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By: Prince George's County and Montgomery County Delegations

Introduced and read first time: February 1, 1996 Assigned to: Commerce and Government Matters

A BILL ENTITLED

4	4 T T	1 000	
Ι.	AN	ACT.	concerning

2 Washington Suburban Sanitary Commission - Authority to Issue Long-Term Debt

3 **PG/MC 2-96**

4 FOR the purpose of 1	limiting the authority of the	Washington Suburban Sanitary
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- 5 Commission (WSSC) to incur certain debt to an amount authorized by act of the
- 6 General Assembly; altering the maximum amount of certain debt that the WSSC
- may carry, based on the assessable base of certain property; altering the application
- 8 of the cap so that it applies unless specifically exempted in a certain manner;
- 9 providing for the calculation of certain debts; eliminating a certain exception for
- debt supported by certain service charges; limiting the authority for the WSSC to
- issue certain bond anticipation notes; altering certain provisions to reflect the
- alteration of the cap; defining certain terms; and generally relating to the authority
- 13 of the WSSC to incur debt and the maximum amount of debt that the WSSC may
- 14 carry.
- 15 BY repealing and reenacting, with amendments,
- 16 Article 29 Washington Suburban Sanitary District
- 17 Section 4-101(a)(1), 4-108(a), 4-109(b), and 4-110(a)
- 18 Annotated Code of Maryland
- 19 (1993 Replacement Volume and 1995 Supplement)
- 20 BY adding to
- 21 Article 29 Washington Suburban Sanitary District
- 22 Section 4-101(e)
- 23 Annotated Code of Maryland
- 24 (1993 Replacement Volume and 1995 Supplement)
- 25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 26 MARYLAND, That the Laws of Maryland read as follows:

27 Article 29 - Washington Suburban Sanitary District

28 4-101.

- 29 (a) (1) For the purpose of providing funds for the design, construction,
- 30 reconstruction, establishment, extension, enlargement, purchase or condemnation of the

- 1 water and sewerage systems in the sanitary district, or in any other areas where extension 2 of any of the aforementioned systems may be authorized by law, or for the construction,
- 3 remodeling, enlargement or replacement of any office or operating building or buildings
- 4 required for the administration or operation of any of the systems, including the
- 5 acquisition of land or equipment, the WSSC is authorized and empowered to issue bonds
- 6 of the sanitary district, from time to time, in such amounts as it may deem necessary to
- 7 carry on its work[, but the aggregate amount of bonds heretofore or hereafter issued
- 8 under this section which may be outstanding at any time, less the amount held in the joint
- 9 sinking fund account for the payment of the principal of the bonds, shall not exceed 14
- 10 percent of the total assessable basis of all property assessed for county taxation purposes
- 11 within the sanitary district; provided, however, that in computing the amount of bonds
- 12 which may be issued under this section, there shall not be included anybonds heretofore
- 13 or hereafter issued for the payment of which the WSSC is required by law to fix and
- 14 collect water service charges at least sufficient to pay the principal and interest
- 15 requirements of such bonds] PROVIDED THAT THE AGGREGATE AMOUNT OF BONDS
- 16 SUBJECT TO SUBSECTION (E) OF THIS SECTION DOES NOT EXCEED AN AMOUNT
- 17 AUTHORIZED AT THE TIME OF ISSUE BY ACT OF THE GENERAL ASSEMBLY. Bonds
- 18 hereafter issued under the authority of this section shall be serial bonds with the principal
- 19 of any given issue payable annually, commencing not more than 3 years from the date of
- 20 the bonds. The bonds may be either registered or coupon bonds, or registerable as to
- 21 principal with interest represented by coupons and issued in such denomination or
- 22 denominations as shall be determined by the WSSC, shall bear interest as provided in §
- 23 4-104 of this title payable [semi-annually] SEMIANNUALLY and shall mature not
- 24 exceeding 40 years from the date of issue, and all bonds of the sanitary district or of the
- 25 WSSC, including those heretofore issued, shall be forever exempt from taxation by the
- 75 The state of th
- 26 State of Maryland and by the counties and municipalities in the State. Any bonds
- 27 hereafter issued by the WSSC in its name or in the name of the sanitary district may be 28 made redeemable before maturity at the option of the WSSC, at such price or prices and
- 29 under such terms and conditions as may be fixed by the WSSC prior to the issuance of
- 30 such bonds.
- 31 (E) (1) IN THIS SUBSECTION, "BOND" MEANS ANY DEBT INSTRUMENT
- 32 ISSUED BY THE WSSC AS PART OF A BOND ISSUE THAT WILL NOT REACH FULL
- 33 MATURITY WITHIN 5 YEARS FROM THE DATE OF ISSUE.
- 34 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE AGGREGATE
- 35 PRINCIPAL AMOUNT OF BONDS OUTSTANDING AT ANY TIME MAY NOT EXCEED 7.0
- 36 PERCENT OF THE TOTAL ASSESSABLE BASE OF ALL PROPERTY ASSESSED FOR
- 37 COUNTY TAXATION PURPOSES WITHIN THE SANITARY DISTRICT. THE MAXIMUM
- 38 DEBT LEVEL AUTHORIZED UNDER THIS SUBSECTION SHALL APPLY TO ANY BOND
- 39 ISSUED UNDER AN ENABLING ACT OF THE GENERAL ASSEMBLY OF MARYLAND
- 40 ENACTED ON OR AFTER JULY 1, 1996, UNLESS THE ENABLING ACT SPECIFICALLY
- 41 EXEMPTS THE BOND BY REFERENCE TO OR MODIFICATION OF THIS SUBSECTION.
- 42 (3) (I) IN THIS PARAGRAPH, "GOVERNMENT OBLIGATION" MEANS:
- 43 1. A DIRECT OBLIGATION OF THE UNITED STATES OF
- 44 AMERICA; OR

