

## CHAPTER 585

### (Senate Bill 986)

AN ACT concerning

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

FOR the purpose of authorizing the creation of a State Debt in the amount of \$11,126,000, the proceeds to be used as a grant to the Interagency Committee on School Construction for certain development or improvement purposes; providing for disbursement of the loan proceeds and the allocation of funds to eligible school systems, subject to a requirement that the grantee document the provision of a required federal matching fund; authorizing the Board of Public Works to sell certain bonds at certain sales; providing that a certain amount from certain bonds that is to be distributed under a certain program shall be allocated in accordance with a certain statutory provision; and providing generally for the issuance and sale of bonds evidencing the loan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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