

HOUSE BILL 1322

R2, P1, I1

3lr1390

By: **Delegate Clagett**

Introduced and read first time: February 8, 2013

Assigned to: Ways and Means and Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Infrastructure Bank**

3 FOR the purpose of establishing the Transportation Infrastructure Bank as a special
4 revolving loan fund in the Transportation Trust Fund; establishing the Bank as
5 a special, nonlapsing fund; requiring the Department of Transportation to
6 administer the Bank; requiring the State Treasurer to hold money in the Bank
7 and the Comptroller to account for the money in the Bank; specifying the
8 contents of the Bank; requiring that interest on money in the Bank and certain
9 payments be credited to the Bank; requiring that money in the Bank be used to
10 provide loans and other financial assistance for transportation projects;
11 requiring the Department to determine the projects for which loans or other
12 financial assistance may be provided by the Bank; requiring project obligations
13 to be payable from reliable repayment sources; providing for the interest rate
14 and repayment schedule of project obligations; limiting the portion of the
15 capitalization of the Bank that may be used to make grants to governmental
16 entities; providing for the priority of the pledge of reliable repayment sources for
17 project obligations; providing that loans or other assistance provided by the
18 Bank are not a debt and do not pledge the full faith and credit of certain
19 entities; providing that loans or other assistance provided by the Bank do not
20 obligate certain entities to impose any tax and are payable solely from funds in
21 the Bank; providing that the Bank is not an entity subject to certain State or
22 federal laws; authorizing the Department to establish certain accounts;
23 providing that an eligible borrower or project sponsor may apply for project
24 financing from the Bank; providing that only a governmental entity may apply
25 for a grant from the Bank; requiring applicants for loans, grants, and other
26 financial assistance from the Bank to provide certain information and meet
27 certain criteria; requiring the Department to utilize certain guidelines for
28 scoring projects; authorizing the Department to make certain grants to the
29 Bank; requiring that certain loans or other financial assistance be guaranteed
30 by certain project obligations; authorizing the Department to sell project
31 obligations and apply the proceeds in a certain manner; authorizing the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Department to require that an eligible borrower or project sponsor agree to take
2 certain actions as a condition of a loan or other financial assistance or the
3 acquisition of project obligations; authorizing an eligible borrower or project
4 sponsor to take certain actions to carry out this Act; providing that contracts
5 among eligible borrowers and project sponsors need not be identical and may be
6 structured in a certain manner; providing that the Bank performs an essential
7 governmental function and is exempt from taxation by the State and its political
8 subdivisions; exempting the Bank from certain procurement laws; requiring the
9 Department to submit a report twice annually to certain committees of the
10 General Assembly that includes certain information about the activities of the
11 Bank; defining certain terms; and generally relating to the Transportation
12 Infrastructure Bank.

13 BY repealing and reenacting, with amendments,
14 Article – State Finance and Procurement
15 Section 6–226(a)(2)(ii)69. and 70.
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2012 Supplement)

18 BY adding to
19 Article – State Finance and Procurement
20 Section 6–226(a)(2)(ii)71.
21 Annotated Code of Maryland
22 (2009 Replacement Volume and 2012 Supplement)

23 BY adding to
24 Article – Transportation
25 Section 9–101 through 9–801 to be under the new title “Title 9. Transportation
26 Infrastructure Bank”
27 Annotated Code of Maryland
28 (2008 Replacement Volume and 2012 Supplement)

29 Preamble

30 WHEREAS, There exists in the State a critical need for additional sources of
31 funding to finance the present and future needs of the State for the design and
32 construction of roads and highways, including toll facilities, mass transit, freight,
33 passenger and commuter rail, including rolling stock, port, airport, and other
34 transportation facilities; and

35 WHEREAS, This need can be alleviated in part through the creation of a
36 transportation infrastructure bank; and

37 WHEREAS, The purpose of a transportation infrastructure bank is to
38 encourage the investment of both public and private funds and to make loans and
39 other financial assistance available to localities, private entities, and other eligible
40 borrowers to finance eligible transportation projects; and

1 WHEREAS, The General Assembly finds that the creation of a transportation
2 infrastructure bank for this purpose is in the public interest and will promote the
3 health, safety, welfare, and prosperity of the people of the State; now, therefore,

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

6 **Article – State Finance and Procurement**

7 6–226.