	2. AN OBLIGATION THE TIMELY PAYMENT OF PRINCIPAL OF AND INTEREST ON WHICH IS UNCONDITIONALLY GUARANTEED BY THE UNITED STATES OF AMERICA.
	(II) IN CALCULATING THE MAXIMUM DEBT AUTHORIZED UNDER THIS SECTION THE AGGREGATE AMOUNT OF BONDS OUTSTANDING SHALL BE REDUCED BY:
7 8	1. ANY AMOUNT HELD IN THE JOINT SINKING FUND ACCOUNT FOR THE PAYMENT OF PRINCIPAL OF THE BONDS; AND
	2. THE AMOUNT OF ANY BOND FOR WHICH THERE HAS BEEN IRREVOCABLY DEPOSITED CASH OR GOVERNMENT OBLIGATIONS MATURING AS TO PRINCIPAL AND INTEREST AT TIMES AND IN AMOUNTS SUFFICIENT TO PROVIDE ADEQUATE AND COMPLETE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE AND INTEREST AS REQUIRED ON THE BOND.
14	4-108.
17 18 19 20 21 22 23 24 25 26 27 28	(a) With the written approval of the County Executives and County Councils of Montgomery and Prince George's Counties, the WSSC, on behalf of the sanitary district, at any time and from time to time and in such manner as it determines, may borrow money for any of the purposes for which any bonds of the sanitary district are to be issued, and to issue negotiable bond anticipation notes of the sanitary district for the money so borrowed in anticipation of the issuance of such bonds, or in anticipation of other revenues for capital expenditures. The aggregate amount of all bond anticipation notes outstanding under the authority of this section at any one time may not exceed \$85,000,000. The aggregate amount of bond anticipation notes issued under the authority of this section in anticipation of the issuance of bonds which are subject to the [14] 7.0 percent limitation, together with the aggregate amount of bonds then outstanding which are subject to the limitation, may not exceed that limitation. NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, THE WSSC MAY NOT ISSUE BOND ANTICIPATION NOTES IN ANTICIPATION OF A BOND ISSUE REQUIRING AUTHORIZATION BY ACT OF THE GENERAL ASSEMBLY UNLESS ADEQUATE AUTHORIZATION IS IN PLACE.
30	4-109.
33 34 35 36 37	(b) Refunding bonds may bear such date or dates, may mature at such time or times not exceeding 40 years from their respective dates, may bear interest at such rate or rates, not to exceed 10 percent per annum, may be made redeemable before maturity upon such terms, may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversionprivileges, may be executed in such manner, may be payable in such medium of payment at such place or places, within or without the State of Maryland, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, and may contain such other terms, conditions
	and covenants, as may be provided in the resolution or resolutions of the WSSC

