

# SENATE BILL 932

B2, B5, P1

9lr3031  
CF HB 1330

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By: **Senator Currie**

Introduced and read first time: February 16, 2009

Assigned to: Rules

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

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 2009

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

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:

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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           (1)     The Board of Public Works may borrow money and incur indebtedness on  
2 behalf of the State of Maryland through a State loan to be known as the Local  
3 Government Infrastructure Financing Program Capital Reserve Fund Loan of 2009 in  
4 the total principal amount up to \$2,000,000. This loan shall be evidenced by the  
5 issuance, sale, and delivery of State general obligation bonds authorized by a  
6 resolution of the Board of Public Works and issued, sold, and delivered in accordance  
7 with §§ 8–117 through 8–124 of the State Finance and Procurement Article and  
8 Article 31, § 22 of the Code.

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

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

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

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

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

39           SECTION 4. AND BE IT FURTHER ENACTED, That the Comptroller may,  
40 upon the request of the Community Development Administration, advance funds to  
41 replenish any capital reserve fund established pursuant to § 4–233.1 of the Housing  
42 and Community Development Article, provided that if general obligation bonds have

1 not been issued under the authority of this Act, the next ensuing sale of general  
2 obligation bonds shall include the issuance of bonds under the authority of this Act in  
3 an amount at least equivalent to the amount of the funds so advanced.

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

7 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 June 1, 2009, contingent on the taking effect of ~~Chapter \_\_\_\_\_ (S.B. \_\_\_\_\_/H.B. \_\_\_\_\_)~~  
9 ~~(91r3035) Chapter \_\_\_\_\_ (S.B. 931/H.B. 1331)~~ of the Acts of the General Assembly of  
10 2009, and if ~~Chapter \_\_\_\_\_ (S.B. \_\_\_\_\_/H.B. \_\_\_\_\_)~~ ~~(91r3035) Chapter \_\_\_\_\_ (S.B. 931/H.B.~~  
11 1331) does not become effective, this Act shall be null and void without the necessity of  
12 further action by the General Assembly.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.