

HOUSE BILL 657

B3

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By: **Cecil County Delegation**

Introduced and read first time: February 8, 2007

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Cecil County – Purchase of Development Rights Program – General**
3 **Obligation Installment Purchase Agreements**

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 segregated fund or account U.S. Treasury STRIPs or other investments allowed
2 under certain provisions of the law and the investment guidelines of Cecil
3 County to pay the balance of the purchase price of the installment purchase
4 agreements payable on their maturity dates; and generally relating to the
5 County's entering into installment purchase agreements to acquire transfer
6 development rights in agricultural lands in Cecil County.

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That, as used herein, the term "County" means the body politic and
9 corporate of the State of Maryland known as the County Commissioners of Cecil
10 County; and the term "Installment Purchase Agreement" means an agreement
11 pursuant to which the County will acquire development rights in one or more tracts or
12 parcels of agricultural land located in Cecil County, Maryland from the owners
13 thereof, will pay the purchase price for that land either in installments or at the
14 maturity of the Installment Purchase Agreement and will pay interest on the unpaid
15 balance of that purchase price.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
17 authorized and empowered to enter into Installment Purchase Agreements for an
18 aggregate purchase price of not more than \$4,000,000, plus interest thereon, to
19 acquire transfer development rights in tracts or parcels of agricultural land located in
20 Cecil County, Maryland as part of the County's Purchase of Development Rights
21 Program. The County's obligation to make payments of the purchase price under each
22 Installment Purchase Agreement and to pay interest on the unpaid balance of the
23 purchase price under each Installment Purchase Agreement shall be a general
24 obligation of the County and shall be made upon its full faith and credit, and shall be
25 evidenced by the Installment Purchase Agreement.

26 SECTION 3. AND BE IT FURTHER ENACTED, That the County shall select
27 the tracts or parcels of agricultural land for which development rights are to be
28 acquired and shall negotiate the purchase price for such development rights and all
29 other terms and conditions of the Installment Purchase Agreement with the owner or
30 owners of such property, all in accordance with the County's Purchase of Development
31 Rights Program as in effect from time to time.

32 SECTION 4. AND BE IT FURTHER ENACTED, That each Installment
33 Purchase Agreement shall be entered into in accordance with a resolution of the
34 County, which shall provide for the acquisition of the transfer development rights in
35 one or more specified particular tracts or parcels of agricultural property located in
36 Cecil County, Maryland which is to be the subject of the Installment Purchase
37 Agreement. The County shall have and is hereby granted full and complete authority
38 and discretion in the resolution to specify the tracts or parcels of agricultural land the
39 development rights of which are to be acquired and to provide and approve the form,

1 tenor, and content of the Installment Purchase Agreement described in the resolution,
2 including, without limitation, (a) the designation, (b) the date, (c) the purchase price
3 thereunder (or the maximum purchase price and the method of determining the final
4 purchase price subject to such limitation), (d) the maturity date of the Installment
5 Purchase Agreement (not exceeding 30 years from the date of execution and delivery of
6 the Installment Purchase Agreement) on which the final balance of the purchase price
7 is payable, (e) whether any portion of the purchase price will be payable prior to the
8 maturity date of the Installment Purchase Agreement, and, if so, the dates of
9 payments of any installments of the purchase price and the amounts of such
10 installments (or the methods or formula for determining such installment dates and
11 amounts), (f) the interest rate per annum (or the method of determining such rate)
12 payable on the Installment Purchase Agreement from time to time and the dates for
13 payment of such interest, (g) the terms and conditions, if any, under which the
14 Installment Purchase Agreement may or shall be redeemed prior to its maturity date,
15 (h) provisions relating to the registration and transfer of the Installment Purchase
16 Agreement, (i) the required signatures on the Installment Purchase Agreement and all
17 related documents, (j) the appointment of a paying agent and registrar for the
18 Installment Purchase Agreement, which may be the Budget Director of the County,
19 any other employee of the County, any department of the County government or any
20 bank or trust company within or without the State of Maryland having corporate trust
21 powers, (k) covenants relating to compliance with applicable requirements of federal
22 income tax law, including (without limitation) covenants regarding the payment of
23 rebate or penalties in lieu of rebate, and (l) generally all matters incident to the
24 acquisition of the transfer development rights and the terms, conditions, execution,
25 and delivery of the Installment Purchase Agreement.

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

36 SECTION 5. AND BE IT FURTHER ENACTED, That the Installment
37 Purchase Agreements hereby authorized shall constitute, and they shall so recite, an
38 irrevocable pledge of the full faith and credit and unlimited taxing power of the
39 County to the payment of the maturing purchase price under the Installment
40 Purchase Agreements and the interest on the unpaid balance of that purchase price as
41 and when they become payable. In each and every year until all of the purchase price

1 payable under the Installment Purchase Agreements and the interest thereon are paid
2 in full, the County shall levy or cause to be levied ad valorem taxes upon all the
3 assessable property within the corporate limits of the County in rate and amount
4 sufficient, together with any recordation tax revenues designated for such payments
5 and other available funds, to provide for or assure the payment, when due, of the
6 purchase price of all outstanding Installment Purchase Agreements and the interest
7 thereon maturing in each such fiscal year and, in the event the proceeds from the
8 taxes so levied in any such fiscal year shall prove inadequate for such payment,
9 additional taxes shall be levied in the succeeding fiscal year to make up any such
10 deficiency. The County may apply to the payment of the purchase price of the
11 outstanding Installment Purchase Agreements and interest payable thereon any funds
12 received by it from the State of Maryland, the United States of America, or any agency
13 or instrumentality thereof, or from any other source, if such funds are granted for the
14 purpose of assisting the County in financing the acquisition of transfer development
15 rights in agricultural land located in Cecil County, Maryland and to the extent of any
16 such funds received or receivable in any fiscal year, the taxes that are required to be
17 levied may be reduced accordingly.

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

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

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

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

10 SECTION 9. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 June 1, 2007.