

HOUSE BILL 1131

Unofficial Copy  
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2002 Regular Session  
2lr0567  
CF 2lr2665

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By: **Delegates James, Rudolph, Hecht, Riley, Glassman, Parrott, R. Baker,  
W. Baker, Bobo, Boutin, Bronrott, Cadden, Conway, D'Amato, DeCarlo,  
Franchot, Getty, Heller, Hubbard, Hubers, Kach, Kagan, Malone,  
Mandel, McHale, McKee, Pitkin, Stocksdale, and Turner**

Introduced and read first time: February 8, 2002  
Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Local Land Preservation Programs**

3 FOR the purpose of authorizing local governments to adopt local land preservation  
4 programs for certain purposes; providing for the funding of local land  
5 preservation programs in a certain manner; providing for the acquisition of  
6 certain interests in land in certain manners and under certain conditions;  
7 requiring the development and review of certain plans in connection with a local  
8 land preservation program; providing for the review of certain applications by  
9 the Department of Natural Resources and the approval of the applications by  
10 the Board of Public Works, subject to the availability of certain funding;  
11 requiring the Department of Natural Resources to adopt criteria, review certain  
12 programs and plans, and make certain support available to local jurisdictions  
13 that adopt local land preservation programs; providing for consultation and  
14 coordination among certain governmental units and other entities; making  
15 declarations of the General Assembly; defining certain terms; authorizing  
16 certain State funding of certain local land preservation programs under certain  
17 circumstances, subject to a certain contingency; requiring certain local  
18 governments to notify the Department of Natural Resources of certain actions;  
19 requiring the Department of Natural Resources to notify certain units that a  
20 certain contingency has been met; making this Act subject to a certain  
21 contingency; and generally relating to local land preservation programs and  
22 land conservation.

23 BY adding to  
24 Article - Natural Resources  
25 Section 5-9B-01 through 5-9B-06, inclusive, to be under the new subtitle  
26 "Subtitle 9B. Local Land Preservation Programs"  
27 Annotated Code of Maryland  
28 (2000 Replacement Volume and 2001 Supplement)

29 BY repealing and reenacting, with amendments,  
30 Article - Environment

1 Section 9-1605  
2 Annotated Code of Maryland  
3 (1996 Replacement Volume and 2001 Supplement)

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

6 **Article - Natural Resources**

7 **SUBTITLE 9B. LOCAL LAND PRESERVATION PROGRAMS.**

8 5-9B-01.

9 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
10 INDICATED.

11 (B) "APPLICATION" MEANS AN APPLICATION BY A LOCAL GOVERNMENT TO  
12 THE BOARD OF PUBLIC WORKS TO FUND THE PURCHASE OF AN INTEREST IN REAL  
13 PROPERTY UNDER A LOCAL LAND PRESERVATION PROGRAM.

14 (C) "PROGRAM" MEANS A LOCAL LAND PRESERVATION PROGRAM  
15 ESTABLISHED IN ACCORDANCE WITH THIS SUBTITLE.

16 (D) "SPONSOR" MEANS A LOCAL GOVERNMENT.

17 5-9B-02.

18 (A) THE GENERAL ASSEMBLY DECLARES THAT:

19 (1) SPRAWL DEVELOPMENT AND OTHER MODIFICATIONS TO THE  
20 LANDSCAPE IN MARYLAND CONTINUE AT AN ALARMING RATE, CONSUMING LAND  
21 RICH IN NATURAL RESOURCE, AGRICULTURAL, AND FORESTRY VALUE, ADVERSELY  
22 AFFECTING WATER QUALITY, WETLANDS AND HABITAT, THREATENING  
23 RESOURCE-BASED ECONOMIES AND CULTURAL ASSETS, AND RENDING THE FABRIC  
24 OF RURAL LIFE;