8 (a) (2) (ii) The provisions of subparagraph (i) of this paragraph do not
9 apply to the following funds:

10 69. the Maryland Legal Services Corporation Fund; [and]

11 70. Mortgage Loan Servicing Practices Settlement Fund;

12 AND

13 71. THE TRANSPORTATION INFRASTRUCTURE BANK.

14 **Article – Transportation**

15 **TITLE 9. TRANSPORTATION INFRASTRUCTURE BANK.**

16 **SUBTITLE 1. DEFINITIONS.**

17 **9–101.**

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

20 (B) “BANK” MEANS THE TRANSPORTATION INFRASTRUCTURE BANK.

21 (C) (1) “COST” MEANS THE TOTAL OF ALL COSTS OF A PROJECT.

22 (2) “COST” INCLUDES:

23 (I) THE COSTS OF PLANNING, DESIGN, RIGHT-OF-WAY
24 ACQUISITION, ENGINEERING, AND CONSTRUCTION INCURRED BY AN ELIGIBLE
25 BORROWER OR OTHER PROJECT SPONSOR AS REASONABLE AND NECESSARY
26 FOR CARRYING OUT ALL WORKS AND UNDERTAKINGS NECESSARY OR INCIDENT
27 TO THE ACCOMPLISHMENT OF ANY PROJECT; AND

1 **(II) CAPITALIZED INTEREST, REASONABLY REQUIRED**
2 **RESERVE FUNDS, AND FINANCING, CREDIT ENHANCEMENT, AND ISSUANCE**
3 **COSTS.**

4 **(D) “CREDIT ENHANCEMENT” MEANS A SURETY BOND, AN INSURANCE**
5 **POLICY, A LETTER OF CREDIT, A GUARANTEE, OR ANY OTHER FORM OF**
6 **COLLATERAL OR SECURITY.**

7 **(E) “ELIGIBLE BORROWER” MEANS:**

8 **(1) A PRIVATE ENTITY;**

9 **(2) A GOVERNMENTAL ENTITY;**

10 **(3) AN INSTRUMENTALITY, A CORPORATION, OR AN ENTITY**
11 **ESTABLISHED BY A PRIVATE ENTITY OR GOVERNMENTAL ENTITY; OR**

12 **(4) A COMBINATION OF TWO OR MORE OF THE ENTITIES LISTED**
13 **IN ITEMS (1) THROUGH (3) OF THIS SUBSECTION.**

14 **(F) “FINANCE” INCLUDES BOTH THE INITIAL FINANCING AND ANY**
15 **REFINANCING OF THE COST OR PROJECT.**

16 **(G) “GOVERNMENTAL ENTITY” MEANS:**

17 **(1) A POLITICAL SUBDIVISION;**

18 **(2) A LOCAL, REGIONAL, STATE, OR FEDERAL ENTITY;**

19 **(3) AN ENTITY ESTABLISHED BY AN INTERSTATE COMPACT;**

20 **(4) AN INSTRUMENTALITY, A CORPORATION, OR AN ENTITY**
21 **ESTABLISHED BY THE STATE, A POLITICAL SUBDIVISION, OR THE FEDERAL**
22 **GOVERNMENT; OR**

23 **(5) ANY COMBINATION OF TWO OR MORE OF THE ENTITIES**
24 **LISTED IN ITEMS (1) THROUGH (4) OF THIS SUBSECTION.**

25 **(H) (1) “GRANT” MEANS A TRANSFER OF MONEY OR PROPERTY THAT**
26 **DOES NOT IMPOSE ANY OBLIGATION OR CONDITION ON THE GRANTEE TO REPAY**
27 **ANY AMOUNT TO THE TRANSFEROR OTHER THAN ASSURING THAT THE**
28 **TRANSFERRED MONEY OR PROPERTY WILL BE SPENT OR USED IN ACCORDANCE**
29 **WITH THE GOVERNMENTAL PURPOSE OF THE TRANSFER.**

