

HOUSE BILL 314

M1
HB 1509/08 – ECM & ENV

9lr0561
CF SB 14

By: **Delegate Rudolph and the Speaker (By Request – Administration)**

Introduced and read first time: January 29, 2009

Assigned to: Economic Matters and Environmental Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 21, 2009

CHAPTER _____

1 AN ACT concerning

2 **Maryland Environmental Service – Energy Generation Projects**

3 FOR the purpose of authorizing the Maryland Environmental Service to engage in
4 certain energy projects and services; clarifying the authority of the Service to
5 provide recycling and certain other projects; altering certain exemptions for the
6 Service from certain provisions relating to finance and procurement;
7 authorizing counties and municipalities to enter into certain agreements with
8 the Service without regard to certain limitations or other provisions regulating
9 the procurement or awarding of public contracts; confirming the authority of the
10 Service to establish and collect rates, fees, and charges for certain projects,
11 products, and services; authorizing the Service to collect certain unpaid rates,
12 fees, and charges by tax sale; altering the authority of the Service to issue
13 certain bonds and notes; authorizing counties and municipalities to enter into
14 certain agreements with the Service for energy projects; clarifying the
15 jurisdiction of the Public Service Commission over disputes regarding certain
16 rates, fees, and other charges exacted by the Service; altering certain notice
17 requirements; altering certain reporting requirements of the Service; altering
18 certain definitions; defining a certain term; and generally relating to the
19 Maryland Environmental Service.

20 BY repealing and reenacting, with amendments,

21 Article – Natural Resources

22 Section 3–101, 3–102, 3–103(g), 3–104, 3–105, 3–107, 3–108, 3–113, 3–116
23 through 3–118, 3–120, 3–122, 3–126, 3–127, and 3–128

24 Annotated Code of Maryland

25 (2005 Replacement Volume and 2008 Supplement)

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 BY repealing and reenacting, without amendments,
2 Article – Natural Resources
3 Section 3–129 and 3–130
4 Annotated Code of Maryland
5 (2005 Replacement Volume and 2008 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article – Natural Resources**

9 3–101.

10 (a) In this subtitle the following words and terms have the meanings
11 indicated.

12 (b) “Board” means the Board of Directors of the Maryland Environmental
13 Service.

14 (c) “Bonds” means all bonds or other evidences of indebtedness of the Service
15 other than notes, whether general or limited obligations of the Service.

16 (d) “Cost” as applied to a water supply project, a solid waste disposal project,
17 a wastewater purification project, **AN ENERGY PROJECT**, a service area, a service
18 district, or to any activity undertaken by the Service, includes: (1) the cost of
19 construction or acquisition, including the purchase price of any existing project or the
20 cost of acquiring all or any portion of the right, title, or interest in the project and the
21 amount to be paid to discharge all obligations necessary to vest title to the project or
22 any part of it in the Service or other owner; (2) the cost of any reconstruction,
23 extension, enlargement, alteration, repair, or improvement; (3) the cost of all lands,
24 properties, rights, easements, interests, franchises, and permits acquired; (4) the cost
25 of all labor, machinery and equipment, financing charges, interest prior to and during
26 construction and for such period after completion of construction as the Service deems
27 appropriate; (5) the cost of revenue estimates, engineering and legal services, plans,
28 designs, specifications, surveys, investigations, demonstrations, studies, estimates of
29 cost, other expenses necessary or incident to determining the feasibility or
30 practicability of any such acquisition, improvement, or construction; (6) administrative
31 and overhead expenses, and all expenses necessary or incidental to the financing
32 herein authorized, and to the acquisition, operation, maintenance, improvement,
33 construction of water supply, [liquid and] **LIQUID**, solid waste, **AND ENERGY** project
34 facilities, and the placing of these project facilities in operation, including reasonable
35 provision for working capital; (7) reserves for principal and interest and for extensions,
36 enlargements, additions and improvements. Any obligation or expense incurred prior
37 to the issuance of bonds or notes under the provisions of this title in connection with
38 the foregoing items of cost may be regarded as a part of such costs.

(e) The word “county” includes Baltimore City unless otherwise indicated.

(f) “Director” means Director of the Maryland Environmental Service.

(G) “ENERGY PROJECT” MEANS ANY SERVICE, FACILITY, SYSTEM, OR PROPERTY, REAL OR PERSONAL, USED, USEFUL, OR HAVING PRESENT CAPACITY FOR USE IN CONNECTION WITH:

(1) ENERGY CONSERVATION; OR

(2) THE PRODUCTION, GENERATION, OR DISTRIBUTION OF ENERGY FROM A RENEWABLE OR OTHER ENERGY SOURCE.

[(g)] (H) “Facility” means a physical structure or appurtenance built, constructed, acquired, installed, or established to perform a function or service in connection with a water supply, wastewater [purification or] **PURIFICATION**, solid waste disposal, **OR ENERGY** project whether publicly or privately owned and whether existing or proposed.

[(h)] (I) “Liquid waste” means:

(1) Stormwater runoff; and

(2) Any water-carried wastes or wastes which are liquid in nature created in and carried away, or to be carried away, from residences, institutions, industrial establishments, commercial establishments, or any other public or private building, structure, or facility.

[(i)] (J) “Municipality” means any county, municipal corporation, sanitary district, State or local unit, or other public body or unit created or established by or pursuant to State or local law, ordinance, or resolution.

[(j)] (K) “Notes” means bond anticipation notes, revenue anticipation notes, and grant anticipation notes of the Service, whether general or limited obligations of the Service.

[(k)] (L) “Person” means any natural person, individual, firm, partnership, association, cooperative, **LIMITED LIABILITY COMPANY**, corporation, or other entity.

[(l)] (M) **(1)** “Project” means a solid waste disposal project, a wastewater purification project, [or] a water supply project, **OR AN ENERGY PROJECT**, as the case may be.

(2) “Project” includes any service, facility, or property used or useful or having present capacity for future use in connection with:

(i) The transporting, transferring, compacting, burying, incinerating, reduction, composting, collection, storage, treatment, utilization, processing, or final disposal of liquid wastes, solid wastes or water, as the case may be;

(ii) The conversion of liquid wastes, solid wastes or water, as the case may be, to fuel, steam, electricity, energy, or other resources or the generation of steam, electricity, or other forms of energy from fuel which is derived from, or is otherwise related to, liquid wastes, solid wastes or water, as the case may be;

(iii) The reconstruction, converting or otherwise recycling of liquid wastes, solid wastes or water, as the case may be, into material which is not liquid waste, solid waste or water or which is useful or is marketable; or

(iv) Any combination of items (i) through (iii) of this paragraph, whether or not such facilities are located on a single site.

