
By: Delegates Rawlings and Busch

Introduced and read first time: February 9, 1996

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 1996

CHAPTER ____

1 AN ACT concerning

2 **Maryland Industrial Development Financing Authority**

3 FOR the purpose of increasing the maximum amount of financial assistance that the
4 ~~Maryland Industrial Development Financing Authority may provide from the Bond~~
5 ~~Insurance Fund to any one facility~~ permitting the Bond Insurance Fund to include
6 agreements from a contributor to deposit moneys in the Bond Insurance Fund or to
7 pay moneys on behalf of the Maryland Industrial Development Financing Authority
8 under certain circumstances; requiring funds committed by a contributor to the
9 Bond Insurance Fund to be included in the total aggregate balance of the Bond
10 Insurance Fund under certain circumstances; repealing a certain requirement that a
11 county or municipality adopt a certain resolution prior to the issuance and sale of
12 certain bonds by the Authority; requiring the Authority to provide a certain notice
13 to a county or municipality prior to the issuance and sale of certain bonds under
14 certain circumstances; defining a certain term; and generally relating to the
15 Maryland Industrial Development Financing Authority.

16 BY renumbering

17 Article 83A - Department of Business and Economic Development

18 Section 5-901(h) through (w), respectively

19 to be Section 5-901(i) through (x), respectively

20 Annotated Code of Maryland

21 (1995 Replacement Volume)

22 BY adding to

23 Article 83A - Department of Business and Economic Development

24 Section 5-901(h)

25 Annotated Code of Maryland

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1 (1995 Replacement Volume)

2 BY repealing and reenacting, with amendments,
3 Article 83A - Department of Business and Economic Development
4 Section 5-914(b), 5-930, and 5-938(e)
5 Annotated Code of Maryland
6 (1995 Replacement Volume)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That Section(s) 5-901(h) through (w), respectively, of Article 83A -
9 Department of Business and Economic Development of the Annotated Code of Maryland
10 be renumbered to be Section(s) 5-901(i) through (x), respectively.

11 ~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~
12 ~~MARYLAND SECTION 2. AND BE IT FURTHER ENACTED,~~ That the Laws of
13 Maryland read as follows:

14 **Article 83A - Department of Business and Economic Development**

15 5-901.

16 (H) "CONTRIBUTOR" MEANS ANY PENSION FUND, RETIREMENT FUND,
17 INSURANCE COMPANY, FINANCIAL INSTITUTION, OR PERSON QUALIFIED TO
18 TRANSACT BUSINESS IN THE STATE, OR ANY PUBLIC BODY OR INSTRUMENTALITY
19 THAT COMMITS FUNDS TO THE BOND INSURANCE FUND FOR USE IN PROVIDING
20 FINANCIAL ASSISTANCE.

21 5-914.

22 (b) The Bond Insurance Fund is a continuing, nonlapsing, revolving fund that
23 consists of:

24 (1) Moneys appropriated by the State to the Bond Insurance Fund;

25 (2) Premiums, fees, and any other amounts received by the Authority with
26 respect to financial assistance provided by the Authority from the Bond Insurance Fund;

27 (3) Proceeds as designated by the Authority from the sale, lease, or other
28 disposition of property held or acquired by the Authority;

29 (4) Income from investments that the State Treasurer, on instruction of the
30 Authority, makes from moneys in the Bond Insurance Fund; [and]

31 (5) AGREEMENTS FROM A CONTRIBUTOR TO DEPOSIT MONEYS IN THE
32 BOND INSURANCE FUND OR TO PAY MONEYS ON BEHALF OF THE AUTHORITY TO
33 RECIPIENTS OF FINANCIAL ASSISTANCE; AND

34 ~~[(5)]~~ (6) Any other moneys made available under this subtitle.

35 5-930.

36 (a) The Authority may use the Bond Insurance Fund for the purposes described
37 in § 5-929 of this subtitle only if the requirements of this section are satisfied.

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1 (b) The Authority shall determine, in its sole and absolute discretion, that the
2 economic impact of the transaction will be substantial. To determine the economic impact
3 of a transaction, the Authority may consider any factor it considers relevant.

4 (c) (1) The Authority shall determine that the acquisition of a facility will not
5 result in:

6 (i) The removal of the business operations of the facility user from
7 one county to another county; or

8 (ii) The abandonment of a facility in the State; or

9 (2) If the acquisition of a facility will result in the occurrence of either of
10 these events, the Authority shall determine that the acquisition of the facility will:

11 (i) Discourage the facility user from leaving the State; or

12 (ii) Preserve the competitive position of the facility user in its industry.

13 (d) The Authority shall determine that the Authority will not be required, except
14 on default, to operate, service, or maintain the facility or energy project.

15 (e) The bonds or instruments with respect to which financial assistance is
16 provided by the Authority shall be secured in a manner approved by the Authority.

17 (f) Financial assistance provided by the Authority from the Bond Insurance Fund
18 with respect to any one facility may not exceed the total aggregate amount of
19 ~~+\$5,000,000~~ \$10,000,000.

20 (g) The total aggregate amount of insurance from the Bond Insurance Fund with
21 respect to the insured portions of principal of bonds or other instruments may not exceed
22 at any time an amount equal to 5 times the balance in the Bond Insurance Fund. ANY
23 FUNDS COMMITTED BY A WRITTEN AGREEMENT BY A CONTRIBUTOR TO THE BOND
24 INSURANCE FUND SHALL BE INCLUDED IN THE TOTAL AGGREGATE BALANCE OF
25 THE BOND INSURANCE FUND.

26 5-938.

27 (e) (1) Prior to the issuance and sale of bonds by the Authority, OTHER THAN
28 BONDS ISSUED TO FINANCE THE COST OF ACQUISITION OF MACHINERY,
29 EQUIPMENT, OR FURNISHINGS, the legislative body of the county or municipality in
30 which the facility to be financed with the proceeds of the bonds is to be located, shall
31 adopt a resolution which shall:

32 [(1)] (I) Be administrative in nature, not subject to the procedures required
33 for legislative acts and not subject to referendum;

34 [(2)] (II) Specify and describe the facility; and

35 [(3)] (III) Generally describe the public purpose to be served by the facility.

36 (2) PRIOR TO THE ISSUANCE AND SALE BY THE AUTHORITY OF BONDS
37 ISSUED TO FINANCE THE COST OF ACQUISITION OF MACHINERY, EQUIPMENT, OR
38 FURNISHINGS, THE AUTHORITY SHALL PROVIDE NOTICE TO THE LEGISLATIVE

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1 BODY OF THE COUNTY OR MUNICIPAL CORPORATION IN WHICH THE FACILITY WILL
2 BE LOCATED THAT:

3 (I) SPECIFIES AND DESCRIBES THE FACILITY; AND

4 (II) GENERALLY DESCRIBES THE PUBLIC PURPOSE TO BE SERVED
5 BY THE FACILITY.

6 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
7 effect July 1, 1996.