25 (2) PRESERVING VALUABLE OPEN SPACE IN ITS NATURAL,  
26 AGRICULTURAL, OR FORESTRY USE WILL HELP CONTAIN SPRAWL DEVELOPMENT,  
27 IMPROVE THE WATER QUALITY OF THE CHESAPEAKE BAY AND ITS TRIBUTARIES BY  
28 LIMITING POINT AND NONPOINT SOURCES OF POLLUTION, AND HELP MEET A GOAL  
29 OF THE CHESAPEAKE BAY AGREEMENT PERMANENTLY TO PROTECT 20% OF THE  
30 CHESAPEAKE BAY WATERSHED BY 2010;

31 (3) CURRENT STATE, COUNTY, AND LOCAL LAND CONSERVATION  
32 PROGRAMS HELP TO LIMIT THE EFFECT OF SPRAWL DEVELOPMENT BUT LACK  
33 SUFFICIENT FUNDING AND FOCUS TO PRESERVE KEY AREAS BEFORE ESCALATING  
34 LAND VALUES MAKE THEIR PROTECTION IMPOSSIBLE OR THE LAND IS LOST TO  
35 DEVELOPMENT; AND

1 (4) LOCAL GRANT PROGRAMS THAT LEVERAGE AVAILABLE FUNDING,  
2 FOCUS ON PRESERVATION OF STRATEGIC RESOURCES, INCLUDING THOSE  
3 RESOURCES THREATENED BY SPRAWL DEVELOPMENT, STREAMLINE REAL  
4 PROPERTY ACQUISITION PROCEDURES TO EXPEDITE LAND PRESERVATION, TAKE  
5 ADVANTAGE OF INNOVATIVE PRESERVATION TECHNIQUES SUCH AS TRANSFERABLE  
6 DEVELOPMENT RIGHTS AND THE PURCHASE OF DEVELOPMENT RIGHTS, AND  
7 PROMOTE A GREATER LEVEL OF NATURAL AND ENVIRONMENTAL RESOURCES  
8 PROTECTION THAN IS PROVIDED BY EXISTING EFFORTS, WILL ESTABLISH A LEGACY  
9 FOR FUTURE GENERATIONS.

10 (B) (1) A COUNTY OR MUNICIPAL CORPORATION MAY ADOPT A LOCAL LAND  
11 PRESERVATION PROGRAM TO ENHANCE NATURAL RESOURCE, AGRICULTURAL,  
12 FORESTRY, AND ENVIRONMENTAL PROTECTION AND PARK AND RECREATIONAL  
13 USES AS PROVIDED IN SUBSECTION (A) OF THIS SECTION WHILE MAINTAINING THE  
14 VIABILITY OF RESOURCE-BASED LAND USAGE AND PROPER MANAGEMENT OF  
15 TILLABLE AND WOODED AREAS THROUGH ACCEPTED AGRICULTURAL AND  
16 SILVICULTURAL PRACTICES FOR FARM PRODUCTION AND TIMBER HARVESTS.

17 (2) A PROGRAM SHALL PROVIDE FUNDS TO THE LOCAL GOVERNMENT  
18 UNITS TO PURCHASE INTERESTS IN REAL PROPERTY FROM WILLING SELLERS,  
19 INCLUDING EASEMENTS, TRANSFERABLE DEVELOPMENT RIGHTS, AND FEE  
20 ESTATES.

21 (3) A PROGRAM SHALL ENCOURAGE PARTNERSHIPS AMONG THE  
22 FEDERAL, STATE, AND LOCAL GOVERNMENTS, AND NONPROFIT LAND TRUST  
23 ORGANIZATIONS AND ENCOURAGE LOCAL LAND CONSERVATION INITIATIVES.

24 (4) EACH PROGRAM SHALL BE ADMINISTERED IN ACCORDANCE WITH  
25 LOCAL LAW ADOPTED UNDER THE AUTHORITY OF THIS SUBTITLE.

