSUED IN ACCORDANCE WITH THIS
6 SUBPARAGRAPH. ALL LOCAL OBLIGATIONS SHALL BE AUTHORIZED BY
7 RESOLUTION OR ORDINANCE OF THE GOVERNING BODY OF THE ISSUER WHICH
8 SHALL CONTAIN THE FOLLOWING:

9 A. A STATEMENT OF THE PUBLIC PURPOSE UPON WHICH
10 THE PROCEEDS OF THE LOCAL OBLIGATION ARE TO BE EXPENDED;

11 B. THE FORM OF THE LOCAL OBLIGATIONS, WHICH SHALL
12 INCLUDE:

13 I. THE PLACE OR PLACES AND TIME OR TIMES OF PAYMENT
14 THEREOF;

15 II. THE RATE OR RATES OF INTEREST PAYABLE THEREON
16 OR A NOT TO EXCEED RATE OR RATES OF INTEREST PAYABLE THEREON;

17 III. THE TITLES OF THE OFFICIALS WHOSE SIGNATURES
18 SHALL BE AFFIXED TO OR IMPRINTED ON THE LOCAL OBLIGATIONS;

19 IV. A REFERENCE TO THIS PARAGRAPH AS THE AUTHORITY
20 FOR THE ISSUANCE THEREOF; AND

21 V. THE TAXES OR ANY SPECIAL REVENUES FROM WHICH
22 THE PRINCIPAL OF AND INTEREST ON THE LOCAL OBLIGATIONS WILL BE PAYABLE;

23 C. SPECIFIC PROVISION FOR THE DISPOSITION OF THE
24 PROCEEDS OF SALE OF ANY LOCAL OBLIGATIONS AND A SPECIFIC PROVISION FOR
25 THE PAYMENT OF THE PRINCIPAL THEREOF AND THE INTEREST THEREON, WHICH
26 PROVISION SHALL SPECIFY THE SOURCE OR SOURCES OF PAYMENT AND SHALL
27 CONSTITUTE A COVENANT BINDING THE ISSUER TO PROVIDE THE FUNDS FROM THE
28 SPECIFIED SOURCE OR SOURCES AS AND WHEN PRINCIPAL AND INTEREST SHALL BE
29 DUE AND PAYABLE;

30 D. A PROVISION THAT THE PRINCIPAL OF AND INTEREST ON
31 THE LOCAL OBLIGATIONS SHALL BE PAYABLE TO THE ADMINISTRATION OR ITS
32 DESIGNEE;

33 E. A PROVISION THAT, IN THE EVENT ANY OFFICIAL WHOSE
34 SIGNATURE APPEARS ON ANY LOCAL OBLIGATIONS SHALL CEASE TO BE AN
35 OFFICIAL PRIOR TO THE DELIVERY OF THE LOCAL OBLIGATIONS, OR, IN THE EVENT
36 ANY OFFICIAL WHOSE SIGNATURE APPEARS ON ANY LOCAL OBLIGATIONS BECOMES
37 AN OFFICER AFTER THE DATE OF THE ISSUE, THE LOCAL OBLIGATIONS SHALL
38 NEVERTHELESS BE VALID AND BINDING OBLIGATIONS OF THE ISSUER IN
39 ACCORDANCE WITH THEIR TERMS; AND

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1 F. ANY OTHER PROVISIONS, NOT INCONSISTENT WITH THIS
2 PARAGRAPH, AS THE GOVERNING BODY OF THE ISSUER MAY CONSIDER
3 APPROPRIATE, WHICH MAY PROVIDE:

4 I. THAT THE CHIEF ELECTED OFFICIAL OF THE ISSUER MAY
5 MAKE MODIFICATIONS IN THE FORMS ADOPTED BY THE RESOLUTION OR
6 ORDINANCE THAT DO NOT ALTER THE SUBSTANCE OF THE FORMS;

7 II. THAT THE OFFICIAL SIGNATURES AND SEALS TO BE
8 AFFIXED TO ANY LOCAL OBLIGATIONS SHALL BE IMPRINTED ON THE LOCAL
9 OBLIGATIONS IN FACSIMILE, EXCEPT FOR THE SIGNATURE OF THE CLERK OR
10 SECRETARY OF THE ISSUER WHICH SHALL BE AFFIXED MANUALLY;

