
By: **Chairman, Budget and Taxation Committee (By Request -
Departmental - Transportation)**

Introduced and read first time: January 17, 2005

Rules suspended

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Transportation Authority - Project Financing Policy - Bonding**
3 **Authority**

4 FOR the purpose of revising State policy on the financing of Maryland Transportation
5 projects by repealing a certain provision of law prohibiting the Maryland
6 Transportation Authority from issuing bonds to finance a transportation facility
7 project until the General Assembly has approved the project to be financed and
8 the maximum principal amount of the bonds in connection with the project;
9 making conforming changes; providing for additional notice and comment prior
10 to entering into any contract or agreement to acquire or construct a revenue
11 producing transportation facility project; and generally relating to the issuance
12 of revenue bonds by the Maryland Transportation Authority.

13 BY repealing and reenacting, with amendments,
14 Article - Transportation
15 Section 4-205, 4-302(a), 4-306, and 4-307
16 Annotated Code of Maryland
17 (2001 Replacement Volume and 2004 Supplement)

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

20 **Article - Transportation**

21 4-205.

22 (a) In addition to the powers otherwise specifically granted by law, the
23 Authority has the powers described in this section.

24 (b) The Authority may acquire, hold, and dispose of property in the exercise of
25 its powers and performance of its duties.

1 (c) (1) Subject to the limitations described in paragraph (2) of this
2 subsection, the Authority may make any contracts and agreements necessary or
3 incidental to the exercise of its powers and performance of its duties.

4 (2) Not less than 45 days before entering into any contract or agreement
5 to acquire or construct a revenue-producing transportation facilities project, subject
6 to § 2-1246 of the State Government Article, the Authority shall provide TO [a
7 description of the proposed project and a summary of the contract or agreement to:

8 (i) The] THE Senate Budget and Taxation Committee, [and] the
9 House Committee on Ways and Means [and], THE House Appropriations Committee,
10 [for review and comment;] and

11 [(ii) The] THE Department of Legislative Services, FOR REVIEW AND
12 COMMENT, THE FOLLOWING:

13 (I) A DESCRIPTION OF THE PROPOSED PROJECT;

14 (II) A SUMMARY OF THE CONTRACT OR AGREEMENT;

15 (III) THE TOTAL ESTIMATED COST OF THE PROJECT; AND

16 (IV) A PRELIMINARY FINANCING PLAN FOR THE PROJECT.

17 (d) (1) Subject to paragraph (2) of this subsection, the Authority may employ
18 and fix the compensation of attorneys, consulting engineers, accountants,
19 construction and financial experts, superintendents, managers, and any other agents
20 and employees that it considers necessary to exercise its powers and perform its
21 duties. The compensation established by the Authority for executive management
22 positions shall be consistent with the compensation of comparable positions in the
23 Department of Transportation. The compensation established by the Authority shall
24 be reported to the General Assembly each year as part of the Authority's presentation
25 of its budget.

26 (2) The expense of employing these persons may be paid only from
27 revenues or from the proceeds of revenue bonds issued by the Authority.

28 (e) The Authority may apply for and receive grants from any federal agency
29 for the planning, construction, operation, or financing of any transportation facilities
30 project and may receive aid or contributions of money, property, labor, or other things
31 of value from any source, to be held, used, and applied for the purposes for which the
32 grants, aid, and contributions are made.

33 (f) The Authority may adopt rules and regulations to carry out the provisions
34 of this title.

35 (g) The Authority may do anything else necessary or convenient to carry out
36 the powers granted in this title.

1 4-302.

2 (a) [Except as provided in § 4-306(b) of this subtitle, without] WITHOUT
3 limiting the power of the Authority to issue additional revenue bonds under the
4 provisions of law that authorize the issuance of revenue bonds of prior issues, the
5 Authority from time to time may issue its revenue bonds to finance the cost of any one
6 or more or combination of transportation facilities projects.

7 4-306.

8 [(a) Except as provided in subsection (b) of this section, revenue] REVENUE
9 bonds may be issued by the Authority:

10 (1) Without obtaining the consent of any instrumentality, agency, or unit
11 of this State; and

12 (2) Without any proceedings or the happening of any conditions or things
13 other than those specifically required by this subtitle.

14 [(b) (1) On or after July 1, 2005, the Authority may not issue bonds to
15 finance all or any part of the cost of a transportation facility project until the General
16 Assembly has approved, through legislation, the specific project and the maximum
17 principal amount of bonds that the Authority may issue in connection with the
18 project.

19 (2) Without the approval of the General Assembly, the Authority may
20 issue bonds to refinance all or any part of the cost of a transportation facility project
21 for which the Authority previously issued bonds authorized under this subtitle.]

22 4-307.

23 (a) [Subject to the provisions of § 4-306(b) of this subtitle, if] IF, by reason of
24 increased construction costs, error in estimates, or otherwise, the proceeds of the
25 revenue bonds of any issue are less than the amount required for the purpose for
26 which the bonds are authorized, additional revenue bonds may be issued in a similar
27 manner to provide the amount of the deficiency.

28 (b) The additional bonds shall be deemed to be of the same issue and shall be
29 entitled to payment from the same fund, without preference or priority, as the bonds
30 first issued. If the proceeds of the additional bonds exceed the amount required, the
31 excess shall be deposited to the credit of any reserve fund for the bonds or, if so
32 provided in the trust agreement securing the bonds, may be applied to the cost of any
33 additional project.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
35 effect July 1, 2005.