
By: **Chairman, Appropriations Committee (Departmental - Transportation)**

Introduced and read first time: February 9, 2001

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Transportation - Special Bonds and Borrowings**

3 FOR the purpose of authorizing the Department of Transportation to issue certain
4 bonds and otherwise borrow funds to finance the cost of transportation facilities;
5 authorizing the Department to pledge and use existing and anticipated federal
6 funds to pay the principal of and interest on certain bonds; authorizing the
7 Department to borrow funds from the federal government and from a
8 nongovernment lender and to repay such loans and pledge to secure the
9 Department's obligations with revenues attributable to the transportation
10 facility being financed; establishing certain procedures for the issuance of
11 special transportation project revenue bonds; providing that the bonds shall be
12 investment securities under the laws of Maryland; exempting the bonds from
13 certain provisions of law; providing for approval of the bonds by the Board of
14 Public Works; authorizing the issuance of refunding bonds, interim certificates
15 or temporary bonds, and bond anticipation notes; authorizing the Department to
16 enter into a certain trust agreement with respect to the bonds; exempting the
17 bonds from taxation by the State of Maryland and its political subdivisions;
18 providing that the bonds may not be considered a debt or a pledge of the faith
19 and credit of the State, but shall be payable only from certain revenues; and
20 generally relating to the issuance of certain bonds and the borrowing of certain
21 funds by the Department of Transportation.

22 BY adding to

23 Article - Transportation

24 Section 3-601 through 3-607, inclusive, to be under the new subtitle "Subtitle 6.

25 Special Bonds and Borrowings"

26 Annotated Code of Maryland

27 (1993 Replacement Volume and 2000 Supplement)

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

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

1 **Article - Transportation**

2 SUBTITLE 6. SPECIAL BONDS AND BORROWINGS.

3 3-601.

4 (A) IN ORDER TO UTILIZE TO THE GREATEST EXTENT POSSIBLE THE
5 BENEFITS OF AVAILABLE FINANCIAL RESOURCES RELATING TO TRANSPORTATION
6 PURPOSES, INCLUDING FEDERAL GRANTS, LOANS, AND OTHER PROGRAMS, THE
7 DEPARTMENT FROM TIME TO TIME MAY ISSUE ITS BONDS AND OTHERWISE BORROW
8 FUNDS, AS PROVIDED IN THIS SUBTITLE, TO FINANCE THE COSTS OF
9 TRANSPORTATION FACILITIES.

10 (B) THE DEPARTMENT MAY APPLY FOR ANY FINANCIAL ASSISTANCE IN
11 SUPPORT OF PROJECTS DEEMED APPROPRIATE BY THE SECRETARY.

12 (C) THE DEPARTMENT MAY UNDERTAKE THE FOLLOWING ACTIONS AND DO
13 ALL THINGS NECESSARY AND APPROPRIATE CONSISTENT WITH SUCH ACTIONS TO
14 UTILIZE THE AVAILABLE RESOURCES SPECIFIED IN SUBSECTION (A) OF THIS
15 SECTION:

16 (1) PLEDGE AND USE EXISTING AND ANTICIPATED FEDERAL FUNDS
17 PAID TO OR EXPECTED TO BE PAID TO THE DEPARTMENT FOR TRANSPORTATION
18 PURPOSES FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE
19 DEPARTMENT'S BONDS OR OTHER DEBT OBLIGATIONS ISSUED UNDER THIS
20 SUBTITLE TO FINANCE THE COSTS OF TRANSPORTATION FACILITIES; AND

21 (2) (I) BORROW FUNDS FROM THE FEDERAL GOVERNMENT OR ITS
22 AGENCIES, AND EVIDENCE SUCH BORROWING WITH A PROMISSORY NOTE OR OTHER
23 EVIDENCE OF OBLIGATION;

24 (II) BORROW FUNDS FROM A NONGOVERNMENT LENDER IF THE
25 LOAN IS GUARANTEED BY THE FEDERAL GOVERNMENT OR ITS AGENCIES; AND

26 (III) 1. USE THE PROCEEDS OF THE LOANS DESCRIBED IN ITEMS
27 (I) AND (II) OF THIS PARAGRAPH IN CONNECTION WITH TRANSPORTATION FACILITIES
28 INCLUDING USE OF THE PROCEEDS TO PAY THE COSTS OF FINANCING
29 TRANSPORTATION FACILITIES, INCLUDING THE PAYMENT OF DEBT SERVICE ON THE
30 DEPARTMENT'S BONDS ISSUED IN CONNECTION WITH SUCH TRANSPORTATION
31 FACILITIES;

32 2. REPAY THE LOANS WITH REVENUES ATTRIBUTABLE TO
33 THE TRANSPORTATION FACILITIES BEING FINANCED; AND

34 3. PLEDGE REVENUES ATTRIBUTABLE TO THE
35 TRANSPORTATION FACILITIES BEING FINANCED IN ORDER TO SECURE THE
36 DEPARTMENT'S OBLIGATIONS TO THE FEDERAL GOVERNMENT OR ITS AGENCIES OR
37 A NONGOVERNMENT LENDER IN CONNECTION WITH THE LOANS.