(3) "Project" also includes:

(i) Waste disposal facilities, pollution control facilities, and facilities for generating and furnishing electric energy or gas or other forms of energy which can be financed by bonds the interest on which is exempt from income tax under the Internal Revenue Code of 1986, as amended, whether such interest would have been tax exempt at the time of the enactment of this subtitle or of any amendment thereto; and

(ii) Any facilities and properties within the definition of "project", "solid waste disposal project", "wastewater purification project", [or] "water supply project", **OR "ENERGY PROJECT"** set forth in this subsection, whether or not such facilities or properties can be financed by bonds the interest on which is tax exempt under the Internal Revenue Code of 1986, as amended, it being the purpose and intent of this subtitle that the terms "project", "solid waste disposal project", "wastewater purification project", [and] "water supply project", **AND "ENERGY PROJECT"** be liberally construed so as to effectuate the purposes of this subtitle.

(4) "Project", "solid waste disposal project", "wastewater purification project", [and] "water supply project", **AND "ENERGY PROJECT"** include land, buildings, structures, machinery, equipment, rail or motor vehicles, barges, boats, and all properties and rights therein and appurtenances thereof, rights-of-way, franchises, easements, and other interests in land, all land and facilities that are functionally or administratively related and subordinate to the solid waste disposal project, wastewater purification project, [or] water supply project, **OR ENERGY PROJECT**, as the case may be, and all patents, licenses, and other rights necessary or useful in the **PLANNING, DEVELOPMENT, [construction] CONSTRUCTION**, or operation of a solid waste disposal project, wastewater purification project, [or] water supply project, **OR ENERGY PROJECT**.

[(m)] (N) "Service" means the Maryland Environmental Service.

1 [(n)] (O) “Service district” means a geographic area established by the
2 Service, after consultation with the municipalities affected, for the purpose of
3 providing water supply projects, wastewater purification projects or solid waste
4 disposal projects. Service districts may encompass areas containing projects of the
5 Service as well as nonduplicating, noncompetitive projects owned and operated by
6 municipalities or persons. Service districts shall be based upon approved State–county
7 master water and sewerage plans or solid waste disposal plans, if any, adopted
8 pursuant to the Environment Article, but they may also take account of other plans
9 and studies.

10 [(o)] (P) “Service region” means a geographic area which the Maryland
11 Environmental Service designates and within which the Director, after consultation
12 with the municipalities affected, causes surveys, plans, studies, and estimates to be
13 made for the purpose of determining the most dependable, effective, and efficient
14 means of providing services through water supply projects, solid waste disposal
15 projects, or wastewater purification projects. Service regions shall be based upon needs
16 set forth in approved State–county master water and sewerage plans, or solid waste
17 disposal plans, if any, adopted pursuant to the Environment Article, but they may also
18 take account of other plans and studies.

19 [(p)] (Q) “Solid waste disposal project” means any service, facility, or real or
20 personal property used or useful or having present capacity for future use in
21 connection with the measurement, management, [collection or] **COLLECTION**,
22 disposal, **PREVENTION, OR RECYCLING** of solid wastes by any means, including
23 disposal [through the production of], **RECOVERY, OR REUSE TO PRODUCE** energy or
24 products, or otherwise.

25 [(q)] (R) “Solid wastes” means all waste materials, whether solid, liquid, or
26 gas, including liquid wastes. The term includes garbage, rubbish, ashes, incinerator
27 residue, wastewater treatment residue, street cleanings, dredged materials, dead
28 animals, demolition and construction debris, household appliances, **HAZARDOUS**
29 **MATERIALS**, automobile bodies, offal, paunch manure, methane or any other gases,
30 sewage sludge and solid or gaseous waste materials from [individual,] commercial,
31 agricultural, **RESIDENTIAL**, industrial, or community activities.

32 [(r)] (S) “Wastewater purification project” means any service, facility, or
33 property, real or personal, used or useful or having present capacity for future use in
34 connection with the **MEASUREMENT, MANAGEMENT, PREVENTION, REDIRECTION**,
35 [collection] **COLLECTION**, or treatment of liquid wastes.

36 [(s)] (T) “Water supply project” means any service, facility, or property, real
37 or personal, used, useful, or having present capacity for future use in connection with
38 water supply, **PROTECTION**, and distribution, including any water treatment facility
39 or property and rights therein and appurtenances thereto.

3-102.

(a) To assist with the preservation, improvement, and management of the quality of air, land, [and] water, **AND NATURAL** resources, and to promote the health and welfare of the citizens of the State, it is the intention of the General Assembly in enactment of this subtitle to provide for dependable, effective, and efficient water supply and purification and disposal of liquid and solid wastes, to encourage reductions in the amount of waste generated and discharged to the environment and the generation of energy and the recovery of useable resources from such waste to the extent practicable; **TO PROMOTE THE CONSERVATION OF ENERGY USAGE AND TO ENABLE AND PROVIDE FOR THE PRODUCTION OF ENERGY FROM SOLID WASTES AND RENEWABLE AND OTHER SOURCES**; to encourage private sector participation in environmental protection; and to serve its political subdivisions and economic interests. For these purposes, the General Assembly creates an instrumentality of the State constituted as a body politic and corporate to provide water supply [and waste] **WASTEWATER** purification and disposal, **SOLID AND HAZARDOUS WASTE DISPOSAL, AND ENERGY CONSERVATION, GENERATION, AND TRANSMISSION** services in compliance with State **AND FEDERAL** laws, regulations, and policies governing air, land, and water pollution to public and private instrumentalities, and with safeguards to protect the autonomy of the political subdivisions and the rights of the private entities it serves. It is also the intent of the General Assembly that the instrumentality may not participate in competitive bidding with the private sector to provide its services.

(b) This subtitle shall be liberally construed to effect its purposes. However, nothing contained in it shall restrict any control which the Departments of the Environment and Natural Resources, or of their units, are empowered to exercise over any water supply, wastewater [purification or] **PURIFICATION**, solid waste disposal, **OR ENERGY** project authorized by this subtitle, nor interfere with or affect the operation of existing wastewater purification, water supply, [or] solid waste disposal, **OR ENERGY** projects found by the Secretary of the Environment to be adequately and lawfully operated by municipalities having jurisdiction or responsibility for them, except by their express consent and agreement. **NOTHING IN THIS SUBTITLE SHALL RESTRICT ANY CONTROL WHICH THE PUBLIC SERVICE COMMISSION IS EMPOWERED TO EXERCISE OVER ANY ENERGY PROJECT AUTHORIZED BY THIS SUBTITLE.**

(c) Nothing in this subtitle shall be construed to alter, change, or modify the zoning or land use planning authority of any municipality or public instrumentality or cause a municipality or public instrumentality to take action inconsistent with the county solid waste management plan required under Title 9, Subtitle 5 of the Environment Article.

3-103.

(g) (1) The Service is exempt from the provisions of [Part III of Subtitle 3 and] Subtitles [4, 5, 6, and 7] **3, 4, 5, AND 7** of Title 4 of the State Finance and Procurement Article.

(2) The Service is exempt from the provisions of Division II of the State Finance and Procurement Article, but is not exempt from Subtitle 3 of Title 14, Subtitle 4 of Title 12, Title 16, and Title 17 of the State Finance and Procurement Article.

