

## Chapter 461

(House Bill 1182)

AN ACT concerning

### Business Improvement Districts

FOR the purpose of authorizing a county or municipal corporation to create certain business improvement districts; providing for the legislative purposes of a district; requiring a county or municipal corporation to adopt certain ~~resolutions~~ local laws to provide for the creation, ~~organization, and alteration~~ and organization of a district; providing for the governance of the business improvement district corporation; providing that the net earnings of a district corporation may benefit only the district corporation; authorizing a district corporation to receive certain money, charge certain fees, have certain employees, and use certain services; providing for the ~~application and~~ creation of a district; requiring that before a district may be created a certain public hearing must be held; ~~requiring the governing body of a county or municipal corporation to impose~~ providing for the imposition of a certain tax in a certain manner under certain circumstances; providing for the expansion of a district; ~~authorizing a district corporation, under certain circumstances, to issue certain bonds;~~ requiring the governing body of a county or municipal corporation in which a district is established to review and evaluate the desirability of continuing the existence of a district at certain times and to develop policies and procedures for evaluating the desirability or continuing the district under certain circumstances; providing for the termination of a district and a district corporation under certain circumstances; and generally relating to the authorization and creation of business improvement districts and district corporations.

BY adding to

Article – Economic Development

Section 12-401 through ~~12-412~~ 12-411 to be under the new subtitle “Subtitle 4.

Business Improvement Districts”

Annotated Code of Maryland

(2008 Volume and 2009 Supplement)

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

### Article – Economic Development

#### SUBTITLE 4. BUSINESS IMPROVEMENT DISTRICTS.

**12-401.**

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

(B) “BOARD” MEANS THE BOARD OF DIRECTORS OF A DISTRICT CORPORATION.

(C) “COMMERCIAL TENANT” MEANS A LESSEE OR OTHER LAWFUL OCCUPANT, OTHER THAN THE OWNER, OF NONEXEMPT PROPERTY WITHIN A DISTRICT.

(D) “DISTRICT” MEANS A BUSINESS IMPROVEMENT DISTRICT ESTABLISHED UNDER THIS SUBTITLE.

(E) “DISTRICT CORPORATION” MEANS A BUSINESS IMPROVEMENT DISTRICT CORPORATION FORMED IN ACCORDANCE WITH THIS SUBTITLE.

(F) “MEMBERS OF THE DISTRICT” MEANS OWNERS OF NONEXEMPT PROPERTY IN THE DISTRICT.

(G) “NONEXEMPT PROPERTY” MEANS NONRESIDENTIAL REAL PROPERTY THAT IS NOT EXEMPT FROM PAYING REAL PROPERTY TAXES.

**12-402.**

THE LEGISLATIVE PURPOSES OF THIS SUBTITLE ARE TO:

(1) PROVIDE FOR THE CREATION OF BUSINESS IMPROVEMENT DISTRICTS; AND

(2) PROMOTE THE GENERAL WELFARE OF THE RESIDENTS, EMPLOYERS, EMPLOYEES, PROPERTY OWNERS, COMMERCIAL TENANTS, CONSUMERS, AND THE GENERAL PUBLIC WITHIN THE GEOGRAPHIC AREA OF THE BUSINESS IMPROVEMENT DISTRICTS.

**12-403.**

(A) SUBJECT TO A PUBLIC HEARING UNDER ~~§ 12-409~~ § 12-408 OF THIS SUBTITLE AND TO ACCOMPLISH ONE OR MORE OF THE LEGISLATIVE PURPOSES LISTED IN § 12-402 OF THIS SUBTITLE, THE LEGISLATIVE BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY ADOPT A ~~RESOLUTION~~ LOCAL LAW TO

CREATE A BUSINESS IMPROVEMENT DISTRICT IN ACCORDANCE WITH THIS SUBTITLE.

