

# SENATE BILL 1303

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CF HB 1803

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

Introduced and read first time: May 14, 2012

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of authorizing the creation of a State Debt in the amount of  
4 \$15,324,000, 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 matching fund; providing that, after a certain date, any  
10 bonds authorized under this Act shall be canceled and be of no further effect;  
11 providing that the proceeds of the loan under this Act shall be expended not  
12 later than a certain number of years after the issuance of the bonds authorized  
13 under this Act; authorizing the Board of Public Works to sell certain bonds at  
14 certain sales in proportion to the documented matching fund; providing  
15 generally for the issuance and sale of bonds evidencing the loan; stating that the  
16 General Assembly finds valid and ratifies certain prior authorizations of State  
17 debt; and generally relating to Qualified Zone Academy Bonds.

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That:

20 (1) The Board of Public Works may borrow money and incur indebtedness on  
21 behalf of the State of Maryland through a State loan to be known as the Qualified  
22 Zone Academy Bonds Loan of 2012 in a total principal amount of \$15,324,000. This  
23 loan shall be evidenced by the issuance, sale, and delivery of State general obligation  
24 qualified zone academy bonds, as defined in § 54E of the Internal Revenue Code of the  
25 United States, as amended, authorized by a resolution of the Board of Public Works  
26 and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 of the State  
27 Finance and Procurement Article and Article 31, § 22 of the Annotated Code of  
28 Maryland, and §§ 54A and 54E of the Internal Revenue Code, as amended.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2)     The bonds to evidence this loan or installments of this loan may be sold  
2 as a single issue or may be consolidated and sold as part of a single issue of bonds  
3 under § 8–122 of the State Finance and Procurement Article. Notwithstanding §§  
4 8–123 and 8–124 of the State Finance and Procurement Article, the Board of Public  
5 Works may sell the bonds authorized herein at one or more private sales that best  
6 meet the terms and conditions of sale set by the Board. The bonds authorized under  
7 this Act shall be issued and sold no later than December 31, 2012.

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

20                   (a)     for competitively awarded grants by the Interagency Committee on  
21 School Construction to eligible school systems for qualified academies, including public  
22 charter schools; and

23                   (b)     for targeted grants awarded by the Maryland State Department of  
24 Education to eligible school systems for qualified academies, including public charter  
25 schools, under the Breakthrough Center Program.

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

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

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

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

6           (6)     After December 31, 2012, any bonds authorized under this Act that have  
7 not been issued and sold by the Board of Public Works shall be canceled and be of no  
8 further effect.

9           (7)     The proceeds of the loan, including any interest earned on the investment  
10 of the proceeds, shall be expended for the purposes provided in this Act not later than  
11 3 years after the issuance of the bonds authorized under this Act.

12           SECTION 2. AND BE IT FURTHER ENACTED, That under the State's  
13 obligations and authorizations pursuant to Article III, § 34 of the Maryland  
14 Constitution, the General Assembly:

15           (1)     finds Chapter 523, Acts of 2010 and Chapter 96, Acts of 2011 to be  
16 valid authorizations of State debt, notwithstanding enactment prior to the Budget Bill  
17 in each respective year; and

18           (2)     hereby ratifies, confirms, and approves as valid Chapter 523, Acts  
19 of 2010 and Chapter 96, Acts of 2011 and the debt issued pursuant thereto.

20           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 June 1, 2012.