

SENATE BILL 787

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1998 Regular Session
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By: **Senator Hafer**
Introduced and read first time: March 9, 1998
Rule 32 suspended
Assigned to: Budget and Taxation

Committee Report: Favorable
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Read second time: March 25, 1998

CHAPTER _____

1 AN ACT concerning

2 **Garrett County - Economic Development Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Garrett County, from time to time, to borrow not more than \$1,500,000 in order
5 to finance, with certain restrictions, certain economic development projects in
6 Garrett County, as herein defined, and to effect such borrowing by the issuance
7 and sale at public or private sale of its general obligation bonds in like par
8 amount; empowering the County to fix and determine, by resolution, the form,
9 tenor, interest rate or rates or method of determining the same, terms,
10 conditions, maturities, and all other details incident to the issuance and sale of
11 the bonds; empowering the County to issue refunding bonds for the purchase or
12 redemption of bonds in advance of maturity; empowering and directing the
13 County to levy, impose, and collect, annually, ad valorem taxes in rate and
14 amount sufficient to provide funds for the payment of the maturing principal of
15 and interest on the bonds; providing that nothing in this Act shall prevent the
16 County from authorizing the issuance and sale of bonds or refunding bonds, if
17 the interest on or income derived from the bonds is not exempt from State, local,
18 or other taxation in the State; providing that nothing in this Act shall prevent
19 the County from authorizing the issuance and sale of bonds the interest on
20 which is not excludable from gross income for federal income tax purposes; and
21 relating generally to the issuance and sale of such bonds.

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That, as used herein, the term "County" means that body politic and
24 corporate of the State of Maryland known as the County Commissioners of Garrett
25 County, and the term "economic development project" means the cost of the purchase
26 and acquisition of property, the installation, construction, repair, or renovation of the

1 infrastructure, the creation and renovation of industrial parks and other capital
2 projects in Garrett County, as well as the alteration, construction, reconstruction,
3 enlargement, expansion, extension, improvement, rehabilitation, renovation,
4 upgrading, equipping, and repair of other facilities in Garrett County, all of which
5 includes related costs for architectural, financial, legal, planning, or engineering
6 services, any finance charges or interest prior to or during such financings, and any
7 other costs or expenditures incurred by the County in connection therewith.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
9 authorized to finance any part or all of the costs of the economic development projects
10 described in Section 1 of this Act, and to borrow money and incur indebtedness for
11 that purpose, at one time or from time to time, in an amount not exceeding, in the
12 aggregate, \$1,500,000 and to evidence such borrowing by the issuance and sale upon
13 its full faith and credit of general obligation bonds in like par amount, which may be
14 issued at one time or from time to time, in one or more groups or series, as the County
15 may determine.

16 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued
17 pursuant to a resolution of the County, which shall describe generally the economic
18 development projects for which the proceeds of the bond sale are intended and the
19 amount needed for those purposes. The County shall have and is hereby granted full
20 and complete authority and discretion in the resolution to fix and determine with
21 respect to the bonds of any issue: the designation, date of issue, denomination or
22 denominations, form or forms, and tenor of the bonds, which, without limitation, may
23 be issued in registered form within the meaning of Section 30 of Article 31 of the
24 Annotated Code of Maryland as effective from time to time; the rate or rates of
25 interest payable thereon, or the method of determining the same, which may include
26 a variable rate; the date or dates and amount or amounts of maturity, which need not
27 be in equal par amounts or in consecutive annual installments, provided only that no
28 bond of any issue shall mature later than 30 years from the date of its issue; the
29 manner of selling the bonds, which may be at either public or private sale, for such
30 price or prices as may be determined to be for the best interests of Garrett County; the
31 manner of executing and sealing the bonds, which may be by facsimile; the terms and
32 conditions, if any, under which bonds may be tendered for payment or purchase prior
33 to their stated maturity; the terms or conditions, if any, under which bonds may or
34 shall be redeemed prior to their stated maturity; the place or places of payment of the
35 principal of and the interest on the bonds, which may be at any bank or trust
36 company within or without the State of Maryland; covenants relating to compliance
37 with applicable requirements of federal income tax law, including (without limitation)
38 covenants regarding the payment of rebate or penalties in lieu of rebate; covenants
39 relating to compliance with applicable requirements of federal or State securities
40 laws; and generally all matters incident to the terms, conditions, issuance, sale, and
41 delivery thereof.

42 The County may enter into agreements with agents, banks, fiduciaries,
43 insurers, or others for the purpose of enhancing the marketability of any security for
44 the bonds and for the purpose of securing any tender option that may be granted to
45 holders of the bonds, all as may be determined and presented in the aforesaid
46 resolution, which may (but need not) state as security for the performance by the

1 County of any monetary obligations under such agreements the same security given
2 by the County to bondholders for the performance by the County of its monetary
3 obligations under the bonds.

4 In case any officer whose signature appears on any bond ceases to be such
5 officer before delivery, the signature shall nevertheless be valid and sufficient for all
6 purposes as if the officer had remained in office until delivery. The bonds and their
7 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article
8 31 of the Annotated Code of Maryland as effective from time to time.

