

SENATE BILL 122

B2

11r0134
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By: **The President (By Request – Administration)**

Introduced and read first time: January 21, 2011

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt – Qualified Zone Academy Bond**

3 FOR the purpose of authorizing the creation of a State Debt in the amount of
4 \$15,902,000, the proceeds to be used as grants to the Interagency Committee on
5 School Construction and the Maryland State Department of Education for
6 certain development or improvement purposes; providing for disbursement of
7 the loan proceeds and the further grant of funds to eligible school systems for
8 certain purposes, subject to a requirement that the grantees document the
9 provision of a required federal matching fund; providing that, after a certain
10 date, any bonds authorized under this Act shall be cancelled and be of no
11 further effect; providing that the proceeds of the loan under this Act shall be
12 expended not later than a certain number of years after the issuance of the
13 bonds authorized under this Act; authorizing the Board of Public Works to sell
14 certain bonds at certain sales in proportion to the documented matching fund;
15 and providing generally for the issuance and sale of bonds evidencing the loan.

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That:

18 (1) The Board of Public Works may borrow money and incur indebtedness on
19 behalf of the State of Maryland through a State loan to be known as the Qualified
20 Zone Academy Bonds Loan of 2011 in a total principal amount of \$15,902,000. This
21 loan shall be evidenced by the issuance, sale, and delivery of State general obligation
22 qualified zone academy bonds, as defined in § 54E of the Internal Revenue Code of the
23 United States, as amended, authorized by a resolution of the Board of Public Works
24 and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 of the State
25 Finance and Procurement Article and Article 31, § 22 of the Annotated Code of
26 Maryland, and §§ 54A and 54E of the Internal Revenue Code, as amended.

27 (2) The bonds to evidence this loan or installments of this loan may be sold
28 as a single issue or may be consolidated and sold as part of a single issue of bonds

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 under § 8–122 of the State Finance and Procurement Article. Notwithstanding
2 §§ 8–123 and 8–124 of the State Finance and Procurement Article, the Board of Public
3 Works may sell the bonds authorized herein at one or more private sales that best
4 meet the terms and conditions of sale set by the Board. The bonds authorized under
5 this Act shall be issued and sold no later than December 31, 2011.

6 (3) The cash proceeds from the sale of the bonds shall be paid to the
7 Treasurer and first shall be applied to the payment of the expenses of issuing, selling,
8 and delivering the bonds, unless funds for this purpose are otherwise provided, and
9 then shall be credited on the books of the Comptroller, and held separately in a
10 qualified zone academy bond account, and expended, as determined and approved by
11 the Board of Public Works, for the following public purposes: as grants to the
12 Interagency Committee on School Construction (the “IAC”) and the Maryland State
13 Department of Education (the “MSDE”) (referred to hereafter in this Act as the
14 “grantees”) for the renovation, repair, and capital improvements of qualified zone
15 academies, as defined in § 54E(d)(1) of the Internal Revenue Code, as amended, in
16 accordance with the criteria established under the Aging Schools Program as follows:

17 (a) for competitively awarded grants by IAC to eligible school systems
18 for qualified academies; and

19 (b) for targeted grants awarded by MSDE to eligible school systems for
20 qualified academies under the Breakthrough Center Program.

21 (4) An annual State tax is imposed on all assessable property in the State in
22 rate and amount sufficient to pay the principal of and interest, if any, on the bonds as
23 and when due and until paid in full. The principal shall be discharged within 15 years
24 after the date of issuance of the bonds.

25 (5) (a) The grantees shall document the provision of a matching fund as
26 provided in this paragraph.

27 (b) No part of the matching fund may be provided, either directly or
28 indirectly, from funds of the State or any other governmental body, whether
29 appropriated or unappropriated. No part of the fund may consist of real property. The
30 fund shall consist of private business contributions as required under § 54E(b) of the
31 Internal Revenue Code, as amended, and may consist of in kind contributions or funds
32 other than funds of the State or any other governmental body. In case of any dispute
33 as to what money or assets may qualify as matching funds, the Board of Public Works
34 shall determine the matter and the Board’s decision is final.

35 (c) The grantees shall present evidence to the satisfaction of the Board
36 of Public Works of the provision and documentation of the matching fund, and the
37 Board of Public Works shall authorize the sale of the bonds in proportion to the
38 documented matching fund and the disbursement of the proceeds for the purposes set
39 forth in Section 1(3) above.

1 (6) After December 31, 2011, any bonds authorized under this Act that have
2 not been issued and sold by the Board of Public Works shall be cancelled and be of no
3 further effect.

4 (7) The proceeds of the loan shall be expended for the purposes provided in
5 this Act not later than 3 years after the issuance of the bonds authorized under this
6 Act.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 June 1, 2011.