~~(B) A RESOLUTION ADOPTED UNDER SUBSECTION (A), (F), OR (G) OF THIS SECTION:~~

~~(1) IS ADMINISTRATIVE IN NATURE;~~

~~(2) IS NOT SUBJECT TO REFERENDUM; AND~~

~~(3) IN A COUNTY OR MUNICIPAL CORPORATION THAT HAS A PUBLICLY ELECTED CHIEF EXECUTIVE, IS SUBJECT TO APPROVAL BY THE CHIEF EXECUTIVE.~~

~~(C)~~ (B) SUBSECTION (A) OF THIS SECTION IS SELF-EXECUTING AND FULLY AUTHORIZES A COUNTY OR MUNICIPAL CORPORATION TO ESTABLISH ~~AN AUTHORITY~~ A DISTRICT, NOTWITHSTANDING ANY OTHER STATUTORY OR CHARTER PROVISION.

~~(D)~~ (C) A RESOLUTION LOCAL LAW ADOPTED UNDER SUBSECTION (A) OF THIS SECTION SHALL INCLUDE ~~PROPOSED ARTICLES OF INCORPORATION OF THE BUSINESS IMPROVEMENT DISTRICT CORPORATION THAT STATE:~~

(1) THE NAME OF THE DISTRICT CORPORATION;

(2) THAT THE DISTRICT CORPORATION IS FORMED UNDER THIS SUBTITLE;

(3) THE NAMES, ADDRESSES, AND TERMS OF OFFICE OF THE INITIAL MEMBERS OF THE BOARD OF DIRECTORS OF THE DISTRICT CORPORATION;

(4) THE ADDRESS OF THE PRINCIPAL OFFICE OF THE DISTRICT CORPORATION;

(5) THE PURPOSES FOR WHICH THE DISTRICT IS FORMED; ~~AND~~

(6) THE POWERS OF THE DISTRICT, SUBJECT TO THE LIMITATIONS ON THE POWERS OF DISTRICTS UNDER THIS SUBTITLE; AND

(7) IF APPLICABLE, ARTICLES OF INCORPORATION OF THE DISTRICT CORPORATION.

~~(E) (1) THE CHIEF EXECUTIVE OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION, OR ANY OTHER OFFICIAL DESIGNATED IN THE RESOLUTION ESTABLISHING THE DISTRICT, SHALL EXECUTE AND FILE THE ARTICLES OF INCORPORATION OF THE DISTRICT CORPORATION FOR RECORD WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.~~

~~(2) WHEN THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION ACCEPTS THE ARTICLES OF INCORPORATION FOR RECORD, THE DISTRICT CORPORATION BECOMES A BODY POLITIC AND CORPORATE AND AN INSTRUMENTALITY OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION.~~

~~(3) ACCEPTANCE OF THE ARTICLES OF INCORPORATION FOR RECORD BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION IS CONCLUSIVE EVIDENCE OF THE FORMATION OF THE DISTRICT CORPORATION.~~

~~(F) (1) BY RESOLUTION, THE LEGISLATIVE BODY OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION MAY ADOPT AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF THE DISTRICT CORPORATION.~~

~~(2) ARTICLES OF AMENDMENT MAY CONTAIN ANY PROVISION THAT LAWFULLY COULD BE CONTAINED IN ARTICLES OF INCORPORATION AT THE TIME OF THE AMENDMENT.~~

~~(3) THE ARTICLES OF AMENDMENT SHALL BE FILED FOR RECORD WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.~~

~~(4) THE ARTICLES OF AMENDMENT ARE EFFECTIVE AS OF THE TIME THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION ACCEPTS THE ARTICLES FOR RECORD.~~

~~(5) ACCEPTANCE OF THE ARTICLES OF AMENDMENT FOR RECORD BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION IS CONCLUSIVE EVIDENCE THAT THE ARTICLES HAVE BEEN LAWFULLY AND PROPERLY ADOPTED.~~

~~(G) (1) SUBJECT TO THIS SECTION AND ANY LIMITATIONS IMPOSED BY LAW ON THE IMPAIRMENT OF CONTRACTS, THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION, IN ITS SOLE DISCRETION AND BY RESOLUTION, MAY:~~

~~(I) SET OR CHANGE THE STRUCTURE, ORGANIZATION, PROCEDURES, PROGRAMS, OR ACTIVITIES OF THE DISTRICT; OR~~

~~(H) TERMINATE THE DISTRICT.~~

~~(2) ON TERMINATION OF A DISTRICT:~~

~~(I) TITLE TO ALL PROPERTY OF THE DISTRICT SHALL BE TRANSFERRED TO AND VEST IN THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION; AND~~

~~(II) ALL OBLIGATIONS OF THE DISTRICT CORPORATION SHALL BE TRANSFERRED TO AND ASSUMED BY THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION.~~

12-404.