26 (C) (1) A PROGRAM SHALL BE FUNDED BY A CONTINUING, DEDICATED, AND  
27 CLEARLY IDENTIFIED LOCAL OR PRIVATE FUNDING SOURCE, NOT DERIVED FROM  
28 STATE FUNDS, THAT IS ADOPTED IN ACCORDANCE WITH STATE OR LOCAL LAW.  
29 FUNDING UNDER THE PROGRAM MAY NOT BE USED BY THE LOCAL GOVERNMENT TO  
30 SUPPLANT EXISTING OR PLANNED LOCAL FUNDS DEDICATED TO LAND  
31 PRESERVATION.

32 (2) SUBJECT TO AVAILABILITY OF FUNDS UNDER § 5-9B-05 OF THIS  
33 SUBTITLE, A PROGRAM SHALL ALSO BE ELIGIBLE FOR STATE FUNDING EACH YEAR  
34 THAT EQUALLY MATCHES LOCALLY PROVIDED FUNDING.

35 (3) COMMENCEMENT OF STATE FUNDING UNDER PARAGRAPH (2) OF  
36 THIS SUBSECTION IS ALSO SUBJECT TO THE ATTAINMENT OF A SPECIFIED NUMBER  
37 OF COUNTIES PARTICIPATING AND A SPECIFIED POPULATION OF PARTICIPATING  
38 COUNTIES.

39 (D) THE LOCAL GOVERNING BODY MAY ADOPT REGULATIONS TO IMPLEMENT  
40 A LOCAL LAND PRESERVATION PROGRAM UNDER THIS SUBTITLE, INCLUDING  
41 PROCEDURES FOR EXPEDITING ACQUISITIONS AND PURCHASING AND SELLING  
42 TRANSFERABLE DEVELOPMENT RIGHTS AND USING THE PROCEEDS RELATED TO

1 PURCHASING AND SELLING TRANSFERABLE DEVELOPMENT RIGHTS IN  
2 ACCORDANCE WITH LOCAL LAW.

3 (E) (1) THE LOCAL GOVERNING BODY SHALL ESTABLISH A METHOD  
4 ACCEPTABLE TO THE DEPARTMENT FOR APPRAISING THE VALUE OF CONSERVATION  
5 EASEMENTS ACQUIRED UNDER THIS SUBTITLE. THE LOCAL GOVERNING BODY  
6 SHALL USE THE METHOD USED BY THE COUNTY UNDER PROGRAM OPEN SPACE FOR  
7 APPRAISING FEE SIMPLE INTERESTS IN PROPERTY ACQUIRED UNDER THIS  
8 SUBTITLE.

9 (2) ANY METHOD FOR APPRAISAL ESTABLISHED BY A LOCAL  
10 GOVERNING BODY MAY NOT INCLUDE A VALUE FOR ANY RESOURCE USED OR  
11 RESERVED BY THE OWNER FOR PRIVATE ECONOMIC BENEFIT.

12 (F) A LOCAL GOVERNING BODY MAY ENTER INTO AGREEMENTS WITH OTHER  
13 GOVERNMENTAL UNITS, INCLUDING THE RURAL LEGACY BOARD, THE MARYLAND  
14 AGRICULTURAL LAND PRESERVATION FOUNDATION, AND THE MARYLAND  
15 ENVIRONMENTAL TRUST, FOR THE PURPOSE OF ESTABLISHING PARTNERSHIPS TO  
16 CARRY OUT A LOCAL LAND PRESERVATION PROGRAM.

17 5-9B-03.

18 (A) THE SPONSOR SHALL SUBMIT APPLICATIONS TO APPROPRIATE STATE  
19 AND LOCAL UNITS AND CONSIDER ANY RECOMMENDATIONS MADE REGARDING THE  
20 APPLICATIONS.

21 (B) AN EASEMENT ACQUIRED UNDER THIS SUBTITLE IS PERPETUAL AND MAY  
22 NOT BE EXTINGUISHED OR RELEASED.

23 (C) (1) IN A COUNTY WITH A LOCALLY ADOPTED TRANSFERABLE  
24 DEVELOPMENT RIGHTS PROGRAM AND WITH THE APPROVAL OF THE COUNTY,  
25 FUNDS UNDER A PROGRAM MAY BE USED TO PURCHASE TRANSFERABLE  
26 DEVELOPMENT RIGHTS IN THE COUNTY IN ACCORDANCE WITH THE LOCALLY  
27 ADOPTED TRANSFERABLE DEVELOPMENT RIGHTS PROGRAM.

