
By: **St. Mary's County Delegation**

Introduced and read first time: January 19, 2005

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 24, 2005

CHAPTER _____

1 AN ACT concerning

2 **St. Mary's County - Agricultural Land Preservation Program - General**
 3 **Obligation Installment Purchase Agreements**

4 FOR the purpose of authorizing and empowering the County Commissioners of St.
 5 Mary's County, from time to time, to enter into installment purchase
 6 agreements for an aggregate purchase price of not more than \$20,000,000, plus
 7 interest thereon, to acquire under certain criteria ~~transfer~~ development rights in
 8 tracts or parcels of agricultural and forestry land located in St. Mary's County,
 9 Maryland as part of the County's Agricultural Land Preservation Program;
 10 empowering the County to fix and determine under certain criteria, by
 11 resolution, the tracts or parcels of land the ~~transfer~~ development rights of which
 12 are to be acquired and the form, content, terms and conditions of each
 13 installment purchase agreement, including, without limitation, the purchase
 14 price payable thereunder, the maturity date of the installment purchase
 15 agreement, the interest rate and the schedule of payments of the purchase price
 16 (or the method of determining such interest rate and payment schedule) and all
 17 other details incident to the acquisition of the development rights and the
 18 installment purchase agreements; providing that the County's obligation to
 19 make payments of the purchase price under the installment purchase
 20 agreements and to pay interest thereon shall be a general obligation of the
 21 County made upon its full faith and credit; empowering and directing the
 22 County to levy, impose, and collect, annually, ad valorem taxes in rate and
 23 amount sufficient to provide funds for the payment of the maturing purchase
 24 price of and interest on the installment purchase agreements; exempting the
 25 installment purchase agreements and the interest thereon and any income
 26 derived therefrom from all State, county, municipal, and other taxation in the
 27 State of Maryland; authorizing and empowering the County to purchase and set
 28 aside in a segregated fund or account U.S. Treasury STRIPs or other

1 investments allowed under certain provisions of the law and the investment
2 guidelines of St. Mary's County to pay the balance of the purchase price of the
3 installment purchase agreements payable on their maturity dates; exempting
4 certain agreements and other evidences of indebtedness from certain St. Mary's
5 County debt limits; and generally relating to the County's entering into
6 installment purchase agreements to acquire ~~transfer~~ development rights in
7 agricultural and forestry lands in St. Mary's County.

8 BY repealing and reenacting, with amendments,
9 The Public Local Laws of St. Mary's County
10 Section 27-11
11 Article 19 - Public Local Laws of Maryland
12 (2002 Edition, as amended)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That, as used herein, the term "County" means the body politic and
15 corporate of the State of Maryland known as the County Commissioners of St. Mary's
16 County; and the term "Installment Purchase Agreement" means an agreement
17 pursuant to which the County will acquire ~~transfer~~ development rights in one or more
18 tracts or parcels of agricultural or forestry land located in St. Mary's County,
19 Maryland from the owners thereof, will pay the purchase price ~~for that land~~ either in
20 installments or at the maturity of the Installment Purchase Agreement and will pay
21 interest on the unpaid balance of that purchase price.

22 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
23 authorized and empowered to enter into Installment Purchase Agreements for an
24 aggregate purchase price of not more than \$20,000,000, plus interest thereon, to
25 acquire ~~transfer~~ development rights in tracts or parcels of agricultural and forestry
26 land located in St. Mary's County, Maryland as part of the County's Agricultural Land
27 Preservation Program. The County's obligation to make payments of the purchase
28 price under each Installment Purchase Agreement and to pay interest on the unpaid
29 balance of the purchase price under each Installment Purchase Agreement shall be a
30 general obligation of the County and shall be made upon its full faith and credit, and
31 shall be evidenced by the Installment Purchase Agreement.

32 SECTION 3. AND BE IT FURTHER ENACTED, That the County shall select
33 the tracts or parcels of agricultural or forestry land for which ~~transfer~~ development
34 rights are to be acquired and shall negotiate the purchase price for such ~~transfer~~
35 development rights and all other terms and conditions of the Installment Purchase
36 Agreement with the owner or owners of such property, all in accordance with the
37 County's Agricultural Land Preservation Program as in effect from time to time. ~~In~~
38 ~~selecting the tracts or parcels of agricultural or forestry land for purposes of acquiring~~
39 ~~transfer development rights, the County shall to the extent possible select~~
40 ~~agricultural or forestry land equitably among the County election districts that are~~
41 ~~set by the County Commissioners.~~