(A) A BOARD OF DIRECTORS SHALL GOVERN THE DISTRICT CORPORATION.

(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE BOARD OF A DISTRICT CORPORATION CONSISTS OF FIVE MEMBERS APPOINTED BY THE MEMBERS OF THE DISTRICT.

(2) APPOINTMENT PROCEDURES SHALL BE PROVIDED IN THE RESOLUTION LOCAL LAW ESTABLISHING THE DISTRICT.

~~(C) (1) A MEMBER MAY BE REMOVED AT ANY TIME WITH OR WITHOUT CAUSE.~~

~~(2) PROCEDURES FOR REMOVAL SHALL BE THOSE PROVIDED IN THE RESOLUTION ESTABLISHING THE DISTRICT OR A SUBSEQUENT RESOLUTION.~~

~~(D)~~ (C) FROM AMONG ITS MEMBERS, THE BOARD SHALL ELECT A CHAIR AND OTHER OFFICERS.

~~(E)~~ (D) (1) THREE VOTING MEMBERS OF THE BOARD ARE A QUORUM.

(2) THE BOARD MAY ACT ON A RESOLUTION ONLY BY THE AFFIRMATIVE VOTE OF AT LEAST THREE VOTING MEMBERS.

~~(F)~~ (E) A MEMBER OF THE BOARD:

(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE BOARD; BUT

(2) SHALL BE REIMBURSED FOR EXPENSES INCURRED IN PERFORMING THE MEMBER'S DUTIES.

~~(C)~~ (F) THE BOARD SHALL EXERCISE ITS POWERS BY RESOLUTION.

~~(H)~~ (G) THE BOARD SHALL FILE AN ANNUAL REPORT WITH THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION THAT INCLUDES:

- (1) A FINANCIAL STATEMENT FOR THE PRECEDING YEAR;
- (2) A PROPOSED OPERATING BUDGET FOR THE CURRENT FISCAL YEAR; ~~AND~~
- (3) ANY PROPOSED REVISIONS TO THE BUSINESS PLAN; AND
- (4) A NARRATIVE STATEMENT OR CHART SHOWING THE RESULTS OF OPERATIONS IN COMPARISON TO STATED GOALS AND OBJECTIVES.

~~12-405.~~

~~EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE OR THE RESOLUTION ESTABLISHING THE DISTRICT, THE PROCEDURES OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION CONTROL ANY MATTER RELATING TO THE INTERNAL ADMINISTRATION OF THE DISTRICT CORPORATION.~~

~~12-406.~~ 12-405.

~~EXCEPT AS NECESSARY TO PAY DEBT SERVICE OR IMPLEMENT THE PUBLIC PURPOSES OR PROGRAMS OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION, THE~~ THE NET EARNINGS OF A DISTRICT CORPORATION MAY BENEFIT ONLY THE DISTRICT CORPORATION.

~~12-407.~~ 12-406.

(A) (1) EXCEPT AS LIMITED BY ITS ARTICLES OF INCORPORATION, A DISTRICT CORPORATION HAS ALL THE POWERS SET FORTH IN THIS SUBTITLE.

(2) A DISTRICT CORPORATION MAY:

(I) RECEIVE MONEY FROM ITS INCORPORATING COUNTY OR MUNICIPAL CORPORATION, THE STATE, OTHER GOVERNMENTAL UNITS, OR NOT FOR PROFIT ORGANIZATIONS;

~~(II) ISSUE BONDS AND OTHER EVIDENCE OF INDEBTEDNESS;~~

~~(III) CHARGE FEES FOR ITS SERVICES;~~

~~(IV)~~ (III) HAVE EMPLOYEES AND CONSULTANTS AS IT CONSIDERS NECESSARY; AND

~~(V)~~ (IV) USE THE SERVICES OF OTHER GOVERNMENTAL UNITS.

