

SENATE BILL 1060

B2, P3

9lr3474
CF HB 1568

By: **Senator Jones (Chair, Joint Committee on the Management of Public Funds) and Senators Currie, Forehand, and Haines**

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 16, 2009

Assigned to: Rules

Re-referred to: Budget and Taxation, March 18, 2009

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 27, 2009

CHAPTER _____

1 AN ACT concerning

2 **General Obligation Bonds – Method of Sale by Board of Public Works**

3 FOR the purpose of stating that it is the policy of the State that the preferred method
4 of sale of general obligation bonds of the State by the Board of Public Works is
5 by public, competitive sale; authorizing the Board of Public Works to sell
6 general obligation bonds by private, negotiated sale if the Board makes certain
7 determinations; adding ~~tax-credit~~ certain forms to the kinds of forms in which
8 State bonds are to be issued; providing for certain determinations by the Board;
9 providing for the construction of this Act; and generally relating to the sale of
10 general obligation bonds of the State.

11 BY repealing and reenacting, with amendments,
12 Article – State Finance and Procurement
13 Section 8–121(a) and 8–124
14 Annotated Code of Maryland
15 (2006 Replacement Volume and 2008 Supplement)

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

18 **Article – State Finance and Procurement**

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 8-121.

2 (a) By resolution, the Board may specify the form in which State bonds are to
3 be issued, including:

4 (1) a coupon form;

5 (2) a capital appreciation form;

6 (3) a variable interest rate form;

7 (4) ~~A TAX CREDIT FORM~~ A FORM THAT QUALIFIES FOR TAX
8 CREDITS, INTEREST SUBSIDIES, OR OTHER FEDERAL TAX BENEFITS;

9 (5) a form that qualifies as a registered form under §§ 54A, 103, and
10 149 of the Internal Revenue Code or a regulation proposed or adopted under those
11 sections; and

12 [(5)] (6) any other registered form.

13 8-124.

14 (A) **SUBJECT TO THE PROVISIONS OF SUBSECTION (B) OF THIS**
15 **SECTION, IT IS THE POLICY OF THE STATE THAT THE PREFERRED METHOD OF**
16 **SALE OF GENERAL OBLIGATION BONDS OF THE STATE BY THE BOARD IS BY**
17 **PUBLIC, COMPETITIVE SALE.**

18 (B) **THE BOARD MAY OFFER THE SALE OF GENERAL OBLIGATION BONDS**
19 **OF THE STATE AT A PRIVATE, NEGOTIATED SALE, BUT ONLY IF THE BOARD**
20 **DETERMINES THAT:**

21 (1) **EXTRAORDINARY CREDIT MARKET CONDITIONS EXIST THAT**
22 **WARRANT THE USE OF THE METHOD AUTHORIZED BY THIS SUBSECTION**
23 **INSTEAD OF THE METHOD STATED IN SUBSECTION (A) OF THIS SECTION; AND**

24 (2) **THE TERMS AND CONDITIONS FOR THE SALE OF GENERAL**
25 **OBLIGATION BONDS OF THE STATE, INCLUDING PRICE, INTEREST RATES, AND**
26 **PAYMENT DATES, ACHIEVED THROUGH A PRIVATE, NEGOTIATED SALE ARE**
27 **MORE ADVANTAGEOUS TO THE STATE THAN THE TERMS AND CONDITIONS FOR**
28 **THE SALE THAT CAN BE ACHIEVED BY A PUBLIC, COMPETITIVE SALE.**

29 (C) Whenever the Board receives no bids or rejects all bids for the State
30 bonds offered at a public, **COMPETITIVE** sale, the Board may sell some or all of the
31 State bonds at a private, **NEGOTIATED** sale, on the [best] terms **AND CONDITIONS,**
32 **INCLUDING [for] price, interest rates, and payment dates, THAT THE BOARD**
33 **DETERMINES TO BE THE MOST ADVANTAGEOUS TO THE STATE.**

1 **(D) ANY DETERMINATION OR FINDING MADE BY THE BOARD PURSUANT**
2 **TO THIS SECTION SHALL BE CONCLUSIVE.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That nothing in this Act may
4 be construed to affect or impair the validity of any tax credit bond that was issued by
5 the State prior to the effective date of this Act, and the validity of the tax credit bonds
6 issued before the effective date of this Act are hereby ratified, confirmed, and
7 approved.

8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 June 1, 2009.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.