28 (2) THE RIGHT TO RESELL THE DEVELOPMENT RIGHT, IF ANY, SHALL BE  
29 STATED IN THE INSTRUMENT OF PURCHASE.

30 (3) TRANSFERABLE DEVELOPMENT RIGHTS MAY BE RESOLD ONLY TO  
31 OWNERS OR OPTION PURCHASERS OF REAL PROPERTY LOCATED IN PRIORITY  
32 FUNDING AREAS, INCLUDING MUNICIPAL CORPORATIONS, WITHIN THE COUNTY IN  
33 WHICH THE RIGHTS WERE PURCHASED.

34 (D) ALL EASEMENT ACQUISITIONS MUST BE RECORDED AMONG THE LAND  
35 RECORDS WHERE THE REAL PROPERTY IS LOCATED.

36 5-9B-04.

37 (A) A SPONSOR THAT APPLIES FOR FUNDING TO IMPLEMENT A LOCAL LAND  
38 PRESERVATION PROGRAM UNDER THIS SUBTITLE SHALL:

1 (1) DEVELOP A PLAN TO GUIDE THE CONSERVATION OF PROPERTY IN  
2 THE JURISDICTION UNDER THE PROGRAM;

3 (2) ENSURE THAT EACH APPLICATION IS CONSISTENT WITH THE  
4 APPROVED LOCAL LAND PRESERVATION AND RECREATION PLAN FOR THE COUNTY,  
5 TO GUIDE THE ACQUISITION OF PROPERTY INTERESTS LISTED IN THE APPLICATION;  
6 AND

7 (3) SUBMIT THE APPLICATION, DESCRIPTION OF PROPERTIES AND  
8 EASEMENTS TO BE ACQUIRED, TOGETHER WITH A DESCRIPTION OF CONSISTENCY  
9 WITH THE PLAN TO THE DEPARTMENT OF NATURAL RESOURCES FOR REVIEW.

10 (B) A SPONSOR MAY SATISFY THE REQUIREMENTS OF SUBSECTION (A)(1) OF  
11 THIS SECTION WITH MATERIALS DEVELOPED UNDER OR IN CONJUNCTION WITH:

12 (1) THE COMPREHENSIVE PLAN FOR THE JURISDICTION REVIEWED AND  
13 REVISED UNDER ARTICLE 66B, § 1.03(B) OR § 4.09 OF THE CODE;

14 (2) THE LOCAL LAND PRESERVATION AND RECREATION PLAN UNDER §  
15 5-905 OF THIS TITLE;

16 (3) AN APPROVED LOCAL AGRICULTURAL LAND PRESERVATION  
17 PROGRAM UNDER § 2-512 OF THE AGRICULTURE ARTICLE, FOR THE MARYLAND  
18 AGRICULTURAL LAND PRESERVATION PROGRAM;

19 (4) AN APPROVED ANNUAL PROGRAM SUBMITTED BY THE SPONSOR  
20 UNDER PROGRAM OPEN SPACE;

21 (5) AN APPROVED RURAL LEGACY AREA AND GRANT AGREEMENT  
22 UNDER THE RURAL LEGACY PROGRAM UNDER SUBTITLE 9A OF THIS TITLE;

23 (6) THE GREENPRINT PROGRAM UNDER SUBTITLE 15A OF THIS TITLE;  
24 OR

25 (7) ANOTHER ACQUISITION PLAN PREPARED BY, JOINTLY FUNDED, OR  
26 ACCEPTED BY THE DEPARTMENT FOR THE PROTECTION OF LOCAL OR STATE LAND  
27 PRESERVATION OR RECREATIONAL GOALS.

28 5-9B-05.