~~(B) FOR THE PURPOSES OF THIS SUBTITLE, EACH COUNTY AND MUNICIPAL CORPORATION HAS ALL THE POWERS GRANTED IN THIS SUBTITLE TO A DISTRICT, INCLUDING THE POWER TO MAKE LOANS TO PRIVATE ENTERPRISES COMPETING WITH ENTERPRISES NOT RECEIVING THE LOANS.~~

~~(c) (1) (i)~~ A DISTRICT CORPORATION SHALL OPERATE AND EXERCISE ITS POWERS SOLELY TO ACCOMPLISH ONE OR MORE OF THE LEGISLATIVE PURPOSES OF THIS SUBTITLE.

~~(ii) THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION MAY USE THE DISTRICT CORPORATION'S EXERCISE OF ITS POWERS TO ACCOMPLISH ONE OR MORE OF THE LEGISLATIVE PURPOSES OF THIS SUBTITLE.~~

~~(2) A DISTRICT CORPORATION OR AN INCORPORATING COUNTY OR MUNICIPAL CORPORATION MAY EXERCISE ITS POWERS REGARDLESS OF ANY EFFECT ON ECONOMIC COMPETITION.~~

~~(3) THE POWERS GRANTED TO A COUNTY OR MUNICIPAL CORPORATION UNDER PARAGRAPH (2) OF THIS SUBSECTION DO NOT:~~

~~(i) GRANT TO THE COUNTY OR MUNICIPAL CORPORATION POWERS IN ANY SUBSTANTIVE AREA NOT OTHERWISE GRANTED TO THE COUNTY OR MUNICIPAL CORPORATION UNDER OTHER PUBLIC GENERAL OR PUBLIC LOCAL LAW;~~

~~(ii) RESTRICT THE COUNTY OR MUNICIPAL CORPORATION FROM EXERCISING ANY POWER GRANTED TO THE COUNTY OR MUNICIPAL CORPORATION UNDER OTHER PUBLIC GENERAL OR PUBLIC LOCAL LAW OR OTHERWISE;~~

~~(III) AUTHORIZE THE COUNTY OR MUNICIPAL CORPORATION, OR THE OFFICERS OF THE COUNTY OR MUNICIPAL CORPORATION, TO ENGAGE IN AN ACTIVITY THAT IS BEYOND THE POWER GRANTED UNDER OTHER PUBLIC GENERAL OR PUBLIC LOCAL LAW OR OTHERWISE; OR~~

~~(IV) PREEMPT OR SUPERSEDE THE REGULATORY AUTHORITY OF A UNIT OF STATE GOVERNMENT UNDER A PUBLIC GENERAL LAW.~~

~~(4) THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION IS NOT PRECLUDED FROM DIRECTLY EXERCISING THE POWERS GRANTED TO A DISTRICT CORPORATION UNDER THIS SUBTITLE AFTER THE ESTABLISHMENT OF THE BUSINESS IMPROVEMENT DISTRICT.~~

~~12-408, 12-407.~~

(A) THE PROPOSER OF OWNERS OF NONEXEMPT PROPERTY WHO SEEK TO ESTABLISH A DISTRICT CORPORATION SHALL SUBMIT AN APPLICATION TO FORM A DISTRICT APPROPRIATE DOCUMENTATION AS DESCRIBED IN SUBSECTION (B) OF THIS SECTION TO:

(1) THE GOVERNING BODY OF THE COUNTY IN WHICH THE PROPOSED DISTRICT IS LOCATED; AND

(2) IF THE PROPOSED DISTRICT IS LOCATED WITHIN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL CORPORATION.

(B) THE APPLICATION APPROPRIATE DOCUMENTATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL CONTAIN:

(1) A STATEMENT SETTING FORTH:

(I) THE PROPOSED NAME AND ADDRESS OF THE DISTRICT CORPORATION; AND

(II) THE STREET ADDRESS OF EACH OWNER OF NONEXEMPT PROPERTY WITHIN THE PROPOSED DISTRICT;

(2) A STATEMENT EXPRESSING THE INTENT TO ESTABLISH A DISTRICT CORPORATION THAT IS SIGNED BY AT LEAST 80% OF THE OWNERS OF AT LEAST 51% INTEREST IN THE ASSESSED VALUE OF THE NONEXEMPT PROPERTY AND AT LEAST 25% IN NUMBER OF INDIVIDUAL PROPERTIES OF