42 SECTION 4. AND BE IT FURTHER ENACTED, That each Installment
43 Purchase Agreement shall be entered into in accordance with a resolution of the

1 County, which shall provide for the acquisition of the ~~transfer~~ development rights in
2 one or more specified particular tracts or parcels of agricultural or forestry land
3 located in St. Mary's County, Maryland which is to be the subject of the Installment
4 Purchase Agreement. ~~In acquiring the transfer development rights in tracts or parcels~~
5 ~~of agricultural or forestry land located in the County, the County shall to the extent~~
6 ~~possible acquire agricultural or forestry land equitably among the County election~~
7 ~~districts that are set by the County Commissioners.~~ The County shall have and is
8 hereby granted full and complete authority and discretion in the resolution to specify
9 the tracts or parcels of agricultural or forestry land the ~~transfer~~ development rights of
10 which are to be acquired and to provide and approve the form, tenor and content of
11 the Installment Purchase Agreement described in the resolution, including, without
12 limitation, (a) the designation, (b) the date, (c) the purchase price thereunder (or the
13 maximum purchase price and the method of determining the final purchase price
14 subject to such limitation), (d) the maturity date of the Installment Purchase
15 Agreement (not exceeding 30 years from the date of execution and delivery of the
16 Installment Purchase Agreement) on which the final balance of the purchase price is
17 payable, (e) whether any portion of the purchase price will be payable prior to the
18 maturity date of the Installment Purchase Agreement, and, if so, the dates of
19 payments of any installments of the purchase price and the amounts of such
20 installments (or the methods or formula for determining such installment dates and
21 amounts), (f) the interest rate per annum (or the method of determining such rate)
22 payable on the Installment Purchase Agreement from time to time and the dates for
23 payment of such interest, (g) the terms and conditions, if any, under which the
24 Installment Purchase Agreement may or shall be redeemed prior to its maturity date,
25 (h) provisions relating to the registration and transfer of the Installment Purchase
26 Agreement, (i) the required signatures on the Installment Purchase Agreement and
27 all related documents, (j) the appointment of a paying agent and registrar for the
28 Installment Purchase Agreement, which may be the Director of Administration and
29 Finance of the County, any other employee of the County, any department of the
30 County government or any bank or trust company within or without the State of
31 Maryland having corporate trust powers, (k) covenants relating to compliance with
32 applicable requirements of federal income tax law, including (without limitation)
33 covenants regarding the payment of rebate or penalties in lieu of rebate, and (l)
34 generally all matters incident to the acquisition of the transfer development rights
35 and the terms, conditions, execution and delivery of the Installment Purchase
36 Agreement.

37 Each Installment Purchase Agreement may be made redeemable before
38 maturity, at the option of the County, at such price or prices and under such terms
39 and conditions as may be fixed by the County prior to the execution and delivery of
40 the Installment Purchase Agreement. The Installment Purchase Agreement shall be
41 in registered form. In case any officer whose signature appears on any bond or on any
42 coupon attached thereto ceases to be such officer before the delivery thereof, such
43 signature shall nevertheless be valid and sufficient for all purposes as if he or she had
44 remained in office until such delivery. Any Installment Purchase Agreements entered
45 into from time to time under the authority of this Act shall be specifically exempt
46 from the provisions of Article 31, §§ 9, 10, and 11 of the Annotated Code of Maryland.

1 SECTION 5. AND BE IT FURTHER ENACTED, That the Installment Purchase
2 Agreements hereby authorized shall constitute, and they shall be so recite, an
3 irrevocable pledge of the full faith and credit and unlimited taxing power of the
4 County to the payment of the maturing purchase price under the Installment
5 Purchase Agreements and the interest on the unpaid balance of that purchase price
6 as and when they become payable. In each and every year until all of the purchase
7 price payable under the Installment Purchase Agreements and the interest thereon
8 are paid in full, the County shall levy or cause to be levied ad valorem taxes on all the
9 assessable property within the corporate limits of the County in rate and amount
10 sufficient, together with any recordation tax revenues designated for such payments
11 and other available funds, to provide for or assure the payment, when due, of the
12 purchase price of all outstanding Installment Purchase Agreements and the interest
13 thereon maturing in each such fiscal year and, in the event the proceeds from the
14 taxes so levied in any such fiscal year shall prove inadequate for such payment,
15 additional taxes shall be levied in the succeeding fiscal year to make up any such
16 deficiency. The County may apply to the payment of the purchase price of the
17 outstanding Installment Purchase Agreements and interest payable thereon any
18 funds received by it from the State of Maryland, the United States of America, or any
19 agency or instrumentality thereof, or from any other source, if such funds are granted
20 for the purpose of assisting the County in financing the acquisition of ~~transfer~~
21 development rights in agricultural or forestry land located in St. Mary's County,
22 Maryland and to the extent of any such funds received or receivable in any fiscal year,
23 the taxes that are required to be levied may be reduced accordingly.

