

CHAPTER 627

(Senate Bill 931)

AN ACT concerning

Community Development Administration – Local Government Infrastructure Financing Program – Capital Reserve Funds

FOR the purpose of authorizing the Community Development Administration to establish certain capital reserve funds in connection with the financing of certain infrastructure projects; providing that money of a fund may be used only to pay the principal of, and premium and interest on, certain debt obligations of the Administration secured by the fund; providing that a capital reserve fund may consist of certain money; providing that if the balance in a capital reserve fund is below a certain amount, the Administration may not use the money in the fund for certain purposes and shall replenish the fund in a certain manner; requiring the Administration to request the Comptroller to advance certain funds to replenish the capital reserve fund under certain circumstances; prohibiting the Administration, except under certain circumstances, from issuing certain bonds, notes, or other obligations if issuing the bonds, notes, or other obligations would result in the capital reserve fund falling below a certain requirement; defining certain terms; making this Act contingent on the taking effect of another Act; and generally relating to the authority of the Community Development Administration to establish capital reserve funds and issue certain bonds, notes, and other obligations.

BY adding to

Article – Housing and Community Development

Section 4–233.1

Annotated Code of Maryland

(2006 Volume and 2008 Supplement)

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

Article – Housing and Community Development

4–233.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “CAPITAL RESERVE FUND” MEANS A RESERVE FUND CREATED UNDER THIS SECTION.

(3) "MINIMUM CAPITAL RESERVE REQUIREMENT" MEANS THE MINIMUM CAPITAL RESERVE AMOUNT ESTABLISHED BY THE ADMINISTRATION FOR A CAPITAL RESERVE FUND IN CONNECTION WITH THE ISSUANCE OF BONDS, NOTES, OR OTHER OBLIGATIONS OF THE ADMINISTRATION IN CONNECTION WITH THE FINANCING OF ONE OR MORE INFRASTRUCTURE PROJECTS.

(B) THE ADMINISTRATION MAY ESTABLISH ONE OR MORE CAPITAL RESERVE FUNDS IN CONNECTION WITH THE FINANCING OF ONE OR MORE INFRASTRUCTURE PROJECTS.

(C) MONEY IN A CAPITAL RESERVE FUND SHALL BE USED SOLELY TO PAY THE PRINCIPAL OF, AND PREMIUM AND INTEREST ON, THE BONDS, NOTES, OR OTHER OBLIGATIONS OF THE ADMINISTRATION:

(1) SECURED BY THE CAPITAL RESERVE FUND; AND

(2) ISSUED IN CONNECTION WITH FINANCING INFRASTRUCTURE PROJECTS.

(D) A CAPITAL RESERVE FUND MAY CONSIST OF:

(1) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE PURPOSES OF THE CAPITAL RESERVE FUND;

(2) PROCEEDS OF A SALE OF BONDS, NOTES, OR OTHER OBLIGATIONS OF THE ADMINISTRATION OR THE STATE;

(3) INVESTMENT EARNINGS OF THE CAPITAL RESERVE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF A CAPITAL RESERVE FUND.

(E) (1) IF THE BALANCE OF A CAPITAL RESERVE FUND IS LESS THAN THE MINIMUM CAPITAL RESERVE REQUIREMENT ESTABLISHED BY THE ADMINISTRATION FOR THAT FUND, THE ADMINISTRATION:

(I) MAY NOT USE MONEY FROM THE FUND FOR THE OPTIONAL PURCHASE OR REDEMPTION OF A BOND, NOTE, OR OTHER OBLIGATION OF THE ADMINISTRATION; AND

(II) SHALL REPLENISH THE FUND FROM AVAILABLE OPERATING REVENUE GENERATED BY INFRASTRUCTURE PROJECTS OR FUNDS PROVIDED BY THE STATE.

(2) IF AVAILABLE OPERATING REVENUE GENERATED BY INFRASTRUCTURE PROJECTS AND FUNDS PROVIDED BY THE STATE ARE INSUFFICIENT TO REPLENISH A CAPITAL RESERVE FUND AS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE ADMINISTRATION SHALL REQUEST THAT THE COMPTROLLER ADVANCE THE CONTINGENT FUNDING TO REPLENISH THE CAPITAL RESERVE FUND AS PROVIDED IN THE LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM CAPITAL RESERVE FUND LOAN OF 2009 (~~CHAPTER _____ (S.B. _____/H.B. _____) (9LR3031)~~ CHAPTER 719 (S.B. 932/H.B. 1330) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2009) OR ANY OTHER BOND BILL ENABLING ACT FOR THIS PURPOSE.

(F) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE ADMINISTRATION MAY NOT ISSUE BONDS, NOTES, OR OTHER OBLIGATIONS SECURED IN WHOLE OR IN PART BY A CAPITAL RESERVE FUND IF ON ISSUANCE THE AMOUNT IN THE CAPITAL RESERVE FUND WILL BE LESS THAN THE MINIMUM CAPITAL RESERVE REQUIREMENT.

(2) THE LIMITATION UNDER PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY IF AT THE TIME OF ISSUANCE AN AMOUNT IS DEPOSITED IN THE CAPITAL RESERVE FUND SO THAT ON ISSUANCE THE TOTAL AMOUNT IN THE CAPITAL RESERVE FUND WILL BE AT LEAST EQUAL TO THE MINIMUM CAPITAL RESERVE REQUIREMENT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2009, contingent on the taking effect of ~~Chapter _____ (S.B. _____/H.B. _____) (9LR3031)~~ Chapter 719 (S.B. 932/H.B. 1330) of the Acts of the General Assembly of 2009, and if ~~Chapter _____ (S.B. _____/H.B. _____) (9LR3031)~~ Chapter 719 (S.B. 932/H.B. 1330) does not become effective this Act shall be null and void without the necessity of further action by the General Assembly.

Approved by the Governor, May 19, 2009.