

HOUSE BILL 18

R2, P1, Q7
SB 729/11 – B&T & FIN

2lr4576
CF SB 27

By: **Delegates Hershey, Boteler, Cluster, Eckardt, Haddaway–Riccio, Hough, Jacobs, McComas, McDermott, Smigiel, and Vitale**

Introduced and read first time: October 17, 2011

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation – Transit Authorities – Red Line and Purple Line**

3 FOR the purpose of establishing the Red Line Transit Authority and the Purple Line
4 Transit Authority to finance, construct, and operate the Red Line and the
5 Purple Line light rail transit lines; providing for the members, appointment,
6 terms, chairs, and staff of the Authorities; prohibiting the Department of
7 Transportation from exercising jurisdiction or authority over the Red Line and
8 the Purple Line light rail transit lines; authorizing the Authorities to take
9 certain actions in the performance of their duties; authorizing the Authorities to
10 tax to the same extent as the State within certain districts for the purpose of
11 financing the Red Line and the Purple Line transit facilities and transit service;
12 authorizing the Authorities to provide for the collection of any tax and to grant
13 exemptions from any tax; authorizing the Authorities to issue revenue bonds
14 payable from certain fees, fares, and taxes for the purpose of financing transit
15 facilities; providing that bonds issued by the Authorities do not constitute a debt
16 or pledge of the full faith and credit of certain entities; providing that bonds
17 issued by the Authorities do not obligate certain entities to impose any tax;
18 requiring the Authorities to determine certain matters concerning bonds they
19 issue; providing for the issuance and execution of the bonds; authorizing the
20 Authorities to issue bonds to refinance the cost of transit facilities; authorizing
21 the Authorities to issue revenue refunding bonds for certain purposes;
22 authorizing the Authorities to issue interim certificates or temporary bonds;
23 authorizing the Authorities to issue bond anticipation notes; authorizing
24 revenue bonds issued by the Authorities to be secured by certain trust
25 agreements; requiring certain fees, fares, and taxes designated by the
26 Authorities as security for bonds to be adjusted in a certain manner; requiring
27 that certain revenues of the Authorities shall be deemed to be trust funds to be
28 used only in a certain manner; authorizing the trustee or a holder of revenue
29 bonds issued by the Authorities to bring a legal action to enforce certain rights
30 and compel the performance of certain duties; providing that bonds issued by

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 the Authorities are securities in which certain persons may invest and that may
2 be deposited with certain persons; exempting revenue bonds issued by the
3 Authorities from taxation; defining certain terms; and generally relating to the
4 creation of the Red Line Transit Authority and the Purple Line Transit
5 Authority to finance, construct, and operate certain transit lines.

6 BY adding to
7 Article – Transportation
8 Section 9–101 through 9–413 to be under the new title “Title 9. Regional Transit
9 Authorities”
10 Annotated Code of Maryland
11 (2008 Replacement Volume and 2011 Supplement)

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

14 **Article – Transportation**

15 **TITLE 9. REGIONAL TRANSIT AUTHORITIES.**

16 **SUBTITLE 1. DEFINITIONS.**

17 **9–101.**

18 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS
19 INDICATED.

20 (B) “AUTHORITIES” MEANS:

21 (1) THE RED LINE TRANSIT AUTHORITY; AND

22 (2) THE PURPLE LINE TRANSIT AUTHORITY.

23 (C) “COST” HAS THE MEANING STATED IN § 3–101 OF THIS ARTICLE.

24 (D) “DISTRICT” MEANS:

25 (1) THE RED LINE TRANSIT DISTRICT, CONSISTING OF
26 BALTIMORE CITY AND BALTIMORE COUNTY; OR

27 (2) THE PURPLE LINE TRANSIT DISTRICT, CONSISTING OF
28 MONTGOMERY COUNTY AND PRINCE GEORGE’S COUNTY.

29 (E) “LIGHT RAIL TRANSIT” HAS THE MEANING STATED IN §
30 7–101 OF THIS ARTICLE.

