

SENATE BILL 700

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2004 Regular Session
4r2632
CF 4r1107

By: **Senators Brinkley and Mooney**
Introduced and read first time: February 6, 2004
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 9, 2004

CHAPTER _____

1 AN ACT concerning

2 **Frederick County - Borrowing Powers - Employee Health Care Benefits**

3 FOR the purpose of authorizing the County Commissioners of Frederick County to
4 fund the costs of employee health care benefits as provided in a contract that
5 requires the County Commissioners to make payments in a certain manner,
6 borrow money for certain purposes, pay interest, and enter into certain contracts
7 or agreements; providing that the contract terminates on or before a certain
8 date; specifying that the County Commissioners may only exercise the powers
9 granted in this Act if certain money is available, has been appropriated, and
10 may be used to fund employee health care benefits; specifying that the County
11 Commissioners may only exercise the powers granted in this Act if the contract
12 contains certain provisions; and generally relating to Frederick County, its
13 borrowing powers, and employee health care benefits.

14 BY adding to
15 The Public Local Laws of Frederick County
16 Section 2-7-12
17 Article 11 - Public Local Laws of Maryland
18 (1979 Edition and 2002 Supplement, as amended)

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

1 **Article 11 - Frederick County**

2 2-7-12.

3 (A) IN THE EXERCISE OF THEIR BORROWING POWERS, THE COUNTY
4 COMMISSIONERS MAY:5 (1) FUND THE COSTS OF EMPLOYEE HEALTH CARE BENEFITS,
6 PURSUANT TO A MULTIYEAR CONTRACT THAT TERMINATES ON OR BEFORE JUNE 30,
7 ~~2004~~ 2014, AND THAT REQUIRES THE COUNTY COMMISSIONERS TO MAKE PAYMENTS
8 IN 2 OR MORE FISCAL YEARS;9 (2) BORROW OR PLEDGE MONEY FROM ANY SOURCE FOR ANY PURPOSE
10 RELATING TO THE PROVISION OF EMPLOYEE HEALTH CARE BENEFITS;11 (3) PAY INTEREST AS PART OF ANY PAYMENTS, IN ACCORDANCE WITH
12 THE TERMS OF THE CONTRACT;13 (4) ENTER INTO CONTRACTS OR AGREEMENTS OF ANY KIND AND
14 EXECUTE ALL INSTRUMENTS NECESSARY AND CONVENIENT TO CARRY OUT THE
15 POWERS GRANTED IN THIS SECTION, INCLUDING TRUST INDENTURES, CONDITIONAL
16 FUNDING AGREEMENTS, OR OTHER PAYMENT AGREEMENTS; AND17 (5) CONTRACT WITH OR ENGAGE THE SERVICES OF ANY PERSON FOR
18 ANY FINANCING, INCLUDING UNDERWRITERS, PLACEMENT AGENTS, FINANCIAL
19 INSTITUTIONS, ISSUERS OF LETTERS OF CREDIT OR INSURERS, ISSUERS OF
20 CERTIFICATES OF PARTICIPATION, HEALTH INSURERS, OR HEALTH CARE
21 PROVIDERS.22 (B) (1) THE COUNTY COMMISSIONERS MAY ONLY EXERCISE THE POWERS
23 GRANTED IN SUBSECTION (A) OF THIS SECTION IF:24 (I) MONEY SUFFICIENT TO PAY ALL AMOUNTS DUE UNDER THE
25 CONTRACT DURING THE FIRST FISCAL YEAR THE CONTRACT IS EFFECTIVE:

26 1. IS OR WILL BE AVAILABLE;

27 2. HAS BEEN APPROPRIATED; AND

28 3. MAY BE USED AS PROVIDED IN SUBSECTION (A) OF THIS
29 SECTION;30 (II) THE CONTRACT INCLUDES A PROVISION THAT AUTHORIZES
31 THE COUNTY COMMISSIONERS TO TERMINATE THE CONTRACT IF ENOUGH MONEY
32 TO PAY ALL AMOUNTS DUE UNDER THE CONTRACT IN A FISCAL YEAR ARE NOT
33 APPROPRIATED IN THE FISCAL YEAR;34 (III) THE CONTRACT PROVIDES THAT, ABSENT A DEFAULT IN
35 PAYMENT BY THE COUNTY, AN OBLIGATION TO PAY AMOUNTS DUE UNDER THE

1 CONTRACT IS LIMITED TO MONEY APPROPRIATED TO PAY THE CONTRACT FOR THE
2 FISCAL YEAR; AND

3 (IV) THE CONTRACT PROVIDES THAT, IF THE COUNTY DEFAULTS IN
4 PAYMENT, AN OBLIGATION TO PAY AMOUNTS DUE UNDER THE CONTRACT IS
5 LIMITED TO MONEY APPROPRIATED TO PAY THE CONTRACT FOR THE FISCAL YEAR
6 AND OTHER FUNDS LEGALLY AVAILABLE FOR PAYMENT OF THE CONTRACT.

7 (2) THE CONTRACT MAY PROVIDE THAT A TERMINATION OF A
8 CONTRACT IS NOT ENFORCEABLE IF THE COUNTY ENTERS INTO ANOTHER
9 CONTRACT FOR THE SAME OR SUBSTANTIALLY SIMILAR EMPLOYEE HEALTH CARE
10 BENEFITS WITH ANOTHER PARTY WITHIN A PERIOD OF TIME AFTER TERMINATION,
11 AS SPECIFIED IN THE CONTRACT.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2004.