

HOUSE BILL 1123

R2, P1

4r1329

By: **Delegates Clagett, Barkley, Barve, Beidle, Conway, DeBoy, Donoghue, Elliott, Frick, Gaines, Jameson, Kaiser, A. Miller, Myers, Olszewski, Schulz, Stocksdale, F. Turner, Walker, and Zucker**

Introduced and read first time: February 7, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Economic Development Act of 2014**

3 FOR the purpose of altering the State income tax rate on the Maryland taxable income
4 of corporations; allocating a portion of the revenue from the income tax on
5 corporations to the Transportation Infrastructure Bank established under this
6 Act; establishing the Transportation Infrastructure Bank as a body corporate
7 and politic and an instrumentality of the State; requiring that money in the
8 Bank be held in a special, nonlapsing, revolving loan fund in the Transportation
9 Trust Fund; requiring the State Treasurer to hold money in the Bank and the
10 Comptroller to account for the money in the Bank; specifying the contents of the
11 Bank; requiring that interest on money in the Bank and certain payments be
12 credited to the Bank; requiring that money in the Bank be used to provide loans
13 and other financial assistance for transportation projects; providing that the
14 Bank is not an entity subject to certain State or federal laws; establishing the
15 Transportation Infrastructure Bank Board; providing for the membership,
16 terms, duties, and various other matters concerning the Board and its
17 operations; requiring the Department of Transportation to administer the Bank
18 under the direction of the Board; requiring the Board to determine the projects
19 for which loans or other financial assistance may be provided by the Bank;
20 requiring project obligations to be payable from reliable repayment sources;
21 providing for the interest rate and repayment schedule of project obligations;
22 providing for the priority of the pledge of reliable repayment sources for project
23 obligations; providing that loans or other assistance provided by the Bank are
24 not a debt and do not pledge the full faith and credit of the State or a political
25 subdivision of the State; providing that loans or other assistance provided by
26 the Bank do not obligate the State or a political subdivision of the State to
27 impose any tax and are payable solely from funds in the Bank; authorizing the
28 Board to establish certain accounts; authorizing an eligible borrower or project
29 sponsor to apply for project financing from the Bank; requiring applicants for

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 loans and other financial assistance from the Bank to provide certain
2 information and meet certain criteria; requiring the Board to utilize certain
3 guidelines for scoring projects; requiring that certain loans or other financial
4 assistance be evidenced or guaranteed by certain project obligations;
5 authorizing the Board to sell project obligations and apply the proceeds in a
6 certain manner; authorizing the Board to require that an eligible borrower or
7 project sponsor agree to take certain actions as a condition of a loan or other
8 financial assistance or the acquisition of project obligations; authorizing an
9 eligible borrower or project sponsor to take certain actions to carry out this Act;
10 providing that contracts among eligible borrowers and project sponsors need not
11 be identical and may be structured in a certain manner; providing that the
12 Bank performs an essential governmental function and is exempt from taxation
13 by the State and its political subdivisions; exempting the Bank from certain
14 procurement laws; requiring the Board to submit a report twice annually to
15 certain committees of the General Assembly that includes certain information
16 about the activities of the Bank; defining certain terms; and generally relating
17 to developing the economy of the State by reducing the tax rate on corporations
18 and investing in infrastructure.

19 BY repealing and reenacting, with amendments,
20 Article – State Finance and Procurement
21 Section 6–226(a)(2)(ii)76. and 77.
22 Annotated Code of Maryland
23 (2009 Replacement Volume and 2013 Supplement)

24 BY adding to
25 Article – State Finance and Procurement
26 Section 6–226(a)(2)(ii)78.
27 Annotated Code of Maryland
28 (2009 Replacement Volume and 2013 Supplement)

29 BY adding to
30 Article – Tax – General
31 Section 2–614.1
32 Annotated Code of Maryland
33 (2010 Replacement Volume and 2013 Supplement)