11 III. THAT, SUBJECT TO TERMS SPECIFIED BY THE
12 ADMINISTRATION, ANY LOCAL OBLIGATIONS SHALL BE REDEEMABLE IN WHOLE OR
13 IN PART AT THE OPTION OF THE ISSUER AT ANY TIME PRIOR TO THEIR RESPECTIVE
14 MATURITIES AT THE PRICE OR PRICES, EITHER AT OR ABOVE THE PAR VALUE OF
15 THE LOCAL OBLIGATIONS, AS MAY BE ACCEPTABLE TO THE ADMINISTRATION AND
16 THE ISSUER PRESCRIBES IN THE ENABLING RESOLUTION OR ORDINANCE,
17 PROVIDED THAT ANY LOCAL OBLIGATIONS SHALL CONTAIN A STATEMENT OF
18 REDEMPTION PROVISIONS, ALL AS MAY BE ACCEPTABLE TO THE ADMINISTRATION;
19 AND

20 IV. THAT ANY ISSUE OF LOCAL OBLIGATIONS MAY BE IN
21 DENOMINATIONS AS MAY BE ACCEPTABLE TO THE ADMINISTRATION AND SHALL BE
22 IN FULLY REGISTERED FORM.

23 2. A. PRIOR TO THE ISSUANCE OF ANY LOCAL
24 OBLIGATION UNDER THIS PARAGRAPH, THE ISSUER SHALL PUBLISH IN A
25 NEWSPAPER OF GENERAL CIRCULATION IN THE JURISDICTION OF THE ISSUER A
26 NOTICE OF THE PROPOSED ISSUANCE, AND THE GOVERNING BODY OF THE ISSUER
27 SHALL HOLD A PUBLIC HEARING ON THE PROPOSED ISSUANCE.

28 B. THE NOTICE SHALL INCLUDE THE PROPOSED AMOUNT OF
29 THE ISSUE, THE NATURE OF THE PROJECT TO BE FINANCED, THE TIME AND PLACE
30 OF THE PUBLIC HEARING, AND THE NAME AND ADDRESS OF THE GOVERNING BODY
31 WHERE WRITTEN COMMENTS MAY BE SENT.

32 3. A. EACH ORDINANCE OR RESOLUTION ENACTED
33 UNDER THIS PARAGRAPH SHALL BE ADOPTED BY THE GOVERNING BODY OF THE
34 ISSUER, AND APPROVED BY THE CHIEF EXECUTIVE OFFICER OF THE ISSUER, IF ANY,
35 AND SHALL HAVE THE FORCE OF LAW, AND, EXCEPT AS PROVIDED IN
36 SUB-SUB-SUBPARAGRAPH B OF THIS SUB-SUBPARAGRAPH, IT IS NOT NECESSARY TO
37 SUBMIT AN ORDINANCE OR RESOLUTION OR THE QUESTION OF THE ISSUANCE OF
38 LOCAL OBLIGATIONS AUTHORIZED THEREBY TO A REFERENDUM OF THE
39 QUALIFIED VOTERS OF THE ISSUER.

40 B. IN THE EVENT THAT THE CHARTER OF A COUNTY OR
41 MUNICIPALITY AUTHORIZES QUALIFIED VOTERS TO PETITION AN ORDINANCE OR
42 RESOLUTION FOR REFERENDUM, QUALIFIED VOTERS OF THE COUNTY OR
43 MUNICIPALITY MAY PETITION AN ORDINANCE OR RESOLUTION AUTHORIZING THE

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1 ISSUANCE OF LOCAL OBLIGATIONS FOR REFERENDUM WITHIN 20 DAYS OF
2 ADOPTION BY THE GOVERNING BODY OF THE ISSUER.

3 C. THE ORDINANCE OR RESOLUTION AUTHORIZING THE
4 ISSUANCE OF LOCAL OBLIGATIONS MAY BE ADOPTED BY THE GOVERNING BODY OF
5 THE ISSUER AT THE PUBLIC HEARING REQUIRED UNDER SUB-SUBPARAGRAPH 2 OF
6 THIS SUBPARAGRAPH OR AT ANY OTHER REGULAR OR SPECIAL SESSION OF THE
7 GOVERNING BODY OF THE ISSUER AND THE ORDINANCE OR RESOLUTION SHALL BE
8 EFFECTIVE ON THE DATE ON WHICH IT IS ADOPTED AND APPROVED.