(3) (i) Except as otherwise provided in this paragraph, all procurements by the Service for materials, equipment, services, or supplies performed or furnished in connection with the planning, development, design, equipping, construction, or operation of any project owned or controlled by the Service, shall be awarded in accordance with rules and regulations adopted pursuant to the Administrative Procedure Act.

(ii) The Service may procure materials, equipment, services, or supplies by utilizing:

1. Competitive sealed bids;
2. Competitive sealed proposals;
3. Sole source procurement;
4. Intergovernmental cooperative purchasing agreements;
5. A small procurement process, if the procurement is estimated by the Service to result in an expenditure of \$25,000 or less; or
6. An emergency procurement process, if the procurement is necessary to avoid or to mitigate serious damage to public health, safety, or welfare.

(4) The Service may adopt rules and regulations to provide a process to resolve disputes between the Service and its contractors, that may include alternative dispute resolution by the parties to the dispute.

3–104.

(a) The Service has all powers necessary for carrying out the purposes of this subtitle, including the following rights and powers set forth in this section.

(b) To have perpetual existence as a corporation.

1 (c) To adopt bylaws, rules, regulations, policies, and procedures for the
2 regulation of its affairs and conduct of its business.

3 (d) To adopt an official seal and alter it.

4 (e) To maintain one or more offices at a place or places it chooses.

5 (f) To appoint agents and employees, to prescribe their duties, and fix their
6 compensation as set forth in this subtitle.

7 (g) To sue and be sued.

8 (h) To acquire, construct, reconstruct, rehabilitate, improve, maintain, lease
9 as lessor or as lessee, repair and operate projects within or without the State. The
10 Service shall establish reasonable rules and regulations for the use of any project. It
11 may acquire, purchase, hold, lease as lessee, and use any franchise and any property,
12 real, personal or mixed, tangible or intangible, or any interest therein necessary to
13 carry out the purposes of the Service. It may sell, lease as lessor, transfer, and dispose
14 of any property or interest in it that it has acquired.

15 (i) To acquire by gift, purchase, or the exercise of the right of eminent
16 domain in the manner prescribed by law lands, structures, real or personal property
17 rights, rights-of-way, franchises, easements, and other interests in lands, including
18 lands lying underwater and riparian rights which are located within and without the
19 State as it considers necessary or convenient for the construction or operation of a
20 project, upon terms and at prices considered by the Service to be reasonable and can
21 be agreed upon by the Service and the owner of the interest, and to take title to the
22 interest in the name of the Service. At any time ten days after the return and
23 recordation of the verdict or award in any condemnation proceeding, the Service may
24 take possession of the property condemned, upon paying to the clerk of the court the
25 amount of the award and all costs taxed to that date, notwithstanding any appeal or
26 further proceeding by defendant. At the time of the payment, the Service shall give its
27 corporate undertaking to abide by any judgment in any appeal or further proceedings.

28 (j) To borrow money and issue bonds or notes for the purpose of paying all or
29 any part of the cost of any one or more projects or for any other purpose of the Service;
30 to provide funds to be paid into any debt service reserve fund; to secure the payment of
31 the bonds or notes or any part thereof by pledge or deed of trust of all or any part of its
32 revenues or other available money or by pledge, mortgage, or deed of trust of any one
33 or more facilities or properties; to combine projects for financing purposes and to make
34 agreements with or for the benefit of the purchaser or holder of the bonds or notes,
35 with the issue of the bonds or notes, whether issued or to be issued, as the Service may
36 deem advisable; and in general to provide for the security of the bonds or notes and the
37 rights of their holders.

38 (k) To combine, after consultation with the municipalities affected, one or
39 more water supply, wastewater purification, [or] solid waste disposal, **OR ENERGY**

1 project with any other project as a single system for the purpose of operation or
2 financing.

3 (l) To fix, alter, charge, and collect rates, fees, and charges for the use of or
4 for the services, **PRODUCTS, OR ENERGY** furnished **OR PRODUCED** by [its projects]
5 **THE SERVICE.**

6 (m) To enter into contracts with the federal or any state government, or any
7 unit, instrumentality, or subdivision thereof, or with any municipality or person
8 within or without the State, providing for or relating to the furnishing of services to or
9 the facilities of any project of the Service, or in connection with the services or
10 facilities provided by any water supply project, solid waste project, [or] wastewater
11 purification project, **OR ENERGY PROJECT** owned or controlled by the other
12 contracting party, including contracts for the construction and operation of any project
13 in the State or in any other state. These contracts may make provision for:

14 (1) The payment by the other contracting party to the Service of a
15 fixed amount for the collection, processing, treatment, storage, transporting, **USE**, or
16 disposal of a stated amount of solid waste (whether or not the stated amount of solid
17 waste is collected, processed, treated, stored, transported, or disposed of), or of all or
18 any portion of the operating expenses of one or more projects;

19 (2) The utilization by the other contracting party of one or more
20 projects for the processing, treatment, storage, transporting, **USE**, or disposal of all or
21 any portion of solid waste over which such party has control;

22 (3) The collection by the other contracting party or its agents or by
23 agents of the Service of fees, rates, or charges for the services and facilities rendered to
24 a municipality or its inhabitants, and for the enforcement of delinquent charges for
25 such services and facilities; or

26 (4) The abandonment, restriction, or prohibition of the construction or
27 operation of competing facilities. The provisions of any contract with a municipality
28 shall be deemed to be for the benefit of bondholders or noteholders as designated by
29 the Service and may be made irrevocable so long as any bonds or notes of the Service
30 secured by such contract are outstanding.

31 (n) (1) To make any contract or agreement the Service determines to be
32 necessary or incidental to the performance of its duties and to the execution of the
33 purpose of and the powers granted by this subtitle, including contracts with the
34 federal or any state government, or any unit, instrumentality, or municipality thereof,
35 or with any person, on terms and condition the Service approves.

36 (2) The Service may make contracts or agreements relating to:

37 (i) The use by the other contracting party or the inhabitants of
38 any municipality of any project acquired, constructed, reconstructed, rehabilitated,

1 improved, or extended by the Service under this subtitle or the services therefrom or
2 the facilities thereof;

3 (ii) The use by the Service of the services or facilities of any
4 water supply system or project, solid waste system or project, or liquid waste system
5 or project, not owned or operated by the Service;

6 (iii) The sale of any fuel, steam, electricity, energy, **WASTE**
7 **PRODUCT**, or other material or resource derived from the operation of any project;

8 (iv) The acceptance, processing, treatment, **USE**, and disposal of
9 solid wastes by one or more projects; or

10 (v) The employment or retention of consulting and other
11 engineers, superintendents, financial advisors, attorneys, accountants, and other
12 employees, advisors, or agents as in the judgment of the Service are necessary or
13 desirable.