1 **(D) THE TERMS OF THE MEMBERS OF THE AUTHORITY BEGIN ON JULY**
2 **1 IN THE YEAR OF APPOINTMENT.**

3 **(E) A MEMBER APPOINTED TO FILL A VACANCY IN AN UNEXPIRED TERM**
4 **SERVES ONLY FOR THE REMAINDER OF THAT TERM.**

5 **(F) A MEMBER OF THE AUTHORITY IS ENTITLED TO REIMBURSEMENT**
6 **FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS**
7 **PROVIDED IN THE STATE BUDGET.**

8 **9-203.**

9 **(A) THE PURPLE LINE TRANSIT AUTHORITY CONSISTS OF EIGHT**
10 **MEMBERS AS FOLLOWS:**

11 **(1) TWO MEMBERS APPOINTED BY THE COUNTY EXECUTIVE OF**
12 **MONTGOMERY COUNTY, SUBJECT TO THE CONFIRMATION OF THE COUNTY**
13 **COUNCIL;**

14 **(2) TWO MEMBERS APPOINTED BY THE COUNTY EXECUTIVE OF**
15 **PRINCE GEORGE'S COUNTY, SUBJECT TO THE CONFIRMATION OF THE COUNTY**
16 **COUNCIL; AND**

17 **(3) FOUR MEMBERS APPOINTED BY THE GOVERNOR, SUBJECT TO**
18 **THE ADVICE AND CONSENT OF THE SENATE.**

19 **(B) THE GOVERNOR SHALL DESIGNATE THE CHAIR OF THE AUTHORITY.**

20 **(C) EACH MEMBER OF THE AUTHORITY SERVES FOR A TERM OF 4**
21 **YEARS AND UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.**

22 **(D) THE TERMS OF THE MEMBERS OF THE AUTHORITY BEGIN ON JULY**
23 **1 IN THE YEAR OF APPOINTMENT.**

24 **(E) A MEMBER APPOINTED TO FILL A VACANCY IN AN UNEXPIRED TERM**
25 **SERVES ONLY FOR THE REMAINDER OF THAT TERM.**

26 **(F) A MEMBER OF THE AUTHORITY IS ENTITLED TO REIMBURSEMENT**
27 **FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS**
28 **PROVIDED IN THE STATE BUDGET.**

29 **9-204.**

1 **THE RED LINE TRANSIT AUTHORITY AND THE PURPLE LINE TRANSIT**
2 **AUTHORITY ARE ENTITLED TO THE STAFF PROVIDED IN THE STATE BUDGET.**

3 **SUBTITLE 3. JURISDICTION AND POWERS.**

4 **9-301.**

5 **(A) THE RED LINE TRANSIT AUTHORITY SHALL:**

6 **(1) FINANCE, CONSTRUCT, OPERATE, REPAIR, AND MAINTAIN IN**
7 **GOOD ORDER THE RED LINE TRANSIT FACILITY AND TRANSIT SERVICE; AND**

8 **(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, HAVE**
9 **GENERAL AND EXCLUSIVE JURISDICTION OVER THE RED LINE TRANSIT**
10 **FACILITY AND TRANSIT SERVICE.**

11 **(B) THE DEPARTMENT MAY NOT EXERCISE JURISDICTION OR**
12 **AUTHORITY OVER THE RED LINE TRANSIT FACILITY AND TRANSIT SERVICE.**

13 **9-302.**

14 **(A) THE PURPLE LINE TRANSIT AUTHORITY SHALL:**

15 **(1) FINANCE, CONSTRUCT, OPERATE, REPAIR, AND MAINTAIN IN**
16 **GOOD ORDER THE PURPLE LINE TRANSIT FACILITY AND TRANSIT SERVICE; AND**

17 **(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, HAVE**
18 **GENERAL AND EXCLUSIVE JURISDICTION OVER THE PURPLE LINE TRANSIT**
19 **FACILITY AND TRANSIT SERVICE.**