34 BY repealing and reenacting, with amendments,
35 Article – Tax – General
36 Section 2–615 and 10–105(b)
37 Annotated Code of Maryland
38 (2010 Replacement Volume and 2013 Supplement)

39 BY adding to
40 Article – Transportation
41 Section 9–101 through 9–901 to be under the new title “Title 9. Transportation
42 Infrastructure Bank”

1 Annotated Code of Maryland
2 (2008 Replacement Volume and 2013 Supplement)

3 Preamble

4 WHEREAS, Economic development and job creation depend on a strong private
5 sector and a transportation system that provides for rapid, reliable movement of goods
6 and people; and

7 WHEREAS, A reduction in the corporate income tax rate will improve the
8 State's business climate and encourage businesses to locate and expand in the State;
9 and

10 WHEREAS, Additional investment in transportation infrastructure will
11 stimulate the State's economy and make it more competitive with other states for jobs
12 and business investment; and

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

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

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

24 WHEREAS, The General Assembly finds that a reduction in the State's
25 corporate income tax rate and the creation of a transportation infrastructure bank will
26 encourage investment and economic development, which is in the public interest and
27 will promote the health, safety, welfare, and prosperity of the people of the State; now,
28 therefore,

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

31 **Article – State Finance and Procurement**

32 6–226.

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

1 **9-101.**

2 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (B) "BANK" MEANS THE TRANSPORTATION INFRASTRUCTURE BANK.

5 (C) "BOARD" MEANS THE TRANSPORTATION INFRASTRUCTURE BANK
6 BOARD.

7 (D) (1) "COST" MEANS THE TOTAL OF ALL COSTS OF A PROJECT.

8 (2) "COST" INCLUDES:

9 (I) THE COSTS OF PLANNING, DESIGN, RIGHT-OF-WAY
10 ACQUISITION, ENGINEERING, AND CONSTRUCTION INCURRED BY AN ELIGIBLE
11 BORROWER OR OTHER PROJECT SPONSOR AS REASONABLE AND NECESSARY
12 FOR CARRYING OUT ALL WORKS AND UNDERTAKINGS NECESSARY OR INCIDENT
13 TO THE ACCOMPLISHMENT OF ANY PROJECT; AND

14 (II) CAPITALIZED INTEREST, REASONABLY REQUIRED
15 RESERVE FUNDS, AND FINANCING, CREDIT ENHANCEMENT, AND ISSUANCE
16 COSTS.

17 (E) "CREDIT ENHANCEMENT" MEANS A SURETY BOND, AN INSURANCE
18 POLICY, A LETTER OF CREDIT, A GUARANTEE, OR ANY OTHER FORM OF
19 COLLATERAL OR SECURITY.

20 (F) "ELIGIBLE BORROWER" MEANS:

21 (1) A PRIVATE ENTITY;

22 (2) A GOVERNMENTAL ENTITY;

23 (3) AN INSTRUMENTALITY, A CORPORATION, OR AN ENTITY
24 ESTABLISHED BY A PRIVATE ENTITY OR GOVERNMENTAL ENTITY; OR

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

27 (G) "FINANCE" INCLUDES BOTH THE INITIAL FINANCING AND ANY
28 REFINANCING OF THE COST OR PROJECT.

1 **(H) “GOVERNMENTAL ENTITY” MEANS:**

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

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

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

5 **(4) AN INSTRUMENTALITY, A CORPORATION, OR AN ENTITY**
6 **ESTABLISHED BY THE STATE, A POLITICAL SUBDIVISION, OR THE FEDERAL**
7 **GOVERNMENT; OR**

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

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

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

14 **(2) IS DISBURSED:**

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

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

18 **(III) TO REDEEM A PRIOR OBLIGATION INCURRED BY THE**
19 **ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR TO FINANCE THE ELIGIBLE**
20 **COSTS OF A PROJECT.**