14 (3) The contracts and agreements of the Service may provide for the
15 collecting of fees, rates, or charges for the projects provided by the Service and for the
16 enforcement of delinquent charges for the projects. The provisions of any contract or
17 agreement of the Service, and of any ordinance or resolution of the governing body of a
18 municipality enacted pursuant thereto, shall be deemed to be for the benefit of
19 bondholders or noteholders.

20 (o) To enter upon and excavate any municipal street, road, alley, highway, or
21 any other public way for the purpose of installing, maintaining, and operating a water
22 supply, solid waste disposal, [or] wastewater purification, **OR ENERGY** project
23 provided for under this subtitle. The Service may construct, reconstruct, rehabilitate,
24 or extend in the street, road, alley, or highway, a water supply facility, sewer or storm
25 drain, **ENERGY TRANSMISSION FACILITY**, or any appurtenance thereof, without a
26 permit or the payment of a charge subject, however, to reasonable regulation
27 established by the governing body of any municipality having jurisdiction in the
28 particular respect. If any municipal street, road, alley, or highway is to be disturbed,
29 the governing body shall be notified within a reasonable period of time, and the street,
30 road, alley, or highway shall be repaired and left by the Service in the same condition
31 as, or in a condition not inferior to, that existing before the street, road, alley, or
32 highway was torn up. The Service shall bear every incidental cost.

33 (p) To enter upon lands, waters, or premises as is necessary or desirable for
34 the purposes of making surveys, soundings, borings, and examinations to accomplish
35 any purpose authorized by this subtitle. The Service is liable for actual damage done.

36 (q) To make application for, receive, and accept from any state or federal
37 government, or any unit, instrumentality, or subdivision thereof, grants for or in aid of
38 the planning, financing, construction, acquisition, maintenance, or operation of any
39 project, and to receive and accept aid or contributions from any source of money,

1 property, labor, or other things of value, to be held, used, and applied only for the
2 purpose for which the grants and contributions are made in the furtherance of the
3 purposes of this subtitle. In those cases involving federal and State grants, including,
4 but not limited to, grants administered by the Department of the Environment for the
5 collection and treatment of sewage and industrial wastes under the Sanitary Facilities
6 Fund, in Title 9 of the Environment Article, the Service shall be eligible the same as a
7 municipality.

8 (r) To make directly, or through the hiring of consultants, any plans,
9 surveys, investigations, and studies relating to water supply, liquid and solid wastes
10 transportation, purification, disposal techniques, recycling, **ENERGY PRODUCTION**
11 **AND TRANSMISSION, CONSERVATION OF RESOURCES**, and management methods
12 or the effects of these techniques, and methods, in order to improve or evaluate the
13 effectiveness or economy of its services and operations. The Service may charge in
14 whole or in part the costs of the investigations and studies against one or more
15 projects or Service districts, or it may include them in whole or in part in its general
16 operating expenses depending on the expected applicability of the studies and
17 investigations. The Service may supplement grants or other aids received from the
18 federal government or from other sources to assist in carrying out the purposes of this
19 subtitle. Consultants hired under this subsection may not be deemed to be providing
20 architectural or engineering services as those terms are defined in § 11-101 of the
21 State Finance and Procurement Article.

22 (s) To conduct hearings and investigations for the furtherance of the
23 purposes of this subtitle.

24 (t) To take and hold title to any project that may be transferred to the
25 Service, and to assume jurisdiction over and provide for the maintenance and
26 operation of the project, all on such terms as may be mutually agreed upon between
27 the Service and the transferor. The Service may contract with any municipality to
28 assume the payment of the principal of and interest on obligations or indebtedness of
29 such municipality incurred in connection with any project and may undertake to
30 operate any project in such a manner as to provide for the payment of all outstanding
31 obligations or indebtedness applicable to the project and the interest thereon and to
32 transfer to the appropriate municipality an amount equal to the debt service payments
33 prior to the applicable payment date. Subject to the approval of the Board of Public
34 Works, the State may lease, lend, grant, or otherwise convey to the Service any
35 property that is necessary for the purposes of this subtitle.

36 (u) To do all things necessary to carry out its purposes and for the exercise of
37 the powers granted in this subtitle.

38 (v) Except as provided in §§ 3-109 and 3-110 of this subtitle, the Service
39 does not have any power to construct, establish, or operate any new solid waste
40 disposal project within the boundaries of any county or municipal corporation without
41 the express consent of the governing body of the county or municipal corporation.

(w) To permit a municipality to construct, operate, maintain, expand, relocate, replace, renovate, or repair facilities provided for in this subtitle when the Service certifies that it is not in a position to provide the necessary construction, operation, maintenance, expansion, relocation, replacement, renovation, or repair of facilities within the municipality. Notwithstanding other provisions in this subtitle and limited to the circumstances in this subsection, a municipality shall finance construction, operation, maintenance, expansion, relocation, replacement, renovation, or repair of facilities in accordance with its statutory authority, including the receiving of State and federal grants if available. The municipality may construct, operate, maintain, expand, relocate, replace, renovate, or repair these facilities.

(x) In making plans, surveys, studies, and investigations under this subtitle, the Service shall include in its findings its statement of the impact that a project may have on the site on which the project is to be located if that site has cultural, historic, or social significance.

(y) To create, with the approval of the Board, private corporations for purposes consistent with this subtitle.

(z) To exercise all the corporate powers granted Maryland corporations under the Maryland General Corporation Law.

3–105.

(a) The Service is responsible for carrying out the following general activities subject to the limitations stated in this section.

(b) Planning, integrating, and establishing geographic service regions and districts, in cooperation with affected municipalities and based upon approved State–county master plans for water and sewerage, and solid waste disposal as provided in the Environment Article, as well as other plans and studies permitted by this subtitle.

(c) Research and developmental studies and investigations into improved methods and techniques of water supply, liquid wastes, [and] solid wastes, **AND ENERGY GENERATION**, acquisition, transportation, processing, recycling, purification, disposal and management, and technical consultation and assistance to design, management, and operation personnel of the Service and, pursuant to an order or request, to appropriate municipalities or persons possessing similar responsibilities.

(d) To the extent appropriate in each instance, acquisition, design, construction, reconstruction, rehabilitation, improvement, operation, maintenance, and repair of a water supply project, wastewater purification project, and solid waste disposal project, pursuant to an order of the Secretary of the Environment as further provided in §§ 3–109 and 3–110 of this subtitle; or pursuant to a mandatory agreement to provide requested services, as provided in § 3–107 of this subtitle; or pursuant to an approved five–year plan, as provided in § 3–106 of this subtitle.

(e) Except upon request of a municipality and pursuant to a contract between the Service and the municipality, the Service may not acquire, construct, operate, or establish a wastewater purification project or solid waste disposal project, as the case may be, for (1) any area or district which, in the determination of the Secretary of the Environment, is receiving adequate service from a project owned by a municipality and operated in compliance with applicable laws and regulations; (2) any area or district which, in the determination of that Secretary, will receive, within a reasonable time, adequate service from a project owned by a municipality and operated in compliance with applicable laws and regulations; or (3) dredging or dredged material disposal projects.