1 **(2) “GRANT” INCLUDES DIRECT CASH PAYMENTS MADE TO PAY**
2 **OR REIMBURSE ALL OR A PORTION OF INTEREST PAYMENTS MADE BY A**
3 **GRANTEE ON A DEBT OBLIGATION.**

4 **(I) “LOAN” MEANS AN OBLIGATION SUBJECT TO REPAYMENT THAT:**

5 **(1) IS PROVIDED BY THE BANK TO AN ELIGIBLE BORROWER TO**
6 **FINANCE ALL OR A PART OF THE ELIGIBLE COST OF A PROJECT INCURRED BY**
7 **THE ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR; AND**

8 **(2) IS DISBURSED:**

9 **(I) IN ANTICIPATION OF REIMBURSEMENT, INCLUDING AN**
10 **ADVANCE OR DRAW UNDER A CREDIT ENHANCEMENT INSTRUMENT;**

11 **(II) AS DIRECT PAYMENT OF ELIGIBLE COSTS; OR**

12 **(III) TO REDEEM A PRIOR OBLIGATION INCURRED BY THE**
13 **ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR TO FINANCE THE ELIGIBLE**
14 **COSTS OF A PROJECT.**

15 **(J) “OTHER FINANCIAL ASSISTANCE” INCLUDES:**

16 **(1) GRANTS;**

17 **(2) CAPITAL OR DEBT RESERVES FOR BONDS OR DEBT**
18 **INSTRUMENT FINANCING;**

19 **(3) PROVISION OF LETTERS OF CREDIT AND OTHER FORMS OF**
20 **CREDIT ENHANCEMENT; OR**

21 **(4) OTHER LAWFUL FORMS OF FINANCING AND METHODS OF**
22 **LEVERAGING FUNDS THAT ARE APPROVED BY THE BANK.**

23 **(K) “PRIVATE ENTITY” MEANS ANY PRIVATE OR NONGOVERNMENTAL**
24 **ENTITY THAT HAS EXECUTED A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT TO**
25 **DEVELOP AND CONSTRUCT A TRANSPORTATION INFRASTRUCTURE PROJECT.**

26 **(L) “PROJECT” MEANS THE CONSTRUCTION, RECONSTRUCTION,**
27 **REHABILITATION, OR REPLACEMENT OF:**

28 **(1) A HIGHWAY;**

1 **(2) A TRANSIT FACILITY;**

2 **(3) A FREIGHT RAIL FACILITY;**

3 **(4) A PORT FACILITY; OR**

4 **(5) AN AIRPORT FACILITY.**

5 **(M) “PROJECT OBLIGATION” MEANS:**

6 **(1) A BOND;**

7 **(2) A NOTE;**

8 **(3) A DEBENTURE;**

9 **(4) AN INTERIM CERTIFICATE;**

10 **(5) A GRANT;**

11 **(6) A REVENUE ANTICIPATION NOTE;**

12 **(7) A LEASE, A LEASE-PURCHASE, OR AN INSTALLMENT SALES**
13 **AGREEMENT;**

14 **(8) A CREDIT ENHANCEMENT ISSUED, INCURRED, OR ENTERED**
15 **INTO BY AN ELIGIBLE BORROWER TO EVIDENCE A LOAN; OR**

16 **(9) A FINANCING AGREEMENT, A REIMBURSEMENT AGREEMENT,**
17 **A GUARANTEE, OR ANY OTHER EVIDENCE OF AN OBLIGATION OF AN ELIGIBLE**
18 **BORROWER OR OTHER PROJECT SPONSOR TO PAY OR GUARANTEE A LOAN.**

19 **(N) “PROJECT SPONSOR” MEANS ANY PRIVATE ENTITY OR**
20 **GOVERNMENTAL ENTITY THAT IS INVOLVED IN THE PLANNING, DESIGN,**
21 **RIGHT-OF-WAY ACQUISITION, ENGINEERING, CONSTRUCTION, MAINTENANCE,**
22 **OR FINANCING OF A PROJECT.**

23 **(O) “RELIABLE REPAYMENT SOURCE” MEANS ANY MEANS BY WHICH AN**
24 **ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR GENERATES FUNDS THAT**
25 **ARE DEDICATED TO THE PURPOSE OF RETIRING A PROJECT OBLIGATION.**

1 (P) "SUBSTANTIAL PROJECT COMPLETION" MEANS THE OPENING OF A
2 PROJECT FOR VEHICULAR OR PASSENGER TRAFFIC OR THE HANDLING OF
3 CARGO AND FREIGHT.

