

SENATE BILL 931

C8, B5

9lr3035
CF 9lr3256

By: **Senator Currie**

Introduced and read first time: February 16, 2009

Assigned to: Rules

A BILL ENTITLED

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
25 (2006 Volume and 2008 Supplement)

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

28 **Article – Housing and Community Development**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **4-233.1.**

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
3 MEANINGS INDICATED.

4 (2) "CAPITAL RESERVE FUND" MEANS A RESERVE FUND CREATED
5 UNDER THIS SECTION.

6 (3) "MINIMUM CAPITAL RESERVE REQUIREMENT" MEANS THE
7 MINIMUM CAPITAL RESERVE AMOUNT ESTABLISHED BY THE ADMINISTRATION
8 FOR A CAPITAL RESERVE FUND IN CONNECTION WITH THE ISSUANCE OF BONDS,
9 NOTES, OR OTHER OBLIGATIONS OF THE ADMINISTRATION IN CONNECTION
10 WITH THE FINANCING OF ONE OR MORE INFRASTRUCTURE PROJECTS.

11 (B) THE ADMINISTRATION MAY ESTABLISH ONE OR MORE CAPITAL
12 RESERVE FUNDS IN CONNECTION WITH THE FINANCING OF ONE OR MORE
13 INFRASTRUCTURE PROJECTS.

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

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

18 (2) ISSUED IN CONNECTION WITH FINANCING INFRASTRUCTURE
19 PROJECTS.

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

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

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

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

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

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

1 **(I) MAY NOT USE MONEY FROM THE FUND FOR THE**
2 **OPTIONAL PURCHASE OR REDEMPTION OF A BOND, NOTE, OR OTHER**
3 **OBLIGATION OF THE ADMINISTRATION; AND**

4 **(II) SHALL REPLENISH THE FUND FROM AVAILABLE**
5 **OPERATING REVENUE GENERATED BY INFRASTRUCTURE PROJECTS OR FUNDS**
6 **PROVIDED BY THE STATE.**

7 **(2) IF AVAILABLE OPERATING REVENUE GENERATED BY**
8 **INFRASTRUCTURE PROJECTS AND FUNDS PROVIDED BY THE STATE ARE**
9 **INSUFFICIENT TO REPLENISH A CAPITAL RESERVE FUND AS REQUIRED UNDER**
10 **PARAGRAPH (1) OF THIS SUBSECTION, THE ADMINISTRATION SHALL REQUEST**
11 **THAT THE COMPTROLLER ADVANCE THE CONTINGENT FUNDING TO REPLENISH**
12 **THE CAPITAL RESERVE FUND AS PROVIDED IN THE LOCAL GOVERNMENT**
13 **INFRASTRUCTURE FINANCING PROGRAM CAPITAL RESERVE FUND LOAN OF**
14 **2009 (CHAPTER ___(S.B. ___/H.B. ___)(9LR3031) OF THE ACTS OF THE**
15 **GENERAL ASSEMBLY OF 2009).**

16 **(F) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
17 **SUBSECTION, THE ADMINISTRATION MAY NOT ISSUE BONDS, NOTES, OR OTHER**
18 **OBLIGATIONS SECURED IN WHOLE OR IN PART BY A CAPITAL RESERVE FUND IF**
19 **ON ISSUANCE THE AMOUNT IN THE CAPITAL RESERVE FUND WILL BE LESS THAN**
20 **THE MINIMUM CAPITAL RESERVE REQUIREMENT.**

21 **(2) THE LIMITATION UNDER PARAGRAPH (1) OF THIS**
22 **SUBSECTION DOES NOT APPLY IF AT THE TIME OF ISSUANCE AN AMOUNT IS**
23 **DEPOSITED IN THE CAPITAL RESERVE FUND SO THAT ON ISSUANCE THE TOTAL**
24 **AMOUNT IN THE CAPITAL RESERVE FUND WILL BE AT LEAST EQUAL TO THE**
25 **MINIMUM CAPITAL RESERVE REQUIREMENT.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 June 1, 2009, contingent on the taking effect of Chapter ____ (S.B. ____/H.B. ____)
28 (9lr3031) of the Acts of the General Assembly of 2009, and if Chapter ____ (S.B.
29 ____/H.B. ____) (9lr3031) does not become effective this Act shall be null and void
30 without the necessity of further action by the General Assembly.