1 3-602.

2 (A) BONDS ISSUED BY THE DEPARTMENT UNDER THIS SUBTITLE SHALL BE
3 KNOWN AS "SPECIAL TRANSPORTATION PROJECT REVENUE BONDS".

4 (B) A RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL
5 TRANSPORTATION PROJECT REVENUE BONDS SHALL:

6 (1) DESCRIBE GENERALLY THE TRANSPORTATION FACILITIES TO BE
7 FINANCED BY THE SALE OF BONDS;

8 (2) STATE THE ESTIMATED COST OF FINANCING THESE
9 TRANSPORTATION FACILITIES; AND

10 (3) WITH RESPECT TO THE BONDS, SPECIFY:

11 (I) THE DATE OF ISSUE;

12 (II) THE DATE OF EACH MATURITY, WHICH MAY NOT BE LATER
13 THAN 30 YEARS AFTER THE DATE OF ISSUE;

14 (III) THE AMOUNT OF EACH MATURITY, WHICH NEED NOT BE IN
15 EQUAL PRINCIPAL AMOUNTS OR CONSECUTIVE ANNUAL INSTALLMENTS;

16 (IV) THE RATE OF INTEREST PAYABLE ON THE BONDS, OR THE
17 MANNER OF DETERMINING THE RATE OF INTEREST, AND THE DATE OR DATES OF
18 PAYMENT OF INTEREST;

19 (V) THE TENOR, FORM, DENOMINATION, MANNER OF EXECUTION,
20 AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS,
21 WHICH MAY BE AT ANY BANK OR TRUST COMPANY WITHIN OR WITHOUT THE STATE;

22 (VI) WHETHER THE BONDS ARE TO BE ISSUED IN COUPON,
23 REGISTERED OR BOOK ENTRY FORM AND WHETHER PROVISION IS TO BE MADE FOR
24 THE REGISTRATION OF THE PRINCIPAL ONLY OF COUPON BONDS, FOR THE
25 RECONVERSION OF FULLY REGISTERED BONDS INTO COUPON FORM, AND FOR THE
26 REPLACEMENT OF BONDS THAT ARE MUTILATED, LOST, OR DESTROYED;

27 (VII) WHETHER THE BONDS ARE TO BE SOLD AT PUBLIC OR PRIVATE
28 SALE, AS DETERMINED BY THE SECRETARY;

29 (VIII) IF THE BONDS ARE TO BE SOLD AT PUBLIC SALE:

30 1. THE FORM OF NOTICE OF SALE, WHICH SHALL OUTLINE
31 THE TERMS AND CONDITIONS OF THE SALE; AND

32 2. THE FORM OF ADVERTISEMENT OF A SUMMARY NOTICE
33 OF SALE, WHICH SHALL BE PUBLISHED AT LEAST ONCE IN AN APPROPRIATE
34 NEWSPAPER OF GENERAL CIRCULATION AS DETERMINED BY THE SECRETARY;

1 (IX) WHETHER ALL OR ANY PART OF THE BONDS ARE REDEEMABLE
2 BEFORE MATURITY AND ANY TERMS, CONDITIONS, AND PRICES OF REDEMPTION;
3 AND

4 (X) ANY OTHER MATTER RELATING TO THE FORM, TERMS,
5 CONDITIONS, ISSUANCE, SALE, AND DELIVERY OF THE BONDS.

6 (C) (1) THE RESOLUTION MAY PROVIDE THAT THE SECRETARY MAY
7 POSTPONE THE TIME FOR RECEIPT OF PROPOSALS FOR THE BONDS WITHOUT
8 REPUBLISHING THE FORM OF ADVERTISEMENT FOR THE BONDS.

9 (2) (I) THE SECRETARY SHALL PROVIDE NOTICE OF THE NEW DATE
10 AND TIME OF SALE NOT LESS THAN 24 HOURS PRIOR TO THE TIME PROPOSALS ARE
11 TO BE SUBMITTED, WHICH DATE MAY NOT BE MORE THAN 30 DAYS AFTER THE
12 ORIGINALLY SCHEDULED DATE OF SALE.

13 (II) THE NOTICE MAY BE GIVEN BY TM3 NEWS SERVICE OR A
14 SIMILAR SERVICE OR ANY OTHER METHOD THAT THE SECRETARY DEEMS
15 APPROPRIATE.