4 SUBTITLE 2. ESTABLISHED.

5 **9-201.**

6 THERE IS A TRANSPORTATION INFRASTRUCTURE BANK.

7 **9-202.**

8 (A) THE BANK IS A SPECIAL REVOLVING LOAN FUND IN THE
9 TRANSPORTATION TRUST FUND.

10 (B) THE DEPARTMENT SHALL ADMINISTER THE BANK.

11 (C) (1) THE BANK IS A SPECIAL, NONLAPSING FUND THAT IS NOT
12 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

13 (2) THE STATE TREASURER SHALL HOLD MONEY IN THE BANK
14 SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE MONEY IN
15 THE BANK.

16 (D) THE BANK CONSISTS OF:

17 (1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE BANK;

18 (2) PAYMENTS ON PROJECT OBLIGATIONS AND INVESTMENT
19 EARNINGS ON MONEY IN THE BANK; AND

20 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED
21 FOR THE BENEFIT OF THE BANK.

22 (E) PAYMENTS ON PROJECT OBLIGATIONS AND INTEREST EARNED ON
23 MONEY IN THE BANK SHALL BE CREDITED TO THE BANK.

24 (F) MONEY DEPOSITED IN THE BANK SHALL BE USED FOR THE
25 PURPOSE OF MAKING LOANS AND OTHER FINANCIAL ASSISTANCE TO FINANCE
26 PROJECTS.

27 **9-203.**

1 **THE DEPARTMENT SHALL DETERMINE THE PROJECTS FOR WHICH LOANS**
2 **OR OTHER FINANCIAL ASSISTANCE MAY BE PROVIDED BY THE BANK.**

3 **9-204.**

4 **(A) EACH PROJECT OBLIGATION SHALL BE PAYABLE, IN WHOLE OR IN**
5 **PART, FROM RELIABLE REPAYMENT SOURCES PLEDGED FOR THAT PURPOSE.**

6 **(B) THE INTEREST RATE ON A PROJECT OBLIGATION SHALL BE**
7 **DETERMINED BY REFERENCE TO:**

8 **(1) THE CURRENT MARKET RATES FOR COMPARABLE**
9 **OBLIGATIONS;**

10 **(2) THE NATURE OF THE PROJECT AND THE FINANCING**
11 **STRUCTURE OF THE PROJECT; AND**

12 **(3) THE CREDITWORTHINESS OF THE ELIGIBLE BORROWER OR**
13 **OTHER PROJECT SPONSOR.**

14 **(C) THE REPAYMENT SCHEDULE FOR EACH PROJECT OBLIGATION**
15 **SHALL REQUIRE:**

16 **(1) THE AMORTIZATION OF PRINCIPAL BEGINNING WITHIN 5**
17 **YEARS FOLLOWING THE LATER OF SUBSTANTIAL PROJECT COMPLETION OR THE**
18 **DATE ON WHICH THE PROJECT OBLIGATION WAS INCURRED; AND**

19 **(2) A FINAL MATURITY DATE OF NOT MORE THAN 35 YEARS**
20 **FOLLOWING SUBSTANTIAL PROJECT COMPLETION.**

21 **(D) THE PLEDGE OF RELIABLE REPAYMENT SOURCES AND OTHER**
22 **PROPERTY SECURING ANY PROJECT OBLIGATION MAY BE SUBORDINATE TO THE**
23 **PLEDGE SECURING ANY OTHER SENIOR DEBT OBLIGATIONS INCURRED TO**
24 **FINANCE THE PROJECT.**

