
By: Montgomery County and Prince George's County Delegations

Introduced and read first time: January 31, 1997

Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

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

3 **MC/PG 4-97**

4 FOR the purpose of altering the maximum amount of certain debt that the Washington
5 Suburban Sanitary Commission (WSSC) may carry, based on the assessable base of
6 certain property; altering the application of the limit on the debt so that it applies
7 unless specifically exempted in a certain manner; providing for the calculation of
8 certain debts; eliminating a certain exception for debt supported by certain service
9 charges; altering certain provisions to reflect the alteration of the limit on the debt;
10 defining certain terms; and generally relating to the authority of the WSSC to incur
11 debt and the maximum amount of debt that the WSSC may carry.

12 BY repealing and reenacting, with amendments,

13 Article 29 - Washington Suburban Sanitary District
14 Section 4-101(a)(1), 4-108(a), 4-109(b), and 4-110(a)
15 Annotated Code of Maryland
16 (1993 Replacement Volume and 1996 Supplement)

17 BY adding to

18 Article 29 - Washington Suburban Sanitary District
19 Section 4-101(e)
20 Annotated Code of Maryland
21 (1993 Replacement Volume and 1996 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article 29 - Washington Suburban Sanitary District**

25 4-101.

26 (a) (1) For the purpose of providing funds for the design, construction,
27 reconstruction, establishment, extension, enlargement, purchase or condemnation of the
28 water and sewerage systems in the sanitary district, or in any other areas where extension
29 of any of the aforementioned systems may be authorized by law, or for the construction,
30 remodeling, enlargement or replacement of any office or operating building or buildings

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1 required for the administration or operation of any of the systems, including the
 2 acquisition of land or equipment, the WSSC is authorized and empowered to issue bonds
 3 of the sanitary district, from time to time, in such amounts as it may deem necessary to
 4 carry on its work[, but the aggregate amount of bonds heretofore or hereafter issued
 5 under this section which may be outstanding at any time, less the amount held in the joint
 6 sinking fund account for the payment of the principal of the bonds, shall not exceed 14
 7 percent of the total assessable basis of all property assessed for county taxation purposes
 8 within the sanitary district; provided, however, that in computing the amount of bonds
 9 which may be issued under this section, there shall not be included any bonds heretofore
 10 or hereafter issued for the payment of which the WSSC is required by law to fix and
 11 collect water service charges at least sufficient to pay the principal and interest
 12 requirements of such bonds]. Bonds hereafter issued under the authority of this section
 13 shall be serial bonds with the principal of any given issue payable annually, commencing
 14 not more than 3 years from the date of the bonds. The bonds may be either registered or
 15 coupon bonds, or registerable as to principal with interest represented by coupons and
 16 issued in such denomination or denominations as shall be determined by the WSSC, shall
 17 bear interest as provided in § 4-104 of this title payable [semi-annually]
 18 SEMIANNUALLY and shall mature not exceeding 40 years from the date of issue, and all
 19 bonds of the sanitary district or of the WSSC, including those heretofore issued, shall be
 20 forever exempt from taxation by the State of Maryland and by the counties and
 21 municipalities in the State. Any bonds hereafter issued by the WSSC in its name or in the
 22 name of the sanitary district may be made redeemable before maturity at the option of
 23 the WSSC, at such price or prices and under such terms and conditions as may be fixed by
 24 the WSSC prior to the issuance of such bonds.

25 (E) (1) IN THIS SUBSECTION, "BOND" MEANS ANY DEBT INSTRUMENT
 26 ISSUED BY THE WSSC AS PART OF A BOND ISSUE THAT WILL NOT REACH FULL
 27 MATURITY WITHIN 5 YEARS FROM THE DATE OF ISSUE.