20 **(B) THE DEPARTMENT MAY NOT EXERCISE JURISDICTION OR**
21 **AUTHORITY OVER THE PURPLE LINE TRANSIT FACILITY AND TRANSIT SERVICE.**

22 **9-303.**

23 **THE AUTHORITIES MAY DO THE FOLLOWING IN THE EXERCISE OF THEIR**
24 **POWERS AND PERFORMANCE OF THEIR DUTIES:**

25 **(1) ACQUIRE, HOLD, AND DISPOSE OF PROPERTY;**

26 **(2) SUE AND BE SUED IN THEIR OWN NAME;**

27 **(3) MAKE CONTRACTS AND AGREEMENTS;**

1 **(4) EMPLOY AND FIX THE COMPENSATION OF ATTORNEYS,**
2 **CONSULTING ENGINEERS, ACCOUNTANTS, CONSTRUCTION AND FINANCIAL**
3 **EXPERTS, MANAGERS, AND ANY OTHER AGENTS OR EMPLOYEES;**

4 **(5) APPLY FOR AND RECEIVE GRANTS FROM A FEDERAL AGENCY**
5 **OR ANY OTHER SOURCE;**

6 **(6) CONDEMN PROPERTY IN ACCORDANCE WITH TITLE 12 OF THE**
7 **REAL PROPERTY ARTICLE;**

8 **(7) FIX, REVISE, CHARGE, AND COLLECT RENTALS, RATES, FEES,**
9 **FARES, AND OTHER CHARGES FOR THE USE OF THEIR FACILITIES OR SERVICES;**
10 **AND**

11 **(8) ADOPT RULES AND REGULATIONS TO CARRY OUT THE**
12 **PROVISIONS OF THIS TITLE.**

13 **SUBTITLE 4. FINANCING OF TRANSIT FACILITIES AND TRANSIT SERVICES.**

14 **9-401.**

15 **FOR THE PURPOSE OF FINANCING THE RED LINE AND THE PURPLE LINE**
16 **TRANSIT FACILITIES AND TRANSIT SERVICE, THE AUTHORITIES MAY, WITHIN**
17 **THE LIMITS OF THEIR RESPECTIVE DISTRICTS, EXERCISE THE POWER TO TAX TO**
18 **THE SAME EXTENT AS THE STATE, PROVIDE FOR THE COLLECTION OF ANY TAX,**
19 **AND GRANT EXEMPTIONS FROM ANY TAX.**

20 **9-402.**

21 **(A) TO FINANCE THE COST OF TRANSIT FACILITIES, THE AUTHORITIES**
22 **MAY ISSUE REVENUE BONDS, NOTES, OR OTHER EVIDENCE OF OBLIGATION,**
23 **PAYABLE SOLELY FROM THE RENTALS, RATES, FEES, FARES, AND TAXES EACH**
24 **AUTHORITY IS EMPOWERED TO IMPOSE UNDER THIS TITLE.**

25 **(B) BOND PROCEEDS MAY BE USED SOLELY FOR PAYING THE COST OF**
26 **TRANSIT FACILITIES.**

27 **9-403.**

28 **(A) BONDS ISSUED BY THE AUTHORITIES UNDER THIS SUBTITLE MAY**
29 **NOT:**

1 **(1) CONSTITUTE A DEBT OF THE STATE OR A POLITICAL**
2 **SUBDIVISION OF THE STATE OTHER THAN THE AUTHORITIES, AND SHALL SO**
3 **STATE ON THEIR FACE;**

4 **(2) CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF**
5 **THE AUTHORITIES OR THE STATE OR A POLITICAL SUBDIVISION OF THE STATE;**
6 **OR**

7 **(3) DIRECTLY OR INDIRECTLY OBLIGATE THE STATE OR A**
8 **POLITICAL SUBDIVISION OF THE STATE TO IMPOSE ANY TAX, AND SHALL**
9 **CONTAIN A STATEMENT ON THEIR FACE TO THAT EFFECT.**