29 (A) A SPONSOR MAY SUBMIT FUNDING REQUESTS FOR ACQUISITION OF  
30 PROPERTY UNDER ITS LOCAL LAND PRESERVATION PROGRAM TO THE DEPARTMENT  
31 OF NATURAL RESOURCES FOR EVALUATION AND SUBMISSION TO THE BOARD OF  
32 PUBLIC WORKS UNDER THIS SECTION.

33 (B) THE DEPARTMENT SHALL:

34 (1) REVIEW LOCAL PROGRAMS AND APPLICATIONS FOR FUNDING  
35 SUBMITTED BY SPONSORS FOR CONSISTENCY WITH THE LOCAL PLANS UNDER §  
36 5-9B-04(A) OF THIS SUBTITLE;

1 (2) SUBMIT APPLICATIONS REVIEWED UNDER PARAGRAPH (1) OF THIS  
2 SUBSECTION TO THE BOARD OF PUBLIC WORKS FOR FUNDING, ALONG WITH THE  
3 DEPARTMENT'S RECOMMENDATION ON THE APPLICATION; AND

4 (3) COORDINATE APPLICATIONS RECEIVED WITH AVAILABLE  
5 REMAINING FUNDING.

6 (C) (1) APPLICATIONS FOR FUNDING UNDER THIS SECTION IN A FISCAL  
7 YEAR SHALL BE RECEIVED AT A DATE DETERMINED BY THE DEPARTMENT AND  
8 REVIEWED USING CRITERIA ESTABLISHED BY THE DEPARTMENT UNDER §  
9 5-9B-06(A)(2) OF THIS SUBTITLE.

10 (2) APPLICATIONS RECOMMENDED FOR APPROVAL BY THE  
11 DEPARTMENT SHALL BE FORWARDED TO THE BOARD OF PUBLIC WORKS WITH A  
12 FAVORABLE RECOMMENDATION IN ACCORDANCE WITH THE CRITERIA.

13 (D) (1) THE BOARD OF PUBLIC WORKS SHALL APPROVE STATE FUNDING  
14 FOR QUALIFIED APPLICATIONS IN AN AMOUNT EQUAL TO THE FUNDING SUPPLIED  
15 BY THE LOCAL GOVERNMENT, TO THE EXTENT THAT UNEXPENDED STATE MONEYS  
16 ARE AVAILABLE FOR THAT FISCAL YEAR FROM:

17 (I) 80% OF THE INTEREST EARNED IN THE PRECEDING FISCAL  
18 YEAR BY THE MARYLAND WATER QUALITY REVOLVING LOAN FUND UNDER § 9-1605  
19 OF THE ENVIRONMENT ARTICLE; AND

20 (II) UP TO 15% OF ANY AVAILABLE SURPLUS IN THE STATE BUDGET  
21 FOR THE CURRENT FISCAL YEAR.

22 (2) AN APPLICATION THAT IS REJECTED DUE TO UNAVAILABILITY OF  
23 STATE FUNDS IN A GIVEN FISCAL YEAR MAY BE RENEWED BY THE LOCAL  
24 GOVERNMENT AT THE START OF THE NEXT FISCAL YEAR.

25 5-9B-06.

26 (A) THE DEPARTMENT OF NATURAL RESOURCES SHALL:

27 (1) PROVIDE TECHNICAL SUPPORT AND ASSISTANCE TO LOCAL  
28 GOVERNMENTS IN THE DEVELOPMENT OF LOCAL LAND PRESERVATION PROGRAMS,  
29 INCLUDING MAPPING, AND IDENTIFICATION OF SMALLER PARCELS THAT MAY BE  
30 AGGREGATED FOR PROTECTION UNDER LOCAL LAND PRESERVATION PROGRAMS;

31 (2) ADOPT CRITERIA FOR DISTRIBUTING AVAILABLE STATE FUNDING TO  
32 LOCAL LAND PRESERVATION PROGRAMS IN ACCORDANCE WITH THE PURPOSES OF  
33 THIS SUBTITLE;