25 **(E) THE DEPARTMENT MAY AT ANY TIME FOLLOWING SUBSTANTIAL**
26 **PROJECT COMPLETION DEFER PAYMENTS ON A PROJECT OBLIGATION IF THE**
27 **PROJECT IS UNABLE TO GENERATE SUFFICIENT REVENUES TO PAY THE**
28 **SCHEDULED PAYMENTS.**

29 **9-205.**

1 **A PORTION NOT TO EXCEED 20% OF THE CAPITALIZATION OF THE BANK**
2 **MAY BE USED FOR GRANTS TO GOVERNMENTAL ENTITIES TO FINANCE**
3 **PROJECTS.**

4 **9-206.**

5 **LOANS AND FORMS OF OTHER FINANCIAL ASSISTANCE PROVIDED OR**
6 **COMMITTED TO BE PROVIDED BY THE BANK:**

7 **(1) ARE NOT A DEBT OF THE STATE OR OF A POLITICAL**
8 **SUBDIVISION OF THE STATE;**

9 **(2) DO NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND**
10 **CREDIT OF THE STATE OR A POLITICAL SUBDIVISION OF THE STATE;**

11 **(3) DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE STATE OR**
12 **A POLITICAL SUBDIVISION OF THE STATE TO IMPOSE ANY TAX; AND**

13 **(4) SHALL BE PAYABLE SOLELY FROM LEGALLY AVAILABLE**
14 **MONEY HELD BY THE BANK.**

15 **9-207.**

16 **THE BANK IS NOT:**

17 **(1) A BANK OR TRUST COMPANY WITHIN THE JURISDICTION OR**
18 **UNDER THE CONTROL OF THE STATE OR THE COMPTROLLER OF THE**
19 **CURRENCY OF THE U.S. TREASURY DEPARTMENT; OR**

20 **(2) A BANK OR DEALER IN SECURITIES WITHIN THE MEANING OF,**
21 **OR SUBJECT TO THE PROVISIONS OF, ANY SECURITIES, SECURITIES EXCHANGE,**
22 **OR SECURITIES DEALERS LAW OF THE UNITED STATES OR OF THE STATE.**

23 **9-208.**

24 **THE DEPARTMENT MAY ESTABLISH OR DIRECT THE ESTABLISHMENT OF**
25 **FEDERAL AND STATE ACCOUNTS OR SUBACCOUNTS AS MAY BE NECESSARY TO**
26 **MEET ANY APPLICABLE FEDERAL LAW REQUIREMENTS OR DESIRABLE FOR THE**
27 **EFFICIENT ADMINISTRATION OF THE BANK IN ACCORDANCE WITH THIS TITLE.**

28 **SUBTITLE 3. ELIGIBILITY AND PROJECT SELECTION.**

29 **9-301.**

1 **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, AN ELIGIBLE**
2 **BORROWER OR OTHER PROJECT SPONSOR IS ELIGIBLE TO APPLY FOR PROJECT**
3 **FINANCING FROM THE BANK.**

4 **(B) ONLY A GOVERNMENTAL ENTITY IS ELIGIBLE TO APPLY FOR A**
5 **GRANT FROM THE BANK.**

6 **9-302.**

7 **(A) (1) AN APPLICANT FOR A LOAN OR ANY OTHER FINANCIAL**
8 **ASSISTANCE, NOT INCLUDING A GRANT, SHALL FILE AN APPLICATION WITH THE**
9 **DEPARTMENT.**

10 **(2) AN APPLICATION FILED UNDER PARAGRAPH (1) OF THIS**
11 **SUBSECTION SHALL INCLUDE ALL ITEMS DETERMINED BY THE DEPARTMENT TO**
12 **BE NECESSARY AND APPROPRIATE FOR THE DEPARTMENT TO DETERMINE**
13 **WHETHER OR NOT TO APPROVE THE LOAN, INCLUDING:**

14 **(I) THE AVAILABILITY OF RELIABLE REPAYMENT SOURCES**
15 **TO RETIRE THE PROJECT OBLIGATION; AND**

16 **(II) CREDITWORTHINESS AS DETERMINED BY AN**
17 **ASSESSMENT OF ATTRIBUTES SUCH AS REVENUE STABILITY, DEBT SERVICE**
18 **COVERAGE, RESERVES, AND OTHER RELATED FACTORS COMMONLY**
19 **CONSIDERED IN ASSESSING THE STRENGTH OF THE SECURITY FOR**
20 **INDEBTEDNESS.**

