

SENATE BILL 1011

R2, B2

9lr3388
CF HB 1425

By: **Senators DeGrange, Currie, Jones, Kasemeyer, and Munson**

Introduced and read first time: March 2, 2009

Assigned to: Rules

A BILL ENTITLED

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)

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

24 **Article – Transportation**

25 3–202.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

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

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

25 3–203.

26 (a) The resolution authorizing the issuance of consolidated transportation
27 bonds shall:

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

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

31 (3) Determine and specify:

32 (i) The date or dates of issue;

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

3 (iii) The rate or rates of interest payable on the bonds, or the
4 manner of determining the rate or rates of interest, and the date or dates of payment
5 of interest;

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

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

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

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

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

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

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

27 (b) (1) The resolution may provide that the Secretary may postpone the
28 time for receipt of proposals for the bonds without republishing the form of
29 advertisement for the bonds.

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

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

1 3-207.

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

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