28 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE AGGREGATE
 29 PRINCIPAL AMOUNT OF BONDS OUTSTANDING AT ANY TIME, WHETHER ISSUED
 30 UNDER THIS SECTION OR UNDER ANY OTHER PROVISION OF LAW, MAY NOT
 31 EXCEED THE LARGER OF 7.0 PERCENT OF THE TOTAL ASSESSABLE BASE OF ALL
 32 PROPERTY ASSESSED FOR COUNTY TAXATION PURPOSES WITHIN THE SANITARY
 33 DISTRICT OR 7.0 PERCENT OF THE ASSESSABLE BASE AS OF JULY 1, 1997. THE
 34 MAXIMUM DEBT LEVEL AUTHORIZED UNDER THIS SUBSECTION SHALL APPLY TO
 35 ANY BOND ISSUED UNDER AN ENABLING ACT OF THE GENERAL ASSEMBLY OF
 36 MARYLAND ENACTED ON OR AFTER JULY 1, 1997, UNLESS THE ENABLING ACT
 37 SPECIFICALLY EXEMPTS THE BOND BY REFERENCE TO OR MODIFICATION OF THIS
 38 SUBSECTION.

39 (3) (I) IN THIS PARAGRAPH, "GOVERNMENT OBLIGATION" MEANS:

40 1. A DIRECT OBLIGATION OF THE UNITED STATES OF
 41 AMERICA; OR

42 2. AN OBLIGATION, THE TIMELY PAYMENT OF PRINCIPAL
 43 OF AND INTEREST ON WHICH IS UNCONDITIONALLY GUARANTEED BY THE UNITED
 44 STATES OF AMERICA.

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 1 (II) IN CALCULATING THE MAXIMUM DEBT AUTHORIZED UNDER
 2 THIS SECTION, THE AGGREGATE AMOUNT OF BONDS OUTSTANDING SHALL BE
 3 REDUCED BY:

4 1. ANY AMOUNT HELD IN THE JOINT SINKING FUND
 5 ACCOUNT FOR THE PAYMENT OF PRINCIPAL OF THE BONDS; AND

6 2. THE AMOUNT OF ANY BOND FOR WHICH THERE HAS
 7 BEEN IRREVOCABLY DEPOSITED CASH OR GOVERNMENT OBLIGATIONS MATURING
 8 AS TO PRINCIPAL AND INTEREST AT TIMES AND IN AMOUNTS SUFFICIENT TO
 9 PROVIDE ADEQUATE AND COMPLETE PAYMENT OF THE PRINCIPAL OR
 10 REDEMPTION PRICE AND INTEREST AS REQUIRED ON THE BOND.

11 4-108.

12 (a) With the written approval of the County Executives and County Councils of
 13 Montgomery and Prince George's Counties, the WSSC, on behalf of the sanitary district,
 14 at any time and from time to time and in such manner as it determines, may borrow
 15 money for any of the purposes for which any bonds of the sanitary district are to be
 16 issued, and to issue negotiable bond anticipation notes of the sanitary district for the
 17 money so borrowed in anticipation of the issuance of such bonds, or in anticipation of
 18 other revenues for capital expenditures. The aggregate amount of all bond anticipation
 19 notes outstanding under the authority of this section at any one time may not exceed
 20 \$85,000,000. The aggregate amount of bond anticipation notes issued under the authority
 21 of this section in anticipation of the issuance of bonds which are subject to the [14] 7.0
 22 percent limitation, together with the aggregate amount of bonds then outstanding which
 23 are subject to the limitation, may not exceed that limitation.

24 4-109.