21 **(B) IN ADDITION TO ANY OTHER INFORMATION REQUIRED BY THE**
22 **DEPARTMENT, A GOVERNMENTAL ENTITY APPLYING FOR A GRANT MUST**
23 **DEMONSTRATE THAT THE PROJECT CANNOT BE FINANCED ON REASONABLE**
24 **TERMS OR WOULD OTHERWISE BE FINANCIALLY INFEASIBLE WITHOUT THE**
25 **GRANT.**

26 **(C) EACH APPLICANT FOR A LOAN OR ANY OTHER FINANCIAL**
27 **ASSISTANCE MUST DEMONSTRATE THAT THE PROJECT:**

28 **(1) IS OF LOCAL, REGIONAL, OR STATEWIDE SIGNIFICANCE; AND**

29 **(2) MEETS THE GOAL OF GENERATING ECONOMIC BENEFITS,**
30 **IMPROVING AIR QUALITY, REDUCING CONGESTION, OR IMPROVING SAFETY**
31 **THROUGH ENHANCEMENT OF THE STATE TRANSPORTATION NETWORK.**

1 (D) AN APPLICANT FOR A LOAN OR ANY OTHER FINANCIAL ASSISTANCE
2 SHALL INDICATE WHETHER OR NOT THE LOAN OR OTHER FINANCIAL
3 ASSISTANCE WILL ENABLE THE PROJECT TO BE COMPLETED AT AN EARLIER
4 DATE THAN WOULD OTHERWISE BE FEASIBLE.

5 **9-303.**

6 (A) THE DEPARTMENT SHALL:

7 (1) ISSUE GUIDELINES FOR SCORING PROJECTS IN ACCORDANCE
8 WITH THE CRITERIA SET OUT IN § 9-302 OF THIS SUBTITLE AND ANY OTHER
9 CRITERIA DEEMED NECESSARY AND APPROPRIATE FOR EVALUATING PROJECTS
10 AS DETERMINED BY THE DEPARTMENT;

11 (2) APPLY THE SCORING GUIDELINES TO EACH PROPOSED
12 PROJECT; AND

13 (3) PROMPTLY PUBLISH EACH PROPOSED PROJECT AND ITS
14 SCORE USING THE SCORING GUIDELINES.

15 (B) A PROJECT FOR WHICH A LOAN OR ANY OTHER FINANCIAL
16 ASSISTANCE IS PROVIDED SHALL COMPLY WITH THE POLICIES AND GUIDELINES
17 ESTABLISHED BY THE DEPARTMENT.

18 SUBTITLE 4. GRANTS TO BANK.

19 **9-401.**

20 THE DEPARTMENT MAY MAKE GRANTS TO THE BANK TO ENABLE IT TO
21 CARRY OUT ITS CORPORATE PURPOSES AND EXERCISE ITS POWERS.

22 SUBTITLE 5. PROJECT OBLIGATIONS.

23 **9-501.**

24 (A) EACH LOAN OR OTHER FINANCIAL ASSISTANCE, NOT INCLUDING
25 GRANTS, SHALL BE EVIDENCED OR GUARANTEED BY PROJECT OBLIGATIONS
26 PROVIDED TO FINANCE THE COSTS OF ANY PROJECT.

27 (B) THE DEPARTMENT MAY SELL ANY PROJECT OBLIGATION ACQUIRED
28 UNDER THIS TITLE AND APPLY THE PROCEEDS OF THE SALE TO THE MAKING OF
29 ADDITIONAL LOANS AND THE PROVISION OF OTHER FINANCIAL ASSISTANCE
30 FOR FINANCING THE COST OF ANY PROJECT OR FOR ANY OTHER CORPORATE
31 PURPOSE OF THE BANK.

