

SENATE BILL 931

C8, B5

9lr3035
CF HB 1331

By: **Senator Currie**

Introduced and read first time: February 16, 2009

Assigned to: Rules

Re-referred to: Budget and Taxation, February 26, 2009

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 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.