10 **(B) THE AUTHORITIES SHALL DETERMINE THE FOLLOWING**
11 **CONCERNING BONDS ISSUED BY THE AUTHORITIES:**

12 **(1) DATE OF ISSUE;**

13 **(2) INTEREST RATE;**

14 **(3) DATE AND AMOUNT OF MATURITY, EXCEPT THAT A BOND MAY**
15 **NOT MATURE MORE THAN 40 YEARS AFTER ITS DATE OF ISSUE;**

16 **(4) FORM AND MANNER OF EXECUTION;**

17 **(5) MANNER OF SALE; AND**

18 **(6) ANY OTHER MATTER RELATING TO THE FORM, TERMS,**
19 **CONDITIONS, ISSUANCE, SALE, AND DELIVERY OF THE BONDS.**

20 **(C) THE AUTHORITIES MAY ISSUE BONDS:**

21 **(1) WITHOUT OBTAINING THE CONSENT OF ANY**
22 **INSTRUMENTALITY, AGENCY, OR UNIT OF THE STATE; AND**

23 **(2) WITHOUT ANY PROCEEDINGS OR THE HAPPENING OF ANY**
24 **CONDITIONS OR THINGS OTHER THAN THOSE SPECIFICALLY REQUIRED BY THIS**
25 **SUBTITLE.**

26 **(D) (1) CONSOLIDATED TRANSPORTATION BONDS SHALL BE**
27 **EXECUTED ON BEHALF OF THE AUTHORITIES BY THE MANUAL OR FACSIMILE**
28 **SIGNATURE OF THE CHAIRS OF THE AUTHORITIES.**

1 **(2) OTHER SIGNATURES ON THE BONDS MAY BE EITHER MANUAL**
2 **OR FACSIMILE.**

3 **(E) IF AN INDIVIDUAL WHOSE MANUAL OR FACSIMILE SIGNATURE**
4 **APPEARS ON ANY BOND OR COUPON CEASES TO SERVE IN AN AUTHORIZED**
5 **CAPACITY BEFORE THE DELIVERY OF THE BOND, THE SIGNATURE**
6 **NEVERTHELESS IS AS VALID AND SUFFICIENT FOR ALL PURPOSES AS IF THE**
7 **INDIVIDUAL HAD REMAINED IN THAT CAPACITY UNTIL DELIVERY OF THE BOND.**

8 **9-404.**

9 **(A) WITHOUT THE APPROVAL OF THE GENERAL ASSEMBLY, THE**
10 **AUTHORITIES MAY ISSUE BONDS TO REFINANCE ALL OR ANY PART OF THE COST**
11 **OF TRANSIT FACILITIES FOR WHICH AN AUTHORITY PREVIOUSLY ISSUED BONDS**
12 **UNDER THIS SUBTITLE.**

13 **(B) IF, BY REASON OF INCREASED CONSTRUCTION COSTS, ERROR IN**
14 **ESTIMATES, OR OTHERWISE, THE PROCEEDS OF THE REVENUE BONDS OF ANY**
15 **ISSUE ARE LESS THAN THE AMOUNT REQUIRED FOR THE PURPOSE FOR WHICH**
16 **THE BONDS ARE AUTHORIZED, ADDITIONAL REVENUE BONDS MAY BE ISSUED IN**
17 **A SIMILAR MANNER TO PROVIDE THE AMOUNT OF THE DEFICIENCY.**

18 **9-405.**

19 **(A) IN THIS SECTION, "REFUNDING" MEANS THE RETIREMENT AND**
20 **CANCELLATION OF BONDS, INCLUDING REVENUE BONDS OF PRIOR ISSUES,**
21 **AFTER THEIR ACQUISITION BY OR FOR THE AUTHORITIES, WHETHER BEFORE,**
22 **AT, OR AFTER MATURITY, EITHER IN EXCHANGE FOR OTHER BONDS OR BY**
23 **PAYMENT, PURCHASE, OR REDEMPTION WITH THE PROCEEDS OF THE SALE OF**
24 **OTHER BONDS.**