24 SECTION 6. AND BE IT FURTHER ENACTED, That the County is authorized
25 and empowered to purchase and set aside in a segregated fund or account U.S.
26 Treasury STRIPs or other obligations allowed under Article 95, §§ 22, 22F, and 22G of
27 the Annotated Code of Maryland (or any successor provision of law) and the County's
28 guidelines, as in effect from time to time. It is intended that investments in that
29 segregated fund or account will be applied to the payment of the balance of the
30 purchase price of the Installment Purchase Agreements on their respective maturity
31 dates; but the investments shall not be pledged to the payment of the purchase price
32 of any of the Installment Purchase Agreements or the interest thereon, and no person
33 other than the County shall have any interest therein.

34 SECTION 7. AND BE IT FURTHER ENACTED, That any and all Installment
35 Purchase Agreements entered into by the County pursuant to the authority of this
36 Act, their transfer, the interest payable thereon, and any income derived therefrom in
37 the hands of the registered owners thereof from time to time (including any profit
38 made in the sale thereof) shall be and are hereby declared to be at all times exempt
39 from State, county, municipal, or other taxation of every kind and nature whatsoever
40 within the State of Maryland.

41 SECTION 8. AND BE IT FURTHER ENACTED, That the authority conferred
42 on the County by this Act to enter into Installment Purchase Agreements and create
43 debt of the County shall be deemed to provide an additional and alternative authority
44 for borrowing money and creating debt and shall be regarded as supplemental and
45 additional to powers conferred on the County by other laws and shall not be regarded
46 as in derogation of any power now existing; and all Acts of the General Assembly of

1 Maryland heretofore passed authorizing the County to borrow money and incur debt
2 are hereby continued to the extent that the powers contained in those prior Acts have
3 not been exercised, and nothing contained in this Act may be construed to impair, in
4 any way, the validity of any bonds or other obligations that may have been entered
5 into by the County under the authority of any of said Acts, and the validity of the
6 bonds or other obligations is hereby ratified, confirmed, and approved. This Act, being
7 necessary for the welfare of the inhabitants of St. Mary's County, shall be liberally
8 construed to effect the purposes hereof. All Acts and parts of Acts inconsistent with
9 the provisions of this Act are hereby repealed to the extent of such inconsistency.

10 SECTION 9. AND BE IT FURTHER ENACTED, That the Laws of Maryland
11 read as follows:

12 **Article 19 - St. Mary's County**

13 27-11.

14 A. Unless and until otherwise provided by ordinance of the County
15 Commissioners within the limitations provided by public general law, the aggregate
16 amount of bonds and other evidences of indebtedness outstanding at any time may
17 not exceed five (5) percent upon the assessable basis of the county. However, tax
18 anticipation notes or other evidences of indebtedness having a maturity not in excess
19 of twelve (12) months, bonds or other evidences of indebtedness issued or guaranteed
20 by the county, payable primarily or exclusively from taxes levied in or on or other
21 revenues of special taxing areas or districts heretofore or hereafter established by
22 law, [and] bonds or other evidences of indebtedness issued for self-liquidating and
23 other projects payable primarily or exclusively from the proceeds of assessments or
24 charges for special benefits or services, AND AGREEMENTS OR OTHER EVIDENCES OF
25 INDEBTEDNESS EXECUTED OR GUARANTEED BY THE COUNTY, PAYABLE PRIMARILY
26 OR EXCLUSIVELY FROM INVESTMENT INSTRUMENTS PURCHASED BY THE COUNTY,
27 THAT ARE GUARANTEED TO YIELD PROCEEDS EQUAL TO OR EXCEEDING THE
28 AMOUNT OF THE COUNTY'S INDEBTEDNESS, are not subject to or to be included as
29 bonds or evidences of indebtedness in computing or applying the percent limitations
30 above provided.

31 SECTION 9- 10. AND BE IT FURTHER ENACTED, That this Act shall take
32 effect June 1, 2005.