34 (3) ASSIST SPONSORS TO COORDINATE LAND PRESERVATION EFFORTS  
35 IN THEIR REGIONS UNDER LOCAL LAND PRESERVATION AND RECREATION PLANS  
36 WITH RELATED EFFORTS UNDER PROGRAM OPEN SPACE, THE RURAL LEGACY  
37 PROGRAM, THE HERITAGE AREA PROGRAM, THE AGRICULTURAL LAND  
38 PRESERVATION PROGRAM, AND THE GREENPRINT PROGRAM; AND

1 (4) CONSULT WITH OTHER FEDERAL, STATE, AND LOCAL UNITS AND  
2 PRIVATE LAND TRUSTS IN ORDER TO FACILITATE CONSERVATION EFFORTS UNDER  
3 THIS SUBTITLE.

4 (B) THE PURPOSES OF THE CRITERIA ADOPTED UNDER SUBSECTION (A) OF  
5 THIS SECTION INCLUDE:

6 (1) PRESERVATION OF OPEN SPACE;

7 (2) CONTAINMENT OF SPRAWL DEVELOPMENT; AND

8 (3) IMPROVEMENT OF WATER QUALITY IN THE CHESAPEAKE BAY AND  
9 OTHER WATERSHEDS OF THE STATE.

10 (C) THE CRITERIA SHALL BE BASED ON:

11 (1) THE CURRENT POPULATION OF PARTICIPATING JURISDICTIONS AND  
12 ADJACENT AREAS;

13 (2) PROJECTED POPULATION GROWTH IN THOSE AREAS;

14 (3) THE SENSITIVITY OF SURFACE AND GROUND WATERS IN AND  
15 DERIVED FROM THOSE AREAS TO DEGRADATION FROM POINT AND NONPOINT  
16 SOURCE POLLUTION; AND

17 (4) GIVING HIGHER PRIORITY TO APPLICATIONS FOR THE PROTECTION  
18 OF LANDS AND LAND USES THAT PROVIDE THE HIGHEST LEVEL OF PROTECTION FOR  
19 WATER QUALITY.

20 (D) THE CRITERIA SHALL BE USED AT THE START OF EACH FISCAL YEAR TO  
21 ALLOCATE FUNDING AVAILABLE TO LOCAL PROGRAMS IN PARTICIPATING LOCAL  
22 GOVERNMENTS IN ORDER TO PROVIDE FOR APPROPRIATE AND TIMELY  
23 DELIBERATION AND REVIEW OF ELIGIBLE PROPOSALS FOR ACQUISITION BY EACH  
24 PARTICIPATING LOCAL GOVERNMENT.

25 (E) THE DEPARTMENT MAY INITIALLY ESTABLISH ALLOCATIONS OF  
26 AVAILABLE FUNDING BASED ON THE FUNDING THAT IS MADE AVAILABLE TO EACH  
27 PARTICIPATING LOCAL GOVERNMENT UNDER PROGRAM OPEN SPACE IN THE SAME  
28 PROPORTION THAT THE LOCAL GOVERNMENT RECEIVES PROGRAM OPEN SPACE  
29 FUNDING IN RELATION TO THE PROGRAM OPEN SPACE ALLOCATIONS OF ALL  
30 PARTICIPATING LOCAL GOVERNMENTS.

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
32 read as follows:

1

**Article - Environment**

2 9-1605.

3 (a) (1) There is a Maryland Water Quality Revolving Loan Fund. The Water  
4 Quality Fund shall be maintained and administered by the Administration in  
5 accordance with the provisions of this subtitle and such rules or program directives as  
6 the Secretary or the Board may from time to time prescribe.

7 (2) The Water Quality Fund is a special, continuing, nonlapsing fund  
8 which is not subject to § 7-302 of the State Finance and Procurement Article and  
9 which shall be available in perpetuity for the purpose of providing financial  
10 assistance in accordance with the provisions of this subtitle and Title VI of the  
11 Federal Water Pollution Control Act.

12 (3) Subject to the provisions of any applicable bond resolution regarding  
13 the holding or application of amounts in the Water Quality Fund, the Treasurer shall  
14 separately hold, and the Comptroller shall account for, the Water Quality Fund.