~~RECORD~~ THE TOTAL NUMBER OF PARCELS OF NONEXEMPT PROPERTY IN THE GEOGRAPHIC AREA OF THE PROPOSED DISTRICT;

(3) A PROPOSED 3-YEAR BUSINESS PLAN THAT CONTAINS:

(I) THE GOALS AND OBJECTIVES OF THE PROPOSED DISTRICT;

(II) THE ANNUAL PROPOSED BUSINESS IMPROVEMENT DISTRICT TAX FOR THE PROPOSED DISTRICT'S COMMON OPERATIONS AND THE FORMULA USED TO DETERMINE EACH MEMBER'S DISTRICT TAX; AND

(III) THE MAXIMUM AMOUNT AND THE NATURE OF START-UP COSTS INCURRED BEFORE THE DISTRICT'S ESTABLISHMENT;

(4) A TAX ASSESSOR'S MAP OF THE GEOGRAPHIC AREA OF THE PROPOSED DISTRICT;

(5) A LIST OF THE PROPOSED INITIAL BOARD OF THE PROPOSED DISTRICT CORPORATION;

(6) THE PROPOSED ARTICLES OF INCORPORATION AND THE BYLAWS OF THE DISTRICT CORPORATION;

(7) FOR ALL NONEXEMPT PROPERTY WITHIN THE PROPOSED DISTRICT:

(I) THE NAME AND MAILING ADDRESS OF EACH OWNER;  
AND

(II) THE MOST RECENT ASSESSED VALUE; AND

(8) A LIST OF THE NAMES AND ADDRESSES OF ALL COMMERCIAL TENANTS WITHIN THE GEOGRAPHIC AREA OF THE PROPOSED DISTRICT.

(C) ~~THE~~ WITHIN 45 DAYS AFTER RECEIVING ALL APPROPRIATE DOCUMENTATION UNDER SUBSECTION (B) OF THIS SECTION, THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION SHALL SCHEDULE A PUBLIC HEARING ON THE APPLICATION.

~~12-409.~~ 12-408.

(A) AT LEAST 21 DAYS BEFORE THE PUBLIC HEARING, THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION SHALL PUBLISH NOTICE OF

THE PUBLIC HEARING IN A NEWSPAPER OF GENERAL CIRCULATION WITHIN THE GEOGRAPHIC AREA OF THE PROPOSED DISTRICT.

(B) ~~AT LEAST 21 DAYS BEFORE THE PUBLIC HEARING, THE PROPOSER OF THE PROPOSED DISTRICT CORPORATION OWNERS OF NONEXEMPT PROPERTY WHO SEEK TO ESTABLISH A DISTRICT SHALL SEND NOTICE OF THE PUBLIC HEARING AND A SUMMARY OF THE APPLICATION TO:~~

(1) EACH OWNER OF NONEXEMPT PROPERTY WITHIN THE PROPOSED DISTRICT; AND

(2) EACH COMMERCIAL TENANT WITHIN THE PROPOSED DISTRICT.

(C) BEFORE THE PUBLIC HEARING, THE APPLICATION SHALL BE MADE AVAILABLE FOR REVIEW DURING NORMAL BUSINESS HOURS IN AT LEAST ONE LOCATION IN THE PROPOSED DISTRICT.

(D) WITHIN 10 DAYS AFTER THE PUBLIC HEARING, IF THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION DETERMINES THAT THE ~~DISTRICT MEETS~~ NEEDS OF THE DISTRICT MEET THE PURPOSES OF THIS SUBTITLE, THE GOVERNING BODY SHALL AUTHORIZE THE DISTRICT IN ACCORDANCE WITH § 12-403 OF THIS SUBTITLE.

~~12-410.~~ 12-409.

(A) WITHIN 10 DAYS AFTER THE AUTHORIZATION BY THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION OF THE DISTRICT, THE DISTRICT CORPORATION SHALL PROVIDE THE GOVERNING BODY OF ~~THE~~ THE COUNTY OR MUNICIPAL CORPORATION WITH A PRELIMINARY BUSINESS IMPROVEMENT DISTRICT TAX ROLL.