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

22 **(1) CAPITAL OR DEBT RESERVES FOR BONDS OR DEBT**
23 **INSTRUMENT FINANCING;**

24 **(2) PROVISION OF LETTERS OF CREDIT AND OTHER FORMS OF**
25 **CREDIT ENHANCEMENT; OR**

26 **(3) OTHER LAWFUL FORMS OF FINANCING AND METHODS OF**
27 **LEVERAGING FUNDS THAT ARE APPROVED BY THE BANK.**

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

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

6 **(1) A HIGHWAY;**

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

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

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

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

11 **(M) “PROJECT OBLIGATION” MEANS:**

12 **(1) A BOND;**

13 **(2) A NOTE;**

14 **(3) A DEBENTURE;**

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

16 **(5) A REVENUE ANTICIPATION NOTE;**

17 **(6) A LEASE, A LEASE-PURCHASE, OR AN INSTALLMENT SALES**
18 **AGREEMENT;**

19 **(7) A CREDIT ENHANCEMENT ISSUED, INCURRED, OR ENTERED**
20 **INTO BY AN ELIGIBLE BORROWER TO EVIDENCE A LOAN; OR**

21 **(8) A FINANCING AGREEMENT, A REIMBURSEMENT AGREEMENT,**
22 **A GUARANTEE, OR ANY OTHER EVIDENCE OF AN OBLIGATION OF AN ELIGIBLE**
23 **BORROWER OR OTHER PROJECT SPONSOR TO PAY OR GUARANTEE A LOAN.**

24 **(N) “PROJECT SPONSOR” MEANS ANY PRIVATE ENTITY OR**
25 **GOVERNMENTAL ENTITY THAT IS INVOLVED IN THE PLANNING, DESIGN,**

1 RIGHT-OF-WAY ACQUISITION, ENGINEERING, CONSTRUCTION, MAINTENANCE,
2 OR FINANCING OF A PROJECT.

3 (O) "RELIABLE REPAYMENT SOURCE" MEANS ANY MEANS BY WHICH AN
4 ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR GENERATES FUNDS THAT
5 ARE DEDICATED TO THE PURPOSE OF RETIRING A PROJECT OBLIGATION.

6 (P) "SUBSTANTIAL PROJECT COMPLETION" MEANS THE OPENING OF A
7 PROJECT FOR VEHICULAR OR PASSENGER TRAFFIC OR THE HANDLING OF
8 CARGO AND FREIGHT.

9 SUBTITLE 2. ESTABLISHED.

10 9-201.

11 THERE IS A TRANSPORTATION INFRASTRUCTURE BANK.

12 9-202.

13 (A) THE BANK IS:

14 (1) A BODY CORPORATE AND POLITIC, WITH CORPORATE
15 SUCCESSION; AND

16 (2) AN INSTRUMENTALITY OF THE STATE EXERCISING PUBLIC
17 AND ESSENTIAL GOVERNMENTAL FUNCTIONS, THE REVENUES OF WHICH MAY
18 NOT ACCRUE TO THE BENEFIT OF ANY INDIVIDUAL.

19 (B) (1) THE MONEY IN THE BANK SHALL BE HELD IN A SPECIAL
20 REVOLVING LOAN FUND, WHICH IS A NONLAPSING FUND IN THE
21 TRANSPORTATION TRUST FUND THAT IS NOT SUBJECT TO § 7-302 OF THE
22 STATE FINANCE AND PROCUREMENT ARTICLE.

23 (2) THE STATE TREASURER SHALL HOLD MONEY IN THE BANK
24 SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE MONEY IN
25 THE BANK.

26 (C) THE MONEY IN THE BANK CONSISTS OF:

27 (1) REVENUE DISTRIBUTED TO THE BANK FROM THE INCOME
28 TAX ON CORPORATIONS UNDER § 2-614.1 OF THE TAX - GENERAL ARTICLE;

1 **(2) OTHER MONEY APPROPRIATED IN THE STATE BUDGET TO**
2 **THE BANK;**

3 **(3) PAYMENTS ON PROJECT OBLIGATIONS AND INVESTMENT**
4 **EARNINGS ON MONEY IN THE BANK; AND**

5 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
6 **FOR THE BENEFIT OF THE BANK.**