16 (D) (1) SPECIAL TRANSPORTATION PROJECT REVENUE BONDS SHALL BE
17 EXECUTED ON BEHALF OF THE DEPARTMENT BY THE MANUAL OR FACSIMILE
18 SIGNATURE OF THE SECRETARY.

19 (2) OTHER SIGNATURES ON THE BONDS MAY BE EITHER MANUAL OR
20 FACSIMILE.

21 (3) IF AN INDIVIDUAL WHOSE MANUAL OR FACSIMILE SIGNATURE
22 APPEARS ON ANY BOND OR COUPON CEASES TO SERVE IN AN AUTHORIZED CAPACITY
23 BEFORE THE DELIVERY OF THE BOND, THE SIGNATURE NEVERTHELESS IS AS VALID
24 AND SUFFICIENT FOR ALL PURPOSES AS IF THE INDIVIDUAL HAD REMAINED IN
25 THAT CAPACITY UNTIL DELIVERY OF THE BOND.

26 (E) EACH ISSUE OF SPECIAL TRANSPORTATION PROJECT REVENUE BONDS
27 SHALL BE APPROVED BEFORE SALE BY RESOLUTION OF THE BOARD OF PUBLIC
28 WORKS.

29 3-603.

30 (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR ANY RECITALS IN
31 THE INSTRUMENTS, THE BONDS, NOTES, AND OTHER EVIDENCES OF OBLIGATION
32 ISSUED UNDER THIS SUBTITLE ARE INVESTMENT SECURITIES UNDER THE LAWS OF
33 THIS STATE.

34 (B) THE BONDS, NOTES, AND OTHER EVIDENCES OF OBLIGATION ISSUED
35 UNDER THIS SUBTITLE AND THEIR ISSUANCE AND SALE ARE EXEMPT FROM THE
36 PROVISIONS OF §§ 8-206 AND 8-208 OF THE STATE FINANCE AND PROCUREMENT
37 ARTICLE.

1 3-604.

2 (A) THE DEPARTMENT FROM TIME TO TIME MAY ISSUE ITS REFUNDING
3 BONDS FOR REFUNDING ANY SPECIAL TRANSPORTATION PROJECT REVENUE BONDS.

4 (B) THE POWERS GRANTED AND LIMITATIONS IMPOSED IN THIS SUBTITLE AS
5 TO THE ISSUANCE OF SPECIAL TRANSPORTATION PROJECT REVENUE BONDS ALSO
6 APPLY TO THE ISSUANCE OF REFUNDING BONDS.

7 (C) THE STATE TREASURER SHALL SEGREGATE THE PROCEEDS OF THE SALE
8 OF ANY REFUNDING BONDS IN A SEPARATE TRUST FUND TO BE USED ONLY TO PAY
9 THE PURCHASE OR REDEMPTION PRICES OF THE BONDS TO BE REFUNDED.

10 3-605.

11 (A) BEFORE THE PREPARATION OF DEFINITIVE BONDS, THE DEPARTMENT
12 MAY ISSUE ITS INTERIM CERTIFICATES OR TEMPORARY BONDS, WITH OR WITHOUT
13 COUPONS, EXCHANGEABLE FOR DEFINITIVE BONDS WHEN THE DEFINITIVE BONDS
14 HAVE BEEN EXECUTED AND ARE AVAILABLE FOR DELIVERY.

15 (B) THE DEPARTMENT MAY ISSUE ITS BOND ANTICIPATION NOTES, PAYABLE
16 TO THE BEARER OR REGISTERED HOLDER OF THE NOTES OUT OF THE FIRST
17 PROCEEDS OF THE NEXT SALE OF SPECIAL TRANSPORTATION PROJECT REVENUE
18 BONDS.

19 (C) THE RESOLUTION AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION
20 NOTES MAY PROVIDE FOR THE ISSUANCE OF THESE NOTES IN SERIES, AS FUNDS ARE
21 REQUIRED, AND FOR THE RENEWAL OF THESE NOTES AT MATURITY, WITH OR
22 WITHOUT RESALE.

23 (D) THE ISSUANCE OF BOND ANTICIPATION NOTES, THE DETAILS OF
24 ISSUANCE, THE RIGHTS OF THEIR HOLDERS, AND THE RIGHTS, DUTIES, AND
25 OBLIGATIONS OF THE DEPARTMENT WITH RESPECT TO THE BOND ANTICIPATION
26 NOTES ARE GOVERNED BY THE PROVISIONS OF THIS SUBTITLE RELATING TO THE
27 ISSUANCE OF THE BONDS IN ANTICIPATION OF THE SALE OF WHICH THE NOTES ARE
28 ISSUED.