43 installment of such front foot benefit charges. Refunding bonds may be exchanged for 44 bonds being refunded or may be sold at public sale or, if the WSSC shall find and

40 authorizing the issuance of the refunding bonds. Refunding bonds issued to refund
41 outstanding bonds respecting which front foot benefit charges shall have been levied shall
42 be stated to mature not later than 1 year from the date fixed for the payment of the final

1 determine that a public sale would be impracticable in effectuating thepurpose of the 2 refunding bonds, at a negotiated sale in open meeting, at such price, terms and conditions 3 as the WSSC shall determine to be for the best interest of the sanitary district. At least 45 4 days prior to the sale or exchange of any refunding bonds, the WSSC shall deliver its plan 5 respecting the issuance of such refunding bonds to the County Executives and County 6 Councils of Montgomery and Prince George's Counties and such sale or exchange shall 7 not be made unless such plan is approved by the County Executives and County Councils 8 of each of the 2 counties; provided that if, during the period of 30 days from the date of 9 the delivery of the plan any County Executive or County Council shall have failed to 10 approve or disapprove the plan, such failure shall be deemed an approval of the plan by such County Executive or County Council. The foregoing time periods maybe waived by 12 the County Executives and County Councils. In case any officer whose signature or a facsimile of whose signature shall appear on any refunding bond or coupon shall cease to be an officer before the delivery of the refunding bond, the signature or facsimile shall nevertheless be valid and sufficient for all purposes just as if the officer had remained in office until the delivery. Any refunding bonds issued to refund bonds guaranteed as to the 17 payment of principal and interest by Montgomery or Prince George's Counties, may be guaranteed in like manner in the form and under the provisions of § 4-101 of this title. 18 19 Refunding bonds authorized under this section shall be in addition to any other bonds authorized to be issued under this article or any amendments of this article, and shall be 21 included in computing the amount of bonds which may be issued under the [14] 7.0

22 percent limitation of § [4-101(a)] 4-101(E) of this title. The provisions of § 4-101(a) of 23 this title exempting from taxation other bonds of the sanitary districtshall apply to 24 refunding bonds. Any power expressly granted under this section is not subject to the 25 provisions of any other law or other section of this article in conflict with that power.

26 4-110.

27 (a) For the purpose of providing funds for the design and construction of trunk 28 sewers and those sewers or portions of sewer lines required to relieve septic tank failures and for which no front foot benefit charges can be collected as determined by the WSSC, 30 sewage pumping stations and sewage disposal facilities including reimbursement to the 31 District of Columbia or other federal authorities for any construction within the District 32 of Columbia after January 1, 1951, the WSSC created by Chapter 122 of the Acts of the General Assembly of Maryland of 1918, may issue bonds of the sanitary district from time to time, in amounts it considers necessary, but the aggregate amount ofbonds issued under this section MAY NOT EXCEED AN AMOUNT AUTHORIZED AT THE TIME OF 36 ISSUE BY ACT OF THE GENERAL ASSEMBLY AND THE AMOUNT shall be included in and subject to the [14] 7.0 percent limitation [as provided in Section 5 of Chapter 122 of 37 38 the Acts of the General Assembly of 1918, as amended (§ 4-101(a) and (b) of this title)] 39 UNDER § 4-101(E) OF THIS TITLE. Bonds issued under the authority of this section shall be serial bonds with the principal of any given issue payable annually, commencing not 41 more than 3 years from the date of the bonds. The bonds may be either registered or 42 coupon bonds, or registerable as to principal with interest representedby coupons, and 43 issued in a denomination or denominations as shall be determined by the WSSC, with 44 interest at such rate or rates per annum as provided in § 4-104 of thistitle payable 45 [semi-annually] SEMIANNUALLY and with a maturity date not exceeding 40 years from 46 the date of issue. All bonds of the WSSC issued pursuant to the authority of this section

- 1 are exempt from taxation by the State of Maryland and by the counties and municipalities 2 in the State.
- 3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 4 July 1, 1996.