15 (4) (i) Except as provided in subparagraph (ii) of this paragraph, and  
16 subject to the provisions of any applicable bond resolution governing the investment  
17 of amounts in the Water Quality Fund, the Water Quality Fund shall be invested and  
18 reinvested in the same manner as other State funds.

19 (ii) The Administration, in cooperation with the Treasurer, may  
20 establish a linked deposit program to carry out the purposes of this subtitle and Title  
21 VI of the Federal Water Pollution Control Act.

22 (5) [Any] SUBJECT TO PARAGRAPH (6) OF THIS SUBSECTION, ANY  
23 investment earnings shall be retained to the credit of the Water Quality Fund.

24 (6) THE BOARD OF PUBLIC WORKS MAY APPROVE PAYMENT OF MONEYS  
25 TO MATCH LOCAL FUNDING OF PROPERTY ACQUISITION BY LOCAL LAND  
26 PRESERVATION PROGRAMS FROM THE INVESTMENT EARNINGS OF THE WATER  
27 QUALITY FUND IN ACCORDANCE WITH § 5-9B-05 OF THE NATURAL RESOURCES  
28 ARTICLE.

29 (7) The Water Quality Fund shall be subject to biennial audit by the  
30 Office of Legislative Audits as provided for in § 2-1220 of the State Government  
31 Article.

32 (b) There shall be deposited in the Water Quality Fund:

33 (1) Federal capitalization grants and awards or other federal assistance  
34 received by the State pursuant to Title VI of the Federal Water Pollution Control Act  
35 and any funds transferred to the Water Quality Fund pursuant to § 302 of the federal  
36 Safe Drinking Water Act;

37 (2) Funds appropriated by the General Assembly for deposit to the Water  
38 Quality Fund;



1           (3)     Payments received from any borrower in repayment of a loan,  
2 including amounts withheld by the State Comptroller and paid to the Administration  
3 pursuant to a pledge made by a borrower under § 9-1606(d) of this article or § 7-222  
4 of the State Finance and Procurement Article;

5           (4)     Net proceeds of bonds issued by the Administration;

6           (5)     Interest or other income earned on the investment of moneys in the  
7 Water Quality Fund; and

8           (6)     Any additional moneys made available from any sources, public or  
9 private, for the purposes for which the Water Quality Fund has been established.

10       (c)     The Administration may from time to time establish accounts and  
11 subaccounts within the Water Quality Fund as may be deemed desirable to effectuate  
12 the purposes of this subtitle, to comply with the provisions of any bond resolution, or  
13 to meet any requirement of the Federal Water Pollution Control Act or rules or  
14 program directives established by the Secretary or the Board. Such accounts and  
15 subaccounts may include:

16           (1)     A federal receipts account;

17           (2)     A State receipts account;

18           (3)     A management and administration expense account;

19           (4)     A bond proceeds account;

20           (5)     An account to segregate a portion or portions of the revenues or  
21 corpus of the Water Quality Fund as security for bonds of the Administration;

22           (6)     A loan repayment account; and

23           (7)     An investment earnings account.

24       (d)     Amounts in the Water Quality Fund may be used only:

25           (1)     To make loans, on the condition that:

26                   (i)     The loans are made at or below market interest rates, including  
27 interest free loans, at terms not to exceed 20 years;

28                   (ii)    Annual principal and interest payments will commence not  
29 later than 1 year after completion of any wastewater facility and all loans will be fully  
30 amortized not later than 20 years after project completion;

31                   (iii)   The local government borrower will establish a dedicated source  
32 of revenue for repayment of loans;

1 (iv) In the case of a wastewater facility owned by a borrower other  
2 than a local government, the borrower will provide adequate security for repayment  
3 of loans; and

4 (v) The Water Quality Fund will be credited with all payments of  
5 principal and interest on all loans;

6 (2) To buy or refinance debt obligations of local governments at or below  
7 market rates, if such debt obligations were incurred after March 7, 1985;