29 3-606.

30 (A) (1) BONDS ISSUED UNDER THIS SUBTITLE MAY BE SECURED BY A TRUST
31 AGREEMENT BETWEEN THE DEPARTMENT AND A CORPORATE TRUSTEE, WHICH MAY
32 BE ANY TRUST COMPANY OR BANK HAVING TRUST POWERS WITHIN OR WITHOUT
33 THE STATE.

34 (2) THE TRUST AGREEMENT MAY PLEDGE OR ASSIGN ALL OR ANY PART
35 OF THE EXISTING AND ANTICIPATED FEDERAL FUNDS PAID TO OR EXPECTED TO BE
36 PAID TO THE DEPARTMENT FOR TRANSPORTATION PURPOSES.

37 (B) ANY TRUST AGREEMENT OR BOND AUTHORIZING RESOLUTION MAY:

1 (1) CONTAIN PROVISIONS FOR THE PROTECTION AND ENFORCEMENT
2 OF THE RIGHTS AND REMEDIES OF BONDHOLDERS AS ARE CONSIDERED
3 REASONABLE AND PROPER, INCLUDING COVENANTS SETTING FORTH THE DUTIES OF
4 THE DEPARTMENT AS TO THE FINANCING OR DEVELOPMENT OF ANY
5 TRANSPORTATION FACILITY, THE EXTENSION, ENLARGEMENT, IMPROVEMENT,
6 MAINTENANCE, OPERATION, REPAIR, AND INSURANCE OF THE TRANSPORTATION
7 FACILITY, AND THE CUSTODY, SAFEGUARDING, AND APPLICATION OF MONEY;

8 (2) PROVIDE FOR THE EMPLOYMENT OF CONSULTING ENGINEERS IN
9 CONNECTION WITH THE CONSTRUCTION OR OPERATION OF ANY TRANSPORTATION
10 FACILITY;

11 (3) SET FORTH THE RIGHTS AND REMEDIES OF THE BONDHOLDERS AND
12 OF THE TRUSTEE;

13 (4) RESTRICT THE INDIVIDUAL RIGHT OF ACTION BY BONDHOLDERS;
14 AND

15 (5) CONTAIN ANY OTHER PROVISIONS THAT THE DEPARTMENT
16 CONSIDERS REASONABLE AND PROPER FOR THE SECURITY OF THE BONDHOLDERS.

17 (C) ALL EXPENSES INCURRED IN CARRYING OUT THE TRUST AGREEMENT
18 MAY BE TREATED AS A PART OF THE COST OF THE OPERATION OF THE
19 TRANSPORTATION FACILITY IN CONNECTION WITH WHICH THE BONDS HAVE BEEN
20 ISSUED.

21 (D) THE PROCEEDS OF THE SALE OF BONDS SHALL BE PAID TO THE TRUSTEE
22 UNDER THE TRUST AGREEMENT SECURING THE BONDS AND SHALL BE DISBURSED
23 IN THE MANNER AND UNDER THE RESTRICTIONS, IF ANY, PROVIDED IN THE TRUST
24 AGREEMENT.

25 (E) ANY BANK OR TRUST COMPANY INCORPORATED UNDER THE LAWS OF
26 THIS STATE THAT ACTS AS DEPOSITARY OF THE PROCEEDS OF THE BONDS OR OF
27 REVENUES MAY FURNISH ANY INDEMNIFYING BONDS OR PLEDGE ANY SECURITIES
28 THAT THE DEPARTMENT REQUIRES.

29 3-607.

30 (A) THE BONDS, NOTES, AND OTHER EVIDENCES OF OBLIGATION ISSUED
31 UNDER THIS SUBTITLE, THEIR TRANSFER, THE INTEREST PAYABLE ON THEM, AND
32 ANY INCOME DERIVED FROM THEM, INCLUDING ANY PROFIT REALIZED IN THEIR
33 SALE OR EXCHANGE, SHALL BE EXEMPT FROM TAXATION BY THIS STATE OR BY ANY
34 OF ITS POLITICAL SUBDIVISIONS, MUNICIPAL CORPORATIONS, OR PUBLIC AGENCIES.

35 (B) THE BONDS, NOTES, AND OTHER EVIDENCES OF OBLIGATION ISSUED
36 UNDER THIS SUBTITLE ARE NOT AND MAY NOT BE CONSIDERED TO CONSTITUTE A
37 DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF MARYLAND, BUT
38 SHALL BE PAYABLE, AS TO BOTH PRINCIPAL AND INTEREST, ONLY FROM THE
39 PROCEEDS OF THE REVENUES PLEDGED OR MADE AVAILABLE UNDER THIS
40 SUBTITLE FOR THIS PURPOSE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2001.