

SENATE BILL 131

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CF 11r1184

By: **Senator Brinkley**

Introduced and read first time: January 24, 2011

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Water Quality Revolving Loan Fund – Loan Forgiveness**

3 FOR the purpose of stating the intent of the General Assembly that a certain provision
4 authorizing the use of funds from the Maryland Water Quality Revolving Loan
5 Fund to forgive loan principal as authorized or required by certain federal laws
6 be construed to apply to loans made on or after a certain date; and generally
7 relating to the use of the Maryland Water Quality Revolving Loan Fund.

8 BY repealing and reenacting, without amendments,
9 Article – Environment
10 Section 9–1605(a)(1) and (d)
11 Annotated Code of Maryland
12 (2007 Replacement Volume and 2010 Supplement)

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

15 **Article – Environment**

16 9–1605.

17 (a) (1) There is a Maryland Water Quality Revolving Loan Fund. The
18 Water Quality Fund shall be maintained and administered by the Administration in
19 accordance with the provisions of this subtitle and such rules or program directives as
20 the Secretary or the Board may from time to time prescribe.

21 (d) Amounts in the Water Quality Fund may be used only:

22 (1) To make loans, on the condition that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) The loans are made at or below market interest rates,
2 including interest free loans, at terms not to exceed 20 years;

3 (ii) Annual principal and interest payments will commence not
4 later than 1 year after completion of any wastewater facility and all loans will be fully
5 amortized not later than 20 years after project completion;

6 (iii) The local government borrower will establish a dedicated
7 source of revenue for repayment of loans;

8 (iv) In the case of a wastewater facility owned by a borrower
9 other than a local government, the borrower will provide adequate security for
10 repayment of loans; and

11 (v) The Water Quality Fund will be credited with all payments
12 of principal and interest on all loans;

13 (2) To buy or refinance debt obligations of local governments at or
14 below market rates, if such debt obligations were incurred after March 7, 1985;

15 (3) To guarantee, or purchase insurance for, bonds, notes, or other
16 evidences of obligation issued by a local government for the purpose of financing all or
17 a portion of the cost of a wastewater facility, if such action would improve credit
18 market access or reduce interest rates;

19 (4) As a source of revenue or security for the payment of principal and
20 interest on bonds issued by the Administration if the proceeds of the sale of such bonds
21 will be deposited in the Water Quality Fund;

22 (5) To earn interest on Water Quality Fund accounts;

23 (6) To establish a linked deposit program to promote loans for
24 controlling nonpoint sources of pollution and protecting the quality of the waters of the
25 State;

26 (7) For the reasonable costs of administering the Water Quality Fund
27 and conducting activities under Title VI of the Federal Water Pollution Control Act;

28 (8) For any other purpose authorized by Title VI of the Federal Water
29 Pollution Control Act or § 302 of the federal Safe Drinking Water Act; and

30 (9) To provide financial assistance in the form of grants, negative
31 interest loans, forgiveness of principal, subsidized interest rates, and any other form of
32 financial assistance as authorized or required by:

33 (i) The American Recovery and Reinvestment Act of 2009, as
34 may be amended and supplemented;

- 1 (ii) Title VI of the Federal Water Pollution Control Act;
- 2 (iii) § 302 of the federal Safe Drinking Water Act; or
- 3 (iv) Federal appropriations or authorization acts.

4 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
5 General Assembly that the use of funds from the Maryland Water Quality Revolving
6 Loan Fund to forgive the principal of a loan as authorized under § 9-1605(d)(9) of the
7 Environment Article shall be construed to apply to loans made on or after January 1,
8 2010.

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 June 1, 2011.