(f) Execute the powers and perform the duties set forth in Title 7, Subtitle 4 of the Environment Article, including the financing, acquisition, leasing, and operation of hazardous waste disposal facilities.

3–107.

(a) Any municipality or person may request the Service to provide the water supply, wastewater [purification or] **PURIFICATION**, solid waste disposal, **OR ENERGY** projects, **OR ANY OTHER SERVICES**, authorized by this subtitle. The request shall set forth the type of proposed project **OR SERVICES** to be furnished and the proposed boundaries of the area within which a project [is] **OR SERVICES ARE** requested.

(b) **NOTWITHSTANDING ANY LIMITATIONS OR OTHER PROVISIONS TO THE CONTRARY OF ARTICLE 23A, ARTICLE 25A, OR ARTICLE 25B OF THE CODE, OR OF ANY CHARTER OR LOCAL LAW REGULATING THE PROCUREMENT OR AWARDING OF PUBLIC CONTRACTS, A MUNICIPALITY MAY ENTER INTO CONTRACTS WITH THE SERVICE FOR THE PURPOSE OF THE SERVICE PROVIDING ANY OF THE PROJECTS OR SERVICES REQUESTED BY THE MUNICIPALITY.** As soon as possible after receipt of a duly authorized request from a municipality or person, the Service shall draft a proposed contract with the municipality or person in accordance with the provisions of this subtitle specifying the type of project **OR SERVICES** to be provided, whether or not a service district will be established, the boundaries and effective date of any service district, and the terms, conditions, and costs under which the project **OR SERVICES** will be provided. Upon execution of the contract, the Service as soon as possible shall establish any service district provided for in the contract and provide, maintain, and operate the necessary project. **FOR THE PURPOSES OF THIS SUBSECTION, THE EXPRESS POWERS CONTAINED AND ENUMERATED IN ARTICLES 23A, 25A, AND 25B OF THE CODE AND IN THE CHARTER OF THE CITY OF BALTIMORE ARE DEEMED TO INCORPORATE AND INCLUDE THE POWER AND AUTHORITY CONTAINED IN THIS SUBSECTION.**

(c) The charges levied against a service district shall be reduced by the full amount of federal and State grants which the Service receives and is entitled to retain to defray the cost of any project within the service district.

(d) Existing facilities providing service of the type requested, including all rights, easements, laboratory facilities, vehicles, records, and all other property, equipment, and furnishings necessary and normally associated with the operation of the facility, shall be transferred to the sole ownership of the Service on the date a service district comes into existence unless the Service determines that it not be so transferred. Compensation for existing projects may be based on the original cost of the project minus an allowance for depreciation, or on other terms and conditions satisfactory to the municipality or person transferring the project. All costs and obligations assumed by the Service incidental to the transfer of ownership shall be included in the charge levied against the service district.

(e) At the request of any person or municipality having the responsibility for the collection of liquid waste or solid waste, the Service may enter into a contract to provide management and operation of waste collection services in any service district as an adjunct to the mandatory provision of projects as set forth in subsections (a) through (d) of this section, if (1) as a condition to the provision of management and operation of waste collection services, the municipality or person enters into a contract upon terms the Service determines reasonable; and (2) the Service and the municipality or person requesting collection services determines by agreement from time to time the charges including the amount and frequency of payments to the Service.

3-108.

(a) (1) In calculating charges for water supply, wastewater [purification and] **PURIFICATION**, solid waste disposal, **AND ENERGY** projects, **PRODUCTS**, or services or in determining the costs to be levied against a municipality, person, or property in a service district established pursuant to this subtitle, the Service shall require that the charges reflect the full costs of [projects] **PROVIDING THE PROJECTS, PRODUCTS, OR SERVICES**.

(2) The charges and costs to be levied against any particular municipality, person, or property located within a service district shall take account of:

(i) Whether the property is eligible for water or sewerage service in accordance with the approved State-county master plans for water and sewerage adopted under Title 9 of the Environment Article;

(ii) The value and capacity of any existing facility transferred by the municipality or person to the Service; and

(iii) The costs and obligations assumed by the Service incidental to the transfer of the facility.

1 (3) To the extent deemed reasonable and practicable by the Service,
2 charges for **SOLID WASTE OR WASTEWATER PURIFICATION** projects or services also
3 shall be based on but not necessarily limited to a formula reflecting the volume and
4 characteristics of the wastes as they influence transportation, purification, final
5 disposal, and time pattern of discharge.

6 (4) (i) Before establishing or adjusting charges in a service district,
7 the Service shall publish notice of the proposed charges, at least once a week for 2
8 weeks, in at least one newspaper of general circulation in the municipality in which
9 the service district is located and hold a public hearing on the proposed charges.

10 (ii) The published notice shall be at least 1/4 page in size, and
11 use at least 18 point type. The notice may not be placed with legal notices or classified
12 advertisements. The headline of the notice shall be in bold print, with all letters
13 capitalized. The text of the notice, other than the headline, shall be in upper and lower
14 case letters.

15 (iii) The charges shall become effective on the date set by the
16 Service. The Service may, by resolution of the Board, provide that the charges are
17 chargeable against all or part of the lots or parcels of land in the service district and
18 constitute a first lien on such property. The resolution may establish reasonable times
19 and methods of collection of the charges, which may be levied and collected by the
20 Service and have the same priority and rights and bear the same interest and
21 penalties and in every respect be treated the same as taxes of the State. The charges
22 may be levied and collected notwithstanding the absence of a contract between the
23 Service and the municipality, person, or property against whom the charge is imposed.

24 (b) If a municipality fails to pay the Service for projects or services provided
25 pursuant to this subtitle within 60 days of the due date, as established by contract, all
26 State funds, or that portion of them required, relating to the income tax, the tax on
27 racing, the recordation tax, the tax on amusements and the license tax thereafter to be
28 distributed to the municipality shall be paid by the Comptroller of Maryland directly
29 to the Service until the amount paid to the Service is equal to the amount due the
30 Service by the municipality.

31 (c) If a person fails to pay the Service for projects **OR SERVICES** provided
32 [by] **IN ACCORDANCE WITH** this subtitle within 60 days of the due date, as
33 established by the Service, the unpaid [bill becomes a] **AMOUNT CONSTITUTES A**
34 **STATUTORY** lien against the **REAL** property served, [if it is recorded and indexed as
35 provided in this subtitle, and] shall be referred to the Attorney General for collection,
36 **AND MAY BE COLLECTED THROUGH A TAX SALE.**

37 (d) The governing body of any county may charge the Service a fee for final
38 disposal of solid waste at any solid waste disposal project located in that county
39 provided that any fees charged the Service are not greater than those charged other
40 users of any solid waste disposal project.

1 [(e) Unless otherwise agreed in a contract, contracts for projects shall be
2 reviewed at least biennially by the Service and by the other contracting party, but a
3 contract may be reviewed upon the request of either party at any time for the purpose
4 of renegotiating rates, fees, or other charges exacted by the Service.]

