

SENATE BILL 986

B2

(7lr3334)

ENROLLED BILL

— Budget and Taxation / Appropriations —

Introduced by **Senators DeGrange, Brinkley, Currie, Hogan, Kasemeyer, Kramer, and Munson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Creation of a State Debt – Aging School Program – Qualified Zone Academy**
3 **Bonds**

4 FOR the purpose of authorizing the creation of a State Debt in the amount of
5 \$11,126,000, the proceeds to be used as a grant to the Interagency Committee
6 on School Construction for certain development or improvement purposes;
7 providing for disbursement of the loan proceeds and the allocation of funds to
8 eligible school systems, subject to a requirement that the grantee document the
9 provision of a required federal matching fund; authorizing the Board of Public
10 Works to sell certain bonds at certain sales; *providing that a certain amount*

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 from certain bonds that is to be distributed under a certain program shall be
2 allocated in accordance with a certain statutory provision; and providing
3 generally for the issuance and sale of bonds evidencing the loan.

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That:

6 (1) The Board of Public Works may borrow money and incur indebtedness on
7 behalf of the State of Maryland through a State loan to be known as the Aging School
8 Program – Qualified Zone Academy Bonds Loan of 2007 in a total principal amount of
9 \$11,126,000. This loan shall be evidenced by the issuance, sale, and delivery of State
10 general obligation qualified zone academy bonds, as defined in § 1397E(d)(1) of the
11 Internal Revenue Code of the United States, as amended, authorized by a resolution of
12 the Board of Public Works and issued, sold, and delivered in accordance with §§ 8–117
13 through 8–124 of the State Finance and Procurement Article and Article 31, § 22 of
14 the Annotated Code of Maryland, and § 1397E of the Internal Revenue Code, as
15 amended.

16 (2) The bonds to evidence this loan or installments of this loan may be sold
17 as a single issue or may be consolidated and sold as part of a single issue of bonds
18 under § 8–122 of the State Finance and Procurement Article. Notwithstanding § 8–123
19 of the State Finance and Procurement Article, the Board of Public Works may sell the
20 3 bonds authorized herein at one or more private sales that best meet the terms and
21 conditions of sale set by the Board.

22 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
23 and first shall be applied to the payment of the expenses of issuing, selling, and
24 delivering the bonds, unless funds for this purpose are otherwise provided, and then
25 shall be credited on the books of the Comptroller, and held separately in a qualified
26 zone academy bond account, and expended, on approval by the Board of Public Works,
27 for the following public purposes: as a grant to the Interagency Committee on School
28 Construction (referred to hereafter in this Act as “the grantee”) for the allocation to
29 eligible school systems under the Aging School Program for the renovation, repair, and
30 capital improvements of qualified zone academies, as defined in § 1397E(d)(4)(A) of the
31 Internal Revenue Code, as amended, and in accordance with the Aging School
32 Program of the Interagency Committee on School Construction, as provided under §
33 5–303 of the Education Article of the Annotated Code of Maryland.

34 (4) An annual State tax is imposed on all assessable property in the State in
35 rate and amount sufficient to pay the principal of and interest, if any, on the bonds as
36 and when due and until paid in full. The principal shall be discharged within 15 years
37 after the date of issuance of the bonds.

1 (5) (a) The grantee shall document the provision of a matching fund as
2 provided in this paragraph.

3 (b) No part of the matching fund may be provided, either directly or
4 indirectly, from funds of the State, whether appropriated or unappropriated. No part
5 of the fund may consist of real property. The fund shall consist of private business
6 contributions, which may consist of funds or in kind contributions, as required under §
7 1397E(d)(2) of the Internal Revenue Code, as amended. In case of any dispute as to
8 what money or assets may qualify as matching funds, the Board of Public Works shall
9 determine the matter and the Board's decision is final.

10 (c) The grantee shall present evidence to the satisfaction of the Board
11 of Public Works of the provision and documentation of the matching fund, and the
12 Board of Public Works shall authorize the disbursement of the proceeds of the grant
13 under the provisions of this Act for the purposes set forth in Section 1(3) above.

14 (d) As the grantee documents the provision of the matching fund and
15 meets other requirements of § 1397E of the Internal Revenue Code, as amended, the
16 Board of Public Works shall authorize the disbursement of an installment of the
17 proceeds of the grant in proportion to the matching fund documented at that time by
18 the grantee.

19 (e) This method of documentation of the matching fund shall continue
20 until the first to occur of the disbursement of the total amount of the grant or June 1,
21 2009.

22 (f) The grantee has until June 1, 2009, to present the final evidence
23 satisfactory to the Board of Public Works that the total matching fund will be provided
24 and documented. If satisfactory evidence is presented, the Board shall certify this fact
25 to the State Treasurer, and the final proceeds of the loan proportional to the final
26 installment of the matching fund shall be expended for the purposes provided in this
27 Act. After June 1, 2009, any amount of the loan that has not been authorized by the
28 Board of Public Works for disbursement shall be canceled and be of no further effect.

29 SECTION 2. AND BE IT FURTHER ENACTED, That from the bonds
30 authorized in Section 1 of this Act, \$5,500,000 that is to be distributed under the Aging
31 Schools Program shall be allocated to local education agencies in accordance with §
32 5-206(f) of the Education Article.

33 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
34 effect June 1, 2007.