9 (V) ALL ISSUANCES OF LOCAL OBLIGATIONS UNDER THIS
10 PARAGRAPH SHALL BE SECURED, AT THE DISCRETION OF THE ADMINISTRATION,
11 BY EITHER A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR A PLEDGE OF
12 SPECIFIC REVENUE OF THE ISSUER OR THE FACILITY BEING FINANCED AS
13 DESIGNATED AND DESCRIBED IN THE AUTHORIZING ORDINANCE OR RESOLUTION,
14 OR BOTH, AND SHALL BE SUBJECT TO THE FOLLOWING PROVISIONS:

15 1. FAITH AND CREDIT OBLIGATIONS:

16 A. IF LOCAL OBLIGATIONS ISSUED BY AN ISSUER UNDER
17 THIS PARAGRAPH CONSTITUTE PLEDGES OF THE FAITH AND CREDIT OF THE ISSUER
18 TO MAKE PROMPT PAYMENT, FROM THE TAX AND OTHER REVENUES DESCRIBED IN
19 THE ENABLING RESOLUTION OR ORDINANCE, OF THE PRINCIPAL OF AND INTEREST
20 ON THE LOCAL OBLIGATIONS WHEN DUE, THEN THE PLEDGE SHALL CONSTITUTE A
21 COVENANT ON THE PART OF THE ISSUER TO LEVY UPON ALL REAL AND TANGIBLE
22 PERSONAL PROPERTY WITHIN ITS CORPORATE LIMITS SUBJECT TO ASSESSMENT
23 FOR UNLIMITED AD VALOREM TAXATION, SUFFICIENT IN EACH YEAR IN WHICH
24 ANY OF THE LOCAL OBLIGATIONS ARE OUTSTANDING TO PROVIDE FOR THE
25 PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE LOCAL OBLIGATIONS.

26 B. IF AT THE TIME OF ISSUANCE OF ANY LOCAL
27 OBLIGATIONS THERE IS A CHARTER OR STATUTORY LIMITATION UPON THE POWER
28 OF AN ISSUER TO LEVY PROPERTY TAXES, THEN A PLEDGE OF THE FAITH AND
29 CREDIT OF THE ISSUER SHALL CONSTITUTE A COVENANT OF THE ISSUER TO LEVY
30 AD VALOREM TAXES IN RATE AND AMOUNT SUFFICIENT IN EACH YEAR IN WHICH
31 ANY OF THE LOCAL OBLIGATIONS ARE OUTSTANDING TO PROVIDE FOR THE
32 PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE LOCAL OBLIGATION
33 WITHIN THE LIMITATIONS SO PRESCRIBED BY LAW.

34 C. NO LOCAL OBLIGATIONS SHALL BE ISSUED BY AN ISSUER,
35 IF THE ISSUANCE CAUSES THE ISSUER TO EXCEED ANY EXISTING MAXIMUM LIMITS
36 ON THE POWER OF THE ISSUER TO INCUR INDEBTEDNESS FIXED BY THE CHARTER
37 OF THE ISSUER OR BY STATUTE, PROVIDED THAT A MAXIMUM LIMITATION
38 IMPOSED AFTER THE ISSUE OF ANY LOCAL OBLIGATIONS SHALL NOT IMPAIR OR IN
39 ANY MANNER AFFECT THE OBLIGATION THEREOF, NOR SHALL ANY OUTSTANDING
40 LOCAL OBLIGATIONS OF AN ISSUER BE IMPAIRED OR IN ANY MANNER AFFECTED BY
41 THE ISSUANCE OF LOCAL OBLIGATIONS BECAUSE OF AN INCREASE IN THE
42 MAXIMUM LIMITATION ON THE POWER TO INCUR INDEBTEDNESS, OR THE
43 ELIMINATION OF THE MAXIMUM LIMITATION, ENACTED AFTER THE ISSUE OF THE
44 OUTSTANDING LOCAL OBLIGATIONS.