25 (b) Refunding bonds may bear such date or dates, may mature at such time or
 26 times not exceeding 40 years from their respective dates, may bear interest at such rate or
 27 rates, not to exceed 10 percent per annum, may be made redeemable before maturity
 28 upon such terms, may be in such denomination or denominations, may be in such form,
 29 either coupon or registered, may carry such registration and conversion privileges, may be
 30 executed in such manner, may be payable in such medium of payment at such place or
 31 places, within or without the State of Maryland, may provide for the replacement of
 32 mutilated, destroyed, stolen or lost bonds, and may contain such other terms, conditions
 33 and covenants, as may be provided in the resolution or resolutions of the WSSC
 34 authorizing the issuance of the refunding bonds. Refunding bonds issued to refund
 35 outstanding bonds respecting which front foot benefit charges shall have been levied shall
 36 be stated to mature not later than 1 year from the date fixed for the payment of the final
 37 installment of such front foot benefit charges. Refunding bonds may be exchanged for
 38 bonds being refunded or may be sold at public sale or, if the WSSC shall find and
 39 determine that a public sale would be impracticable in effectuating the purpose of the
 40 refunding bonds, at a negotiated sale in open meeting, at such price, terms and conditions
 41 as the WSSC shall determine to be for the best interest of the sanitary district. At least 45
 42 days prior to the sale or exchange of any refunding bonds, the WSSC shall deliver its plan
 43 respecting the issuance of such refunding bonds to the County Executives and County
 44 Councils of Montgomery and Prince George's Counties and such sale or exchange shall
 45 not be made unless such plan is approved by the County Executives and County Councils

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1 of each of the 2 counties; provided that if, during the period of 30 days from the date of
2 the delivery of the plan any County Executive or County Council shall have failed to
3 approve or disapprove the plan, such failure shall be deemed an approval of the plan by
4 such County Executive or County Council. The foregoing time periods may be waived by
5 the County Executives and County Councils. In case any officer whose signature or a
6 facsimile of whose signature shall appear on any refunding bond or coupon shall cease to
7 be an officer before the delivery of the refunding bond, the signature or facsimile shall
8 nevertheless be valid and sufficient for all purposes just as if the officer had remained in
9 office until the delivery. Any refunding bonds issued to refund bonds guaranteed as to the
10 payment of principal and interest by Montgomery or Prince George's Counties, may be
11 guaranteed in like manner in the form and under the provisions of § 4-101 of this title.
12 Refunding bonds authorized under this section shall be in addition to any other bonds
13 authorized to be issued under this article or any amendments of this article, and shall be
14 included in computing the amount of bonds which may be issued under the [14] 7.0
15 percent limitation of § [4-101(a)] 4-101(E) of this title. The provisions of § 4-101(a) of
16 this title exempting from taxation other bonds of the sanitary district shall apply to
17 refunding bonds. Any power expressly granted under this section is not subject to the
18 provisions of any other law or other section of this article in conflict with that power.

19 4-110.

20 (a) For the purpose of providing funds for the design and construction of trunk
21 sewers and those sewers or portions of sewer lines required to relieve septic tank failures
22 and for which no front foot benefit charges can be collected as determined by the WSSC,
23 sewage pumping stations and sewage disposal facilities including reimbursement to the
24 District of Columbia or other federal authorities for any construction within the District
25 of Columbia after January 1, 1951, the WSSC created by Chapter 122 of the Acts of the
26 General Assembly of Maryland of 1918, may issue bonds of the sanitary district from time
27 to time, in amounts it considers necessary, but the aggregate amount of bonds issued
28 under this section shall be included in and subject to the [14] 7.0 percent limitation [as
29 provided in Section 5 of Chapter 122 of the Acts of the General Assembly of 1918, as
30 amended (§ 4-101(a) and (b) of this title)] UNDER § 4-101(E) OF THIS TITLE. Bonds
31 issued under the authority of this section shall be serial bonds with the principal of any
32 given issue payable annually, commencing not more than 3 years from the date of the
33 bonds. The bonds may be either registered or coupon bonds, or registerable as to
34 principal with interest represented by coupons, and issued in a denomination or
35 denominations as shall be determined by the WSSC, with interest at such rate or rates per
36 annum as provided in § 4-104 of this title payable [semi-annually] SEMIANNUALLY and
37 with a maturity date not exceeding 40 years from the date of issue. All bonds of the WSSC
38 issued pursuant to the authority of this section are exempt from taxation by the State of
39 Maryland and by the counties and municipalities in the State.

40 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
41 July 1, 1997.