

# HOUSE BILL 1331

C8, B5

9lr3256  
CF SB 931

---

By: **Delegate Conway**

Introduced and read first time: February 18, 2009

Assigned to: Rules and Executive Nominations

Re-referred to: Environmental Matters, March 2, 2009

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 25, 2009

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Community Development Administration – Local Government Infrastructure**  
3 **Financing Program – Capital Reserve Funds**

4 FOR the purpose of authorizing the Community Development Administration to  
5 establish certain capital reserve funds in connection with the financing of  
6 certain infrastructure projects; providing that money of a fund may be used only  
7 to pay the principal of, and premium and interest on, certain debt obligations of  
8 the Administration secured by the fund; providing that a capital reserve fund  
9 may consist of certain money; providing that if the balance in a capital reserve  
10 fund is below a certain amount, the Administration may not use the money in  
11 the fund for certain purposes and shall replenish the fund in a certain manner;  
12 requiring the Administration to request the Comptroller to advance certain  
13 funds to replenish the capital reserve fund under certain circumstances;  
14 prohibiting the Administration, except under certain circumstances, from  
15 issuing certain bonds, notes, or other obligations if issuing the bonds, notes, or  
16 other obligations would result in the capital reserve fund falling below a certain  
17 requirement; defining certain terms; making this Act contingent on the taking  
18 effect of another Act; and generally relating to the authority of the Community  
19 Development Administration to establish capital reserve funds and issue  
20 certain bonds, notes, and other obligations.

21 BY adding to

22 Article – Housing and Community Development

23 Section 4–233.1

24 Annotated Code of Maryland

---

**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 (2006 Volume and 2008 Supplement)

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

4 **Article – Housing and Community Development**

5 **4-233.1.**

6 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
7 MEANINGS INDICATED.

8 (2) “CAPITAL RESERVE FUND” MEANS A RESERVE FUND CREATED  
9 UNDER THIS SECTION.

10 (3) “MINIMUM CAPITAL RESERVE REQUIREMENT” MEANS THE  
11 MINIMUM CAPITAL RESERVE AMOUNT ESTABLISHED BY THE ADMINISTRATION  
12 FOR A CAPITAL RESERVE FUND IN CONNECTION WITH THE ISSUANCE OF BONDS,  
13 NOTES, OR OTHER OBLIGATIONS OF THE ADMINISTRATION IN CONNECTION  
14 WITH THE FINANCING OF ONE OR MORE INFRASTRUCTURE PROJECTS.

15 (B) THE ADMINISTRATION MAY ESTABLISH ONE OR MORE CAPITAL  
16 RESERVE FUNDS IN CONNECTION WITH THE FINANCING OF ONE OR MORE  
17 INFRASTRUCTURE PROJECTS.

18 (C) MONEY IN A CAPITAL RESERVE FUND SHALL BE USED SOLELY TO  
19 PAY THE PRINCIPAL OF, AND PREMIUM AND INTEREST ON, THE BONDS, NOTES,  
20 OR OTHER OBLIGATIONS OF THE ADMINISTRATION:

21 (1) SECURED BY THE CAPITAL RESERVE FUND; AND

22 (2) ISSUED IN CONNECTION WITH FINANCING INFRASTRUCTURE  
23 PROJECTS.

24 (D) A CAPITAL RESERVE FUND MAY CONSIST OF:

25 (1) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE  
26 PURPOSES OF THE CAPITAL RESERVE FUND;

27 (2) PROCEEDS OF A SALE OF BONDS, NOTES, OR OTHER  
28 OBLIGATIONS OF THE ADMINISTRATION OR THE STATE;

29 (3) INVESTMENT EARNINGS OF THE CAPITAL RESERVE FUND; AND

1           (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR  
2 THE BENEFIT OF A CAPITAL RESERVE FUND.

3           (E) (1) IF THE BALANCE OF A CAPITAL RESERVE FUND IS LESS THAN  
4 THE MINIMUM CAPITAL RESERVE REQUIREMENT ESTABLISHED BY THE  
5 ADMINISTRATION FOR THAT FUND, THE ADMINISTRATION:

6                   (I) MAY NOT USE MONEY FROM THE FUND FOR THE  
7 OPTIONAL PURCHASE OR REDEMPTION OF A BOND, NOTE, OR OTHER  
8 OBLIGATION OF THE ADMINISTRATION; AND

9                   (II) SHALL REPLENISH THE FUND FROM AVAILABLE  
10 OPERATING REVENUE GENERATED BY INFRASTRUCTURE PROJECTS OR FUNDS  
11 PROVIDED BY THE STATE.

12           (2) IF AVAILABLE OPERATING REVENUE GENERATED BY  
13 INFRASTRUCTURE PROJECTS AND FUNDS PROVIDED BY THE STATE ARE  
14 INSUFFICIENT TO REPLENISH A CAPITAL RESERVE FUND AS REQUIRED UNDER  
15 PARAGRAPH (1) OF THIS SUBSECTION, THE ADMINISTRATION SHALL REQUEST  
16 THAT THE COMPTROLLER ADVANCE THE CONTINGENT FUNDING TO REPLENISH  
17 THE CAPITAL RESERVE FUND AS PROVIDED IN THE LOCAL GOVERNMENT  
18 INFRASTRUCTURE FINANCING PROGRAM CAPITAL RESERVE FUND LOAN OF  
19 2009 (CHAPTER ~~(S.B. /H.B.) (9LR3031)~~ (CHAPTER (S.B. 932/H.B.  
20 1330) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2009) OR ANY OTHER  
21 BOND BILL ENABLING ACT FOR THIS PURPOSE.

22           (F) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
23 SUBSECTION, THE ADMINISTRATION MAY NOT ISSUE BONDS, NOTES, OR OTHER  
24 OBLIGATIONS SECURED IN WHOLE OR IN PART BY A CAPITAL RESERVE FUND IF  
25 ON ISSUANCE THE AMOUNT IN THE CAPITAL RESERVE FUND WILL BE LESS THAN  
26 THE MINIMUM CAPITAL RESERVE REQUIREMENT.

27           (2) THE LIMITATION UNDER PARAGRAPH (1) OF THIS  
28 SUBSECTION DOES NOT APPLY IF AT THE TIME OF ISSUANCE AN AMOUNT IS  
29 DEPOSITED IN THE CAPITAL RESERVE FUND SO THAT ON ISSUANCE THE TOTAL  
30 AMOUNT IN THE CAPITAL RESERVE FUND WILL BE AT LEAST EQUAL TO THE  
31 MINIMUM CAPITAL RESERVE REQUIREMENT.

32           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 June 1, 2009, contingent on the taking effect of ~~Chapter ~~(S.B. /H.B.)~~~~  
34 ~~(9LR3031)~~ Chapter (S.B. 932/H.B. 1330) of the Acts of the General Assembly of  
35 2009, and if ~~Chapter ~~(S.B. /H.B.)~~ (9LR3031)~~ Chapter (S.B. 932/H.B.  
36 1330) does not become effective this Act shall be null and void without the necessity of  
37 further action by the General Assembly.

