

## CHAPTER 569

(Senate Bill 682)

AN ACT concerning

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

FOR the purpose of authorizing and empowering the County Commissioners of Cecil County, from time to time, to enter into installment purchase agreements for an aggregate purchase price of not more than \$4,000,000, plus interest thereon, to acquire development rights in tracts or parcels of agricultural land located in Cecil County, Maryland as part of the County's Purchase of Development Rights Program; empowering the County to fix and determine by resolution, the tracts or parcels of land the ~~transfer~~ development rights of which are to be acquired and the form, content, terms and conditions of each installment purchase agreement, including, without limitation, the purchase price payable thereunder, the maturity date of the installment purchase agreement, the interest rate and schedule of payments of the purchase price (or the method of determining such interest rate and payment schedule) and all other details incident to the acquisition of the development rights and the installment purchase agreements; providing that the County's obligation to make payments of the purchase price under the installment purchase agreements and to pay interest thereon shall be a general obligation of the County made upon its full faith and credit; empowering and directing the County to levy, impose, and collect, annually, ad valorem taxes in rate and amount sufficient to provide funds for the payment of the maturing purchase price of an interest on the installment purchase agreements; exempting the installment purchase agreements and the interest thereon and any income derived therefrom from all State, County, municipal, and other taxation in the State of Maryland; authorizing and empowering the County to purchase and set aside in a segregated fund or account U.S. Treasury STRIPs or other investments allowed under certain provisions of the law and the investment guidelines of Cecil County to pay the balance of the purchase price of the installment purchase agreements payable on their maturity dates; and generally relating to the County's entering into installment purchase agreements to acquire ~~transfer~~ development rights in agricultural lands in Cecil County.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That, as used herein, the term "County" means the body politic and

corporate of the State of Maryland known as the County Commissioners of Cecil County; and the term "Installment Purchase Agreement" means an agreement pursuant to which the County will acquire development rights in one or more tracts or parcels of agricultural land located in Cecil County, Maryland from the owners thereof, will pay the purchase price for that land either in installments or at the maturity of the Installment Purchase Agreement and will pay interest on the unpaid balance of that purchase price.

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

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

SECTION 4. AND BE IT FURTHER ENACTED, That each Installment Purchase Agreement shall be entered into in accordance with a resolution of the County, which shall provide for the acquisition of the ~~transfer~~ development rights in one or more specified particular tracts or parcels of agricultural property located in Cecil County, Maryland which is to be the subject of the Installment Purchase Agreement. The County shall have and is hereby granted full and complete authority and discretion in the resolution to specify the tracts or parcels of agricultural land the development rights of which are to be acquired and to provide and approve the form, tenor, and content of the Installment Purchase Agreement described in the resolution, including, without limitation, (a) the designation, (b) the date, (c) the purchase price thereunder (or the maximum purchase price and the method of determining the final purchase price subject to such limitation), (d) the maturity date of the Installment Purchase Agreement (not exceeding 30 years from the date of execution and delivery of the Installment Purchase Agreement) on which the final balance of the purchase price is payable, (e) whether any portion of the purchase price will be payable prior to the maturity date of the Installment Purchase Agreement, and, if so, the dates of

payments of any installments of the purchase price and the amounts of such installments (or the methods or formula for determining such installment dates and amounts), (f) the interest rate per annum (or the method of determining such rate) payable on the Installment Purchase Agreement from time to time and the dates for payment of such interest, (g) the terms and conditions, if any, under which the Installment Purchase Agreement may or shall be redeemed prior to its maturity date, (h) provisions relating to the registration and transfer of the Installment Purchase Agreement, (i) the required signatures on the Installment Purchase Agreement and all related documents, (j) the appointment of a paying agent and registrar for the Installment Purchase Agreement, which may be the Budget Director of the County, any other employee of the County, any department of the County government or any bank or trust company within or without the State of Maryland having corporate trust powers, (k) covenants relating to compliance with applicable requirements of federal income tax law, including (without limitation) covenants regarding the payment of rebate or penalties in lieu of rebate, and (l) generally all matters incident to the acquisition of the ~~transfer~~ development rights and the terms, conditions, execution, and delivery of the Installment Purchase Agreement.

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

SECTION 5. AND BE IT FURTHER ENACTED, That the Installment Purchase Agreements hereby authorized shall constitute, and they shall so recite, an irrevocable pledge of the full faith and credit and unlimited taxing power of the County to the payment of the maturing purchase price under the Installment Purchase Agreements and the interest on the unpaid balance of that purchase price as and when they become payable. In each and every year until all of the purchase price payable under the Installment Purchase Agreements and the interest thereon are paid in full, the County shall levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County in rate and amount sufficient, together with any recordation tax revenues designated for such payments and other available funds, to provide for or assure the payment, when due, of the purchase price of all outstanding Installment Purchase Agreements and the interest thereon maturing in each such fiscal year and, in the event the proceeds from the taxes so levied in any such fiscal year shall prove inadequate for such payment,

additional taxes shall be levied in the succeeding fiscal year to make up any such deficiency. The County may apply to the payment of the purchase price of the outstanding Installment Purchase Agreements and interest payable thereon any funds received by it from the State of Maryland, the United States of America, or any agency or instrumentality thereof, or from any other source, if such funds are granted for the purpose of assisting the County in financing the acquisition of ~~transfer~~ development rights in agricultural land located in Cecil County, Maryland and to the extent of any such funds received or receivable in any fiscal year, the taxes that are required to be levied may be reduced accordingly.

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

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

SECTION 8. AND BE IT FURTHER ENACTED, That the authority conferred on the County by this Act to enter into Installment Purchase Agreements and create debt of the County shall be deemed to provide an additional and alternative authority for borrowing money and creating debt and shall be regarded as supplemental and additional to powers conferred upon the County by other laws and shall not be regarded as in derogation of any power now existing; and all Acts of the General Assembly of Maryland heretofore passed authorizing the County to borrow money and incur debt are hereby continued to the extent that the powers contained in those prior Acts have not been exercised, and nothing contained in this Act may be construed to impair, in any way, the validity of any bonds or other obligations that may have been entered into by the County under the authority of any of said Acts, and the validity of the bonds or other obligations is hereby ratified, confirmed, and approved. This Act, being necessary for the welfare of the inhabitants of Cecil County, shall be liberally

construed to effect the purposes hereof. All Acts and parts of Acts inconsistent with the provisions of this Act are hereby repealed to the extent of such inconsistency.

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

**Approved by the Governor, May 17, 2007.**