9 If the County determines in the resolution to offer any of the bonds by
10 solicitation of competitive bids at public sale, the resolution shall fix the terms and
11 conditions of the public sale and shall adopt a form of notice of sale, which shall
12 outline the terms and conditions, and a form of advertisement, which shall be
13 published in one or more daily or weekly newspapers having a general circulation in
14 the County and which may also be published in one or more journals having a
15 circulation primarily among banks and investment bankers. At least one publication
16 of the advertisement shall be made not less than 10 days before the sale of the bonds.

17 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
18 shall be made to the Treasurer of Garrett County or such other official of Garrett
19 County as may be designated to receive such payment in a resolution passed by the
20 County before such delivery.

21 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
22 sale of the bonds shall be used and applied exclusively and solely for the economic
23 development projects in Garrett County. If the net proceeds of the sale of any issue of
24 bonds exceeds the amount needed to finance the economic development projects
25 described in the resolution, the excess funds shall be applied to the payment of the
26 next principal maturity of the bonds or to the redemption of any part of the bonds
27 which have been made redeemable or to the purchase and cancellation of bonds, as
28 the County may determine to be in its best interest, unless the County shall adopt a
29 resolution allocating the excess funds to other capital projects.

30 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
31 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
32 faith and credit and unlimited taxing power of the County to the payment of the
33 maturing principal of and interest on the bonds as and when they become payable. In
34 each and every fiscal year that any of the bonds are outstanding, the County shall
35 levy or cause to be levied ad valorem taxes upon all the assessable property within the
36 corporate limits of the County in rate and amount sufficient to provide for or assure
37 the payment, when due, of the principal of and interest on all the bonds maturing in
38 each such fiscal year and, in the event the proceeds from the taxes so levied in any
39 such fiscal year shall prove inadequate for such payment, additional taxes shall be
40 levied in the succeeding fiscal year to make up any such deficiency. The County may
41 apply to the payment of the principal of and interest on any bonds issued hereunder
42 any funds received by it from the State of Maryland, the United States of America,
43 any agency or instrumentality thereof, or from any other source, if such funds are
44 granted for the purpose of assisting the County in financing the economic

1 development projects to the extent of any such funds received or receivable in any
2 fiscal year, the taxes that are required to be levied under this Act may be reduced
3 proportionately or need not be levied.

4 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
5 authorized and empowered, at any time and from time to time, to issue its bonds in
6 the manner herein above described for the purpose of refunding, by payment at
7 maturity or upon purchase or redemption, any bonds issued hereunder. The validity
8 of any such refunding bonds shall in no way be dependent upon or related to the
9 validity or invalidity of the obligations so refunded. The powers herein granted with
10 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.
11 Such refunding bonds may be issued by the County for the purpose of providing it
12 with funds to pay any of its outstanding bonds issued hereunder at maturity, for the
13 purpose of providing it with funds to purchase in the open market any of its
14 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose
15 of providing it with funds for the redemption prior to maturity of any outstanding
16 bonds issued hereunder which are, by their terms, redeemable, for the purpose of
17 providing it with funds to pay interest on any outstanding bonds issued hereunder
18 prior to their payment at maturity of purchase or redemption in advance of maturity,
19 or for the purpose of providing it with funds to pay any redemption or purchase
20 premium in connection with the refunding of any of its outstanding bonds issued
21 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated
22 and set apart by the County as a separate trust fund to be used solely for the purpose
23 of paying the purchase or redemption prices of the bonds to be refunded.

24 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
25 the preparation of definitive bonds, issue interim certificates or temporary bonds,
26 with or without coupons, exchangeable for definitive bonds when such bonds have
27 been executed and are available for such delivery, provided, however, that any such
28 interim certificates or temporary bonds shall be issued in all respects subject to the
29 restrictions and requirements set forth in this Act. The County may, by appropriate
30 resolution, provide for the replacement of any bonds issued hereunder which shall
31 have become mutilated or lost or destroyed upon such conditions and after receiving
32 such indemnity as the County may require.

33 SECTION 8. AND BE IT FURTHER ENACTED, That nothing in this Act shall
34 prevent the County from authorizing the issuance and sale of bonds:

35 (a) on which the interest or income derived is not excludable from gross
36 income for federal income tax purposes; or

37 (b) which are subject to any State, county, municipal or other taxation
38 within the State of Maryland.

39 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
40 money, to issue bonds, and to provide loans and grants of the same that is conferred
41 on the County by this Act shall be deemed to provide an additional and alternative
42 authority for borrowing, loaning, and granting money and shall be regarded as
43 supplemental and additional to powers conferred upon the County by other laws and

1 shall not be regarded as in derogation of any power now existing; and all Acts of the
2 General Assembly of Maryland heretofore passed authorizing the County to borrow
3 money are hereby continued to the extent that the powers contained in such Acts have
4 not been exercised, and nothing contained in this Act may be construed to impair, in
5 any way, the validity of any bonds that may have been issued by the County under the
6 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,
7 and approved. This Act, being necessary for the welfare of the inhabitants of Garrett
8 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of
9 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of
10 such inconsistency.

11 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 June 1, 1998.