

HOUSE BILL 428

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2000 Regular Session
0lr2145
CF 0lr1114

By: **Dorchester County Delegation**
Introduced and read first time: February 3, 2000
Assigned to: Appropriations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 9, 2000

CHAPTER _____

1 AN ACT concerning

2 **Dorchester County - Economic Development Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Dorchester County, from time to time, to borrow not more than \$3,000,000 in
5 order to finance, with certain restrictions, certain economic development
6 projects in Dorchester County, as herein defined, and to effect such borrowing by
7 the issuance and sale at public or private sale of its general obligation bonds in
8 like ~~par~~ amount; empowering the County to fix and determine, by resolution,
9 the form, 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 provide loans or grants or any
12 combination thereof, with any part or with all of the proceeds of the bonds, to
13 any person or entity for the purpose of financing any part or all of the costs of
14 such economic development projects; empowering the County to issue refunding
15 bonds for the purchase or redemption of bonds in advance of maturity;
16 empowering and directing the County to levy, impose, and collect, annually, ad
17 valorem taxes in rate and amount sufficient to provide funds for the payment of
18 the maturing principal of and interest on the bonds; exempting the bonds and
19 the interest thereon and any income derived therefrom from all State, county,
20 municipal, and other taxation in the State of Maryland; providing that nothing
21 in this Act shall prevent the County from authorizing the issuance and sale of
22 bonds or refunding bonds, if the interest on or income derived from the bonds is
23 not exempt from State, local, or other taxation in the State; providing that
24 nothing in this Act shall prevent the County from authorizing the issuance and
25 sale of bonds the interest on which is not excludable from gross income for
26 federal income tax purposes; and relating generally to the issuance and sale of
27 such bonds.

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That, as used herein, the term "County" means that body politic and
3 corporate of the State of Maryland known as the County Commissioners of Dorchester
4 County, and the term "economic development project" means the cost of improvement,
5 rehabilitation, renovation, repair, and equipping of public school facilities in
6 Dorchester County, the cost of improvement to Woods Road, other economic
7 development projects, and any other costs or expenditures incurred by the County in
8 connection therewith.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
10 authorized to finance any part or all of the costs of the economic development project
11 described in Section 1 of this Act, and to borrow money and incur indebtedness for
12 that purpose, at one time or from time to time, in an amount not exceeding, in the
13 aggregate, \$3,000,000 and to evidence such borrowing by the issuance and sale upon
14 its full faith and credit of general obligation bonds in like ~~par~~ amount, which may be
15 issued at one time or from time to time, in one or more groups or series, as the County
16 may determine.

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

43 The County may enter into agreements with agents, banks, fiduciaries,
44 insurers, or others for the purpose of enhancing the marketability of any security for
45 the bonds and for the purpose of securing any tender option that may be granted to
46 holders of the bonds, all as may be determined and presented in the aforesaid

1 resolution, which may (but need not) state as security for the performance by the
2 County of any monetary obligations under such agreements the same security given
3 by the County to bondholders for the performance by the County of its monetary
4 obligations under the bonds.

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

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

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

22 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
23 sale of the bonds shall be used and applied exclusively and solely for the economic
24 development project in Dorchester County as described in Section 1 of this Act. If the
25 net proceeds of the sale of any issue of bonds exceeds the amount needed to finance
26 the economic development projects described in the resolution, the excess funds shall
27 be applied to the payment of the next principal maturity of the bonds or to the
28 redemption of any part of the bonds which have been made redeemable or to the
29 purchase and cancellation of bonds, as the County may determine to be in its best
30 interest, unless the County shall adopt a resolution allocating the excess funds to
31 other capital projects.

32 SECTION 5. AND BE IT FURTHER ENACTED, That the County shall have
33 and is hereby granted full and complete authority and discretion and is hereby
34 empowered to provide loans or grants, or any combination thereof, upon any terms
35 and conditions as may be required by the County, in its discretion, of any part or all of
36 the proceeds of the bonds to any person or entity for the sole and exclusive purpose of
37 financing any part or all of the costs of the economic development project described in
38 Section 1 of this Act.

39 SECTION 6. AND BE IT FURTHER ENACTED, That the bonds hereby
40 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
41 faith and credit and unlimited taxing power of the County to the payment of the
42 maturing principal of and interest on the bonds as and when they become payable. In
43 each and every fiscal year that any of the bonds are outstanding, the County shall

1 levy or cause to be levied ad valorem taxes upon all the assessable property within the
2 corporate limits of the County in rate and amount sufficient to provide for or assure
3 the payment, when due, of the principal of and interest on all the bonds maturing in
4 each such fiscal year and, in the event the proceeds from the taxes so levied in any
5 such fiscal year shall prove inadequate for such payment, additional taxes shall be
6 levied in the succeeding fiscal year to make up any such deficiency. The County may
7 apply to the payment of the principal of and interest on any bonds issued hereunder
8 any funds received by it from the State of Maryland, the United States of America,
9 any agency or instrumentality thereof, or from any other source, if such funds are
10 granted for the purpose of assisting the County in financing the economic
11 redevelopment project to the extent of any such funds received or receivable in any
12 fiscal year, the taxes that are required to be levied under this Act may be reduced
13 proportionately or need not be levied.

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

34 SECTION 8. AND BE IT FURTHER ENACTED, That the County may, prior to
35 the preparation of definitive bonds, issue interim certificates or temporary bonds,
36 ~~with or without coupons~~, exchangeable for definitive bonds when such bonds have
37 been executed and are available for such delivery, provided, however, that any such
38 interim certificates or temporary bonds shall be issued in all respects subject to the
39 restrictions and requirements set forth in this Act. The County may, by appropriate
40 resolution, provide for the replacement of any bonds issued hereunder which shall
41 have become mutilated or lost or destroyed upon such conditions and after receiving
42 such indemnity as the County may require.

43 SECTION 9. AND BE IT FURTHER ENACTED, That any and all obligations
44 issued under this Act, their transfer, the interest payable on them, and any income
45 derived from them from time to time (including any profit made in their sale) shall be

1 and are hereby declared to be at all times exempt from State, county, municipal, or
2 other taxation of every kind and nature whatsoever within the State of Maryland.

3 SECTION ~~9~~ 10. AND BE IT FURTHER ENACTED, That nothing in this Act
4 shall prevent the County from authorizing the issuance and sale of bonds:

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

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

9 SECTION ~~10~~ 11. AND BE IT FURTHER ENACTED, That the authority to
10 borrow money, to issue bonds, and to provide loans and grants of the same that is
11 conferred on the County by this Act shall be deemed to provide an additional and
12 alternative authority for borrowing, lending, and granting money and shall be
13 regarded as supplemental and additional to powers conferred upon the County by
14 other laws and shall not be regarded as in derogation of any power now existing; and
15 all Acts of the General Assembly of Maryland heretofore passed authorizing the
16 County to borrow money are hereby continued to the extent that the powers contained
17 in such Acts have not been exercised, and nothing contained in this Act may be
18 construed to impair, in any way, the validity of any bonds that may have been issued
19 by the County under the authority of any said Acts, and the validity of the bonds is
20 hereby ratified, confirmed, and approved. This Act, being necessary for the welfare of
21 the inhabitants of Dorchester County, shall be liberally construed to effect the
22 purposes hereof. All Acts and parts of Acts inconsistent with the provisions of this Act
23 are hereby repealed to the extent of such inconsistency.

24 SECTION ~~11~~ 12. AND BE IT FURTHER ENACTED, That this Act shall take
25 effect June 1, 2000.