5 3–113.

6 (a) If any officer whose signature or a facsimile of whose signature appears
7 on any bonds [or coupons] or notes ceases to be the officer before the delivery of the
8 bonds or notes, the signature or facsimile is nevertheless valid and sufficient for all
9 purposes as if he had remained in office until delivery.

10 (b) Notwithstanding any other provision of this title or any recitals in any
11 bonds and notes issued hereunder, all bonds and notes shall be deemed to be
12 negotiable instruments under the laws of the State.

13 (c) The bonds may be issued [in coupon or] in registered form[, or both, and
14 provision may be made for the registration of any coupon bonds as to principal alone
15 and also as to both principal and interest, for the reconversion into coupon bonds of
16 any bonds registered as to both principal and interest, and for the interchange of
17 coupon and registered bonds] **OR IN SUCH OTHER FORM AS DETERMINED BY THE**
18 **BOARD.** Provision may also be made for the replacement of bonds which become
19 mutilated or are lost or destroyed.

20 (d) The bonds and notes are exempt from the provisions of §§ 8–206 and
21 8–208 of the State Finance and Procurement Article. The Service may sell its bonds
22 and notes in the manner, either at public or at private sale, and for the price it
23 determines.

24 (e) The bonds and notes may be issued by the Service without obtaining the
25 consent of any unit of the State government, and without any other proceedings or the
26 happening of any other conditions or things than those specifically required
27 hereunder.

28 3–116.

29 The Service, by resolution adopted by a majority of the Board, may:

30 (1) Issue, prior to the preparation of definitive bonds, interim receipts
31 or temporary bonds[, with or without coupons,] exchangeable for definitive bonds
32 when these bonds have been executed and are available for delivery;

33 (2) Issue and sell its bond anticipation notes, revenue anticipation
34 notes, or grant anticipation notes the principal of and interest on these notes to be
35 made payable to the bearer or registered holder out of the first proceeds of the sale of
36 any bonds, revenues or grants, as the case may be, issued under this subtitle, or from

any other available money of the Service, but the authorizing resolution may make provision for the issuance of bond anticipation notes in series as funds are required and for the renewal of these notes at maturity, with or without resale. The issuance of [bond anticipation] notes and the details thereof, the rights of the holders, and the rights, duties, and obligations of the Service in respect thereto, are governed by the provisions of this title relating to bonds, insofar as these provisions may be applicable. A grant anticipation note may be issued or sold only after receipt of written commitment of the federal or State government or agency making the grant; and

(3) Issue and sell its revenue bonds or notes [in the nature of industrial development bonds, whether the bonds or notes be pollution control revenue bonds, solid waste disposal revenue bonds, or other types of industrial development revenue bonds,] for the purpose of borrowing money to lend to any person or municipality for the accomplishment by such person or municipality of a project or projects. The principal of and interest on the bonds or notes may be made payable out of:

(i) The revenues received by the Service from such person or municipality or otherwise received in connection with such project;

(ii) Any property pledged or mortgaged as security for such bonds or notes; or

(iii) Any other sources designated by the Service. The authorizing resolution may make provision for the issuance of such bonds or notes in series as funds are required. The issuance of bonds or notes and the details of the issuance, the rights of the holders of the bonds or notes, and the rights, duties, and obligations of the Service of the bonds and notes shall be governed by the provisions of this subtitle relating to bonds insofar as those provisions are applicable. The Service may make or approve such provisions in connection with the issuance of the bonds or notes authorized by this subsection, including the security for such bonds or notes, the priority of the bonds or notes with regard to such security (which priority may be senior, or subordinated to, or on a parity with, other obligations) as the Service may deem necessary or appropriate to effectuate the acquisition, construction, or provision of a project by any person or municipality. However, the Service does not have power to take any action in connection with the issuance of bonds or notes pursuant to this paragraph which would create any obligation on the part of any municipality without the consent of the municipality to the obligation.

3-117.

(a) Bonds and notes authorized to be issued under the provisions of this subtitle by resolution of the Board may be secured by a trust agreement by and between the Service and a corporate trustee, which may be any trust company, or bank having trust powers, within or without the State. The trust agreement, or the authorizing resolution, may pledge or assign all or any part of the revenues of the Service or of any project or other available funds of the Service or pledge, convey, or

1 assign any one or more facilities or properties. Any trust agreement or resolution
2 authorizing the issuance of bonds or notes may contain the provisions for the
3 protection and enforcement of the rights and remedies of the bondholders **AND THE**
4 **TRUSTEE** deemed reasonable and proper[, including covenants setting forth the duties
5 of the Service in relation to the acquisition or construction of any project, the
6 extension, enlargement, improvement, maintenance, operation, repair, and insurance
7 of any project and the custody, safeguarding, and application of money and may
8 contain provisions for the employment of consulting engineers in connection with the
9 construction or operation of any project. It is lawful for any bank or trust company
10 incorporated under the laws of the State which may act as a depository of the proceeds
11 of the bonds or notes or of revenues to furnish indemnifying bonds or to pledge
12 securities as may be required by the Board. The trust agreement may set forth the
13 rights and remedies of the bondholders and of the trustee] and may restrict the
14 individual right of action by bondholders. In addition, the trust agreement may
15 contain other provisions which the Board deems reasonable and proper for the security
16 of the bondholders, including, without limitation, covenants to abandon, restrict, or
17 prohibit the construction or operation of competing facilities and covenants pertaining
18 to the issuance of additional parity bonds or notes upon conditions stated therein
19 consistent with the requirements of this subtitle. All expenses incurred in carrying out
20 the provisions of any trust agreement may be treated as a part of the cost of the
21 operation of any project or projects in connection with which the bonds or notes have
22 been issued.

23 (b) The proceeds of the sale of bonds or notes secured by a trust agreement
24 shall be paid to the trustee under the trust agreement securing the bonds or notes and
25 shall be disbursed in the manner and under the restrictions, if any, that may be
26 provided in the trust agreement.

27 3-118.

28 (a) The Service may fix, revise, charge, and collect rentals, rates, fees or
29 other charges for the use of or for the services **OR PRODUCTS** furnished by any project
30 or projects, including projects within a service district, contract with any person or
31 municipality desiring the use of the services **OR PRODUCTS**, or any part of any project
32 or projects, and fix the terms, conditions, rentals, rates, fees, and charges therefor. The
33 rentals and other rates, fees and charges designated as security for any bonds or notes
34 issued under this subtitle shall be fixed and adjusted in respect of the aggregate
35 thereof from the projects under the control of the Service as to provide funds sufficient
36 with other revenues, if any, (1) to pay the cost of maintaining, repairing, and operating
37 any project or projects financed in whole or in part by outstanding bonds or notes, to
38 the extent the cost is not otherwise provided, (2) to pay the principal of and the
39 interest on the bonds or notes as they become due and payable, (3) to create reserves
40 for those purposes, and (4) to provide funds for paying the cost of renewals or
41 replacements, the cost of acquiring or installing equipment, and the cost of enlarging,
42 extending, reconstructing, or improving any project or projects. The rentals, rates,
43 fees, and charges are not subject to supervision or regulation by any unit of the State
44 government or any political subdivision, except as provided in § 3-128 of this subtitle.