1 **(C) THE DEPARTMENT MAY REQUIRE, AS A CONDITION TO THE**
2 **PROVISION OF A LOAN OR ANY OTHER FINANCIAL ASSISTANCE OR THE**
3 **ACQUISITION OF ANY PROJECT OBLIGATION, THAT THE ELIGIBLE BORROWER**
4 **OR OTHER PROJECT SPONSOR COVENANT TO PERFORM ANY OF THE**
5 **FOLLOWING:**

6 **(1) ESTABLISH AND COLLECT TOLLS, RENTS, RATES, FEES, AND**
7 **OTHER CHARGES TO PRODUCE REVENUE SUFFICIENT TO PAY ALL OR A**
8 **SPECIFIED PORTION OF:**

9 **(I) THE COSTS OF OPERATION, MAINTENANCE,**
10 **REPLACEMENT, RENEWAL, OR REPAIRS OF THE PROJECT;**

11 **(II) ANY OUTSTANDING INDEBTEDNESS INCURRED FOR THE**
12 **PURPOSES OF THE PROJECT, INCLUDING THE PRINCIPAL OF, AND ANY**
13 **PREMIUM AND INTEREST ON, THE PROJECT OBLIGATIONS; AND**

14 **(III) ANY AMOUNTS NECESSARY TO CREATE AND MAINTAIN**
15 **ANY REQUIRED RESERVE, INCLUDING ANY RATE STABILIZATION FUND DEEMED**
16 **NECESSARY OR APPROPRIATE BY THE DEPARTMENT TO OFFSET THE NEED, IN**
17 **WHOLE OR IN PART, FOR FUTURE INCREASES IN TOLLS, RENTS, RATES, FEES, OR**
18 **CHARGES;**

19 **(2) CREATE AND MAINTAIN A SPECIAL FUND:**

20 **(I) AS SECURITY FOR OR THE SOURCE OF THE SCHEDULED**
21 **PAYMENTS ON THE PROJECT OBLIGATIONS; OR**

22 **(II) FOR THE OPERATION, MAINTENANCE, REPAIR, OR**
23 **REPLACEMENT OF THE PROJECT OR ANY PORTION OF THE PROJECT OR OTHER**
24 **PROPERTY OF THE ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR;**

25 **(3) DEPOSIT INTO ANY FUND ESTABLISHED UNDER ITEM (2) OF**
26 **THIS SUBSECTION AMOUNTS SUFFICIENT TO MAKE ANY PAYMENTS AS THEY**
27 **BECOME DUE AND PAYABLE;**

28 **(4) CREATE AND MAINTAIN OTHER SPECIAL FUNDS AS REQUIRED**
29 **BY THE DEPARTMENT; OR**

30 **(5) TAKE OTHER ACTIONS AS MAY BE DEEMED NECESSARY OR**
31 **DESIRABLE BY THE DEPARTMENT TO SECURE PAYMENT OF THE PROJECT**
32 **OBLIGATIONS AND TO PROVIDE FOR REMEDIES IN THE EVENT OF ANY DEFAULT**

1 OR NONPAYMENT BY THE ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR,
2 INCLUDING:

3 (I) THE CONVEYANCE OR MORTGAGING OF REAL AND
4 PERSONAL PROPERTY TOGETHER WITH ALL RIGHT, TITLE, AND INTEREST IN
5 THE PROPERTY TO SECURE PROJECT OBLIGATIONS;

6 (II) THE PROCUREMENT OF CREDIT ENHANCEMENTS OR
7 LIQUIDITY ARRANGEMENTS FOR PROJECT OBLIGATIONS FROM ANY SOURCE,
8 PUBLIC OR PRIVATE, AND THE PAYMENT OF PREMIUMS, FEES, OR OTHER
9 CHARGES FOR THE CREDIT ENHANCEMENTS OR LIQUIDITY ARRANGEMENTS;

10 (III) THE COMBINATION OF ONE OR MORE PROJECTS,
11 UNDERTAKINGS, FACILITIES, OR SYSTEMS, FOR:

12 1. OPERATIONS AND FINANCING; AND

13 2. THE PLEDGING OF THE REVENUES FROM THE
14 COMBINED PROJECTS, UNDERTAKINGS, FACILITIES, OR SYSTEMS TO SECURE
15 PROJECT OBLIGATIONS ISSUED IN CONNECTION WITH THE COMBINED
16 PROJECTS, UNDERTAKINGS, FACILITIES, OR SYSTEMS; OR

17 (IV) THE PAYMENT OF ANY FEES AND CHARGES IN
18 CONNECTION WITH THE ACQUISITION OF THE PROJECT OBLIGATIONS AS MAY
19 BE DETERMINED BY THE DEPARTMENT.

