

# HOUSE BILL 1425

R2, B2

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CF SB 1011

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By: **Delegates Gaines and Levy**

Introduced and read first time: February 25, 2009

Assigned to: Rules and Executive Nominations

Re-referred to: Appropriations, March 9, 2009

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Committee Report: Favorable

House action: Adopted

Read second time: March 25, 2009

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

1 AN ACT concerning

2 **Department of Transportation – Consolidated Transportation Bonds**  
3 **– Issuance Procedures**

4 FOR the purpose of authorizing the Department of Transportation to sell its  
5 consolidated transportation bonds at either a public, competitive sale or a  
6 private, negotiated sale, as determined by the Secretary of Transportation in  
7 accordance with certain criteria; providing that a public, competitive sale is the  
8 preferred method of issuance; providing for the form of notice of a public sale;  
9 providing for the publication of the notice of sale in a certain journal; repealing  
10 a certain publication requirement; and generally relating to the sale of the  
11 Department of Transportation's consolidated transportation bonds.

12 BY repealing and reenacting, with amendments,  
13 Article – Transportation  
14 Section 3–202 and 3–203  
15 Annotated Code of Maryland  
16 (2008 Replacement Volume)

17 BY repealing and reenacting, without amendments,  
18 Article – Transportation  
19 Section 3–207  
20 Annotated Code of Maryland  
21 (2008 Replacement Volume)

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

3 **Article – Transportation**

4 3–202.

5 (a) The Department from time to time may issue its bonds on behalf of this  
6 State to finance the cost of any one or more or combination of transportation facilities.

7 (b) The bonds shall be known as “consolidated transportation bonds” and  
8 may be issued in any amount as long as the aggregate outstanding and unpaid  
9 principal balance of these bonds and bonds of prior issues does not exceed at any one  
10 time the sum of \$2.6 billion.

11 **(C) THE PREFERRED METHOD OF ISSUANCE OF THE DEPARTMENT’S**  
12 **CONSOLIDATED TRANSPORTATION BONDS IS BY A PUBLIC, COMPETITIVE SALE.**

13 **(D) THE DEPARTMENT MAY ISSUE ITS CONSOLIDATED**  
14 **TRANSPORTATION BONDS AT A PRIVATE, NEGOTIATED SALE PROVIDED THAT:**

15 **(1) THE SECRETARY DETERMINES THAT EXTRAORDINARY**  
16 **CREDIT MARKET CONDITIONS EXIST THAT WARRANT THE USE OF THIS METHOD**  
17 **RATHER THAN A PUBLIC, COMPETITIVE SALE; AND**

18 **(2) THE SECRETARY DETERMINES THAT THE TERMS AND**  
19 **CONDITIONS, INCLUDING PRICE, INTEREST RATES, AND PAYMENT DATES, THAT**  
20 **CAN BE ACHIEVED BY A PRIVATE NEGOTIATED SALE ARE MORE ADVANTAGEOUS**  
21 **TO THE STATE.**

22 **[(c)] (E)** The maximum outstanding and unpaid principal balance of  
23 consolidated transportation bonds and bonds of prior issues as of June 30 for the next  
24 fiscal year:

25 (1) Shall be established each year by the General Assembly in the  
26 State budget; and

27 (2) May not exceed the limit established in subsection (b) of this  
28 section.

29 3–203.

30 (a) The resolution authorizing the issuance of consolidated transportation  
31 bonds shall:

1 (1) Describe generally the transportation facilities the cost of which is  
2 proposed to be financed by the sale of bonds;

3 (2) State the estimated cost of financing these facilities; and

4 (3) Determine and specify:

5 (i) The date or dates of issue;

6 (ii) The date or dates and amount or amounts of maturities,  
7 which need not be in equal principal amounts or consecutive annual installments;

8 (iii) The rate or rates of interest payable on the bonds, or the  
9 manner of determining the rate or rates of interest, and the date or dates of payment  
10 of interest;

11 (iv) The tenor, form or forms, denomination or denominations,  
12 manner of execution, and place or places of payment of the principal of and interest on  
13 the bonds, which may be at any bank or trust company within or without this State;

14 (v) Whether the bonds are to be issued in coupon or registered  
15 form or both and whether provision is to be made for the registration of the principal  
16 only of coupon bonds, for the reconversion of fully registered bonds into coupon form,  
17 and for the replacement of bonds that are mutilated, lost, or destroyed;

18 (vi) [The terms and conditions of the public sale of the bonds]  
19 **WHETHER THE BONDS ARE TO BE SOLD AT A PUBLIC, COMPETITIVE SALE OR A**  
20 **PRIVATE, NEGOTIATED SALE, AS DETERMINED BY THE SECRETARY;**

21 (vii) [The] **IF THE BONDS ARE TO BE SOLD AT A PUBLIC SALE,**  
22 **THE** form of notice of sale, which shall outline the terms and conditions of the sale;

23 (viii) The form of advertisement, which shall be published [at  
24 least once in a newspaper of general circulation in Baltimore City and, also,] at least  
25 once in a journal having a circulation among banks and investment bankers, [at least  
26 one] **THE** publication of which shall be made not less than 10 days before the sale of  
27 bonds;

28 (ix) Whether all or any part of the bonds are redeemable before  
29 maturity and, if so, the terms, conditions, and prices of redemption; and

30 (x) Any other matter relating to the form, terms, conditions,  
31 issuance, sale, and delivery of the bonds.

32 (b) (1) The resolution may provide that the Secretary may postpone the  
33 time for receipt of proposals for the bonds without republishing the form of  
34 advertisement for the bonds.

1                   (2)   (i)    The Secretary shall provide notice of the new date and time  
2 of sale not less than 24 hours prior to the time proposals are to be submitted, which  
3 date may not be more than 30 days after the originally scheduled date of sale.

4                   (ii)   The notice may be given by Munifacts News Service or a  
5 similar service or such other method as the Secretary deems appropriate.

6 3-207.

7           Each issue of consolidated transportation bonds shall be approved before sale by  
8 resolution of the Board of Public Works.

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.