(b) The rentals, rates, fees, and other charges and revenues, or any part thereof, whether derived from the project or projects in connection with which the bonds or notes of any issue have been issued or from other projects, designated as security for the bonds or notes by the authorizing resolution or in the trust agreement securing the bonds or notes, shall be set aside at the regular intervals provided in the resolution or trust agreement in a sinking fund pledged to, and charged with, the payment of (1) the interest on the bonds or notes as it falls due, (2) the principal of the bonds or notes as it falls due, (3) the necessary charges of [paying agents for paying principal and interest] **THE TRUSTEE AND OTHER AGENTS APPOINTED BY THE TRUST AGREEMENT**, and (4) the redemption price or purchase price of bonds or notes retired by call or purchase as provided in the resolution or trust agreement. Any amounts set aside in the sinking fund which are not needed to provide for the payment of items (1), (2), (3), and (4) may be used for any other lawful purpose to the extent provided in the resolution or trust agreement. The pledge is valid and binding from the time it is made. The rentals, rates, fees, and other charges, revenues or other money pledged and thereafter received by the Service immediately shall be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge is valid and binding as against all parties having any claims of any kind in tort, contract, or otherwise against the Service, irrespective of whether the parties have notice thereof. Neither the resolution nor any trust agreement by which a pledge is created need be filed or recorded except in the records of the Service, any public general or public local law to the contrary notwithstanding. The use and disposition of money to the credit of the sinking fund are subject to the provisions of the resolution authorizing the issuance of the bonds or notes or of the trust agreement.

3-120.

Any holder of bonds or notes issued under this subtitle [or of any of the coupons thereto appertaining,] and the trustee, except to the extent the rights herein given may be restricted by the trust agreement, either at law or in equity, by suit, action, mandamus or other proceedings, may protect and enforce any and all rights under the laws of the State or granted hereunder, or in the resolution authorizing the issuance of the bonds or notes, or under the trust agreement, and may enforce and compel the performance of all duties required by this subtitle, or in the resolution authorizing the issuance of the bonds or notes, or by the trust agreement, to be performed by the Service, or by any officer thereof, including the fixing, charging, and collecting of rentals and other rates, fees, and charges for the use of the projects.

3-122.

(a) Bonds or notes issued under the provisions of this subtitle shall not be deemed to constitute or create a debt or a pledge of the faith and credit of the State or of any political subdivision. Every bond or note shall contain on its face a statement to the effect that neither the Service, the State, nor any political subdivision thereof is obligated to pay it or the interest thereon except from revenues or other money of the Service available therefor and that neither the faith and credit nor the taxing power of

1 the State or any political subdivision is pledged to the payment of the principal of or
2 the interest on the bonds or notes. However, this subsection does not limit the ability
3 of the State or a political subdivision to set, impose, or collect an assessment, rate, fee,
4 or charge to pay to the Service the cost of a project, including the principal of and
5 interest on a bond or note, under an agreement between the Service and the State or
6 political subdivision.

7 (b) (1) Notwithstanding any limitations or other provisions to the
8 contrary of Article 23A, Article 25A, or Article 25B of the Code, or of any charter or
9 local law regulating the creation of public debts, a municipality may enter into
10 contracts with the Service for the purpose of defraying the Service's costs of acquiring
11 or providing a solid waste disposal project, wastewater purification project, [or] water
12 supply project, **OR ENERGY PROJECT**, which costs may include debt service
13 requirements of the Service relating to that project. These contracts shall not be
14 deemed to constitute or create a debt of the municipality or a pledge of its faith or
15 credit within the meaning of any of these limitations or other provisions. Such a solid
16 waste disposal project, wastewater purification project, [or] water supply project, **OR**
17 **ENERGY PROJECT** may not be deemed to be a capital project of the municipality
18 within the meaning of any of these limitations or other provisions, and a resolution,
19 ordinance, or other official action authorizing such contracts is not subject to
20 referendum or other procedure not applicable to all ordinances or resolutions enacted
21 by the municipality. For the purposes of this subsection, the express powers contained
22 and enumerated in Articles 23A, 25A, and 25B of the Code and in the Charter of the
23 City of Baltimore are deemed to incorporate and include the power and authority
24 contained in this subsection.

25 (2) (i) A county or municipal corporation may limit its obligations
26 under contracts with the Service to a specific source of funds including revenues of its
27 publicly operated or publicly contracted solid waste collection or disposal system.

28 (ii) The governing body of a county or municipal corporation
29 may, by ordinance or resolution, impose reasonable rates and charges for publicly
30 operated or publicly contracted solid waste collection, treatment, or disposal sufficient
31 to defray expenses of its publicly operated or publicly contracted solid waste collection,
32 treatment, or disposal system, including amounts due under a contract with the
33 Service and the funding of reserves.

34 (iii) The ordinance or resolution may establish a reasonable
35 basis for setting the rates and charges, and a schedule of rates and charges, and may
36 designate solid waste collection, treatment, or disposal service areas within the county
37 or municipal corporation, provided the county or municipal corporation is operating its
38 own collection, treatment, or disposal service or has contracted out those services.

39 (iv) The ordinance or resolution may provide that the rates and
40 charges are chargeable against all or part of the occupied lots or parcels of land in the
41 county or municipal corporation or in service areas established by the county or
42 municipal corporation and constitute a first lien on such property and may establish

1 reasonable times and methods for collection of the rates or charges, which may be
2 levied and collected and have the same priority and rights and bear the same interest
3 and penalties and in every respect be treated the same as taxes of the county or
4 municipal corporation.

5 (v) The county or municipal corporation may modify the amount
6 of the rates and charges by a resolution of its governing body or by other action
7 authorized by the ordinance or resolution imposing the rates and charges.

8 (vi) Before setting or modifying the rates and charges, the
9 county or municipal corporation shall give notice of the proposed rates or charges in at
10 least one newspaper of general circulation in the county or municipal corporation and
11 hold a public hearing on the necessity or advisability of the proposed rates or charges.

12 (vii) The county or municipal corporation may enter into a rate
13 covenant with the Service specifying the level of these rates and charges, the
14 covenants described in § 3-104(m) of this subtitle, and other covenants of the county
15 or municipal corporation to provide solid waste collection, treatment, or disposal
16 service and assure that sufficient revenues are available to provide for the payments
17 due under the contract.

18 (viii) The powers granted by this section are in addition to other
19 powers of a county or municipal corporation granted under law and may not be
20 restricted by any debt or tax rate limitation in any general law, local law, or charter
21 provision.

22 (ix) Rates and charges imposed under this section are not
23 subject to the jurisdiction of any entity other than the Service or the contracting
24 municipality.

