

HOUSE BILL 402

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9lr2177
CF SB 176

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

Introduced and read first time: February 2, 2009

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2009

CHAPTER _____

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; requiring the Capital Debt Affordability
6 Committee to estimate in a certain annual report the amount of new bonds for
7 academic facilities that may be authorized in the aggregate for the next fiscal
8 year by the Baltimore City Community College; and generally relating to
9 bonding authority and Baltimore City Community College.

10 BY repealing and reenacting, with amendments,
11 Article – Education
12 Section 19–102
13 Annotated Code of Maryland
14 (2008 Replacement Volume)

15 BY repealing and reenacting, with amendments,
16 Article – State Finance and Procurement
17 Section 8–112(e)
18 Annotated Code of Maryland
19 (2006 Replacement Volume and 2008 Supplement)

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

22 **Article – Education**

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 19–102.

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

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

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

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

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

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

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

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

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

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

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

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

2 (1) A State appropriation;

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

6 (3) Any other source not expressly authorized by the General
7 Assembly.

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

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

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

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

16 (iv) [~~\$15,000,000~~ ~~\$50,000,000~~ \$65,000,000] for Baltimore City
17 Community College.

18 (2) Bonds outstanding do not include:

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

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

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

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

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

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

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

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

7 (2) The General Assembly's approval shall expressly authorize the
8 project or projects for any academic facility or facilities and the maximum principal
9 amount of bonds a system may issue in connection with such project or projects for the
10 academic facility or facilities.

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

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

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

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

25 (i) The auxiliary facilities; and

26 (ii) The academic facilities authorized under the requirements
27 of this subtitle.

28 (2) A system shall report:

29 (i) By September 1 to the Board of Public Works and, subject to
30 § 2-1246 of the State Government Article, to the Department of Legislative Services,
31 the information for the prior fiscal year required under paragraph (1) of this
32 subsection; and

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

- 1 1. Auxiliary facilities; and
- 2 2. Academic facilities authorized under the
- 3 requirements of this subtitle.

Article – State Finance and Procurement

5 8–112.

6 (e) (1) In addition to its other duties under this section, the Committee
7 shall review on a continuing basis the size and condition of any debt of the University
8 System of Maryland, Morgan State University, St. Mary’s College of Maryland, and
9 the Baltimore City Community College.

10 (2) In preparing an estimate with respect to the authorization of any
11 new State debt, the Committee shall take into account as part of the affordability
12 analysis any debt for academic facilities to be issued by a System.

13 (3) At the same time that the Committee makes its report as required
14 under subsection (b) of this section, the Committee shall submit to the Governor and
15 the General Assembly the Committee’s estimate of the amount of new bonds for
16 academic facilities that prudently may be authorized in the aggregate for the next
17 fiscal year by the University System of Maryland, Morgan State University, [and] St.
18 Mary’s College of Maryland, AND THE BALTIMORE CITY COMMUNITY COLLEGE.

19 (4) For purposes of this subtitle, the terms “System” and “academic
20 facilities” have the meanings stated in § 19–101 of the Education Article.

21 (5) The Committee may request any needed information from a
22 System and shall consider the information in making its estimates, including any
23 information submitted by a System at its own initiative.

24 (6) This estimate:

25 (i) is advisory; and

26 (ii) does not bind the General Assembly, the Board, or the
27 Governor.

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