

CHAPTER 649

(Senate Bill 1060)

AN ACT concerning

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

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

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

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

Article – State Finance and Procurement

8–121.

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

- (1) a coupon form;
- (2) a capital appreciation form;
- (3) a variable interest rate form;

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

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

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

8-124.

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

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

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

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

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

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

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

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

Approved by the Governor, May 19, 2009.