25 (3) Any contract between the Service and a municipality shall be valid,
26 binding, and enforceable against the municipality if it is approved by resolution of the
27 governing body of the municipality.

28 (4) A county or municipal corporation may exercise the powers
29 granted under this section notwithstanding any limitations or other provisions to the
30 contrary of Article 23A, Article 25A, or Article 25B of the Code or of any charter or
31 local law.

32 3-126.

33 (a) The Service may provide for the creation, continuation, and
34 administration of whatever funds may be required. Money in these funds and other
35 money of the Service shall be deposited, as directed by the Service, in any State or
36 national bank, or federally insured savings and loan associations having a total
37 paid-in capital of at least \$1,000,000 or in any financial institution in which the State
38 Treasurer is authorized to deposit State funds. The trust department of any State or
39 national bank or savings and loan association may be designated as a depository to

1 receive any securities acquired or owned by the Service. The restriction with respect to
2 paid-in capital may be waived for any qualifying bank or savings and loan association
3 which agrees to pledge securities of the State or of the United States to protect the
4 funds and securities of the Service in amounts and under arrangements acceptable to
5 the Service.

6 (b) Any money of the Service, in its discretion and unless otherwise provided
7 in any [agreement] **TRUST AGREEMENT, OTHER AGREEMENT, or covenant**
8 [between] **MADE BY** the Service [and] **FOR THE BENEFIT OF** the holders of any of its
9 obligations [limiting or restricting classes of investments,] **WITH RESPECT TO FUNDS**
10 **HELD UNDER THE TRUST OR OTHER AGREEMENT** may be invested in:

11 (1) Bonds or other obligations of, or guaranteed as to principal and
12 interest by, the United States or the State or its political subdivisions or units; or

13 (2) Any other obligation or security in which the State Treasurer may
14 invest under § 6-222 of the State Finance and Procurement Article.

15 (c) The Service shall make provision for a system of financial accounting,
16 controls, audits, and reports. All accounting systems and records, auditing procedures
17 and standards, and financial reporting shall conform to generally accepted principles
18 of governmental accounting. The Service shall adopt the fiscal year of July 1 to June
19 30, designate the necessary funds for complete accountability, and specify the basis of
20 accounting for each fund.

21 (d) As soon as practical after the closing of the fiscal year, an audit shall be
22 made of the financial books, records, and accounts of the Service. The audit shall be
23 made by independent certified public accountants, selected by the Service and licensed
24 to practice in the State. The accountants may not have a personal interest either
25 directly or indirectly in the fiscal affairs of the Service. They shall be experienced and
26 qualified in the accounting and auditing of public bodies. The report of audit shall be
27 prepared in accordance with generally accepted auditing principles and point out any
28 irregularities found to exist. The accountants shall report the results of their
29 examination, including their unqualified opinion on the presentation of the financial
30 position of the various funds and the results of the Service's financial operations. If
31 they are unable to express an unqualified opinion they shall state and explain in detail
32 the reasons for their qualifications, disclaimer, or opinion including recommendations
33 necessary to make possible future unqualified opinions.

34 (e) The books, records, and accounts of the Service are subject to audit by the
35 State, including the Legislative Auditor.

36 (f) Any officer or employee who refuses to give the required assistance and
37 information to the accountants selected by the Service or by the State, or who refuses
38 to submit to them for examination the books, documents, records, files, accounts,
39 papers, things, or property required for the audit, in the discretion of the Service, may
40 be required to forfeit his office or employment.

(g) Any moneys received by the Service from State agencies for goods or services provided by the Service in accordance with agreements with those agencies shall be deposited and credited to the funds created under this subtitle.

(h) Within the first 90 days of each fiscal year, the Service shall make a report to the Governor and, subject to § 2–1246 of the State Government Article, to the General Assembly of its activities for the preceding fiscal year. Each such report shall set forth the complete operating and financial statement covering the Service's activities during such [year and] **YEAR**, the salaries for each position of the Service, **AND A SUMMARY OF ENERGY ACTIVITIES UNDERTAKEN BY THE SERVICE DURING SUCH YEAR.**

3–127.

(a) Except as otherwise provided by this subtitle, the Service may adopt, formulate, revise, and enforce rules and regulations necessary for the regulation of its internal affairs and for the use and operation of its projects, and of any other laws the administration of which is vested in the Service. A rule or regulation concerning the use or operation of a project may not conflict with any rule, regulation, permit, or hauler certificate of the Department of the Environment. The Service may limit or regulate water supply or liquid waste service, refuse collection, disposal service, and storm and surface water drainage service, in any area or to any premises served by Service projects, as the exigencies of the occasion and the protection of its systems require. The Service may adopt lawful and reasonable regulations it considers necessary for the public's health and safety, comfort, and convenience in the construction, operation, maintenance, expansion, relocation, replacement, renovation, and repair of its water supply, wastewater [purification and] **PURIFICATION**, solid waste disposal, **AND ENERGY** projects.

(b) Rules and regulations shall be approved by the Board and adopted under the provisions of the Administrative Procedure Act, except when necessary for the immediate preservation of the public health and safety and except for emergency provisions required to protect Service projects.

(c) Any regulation adopted by the Service under this section has the effect of law.

3–128.

(a) If the Service and a municipality or person fail to reach agreement on rates, fees, or other charges to be exacted by the Service **FOR A WATER SUPPLY OR WASTEWATER PURIFICATION PROJECT**, the Public Service Commission, on the petition of either party to the disagreement, shall assume jurisdiction for the purpose of arbitrating the disagreement. Its determination shall be final and binding on all parties concerned, subject to the right of any party to appeal the determination to the circuit court of any county within which the municipality or person is located, resides,

1 or carries on business. In any appeal the decision of the Commission is prima facie
2 correct and shall be affirmed unless clearly shown to be (1) in violation of
3 constitutional provisions, or (2) made on unlawful procedure, or (3) arbitrary or
4 capricious, or (4) affected by other error of law. It is the intention of this subtitle that
5 judicial review in all instances includes the right to appeal to the Court of Special
6 Appeals from the decision of the lower court. The provisions of this section and the
7 jurisdiction of the Public Service Commission shall not apply to any rates, fees, or
8 charges agreed to by contract between the Service and a municipality or person **FOR A**
9 **WATER SUPPLY OR WASTEWATER PURIFICATION PROJECT.**

10 (b) The Service may not be deemed to be a public service company within the
11 meaning of the Public Utility Companies Article, and, except as provided in this
12 section **AND IN § 3-102(B) OF THIS SUBTITLE**, the jurisdiction and powers of the
13 Public Service Commission do not extend to the Service.

14 3-129.

15 Any person who violates any provision of this subtitle or of any rule or
16 regulation adopted by the Service is guilty of a misdemeanor and on conviction is
17 subject to a fine not exceeding \$1,000 for each violation. A separate offense exists for
18 each day a violation occurs.

19 3-130.

20 This subtitle shall be known as the "Maryland Environmental Service Act".

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2009.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.