
By: Delegates Schisler, Walkup, Eckardt, W. Baker, Guns, and Rudolph

Introduced and read first time: February 24, 1997

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education - Board of Trustees for Chesapeake College - Authority to Borrow**

3 FOR the purpose of authorizing the Board of Trustees for Chesapeake College to borrow
4 money for the acquisition of interests in personal property to be used for the
5 operation of the college under certain conditions; authorizing the Board to use the
6 property or revenues derived from the property as security for the money borrowed;
7 providing for the termination of certain financing agreements under certain
8 circumstances; providing that money borrowed under this Act is not a debt or
9 obligation of certain governing bodies; making a portion of this Act retroactive
10 under certain circumstances; providing for the effective date of this Act; and
11 generally relating to the authority of the Board of Trustees for Chesapeake College
12 to borrow money for the operation of the College.

13 BY repealing and reenacting, with amendments,
14 Article - Education
15 Section 16-302 and 16-303
16 Annotated Code of Maryland
17 (1997 Replacement Volume)

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

20 **Article - Education**

21 16-302.

22 (a) Notwithstanding any other provisions of this subtitle, and subject to funds
23 being appropriated, the Board of Community College Trustees for Charles County,
24 CHESAPEAKE COLLEGE, Garrett County, Howard County, Montgomery County, or
25 Prince George's County may borrow money to acquire an interest in personal property,
26 including fixtures, for the operation of the community college, on terms and conditions
27 that the Board of Trustees considers proper.

28 (b) A borrowing under this section may be secured by the personal property
29 acquired or revenues derived from the property.

1 (c) All multiyear financing agreements reflecting borrowing under this section
2 shall be subject to cancellation by the Board of Trustees at the end of a fiscal year if
3 sufficient funds are not appropriated to fund the agreement in subsequent years.

4 (d) (1) Borrowing under this section does not create or constitute a debt or
5 obligation of the State or any political subdivision of the State other than a community
6 college.

7 (2) Borrowing under this section does not constitute a debt or obligation of
8 the General Assembly or pledge the faith and credit of the State within the meaning of
9 Article III, § 34 of the Maryland Constitution.

10 (e) (1) This subsection does not apply to the Board of Community College
11 Trustees for Garrett County.

12 (2) (i) Borrowing under this section shall be for the use of financing
13 intermediate term lease purchasing agreements.

14 (ii) The term of any lease purchase agreement entered into under this
15 section may not exceed the estimated life of the equipment subject to the financing
16 agreement.

17 (f) (1) The Board of Community College Trustees for Garrett County may
18 enter into a lease purchase agreement if the lease purchase agreement is consistent with
19 the provisions of this section.

20 (2) The term of any lease purchase agreement entered into by the Board of
21 Community College Trustees for Garrett County may not exceed the estimated life of the
22 equipment subject to the financing agreement.

23 16-303.

24 (A) Notwithstanding any other provision of law, a lease purchase agreement
25 entered into by the Board of Community College Trustees for Howard County,
26 Montgomery County, or Prince George's County prior to October 1, 1992 shall be deemed
27 authorized under § 16-302 of this subtitle, if the lease purchase agreement satisfies the
28 requirements of § 16-302 of this subtitle.

29 (B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A LEASE PURCHASE
30 AGREEMENT ENTERED INTO BY THE BOARD OF TRUSTEES OF CHESAPEAKE
31 COLLEGE BEFORE JUNE 1, 1997 SHALL BE DEEMED AUTHORIZED UNDER § 16-302 OF
32 THIS SUBTITLE, IF THE LEASE PURCHASE AGREEMENT SATISFIES THE
33 REQUIREMENTS OF § 16-302 OF THIS SUBTITLE.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 June 1, 1997.