7 **(D) PAYMENTS ON PROJECT OBLIGATIONS AND INTEREST EARNED ON**
8 **MONEY IN THE BANK SHALL BE CREDITED TO THE BANK.**

9 **(E) MONEY DEPOSITED IN THE BANK SHALL BE USED FOR THE**
10 **PURPOSE OF PROVIDING LOANS AND OTHER FINANCIAL ASSISTANCE TO**
11 **FINANCE PROJECTS.**

12 **9-203.**

13 **THE BANK IS NOT:**

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

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

20 **SUBTITLE 3. TRANSPORTATION INFRASTRUCTURE BANK BOARD.**

21 **9-301.**

22 **THERE IS A TRANSPORTATION INFRASTRUCTURE BANK BOARD.**

23 **9-302.**

24 **(A) THE BOARD SHALL:**

25 **(1) ESTABLISH POLICIES AND PROCEDURES GOVERNING THE**
26 **OPERATIONS OF THE BANK; AND**

27 **(2) PERFORM OVERSIGHT OF THE OPERATIONS OF THE BANK.**

1 **(B) THE DEPARTMENT SHALL ADMINISTER THE BANK UNDER THE**
2 **DIRECTION OF THE BOARD.**

3 **9-303.**

4 **THE BOARD CONSISTS OF:**

5 **(1) THE SECRETARY OF BUSINESS AND ECONOMIC**
6 **DEVELOPMENT, OR THE SECRETARY'S DESIGNEE;**

7 **(2) ONE MEMBER DESIGNATED BY THE MARYLAND ASSOCIATION**
8 **OF COUNTIES;**

9 **(3) TWO MEMBERS REPRESENTING PRIVATE INDUSTRY,**
10 **APPOINTED BY THE GOVERNOR; AND**

11 **(4) THREE MEMBERS EMPLOYED BY THE DEPARTMENT OF**
12 **TRANSPORTATION OR WITH KNOWLEDGE CONCERNING TRANSPORTATION**
13 **MATTERS, DESIGNATED BY THE SECRETARY OF TRANSPORTATION.**

14 **9-304.**

15 **(A) (1) THE TERM OF A MEMBER APPOINTED BY THE GOVERNOR IS 4**
16 **YEARS.**

17 **(2) THE MEMBER CONTINUES TO SERVE UNTIL A SUCCESSOR IS**
18 **APPOINTED AND QUALIFIES.**

19 **(B) A VACANCY ON THE BOARD SHALL BE FILLED IN THE SAME MANNER**
20 **AS THE ORIGINAL APPOINTMENT, BUT FOR THE UNEXPIRED TERM ONLY.**

21 **(C) AN APPOINTED MEMBER MAY BE REMOVED FROM OFFICE BY THE**
22 **GOVERNOR FOR CAUSE.**

23 **9-305.**

24 **(A) (1) THE GOVERNOR SHALL DESIGNATE ONE OF THE APPOINTED**
25 **MEMBERS TO BE THE CHAIR OF THE BOARD.**

26 **(2) (I) THE CHAIR SHALL SERVE FOR A TERM OF 2 YEARS AND**
27 **UNTIL THE GOVERNOR DESIGNATES A SUCCESSOR.**

1 **(II) THE GOVERNOR MAY DESIGNATE A CHAIR TO SERVE**
2 **ONE ADDITIONAL 2-YEAR TERM.**

3 **(B) (1) THE BOARD SHALL ELECT A SECRETARY AND A TREASURER,**
4 **WHO NEED NOT BE BOARD MEMBERS.**

5 **(2) THE SAME PERSON MAY BE ELECTED TO SERVE AS BOTH**
6 **SECRETARY AND TREASURER.**

7 **9-306.**

8 **(A) SIX MEMBERS SHALL CONSTITUTE A QUORUM AT ANY MEETING.**

9 **(B) THE BOARD MAY TAKE ACTION ON MOTIONS AND RESOLUTIONS**
10 **ADOPTED BY THE AFFIRMATIVE MAJORITY VOTE OF THOSE MEMBERS PRESENT,**
11 **BUT IN NO EVENT MAY FINAL ACTION BE TAKEN OR MOTIONS OR RESOLUTIONS**
12 **ADOPTED WITHOUT THE AFFIRMATIVE VOTE OF AT LEAST SIX MEMBERS.**

