

SENATE BILL 932

B2, B5, P1

9lr3031

By: **Senator Currie**

Introduced and read first time: February 16, 2009

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Community Development Administration – Local**
3 **Government Infrastructure Financing Program**

4 FOR the purpose of authorizing the creation of State Debt in the total principal
5 amount up to \$2,000,000, the proceeds to be used as grants or loans to the
6 Community Development Administration of the Department of Housing and
7 Community Development to replenish certain capital reserve funds created
8 under the Local Government Infrastructure Financing Program; providing for
9 disbursement of the loan proceeds; stating the intent of the General Assembly
10 that certain bonds only be issued under certain circumstances; stating the
11 intent of the General Assembly that this bond authorization is excluded from
12 the Capital Debt Affordability limit; stating the intent of the General Assembly
13 that the Administration reimburse, within a certain number of years, the
14 Annuity Bond Fund for the principal and interest costs for the debt authorized
15 under this Act; authorizing the Comptroller to advance certain funds under
16 certain circumstances; exempting this Act from a certain termination provision
17 under the State Finance and Procurement Article; making this Act contingent
18 on the taking effect of another Act; and generally providing for the issuance and
19 sale of bonds evidencing the Local Government Infrastructure Financing
20 Program Capital Reserve Fund Loan of 2009.

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That:

23 (1) The Board of Public Works may borrow money and incur indebtedness on
24 behalf of the State of Maryland through a State loan to be known as the Local
25 Government Infrastructure Financing Program Capital Reserve Fund Loan of 2009 in
26 the total principal amount up to \$2,000,000. This loan shall be evidenced by the
27 issuance, sale, and delivery of State general obligation bonds authorized by a
28 resolution of the Board of Public Works and issued, sold, and delivered in accordance

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 with §§ 8–117 through 8–124 of the State Finance and Procurement Article and
2 Article 31, § 22 of the Code.

3 (2) The bonds to evidence this loan or installments of this loan may be sold
4 as a single issue or may be consolidated and sold as part of a single issue of bonds
5 under § 8–122 of the State Finance and Procurement Article.

6 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
7 and first shall be applied to the payment of the expenses of issuing, selling, and
8 delivering the bonds, unless funds for this purpose are otherwise provided, and then
9 shall be credited on the books of the Comptroller and expended, on approval by the
10 Board of Public Works, for the following public purposes: as a grant or loan to the
11 Community Development Administration of the Department of Housing and
12 Community Development to replenish certain capital reserve funds created under the
13 Local Government Infrastructure Financing Program as provided for under § 4–233.1
14 of the Housing and Community Development Article.

15 (4) An annual State tax is imposed on all assessable property in the State in
16 rate and amount sufficient to pay the principal of and interest on the bonds, as and
17 when due and until paid in full. The principal shall be discharged within 15 years
18 after the date of issue of the bonds.

19 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
20 General Assembly that general obligation bonds authorized by this Act only be issued
21 if the amount held in a capital reserve fund created under § 4–233.1 of the Housing
22 and Community Development Article falls below the minimum capital reserve
23 requirement established for that fund.

24 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the
25 General Assembly that the \$2,000,000 of general obligation bonds authorized by this
26 Act not be included as part of the annual general obligation debt limit recommended
27 by the Capital Debt Affordability Committee, in accordance with § 8–112 of the State
28 Finance and Procurement Article, unless and until the bonds authorized by this Act
29 are issued. Further, it is the intent of the General Assembly that the Community
30 Development Administration develop a repayment schedule, in consultation with the
31 Comptroller, to reimburse the Annuity Bond Fund, within five years of the issuance of
32 debt authorized under this Act, for the principal and interest costs of any debt issued.

33 SECTION 4. AND BE IT FURTHER ENACTED, That the Comptroller may,
34 upon the request of the Community Development Administration, advance funds to
35 replenish any capital reserve fund established pursuant to § 4–233.1 of the Housing
36 and Community Development Article, provided that if general obligation bonds have
37 not been issued under the authority of this Act, the next ensuing sale of general
38 obligation bonds shall include the issuance of bonds under the authority of this Act in
39 an amount at least equivalent to the amount of the funds so advanced.

1 SECTION 5. AND BE IT FURTHER ENACTED, That this enabling Act may
2 not be subject to or terminate under § 8-128 of the State Finance and Procurement
3 Article.

4 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 June 1, 2009, contingent on the taking effect of Chapter ____ (S.B. ____/H.B. ____)
6 (9lr3035) of the Acts of the General Assembly of 2009, and if Chapter ____ (S.B.
7 ____/H.B. ____) (9lr3035) does not become effective, this Act shall be null and void
8 without the necessity of further action by the General Assembly.