25 **(B) THE AUTHORITIES MAY ISSUE REVENUE REFUNDING BONDS FOR:**

26 **(1) REFUNDING ANY BONDS ISSUED UNDER THIS SUBTITLE OR**
27 **ANY REVENUE BONDS OF PRIOR ISSUES, INCLUDING THE PAYMENT OF ANY**
28 **REDEMPTION PREMIUM ON THE BONDS AND ANY INTEREST ACCRUED OR TO**
29 **ACCRUE TO THE DATE OF REDEMPTION OF THE BONDS; AND**

30 **(2) CONSTRUCTING IMPROVEMENTS OR EXTENSIONS TO OR**
31 **ENLARGEMENTS OF ANY TRANSIT FACILITY.**

32 **9-406.**

1 **BEFORE THE PREPARATION OF DEFINITIVE BONDS, THE AUTHORITIES**
2 **MAY ISSUE INTERIM CERTIFICATES OR TEMPORARY BONDS, WITH OR WITHOUT**
3 **COUPONS, EXCHANGEABLE FOR DEFINITIVE BONDS WHEN THE DEFINITIVE**
4 **BONDS HAVE BEEN EXECUTED AND ARE AVAILABLE FOR DELIVERY.**

5 **9-407.**

6 **(A) THE AUTHORITIES MAY ISSUE BOND ANTICIPATION NOTES,**
7 **PAYABLE TO THE BEARER OR REGISTERED HOLDER OF THE NOTES OUT OF THE**
8 **FIRST PROCEEDS OF THE NEXT SALE OF BONDS ISSUED UNDER THIS SUBTITLE.**

9 **(B) THE ISSUANCE OF BOND ANTICIPATION NOTES, THE DETAILS OF**
10 **THEIR ISSUANCE, THE RIGHTS OF THEIR HOLDERS, AND THE RIGHTS, DUTIES,**
11 **AND OBLIGATIONS OF THE AUTHORITIES WITH RESPECT TO THEM ARE**
12 **GOVERNED BY THE PROVISIONS OF THIS SUBTITLE RELATING TO THE ISSUANCE**
13 **OF THE BONDS IN ANTICIPATION OF THE SALE OF WHICH THE NOTES ARE**
14 **ISSUED, INsofar AS THOSE PROVISIONS ARE APPLICABLE.**

15 **9-408.**

16 **(A) REVENUE BONDS ISSUED UNDER THIS SUBTITLE MAY BE SECURED**
17 **BY A TRUST AGREEMENT BETWEEN THE RED LINE TRANSIT AUTHORITY OR THE**
18 **PURPLE LINE TRANSIT AUTHORITY AND A CORPORATE TRUSTEE, WHICH MAY**
19 **BE ANY TRUST COMPANY OR BANK HAVING TRUST POWERS WITHIN OR WITHOUT**
20 **THE STATE.**

21 **(B) THE TRUST AGREEMENT MAY PLEDGE OR ASSIGN ALL OR ANY PART**
22 **OF THE REVENUES OF THE RED LINE TRANSIT AUTHORITY OR THE PURPLE**
23 **LINE TRANSIT AUTHORITY OR OF ANY TRANSIT FACILITY BUT MAY NOT**
24 **MORTGAGE ANY PART OF ANY TRANSIT FACILITY.**

25 **9-409.**

26 **THE RENTALS, RATES, FEES, FARES, AND TAXES DESIGNATED AS**
27 **SECURITY FOR BONDS ISSUED UNDER THIS SUBTITLE SHALL BE FIXED AND**
28 **ADJUSTED SO AS TO PROVIDE FUNDS THAT ARE SUFFICIENT AS LONG AS THE**
29 **BONDS ARE OUTSTANDING AND UNPAID TO PAY THE PRINCIPAL OF AND THE**
30 **INTEREST ON THE BONDS AS THEY BECOME DUE AND PAYABLE.**

