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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

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A BILL ENTITLED

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission - Authority to Issue Long-Term Debt**  
3 **PG/MC 2-96**

4 FOR the purpose of limiting the authority of the Washington Suburban Sanitary  
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  
7 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  
10 debt supported by certain service charges; limiting the authority for the WSSC to  
11 issue certain bond anticipation notes; altering certain provisions to reflect the  
12 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

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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  
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 sanitarydistrict 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



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1 determine that a public sale would be impracticable in effectuating the purpose 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  
 11 such County Executive or County Council. The foregoing time periods may be waived by  
 12 the County Executives and County Councils. In case any officer whose signature or a  
 13 facsimile of whose signature shall appear on any refunding bond or coupon shall cease to  
 14 be an officer before the delivery of the refunding bond, the signature or facsimile shall  
 15 nevertheless be valid and sufficient for all purposes just as if the officer had remained in  
 16 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  
 18 guaranteed in like manner in the form and under the provisions of § 4-101 of this title.  
 19 Refunding bonds authorized under this section shall be in addition to any other bonds  
 20 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 district shall 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  
 29 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  
 33 General Assembly of Maryland of 1918, may issue bonds of the sanitary district from time  
 34 to time, in amounts it considers necessary, but the aggregate amount of bonds issued  
 35 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  
 37 and subject to the [14] 7.0 percent limitation [as provided in Section 5 of Chapter 122 of  
 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  
 40 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 represented by 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 this title 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

HOUSE BILL 686

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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.