

# HOUSE BILL 402

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CF SB 176

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By: **Delegates Robinson, Conaway, and Tarrant**

Introduced and read first time: February 2, 2009

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Education – Baltimore City Community College – Academic Facility Bonds**

3 FOR the purpose of increasing the amount of available bond debt for Baltimore City  
4 Community College; authorizing Baltimore City Community College to issue  
5 bonds for academic facilities; and generally relating to bonding authority and  
6 Baltimore City Community College.

7 BY repealing and reenacting, with amendments,  
8 Article – Education  
9 Section 19–102  
10 Annotated Code of Maryland  
11 (2008 Replacement Volume)

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

14 **Article – Education**

15 19–102.

16 (a) In order to provide auxiliary and academic facilities a system may:

17 (1) Acquire, construct, reconstruct, equip, maintain, repair, renovate,  
18 and operate auxiliary and academic facilities at any of its campuses or locations, now  
19 existing or hereafter acquired;

20 (2) (i) Issue bonds for the purpose of financing or refinancing all or  
21 any part of the costs of any 1 or more projects of a system, including any project  
22 previously financed by a system or any predecessor; or

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) Issue bonds for the purpose of acquiring any auxiliary  
2 facility or academic facility previously financed through a capital lease with a system  
3 or any predecessor;

4 (3) Establish 1 or more trust funds for the deposit of the proceeds of  
5 the bonds of any issue and retain the interest revenue or other investment income  
6 thereon to be applied to the costs of any project, but shall maintain separate accounts  
7 within any such trust funds for auxiliary facilities and for academic facilities;

8 (4) Fix, revise, charge, and collect auxiliary facilities fees and  
9 academic fees and pledge all or any part of such auxiliary facilities fees and academic  
10 fees as security for bonds issued for auxiliary and academic facilities by a system;

11 (5) Establish 1 or more trust funds for the deposit of any auxiliary  
12 facilities fees and academic fees which may be imposed pursuant to this subtitle, and  
13 retain the interest revenue or other investment income thereon, for the purpose of  
14 acquiring, constructing, reconstructing, renovating, equipping, maintaining, repairing,  
15 and operating auxiliary and academic facilities;

16 (6) Acquire, hold, and dispose of real and personal property in the  
17 exercise of its powers and the performance of its duties under this title;

18 (7) Enter into all contracts and agreements necessary or incidental to  
19 the performance of its duties and the execution of its powers under this title, and  
20 employ consulting engineers, architects, attorneys, construction and financial experts,  
21 and other employees and agents as may be necessary, and fix their compensation;

22 (8) Receive and accept from the United States of America or any  
23 agency thereof grants and loans for the purpose of financing or refinancing all or any  
24 part of the costs of any 1 or more projects, and receive and accept aid or contributions  
25 from any sources of money, property, labor, or other things of value, to be held, used,  
26 and applied for the purposes for which such grants and contributions were made; and

27 (9) Do all acts and things necessary or convenient to carry out the  
28 powers expressly granted by the provisions of this title.

29 (b) A system may not pledge all or any part of the revenues received from:

30 (1) A State appropriation;

31 (2) Contracts, grants, or gifts received or to be received by a system,  
32 other than contracts for tuition, student fees, activity fees, or auxiliary facilities fees;  
33 or

34 (3) Any other source not expressly authorized by the General  
35 Assembly.

1 (c) (1) [Except as provided in paragraph (3) of this subsection, the] **THE**  
2 aggregate principal amount of bonds outstanding and the present value of capital  
3 lease payments, less the amount of any reserve fund or sinking fund requirement  
4 established for the bonds or capital leases, may not exceed, as of the date of issue of  
5 the bonds, the following:

6 (i) \$1,050,000,000 for the University System of Maryland;

7 (ii) \$88,000,000 for Morgan State University;

8 (iii) \$60,000,000 for St. Mary's College of Maryland; and

9 (iv) [~~\$15,000,000~~] **\$50,000,000** for Baltimore City Community  
10 College.

11 (2) Bonds outstanding do not include:

12 (i) Bonds previously issued by a system or any predecessor that  
13 are to be refunded, but only:

14 1. To the extent of any outstanding principal on the  
15 bonds that are being refunded; and

16 2. If an escrow or other similar arrangement has been  
17 made and held by the State Treasurer, a bank, or a trust company for the payment of  
18 such bonds, whether or not redeemed; or

19 (ii) Borrowings pursuant to § 12-105(c) of this article, except to  
20 the extent that such borrowings are subject to a financing agreement the term of  
21 which is for more than 5 years for the acquisition of the personal property.

22 [(3) Notwithstanding any other provision in this subsection, the  
23 Baltimore City Community College may issue bonds only for the purpose of financing  
24 auxiliary facilities.]

25 (d) (1) A system may not issue bonds for the purpose of financing all or  
26 any part of the costs of any academic facility or facilities until the General Assembly  
27 has approved in an act the:

28 (i) Project or projects for any academic facility or facilities; and

29 (ii) Maximum principal amount of bonds a system may issue in  
30 connection with such project or projects for any academic facility or facilities.

31 (2) The General Assembly's approval shall expressly authorize the  
32 project or projects for any academic facility or facilities and the maximum principal

1 amount of bonds a system may issue in connection with such project or projects for the  
2 academic facility or facilities.

3 (3) Without the approval of the General Assembly, a system may issue  
4 bonds to refinance all or any part of the costs of any project for any academic facility or  
5 facilities for which a system previously issued bonds under the authority of this  
6 section.

7 (4) (i) Any bonds issued under the requirements of this subsection  
8 shall mature at such times not exceeding the useful life of the project for which the  
9 bonds are issued, but not later than 21 years after their respective dates of issue, as  
10 may be determined by a system.

11 (ii) Any bonds issued in accordance with paragraph (3) of this  
12 subsection shall mature at such times as may be determined by a system, but not later  
13 than 21 years after the date of issue of the bonds that were originally issued for the  
14 academic facility or facilities authorized under the requirements of this subsection.

15 (e) (1) A system shall maintain records identifying the sources and  
16 amounts of payments used to support:

17 (i) The auxiliary facilities; and

18 (ii) The academic facilities authorized under the requirements  
19 of this subtitle.

20 (2) A system shall report:

21 (i) By September 1 to the Board of Public Works and, subject to  
22 § 2-1246 of the State Government Article, to the Department of Legislative Services,  
23 the information for the prior fiscal year required under paragraph (1) of this  
24 subsection; and

25 (ii) By December 1, subject to § 2-1246 of the State Government  
26 Article, to the Department of Legislative Services, the anticipated sources and  
27 amounts of payments required for the next fiscal year for:

28 1. Auxiliary facilities; and

29 2. Academic facilities authorized under the  
30 requirements of this subtitle.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 July 1, 2009.