

SENATE BILL 986

B2

71r3334

By: **Senators DeGrange, Brinkley, Currie, Hogan, Kasemeyer, Kramer, and Munson**

Introduced and read first time: March 2, 2007

Assigned to: Rules

Re-referred to: Budget and Taxation, March 8, 2007

Committee Report: Favorable

Senate action: Adopted

Read second time: March 23, 2007

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; and providing generally for the
11 issuance and sale of bonds evidencing the loan.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That:

14 (1) The Board of Public Works may borrow money and incur indebtedness on
15 behalf of the State of Maryland through a State loan to be known as the Aging School
16 Program - Qualified Zone Academy Bonds Loan of 2007 in a total principal amount of
17 \$11,126,000. This loan shall be evidenced by the issuance, sale, and delivery of State

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.



1 general obligation qualified zone academy bonds, as defined in § 1397E(d)(1) of the
2 Internal Revenue Code of the United States, as amended, authorized by a resolution of
3 the Board of Public Works and issued, sold, and delivered in accordance with §§ 8–117
4 through 8–124 of the State Finance and Procurement Article and Article 31, § 22 of
5 the Annotated Code of Maryland, and § 1397E of the Internal Revenue Code, as
6 amended.

7 (2) The bonds to evidence this loan or installments of this loan may be sold
8 as a single issue or may be consolidated and sold as part of a single issue of bonds
9 under § 8–122 of the State Finance and Procurement Article. Notwithstanding § 8–123
10 of the State Finance and Procurement Article, the Board of Public Works may sell the
11 3 bonds authorized herein at one or more private sales that best meet the terms and
12 conditions of sale set by the Board.

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

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

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

31 (b) No part of the matching fund may be provided, either directly or
32 indirectly, from funds of the State, whether appropriated or unappropriated. No part
33 of the fund may consist of real property. The fund shall consist of private business
34 contributions, which may consist of funds or in kind contributions, as required under §
35 1397E(d)(2) of the Internal Revenue Code, as amended. In case of any dispute as to
36 what money or assets may qualify as matching funds, the Board of Public Works shall
37 determine the matter and the Board’s decision is final.

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

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

10 (e) This method of documentation of the matching fund shall continue
11 until the first to occur of the disbursement of the total amount of the grant or June 1,
12 2009.

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

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 June 1, 2007.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.