8 (3) To guarantee, or purchase insurance for, bonds, notes, or other  
9 evidences of obligation issued by a local government for the purpose of financing all or  
10 a portion of the cost of a wastewater facility, if such action would improve credit  
11 market access or reduce interest rates;

12 (4) As a source of revenue or security for the payment of principal and  
13 interest on bonds issued by the Administration if the proceeds of the sale of such  
14 bonds will be deposited in the Water Quality Fund;

15 (5) To earn interest on Water Quality Fund accounts;

16 (6) To establish a linked deposit program to promote loans for controlling  
17 nonpoint sources of pollution and protecting the quality of the waters of the State;

18 (7) For the reasonable costs of administering the Water Quality Fund  
19 and conducting activities under Title VI of the Federal Water Pollution Control Act;  
20 [and]

21 (8) ONLY WITH RESPECT TO A PORTION OF THE INVESTMENT EARNINGS  
22 OF THE WATER QUALITY FUND, TO MATCH LOCAL FUNDING OF PROPERTY  
23 ACQUISITION THROUGH LOCAL LAND PRESERVATION PROGRAMS UNDER TITLE 5,  
24 SUBTITLE 9B OF THE NATURAL RESOURCES ARTICLE FOR THE PRESERVATION OF  
25 OPEN SPACE AND LAND FROM DEVELOPMENT THAT MAY HAVE AN ADVERSE EFFECT  
26 ON SURFACE OR GROUND WATERS OF THE STATE; AND

27 [(8)] (9) For any other purpose authorized by Title VI of the Federal  
28 Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act.

29 (e) The costs of administering the Water Quality Fund shall be paid from  
30 federal capitalization grants and awards, from bond sale proceeds, and from amounts  
31 received from borrowers pursuant to loan agreements, and not from any State  
32 moneys appropriated to the Fund, except general funds of the State used to match  
33 federal capitalization grants and awards to the Water Quality Fund.

34 SECTION 3. AND BE IT FURTHER ENACTED, That each jurisdiction that  
35 establishes a local land preservation program under this Act shall notify the  
36 Comptroller and the Departments of Natural Resources, the Environment, and  
37 Legislative Services of the establishment, and of the current population of the  
38 jurisdiction. The Department of Natural Resources shall notify the Comptroller and  
39 the Departments of the Environment and Legislative Services when at least three

1 counties have adopted local land preservation programs under Section 1 of this Act  
2 and the cumulative population of jurisdictions that have adopted local land  
3 preservation programs under Section 1 of this Act is at least 750,000.

4 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
5 take effect on the later of July 1, 2004 or the date that the Department of Natural  
6 Resources notifies the Comptroller and the Departments of the Environment and  
7 Legislative Services that at least three counties have established local land  
8 preservation programs under this Act and that the cumulative population of  
9 jurisdictions that have adopted local land preservation programs under this Act is at  
10 least 750,000, without further action required by the General Assembly. If the  
11 requirements for the minimum number of counties and population for availability of  
12 State funding under this section and Section 3 have been met, and Section 2 of this  
13 Act takes effect, funding under Section 2 of this Act may continue thereafter  
14 notwithstanding any subsequent change in the number of participating counties or  
15 level of population.

16 SECTION 5. AND BE IT FURTHER ENACTED, That this Act may not take  
17 effect until the State receives appropriate authorization from the United States  
18 Environmental Protection Agency to use funding derived from interest on the  
19 Maryland Water Quality Revolving Loan Fund to match local funding for local land  
20 preservation programs under this Act; that on or before December 31, 2002, the  
21 Governor shall petition the Environmental Protection Agency for that authorization  
22 under federal law; and that if the Environmental Protection Agency does not provide  
23 appropriate authorization for the matching of local funding for local land preservation  
24 programs under this Act on or before December 31, 2003, this Act shall be null and  
25 void without the necessity of further action by the General Assembly.

26 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in  
27 Sections 3, 4, and 5 of this Act, this Act shall take effect October 1, 2002.