(B) (1) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION SHALL IMPOSE A BUSINESS IMPROVEMENT DISTRICT TAX TO PROVIDE FUNDS FOR THE OPERATION OF THE DISTRICT.

(2) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION SHALL IMPOSE ON MEMBERS OF THE DISTRICT THE DISTRICT TAX AT A RATE ~~SUFFICIENT TO PROVIDE FOR THE OPERATION OF THE DISTRICT~~ SPECIFIED BY THE BOARD AND APPROVED BY THE GOVERNING BODY.

(3) THE TAX IMPOSED UNDER THIS SUBSECTION MAY NOT COUNT AGAINST A COUNTY OR MUNICIPAL CORPORATION TAX CAP.

(C) THE DISTRICT TAX SHALL BE COLLECTED IN THE SAME MANNER AS REAL PROPERTY TAXES ARE COLLECTED AND DISTRIBUTED EACH QUARTER TO THE DISTRICT.

(D) A DISTRICT SHALL REIMBURSE THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION FOR THE COSTS INCURRED IN COLLECTING THE DISTRICT TAX.

~~12-411.~~ 12-410.

~~(A)~~ AN ESTABLISHED DISTRICT MAY EXPAND THE GEOGRAPHIC AREA OF THE DISTRICT IF:

(1) ~~OWNERS OF AT LEAST 51% INTEREST IN THE ASSESSED VALUE OF THE NONEXEMPT PROPERTY AND AT LEAST 25% IN NUMBER OF INDIVIDUAL PROPERTIES OF RECORD IN A GEOGRAPHIC AREA PETITION THE EXISTING DISTRICT CORPORATION TO JOIN THE~~ A PETITION FOR INCLUSION IS SUBMITTED FROM AT LEAST 80% OF THE OWNERS OF THE TOTAL NUMBER OF PARCELS OF NONEXEMPT PROPERTY IN THE GEOGRAPHIC AREA PROPOSED FOR INCLUSION IN THE DISTRICT;

(2) THE PETITION UNDER ITEM (1) OF THIS SUBSECTION IS ACCEPTED BY A MAJORITY VOTE OF THE BOARD OF THE DISTRICT CORPORATION; AND

(3) ~~THE PETITION UNDER ITEM (1) OF THIS SUBSECTION IS SUBMITTED TO AND APPROVED BY THE GOVERNING BODY OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION~~ THE APPROPRIATE DOCUMENTS, AS APPLICABLE, ARE SUBMITTED UNDER § 12-407 OF THIS SUBTITLE AND A HEARING IS HELD UNDER § 12-408 OF THIS SUBTITLE.

~~(B) AN EXPANSION OF A DISTRICT UNDER THIS SECTION IS EFFECTIVE ON THE APPROVAL OF THE GOVERNING BODY OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION.~~

~~12-412.~~ 12-411.

(A) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION IN WHICH A DISTRICT IS ESTABLISHED UNDER THIS SECTION SHALL:

(1) REVIEW THE EFFECTIVENESS AND DESIRABILITY OF CONTINUING THE DISTRICT EVERY 3 YEARS FROM THE TIME THE DISTRICT IS AUTHORIZED BY LOCAL LAW UNDER § 12-403 OF THIS SUBTITLE; AND

(2) DEVELOP POLICIES AND PROCEDURES FOR EVALUATING THE DESIRABILITY OF CONTINUING THE DISTRICT IF REQUESTED BY OWNERS OF NONEXEMPT PROPERTY IN THE DISTRICT.

(B) IF THE CONTINUING EXISTENCE OF THE DISTRICT IS NOT APPROVED BY THE GOVERNING BODY:

(1) THE DISTRICT SHALL CEASE TO EXIST AS DIRECTED BY THE GOVERNING BODY; AND

(2) THE DISTRICT CORPORATION SHALL CONTINUE ITS EXISTENCE ONLY AS LONG AS NECESSARY TO TERMINATE OPERATION IN A REASONABLE MANNER.