31 **9-410.**

32 **ALL MONEY THAT IS RECEIVED BY THE AUTHORITIES AS PROCEEDS FROM**
33 **THE SALE OF REVENUE BONDS, NOTES, OR OTHER EVIDENCES OF OBLIGATION**
34 **UNDER THIS SUBTITLE AND, BY WAY OF RENTALS, RATES, FEES, FARES, AND**

1 TAXES, THAT IS DESIGNATED BY ANY TRUST AGREEMENT AS SECURITY FOR THE
2 BONDS, NOTES, OR OTHER EVIDENCES OF OBLIGATION SHALL BE DEEMED TO BE
3 TRUST FUNDS TO BE HELD AND APPLIED ONLY AS PROVIDED IN THIS SUBTITLE.

4 **9-411.**

5 EXCEPT TO THE EXTENT RESTRICTED BY THE TRUST AGREEMENT, THE
6 TRUSTEE OR ANY HOLDER OF REVENUE BONDS ISSUED UNDER THIS SUBTITLE
7 OR OF ANY OF THE COUPONS APPERTAINING TO THE BONDS MAY:

8 (1) BRING A SUIT OR OTHER PROCEEDING TO PROTECT AND
9 ENFORCE ANY RIGHT UNDER THE LAWS OF THE STATE OR UNDER THE TRUST
10 AGREEMENT; AND

11 (2) ENFORCE AND COMPEL THE PERFORMANCE OF ALL DUTIES
12 REQUIRED BY THIS SUBTITLE OR BY THE TRUST AGREEMENT TO BE
13 PERFORMED BY THE AUTHORITIES OR BY ANY OF THEIR OFFICERS, INCLUDING
14 THE FIXING, CHARGING, IMPOSING, AND COLLECTING OF RENTALS, RATES,
15 FEES, FARES, AND TAXES.

16 **9-412.**

17 BONDS ISSUED UNDER THIS SUBTITLE ARE SECURITIES:

18 (1) IN WHICH ALL PUBLIC OFFICERS AND PUBLIC BODIES OF THE
19 STATE AND ITS POLITICAL SUBDIVISIONS, ALL INSURANCE COMPANIES, STATE
20 BANKS AND TRUST COMPANIES, NATIONAL BANKING ASSOCIATIONS, SAVINGS
21 BANKS, SAVINGS AND LOAN ASSOCIATIONS, INVESTMENT COMPANIES,
22 EXECUTORS, ADMINISTRATORS, TRUSTEES, AND OTHER FIDUCIARIES MAY
23 PROPERLY AND LEGALLY INVEST FUNDS, INCLUDING CAPITAL IN THEIR
24 CONTROL OR BELONGING TO THEM; AND

25 (2) THAT MAY BE PROPERLY AND LEGALLY DEPOSITED WITH AND
26 RECEIVED BY ANY STATE OR COUNTY OFFICER OR ANY AGENCY OR POLITICAL
27 SUBDIVISION OF THE STATE FOR ANY PURPOSE FOR WHICH THE DEPOSIT OF
28 BONDS OR OBLIGATIONS OF THE STATE IS AUTHORIZED BY LAW.

29 **9-413.**

30 THE REVENUE BONDS, NOTES, AND OTHER EVIDENCES OF OBLIGATION
31 ISSUED UNDER THIS SUBTITLE, THEIR TRANSFER, THE INTEREST PAYABLE ON
32 THEM, AND ANY INCOME DERIVED FROM THEM, INCLUDING ANY PROFIT
33 REALIZED IN THEIR SALE OR EXCHANGE, SHALL BE EXEMPT FROM TAXATION BY

1 THE STATE OR BY ANY OF ITS POLITICAL SUBDIVISIONS, MUNICIPAL
2 CORPORATIONS, OR PUBLIC AGENCIES.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2012.