20 9-502.

21 (A) AN ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR,
22 INCLUDING ANY GOVERNMENTAL ENTITY, THAT PROVIDES PROJECT
23 OBLIGATIONS TO THE BANK IS AUTHORIZED TO TAKE ANY ACTION AND MAKE
24 AND CARRY OUT ANY CONTRACTS WITH THE BANK OR THE DEPARTMENT THAT
25 ARE CONTEMPLATED BY THIS TITLE.

26 (B) CONTRACTS AMONG ALL ELIGIBLE BORROWERS OR OTHER
27 PROJECT SPONSORS:

28 (1) NEED NOT BE IDENTICAL; AND

29 (2) MAY BE STRUCTURED ACCORDING TO THE NEEDS OF THE
30 CONTRACTING ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR AND THE
31 BANK.

1 **(C) SUBJECT TO THE APPROVAL OF THE DEPARTMENT, A PROJECT**
2 **SPONSOR IS AUTHORIZED TO ESTABLISH AND CONTRACT WITH A SPECIAL**
3 **PURPOSE OR LIMITED PURPOSE INSTRUMENTALITY, CORPORATION, OR OTHER**
4 **ENTITY FOR THE PURPOSE OF HAVING THE ENTITY SERVE AS THE ELIGIBLE**
5 **BORROWER WITH RESPECT TO A PROJECT.**

6 **SUBTITLE 6. EXEMPTION FROM TAXATION.**

7 **9-601.**

8 **(A) THE BANK PERFORMS AN ESSENTIAL GOVERNMENTAL FUNCTION IN**
9 **THE EXERCISE OF ITS POWERS UNDER THIS TITLE.**

10 **(B) THE BANK MAY NOT BE REQUIRED TO PAY TAXES OR ASSESSMENTS**
11 **TO THE STATE OR A POLITICAL SUBDIVISION OF THE STATE ON ANY:**

12 **(1) CAPITAL, MONEY, OR PROPERTY OF THE BANK;**

13 **(2) OPERATIONS OF THE BANK;**

14 **(3) INCOME OF THE BANK;**

15 **(4) PROJECT, PROPERTY, OR PROJECT OBLIGATION ACQUIRED**
16 **BY THE BANK; OR**

17 **(5) INCOME OF ANY PROJECT, PROPERTY, OR PROJECT**
18 **OBLIGATION ACQUIRED BY THE BANK.**

19 **SUBTITLE 7. EXEMPTION FROM PROCUREMENT LAW.**

20 **9-701.**

21 **DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES**
22 **NOT APPLY TO THE BANK IN THE EXERCISE OF ITS POWERS UNDER THIS TITLE.**

23 **SUBTITLE 8. REPORTING REQUIREMENT.**

24 **9-801.**

25 **BY JANUARY 1 AND JULY 1 OF EACH YEAR, THE DEPARTMENT SHALL**
26 **SUBMIT A REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE**
27 **GOVERNMENT ARTICLE, TO THE HOUSE APPROPRIATIONS COMMITTEE,**
28 **HOUSE COMMITTEE ON WAYS AND MEANS, SENATE BUDGET AND TAXATION**

1 COMMITTEE, AND SENATE FINANCE COMMITTEE THAT INCLUDES THE
2 FOLLOWING INFORMATION FOR THE PRECEDING 6-MONTH PERIOD:

3 (1) THE AMOUNT OF LOANS AND OTHER FINANCIAL ASSISTANCE
4 PROVIDED BY THE BANK; AND

5 (2) THE PROJECTS FOR WHICH THE LOANS AND OTHER
6 FINANCIAL ASSISTANCE WERE PROVIDED.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2013.