~~(A) NOTWITHSTANDING ANY LIMITATION OF LAW, A DISTRICT MAY ISSUE AND SELL BONDS PERIODICALLY TO ACCOMPLISH THE LEGISLATIVE PURPOSES OF THIS SUBTITLE.~~

~~(B) (1) A DISTRICT MAY ISSUE AND SELL BONDS TO:~~

~~(I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, FINANCE THE COSTS OF THE ACQUISITION OR IMPROVEMENT OF A FACILITY FOR A FACILITY USER, INCLUDING WORKING CAPITAL;~~

~~(II) REFUND OUTSTANDING BONDS;~~

~~(III) PAY THE COSTS OF PREPARING, PRINTING, SELLING, AND ISSUING THE BONDS;~~

~~(IV) FUND RESERVES; AND~~

~~(V) PAY THE INTEREST ON THE BONDS IN THE AMOUNT AND FOR THE PERIOD THE DISTRICT CORPORATION AND THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION CONSIDER REASONABLE.~~

~~(2) (I) A DISTRICT MAY NOT ISSUE BONDS TO ACQUIRE WORKING CAPITAL UNLESS THE BONDS ARE SECURED BY A LETTER OF CREDIT OR AN INTEREST IN PROPERTY.~~

~~(II) WORKING CAPITAL ACQUIRED BY ISSUING BONDS MAY NOT EXCEED 25% OF THE PRINCIPAL AMOUNT OF THE BONDS.~~

~~(C) (1) BONDS ARE LIMITED OBLIGATIONS AND ARE NOT A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION.~~

~~(2) BONDS ISSUED BY A DISTRICT ARE ISSUED ON BEHALF OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION THAT ESTABLISHED THE DISTRICT.~~

~~(D) (1) A BOND:~~

~~(I) MAY BE IN BEARER FORM;~~

~~(II) MAY BE REGISTRABLE AS TO PRINCIPAL ALONE OR AS TO BOTH PRINCIPAL AND INTEREST; AND~~

~~(III) IS A SECURITY AS DEFINED UNDER § 8-102 OF THE COMMERCIAL LAW ARTICLE, WHETHER OR NOT THE BOND IS ONE OF A CLASS OR SERIES OR IS DIVISIBLE INTO A CLASS OR SERIES OF INSTRUMENTS.~~

~~(2) (I) A BOND SHALL BE SIGNED BY AN OFFICER DESIGNATED IN THE RESOLUTION OF THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION THAT ESTABLISHES THE DISTRICT.~~

~~(II) A BOND MAY BE EXECUTED BY FACSIMILE SIGNATURE IN ACCORDANCE WITH § 2-303 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

~~(III) AN OFFICER'S SIGNATURE OR COUNTERSIGNATURE ON A BOND OR COUPON REMAINS VALID EVEN IF THE OFFICER LEAVES OFFICE BEFORE THE BOND IS DELIVERED.~~

~~(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A BOND SHALL MATURE NOT LATER THAN 30 YEARS AFTER THE DATE OF ISSUE.~~

~~(II) IF A BOND IS SECURED BY A MORTGAGE INSURED BY A UNIT OF THE FEDERAL GOVERNMENT, THE BOND SHALL HAVE A TERM OF MATURITY THAT DOES NOT EXCEED THE TERM OF THE INSURANCE.~~

~~(E) (1) A DISTRICT CORPORATION MAY ACQUIRE OR IMPROVE A FACILITY WITH BOND PROCEEDS:~~

~~(I) BY LEASING THE FACILITY TO A FACILITY USER;~~

~~(II) BY SELLING THE FACILITY TO A FACILITY USER UNDER AN INSTALLMENT SALE AGREEMENT;~~

~~(III) BY LENDING BOND PROCEEDS TO A FACILITY USER TO BE USED TO FINANCE A FACILITY; OR~~

~~(IV) IN ANY OTHER MANNER THAT THE DISTRICT CORPORATION OR THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION CONSIDERS APPROPRIATE TO ACCOMPLISH THE LEGISLATIVE PURPOSES OF THIS SUBTITLE.~~

~~(2) (i) THE LEASE OF A FACILITY UNDER THIS SUBTITLE MAY AUTHORIZE OR REQUIRE THE FACILITY USER TO ACQUIRE THE FACILITY ON PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS APPLICABLE TO THE FACILITY USER.~~

~~(H) THE CONSIDERATION FOR THE ACQUISITION OF THE FACILITY MAY BE NOMINAL.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010.

Approved by the Governor, May 4, 2010.