13 **9-307.**

14 **MEMBERS OF THE BOARD SHALL SERVE WITHOUT COMPENSATION, BUT**
15 **MAY BE REIMBURSED IN ACCORDANCE WITH THE STANDARD STATE TRAVEL**
16 **REGULATIONS FOR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE**
17 **PERFORMANCE OF THEIR DUTIES.**

18 **SUBTITLE 4. OPERATIONS OF THE BANK.**

19 **9-401.**

20 **THE BOARD SHALL DETERMINE THE PROJECTS FOR WHICH LOANS OR**
21 **OTHER FINANCIAL ASSISTANCE MAY BE PROVIDED BY THE BANK.**

22 **9-402.**

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

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

27 **(1) THE CURRENT MARKET RATES FOR COMPARABLE**
28 **OBLIGATIONS;**

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

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

5 **(C) THE REPAYMENT SCHEDULE FOR EACH PROJECT OBLIGATION**
6 **SHALL REQUIRE:**

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

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

12 **(D) THE PLEDGE OF RELIABLE REPAYMENT SOURCES AND OTHER**
13 **PROPERTY SECURING ANY PROJECT OBLIGATION MAY BE SUBORDINATE TO THE**
14 **PLEDGE SECURING ANY OTHER SENIOR DEBT OBLIGATIONS INCURRED TO**
15 **FINANCE THE PROJECT.**

16 **(E) THE BOARD MAY AT ANY TIME FOLLOWING SUBSTANTIAL PROJECT**
17 **COMPLETION DEFER PAYMENTS ON A PROJECT OBLIGATION IF THE PROJECT IS**
18 **UNABLE TO GENERATE SUFFICIENT REVENUES TO PAY THE SCHEDULED**
19 **PAYMENTS.**

20 **9-403.**

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

23 **(1) ARE NOT A DEBT OF THE STATE OR OF A POLITICAL**
24 **SUBDIVISION OF THE STATE;**

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

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

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

1 **9-404.**

2 **THE BOARD MAY ESTABLISH OR DIRECT THE ESTABLISHMENT OF**
3 **FEDERAL AND STATE ACCOUNTS OR SUBACCOUNTS AS MAY BE NECESSARY TO**
4 **MEET ANY APPLICABLE FEDERAL LAW REQUIREMENTS OR DESIRABLE FOR THE**
5 **EFFICIENT ADMINISTRATION OF THE BANK IN ACCORDANCE WITH THIS TITLE.**

6 **SUBTITLE 5. ELIGIBILITY AND PROJECT SELECTION.**

7 **9-501.**

8 **AN ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR IS ELIGIBLE TO**
9 **APPLY FOR PROJECT FINANCING FROM THE BANK.**

10 **9-502.**

11 **(A) (1) AN APPLICANT FOR A LOAN OR ANY OTHER FINANCIAL**
12 **ASSISTANCE SHALL FILE AN APPLICATION WITH THE DEPARTMENT.**

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

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

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

24 **(B) EACH APPLICANT FOR A LOAN OR ANY OTHER FINANCIAL**
25 **ASSISTANCE SHALL DEMONSTRATE THAT THE PROJECT:**

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

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

30 **(C) AN APPLICANT FOR A LOAN OR ANY OTHER FINANCIAL ASSISTANCE**
31 **SHALL INDICATE WHETHER OR NOT THE LOAN OR OTHER FINANCIAL**

1 ASSISTANCE WILL ENABLE THE PROJECT TO BE COMPLETED AT AN EARLIER
2 DATE THAN WOULD OTHERWISE BE FEASIBLE.

3 **9-503.**

4 (A) THE BOARD SHALL:

5 (1) ISSUE GUIDELINES FOR SCORING PROJECTS IN ACCORDANCE
6 WITH THE CRITERIA SET OUT IN § 9-502 OF THIS SUBTITLE AND ANY OTHER
7 CRITERIA DEEMED NECESSARY AND APPROPRIATE FOR EVALUATING PROJECTS
8 AS DETERMINED BY THE BOARD;

9 (2) APPLY THE SCORING GUIDELINES TO EACH PROPOSED
10 PROJECT; AND

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

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

16 SUBTITLE 6. PROJECT OBLIGATIONS.

17 **9-601.**

18 (A) EACH LOAN OR OTHER FINANCIAL ASSISTANCE SHALL BE
19 EVIDENCED OR GUARANTEED BY PROJECT OBLIGATIONS PROVIDED TO
20 FINANCE THE COSTS OF ANY PROJECT.

21 (B) THE BOARD MAY SELL ANY PROJECT OBLIGATION ACQUIRED
22 UNDER THIS TITLE AND APPLY THE PROCEEDS OF THE SALE TO THE MAKING OF
23 ADDITIONAL LOANS AND THE PROVISION OF OTHER FINANCIAL ASSISTANCE
24 FOR FINANCING THE COST OF ANY PROJECT OR FOR ANY OTHER CORPORATE
25 PURPOSE OF THE BANK.

26 (C) THE BOARD MAY REQUIRE, AS A CONDITION TO THE PROVISION OF
27 A LOAN OR ANY OTHER FINANCIAL ASSISTANCE OR THE ACQUISITION OF ANY
28 PROJECT OBLIGATION, THAT THE ELIGIBLE BORROWER OR OTHER PROJECT
29 SPONSOR COVENANT TO PERFORM ANY OF THE FOLLOWING:

30 (1) ESTABLISH AND COLLECT TOLLS, RENTS, RATES, FEES, AND
31 OTHER CHARGES TO PRODUCE REVENUE SUFFICIENT TO PAY ALL OR A
32 SPECIFIED PORTION OF:

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

3 **(II) ANY OUTSTANDING INDEBTEDNESS INCURRED FOR THE**
4 **PURPOSES OF THE PROJECT, INCLUDING THE PRINCIPAL OF, AND ANY**
5 **PREMIUM AND INTEREST ON, THE PROJECT OBLIGATIONS; AND**

6 **(III) ANY AMOUNTS NECESSARY TO CREATE AND MAINTAIN**
7 **ANY REQUIRED RESERVE, INCLUDING ANY RATE STABILIZATION FUND DEEMED**
8 **NECESSARY OR APPROPRIATE BY THE BOARD TO OFFSET THE NEED, IN WHOLE**
9 **OR IN PART, FOR FUTURE INCREASES IN TOLLS, RENTS, RATES, FEES, OR**
10 **CHARGES;**

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

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

14 **(II) FOR THE OPERATION, MAINTENANCE, REPAIR, OR**
15 **REPLACEMENT OF THE PROJECT OR ANY PORTION OF THE PROJECT OR OTHER**
16 **PROPERTY OF THE ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR;**

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

20 **(4) CREATE AND MAINTAIN OTHER SPECIAL FUNDS AS REQUIRED**
21 **BY THE BOARD; OR**

22 **(5) TAKE OTHER ACTIONS AS MAY BE DEEMED NECESSARY OR**
23 **DESIRABLE BY THE BOARD TO SECURE PAYMENT OF THE PROJECT**
24 **OBLIGATIONS AND TO PROVIDE FOR REMEDIES IN THE EVENT OF ANY DEFAULT**
25 **OR NONPAYMENT BY THE ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR,**
26 **INCLUDING:**

27 **(I) THE CONVEYANCE OR MORTGAGING OF REAL AND**
28 **PERSONAL PROPERTY TOGETHER WITH ALL RIGHT, TITLE, AND INTEREST IN**
29 **THE PROPERTY TO SECURE PROJECT OBLIGATIONS;**

30 **(II) THE PROCUREMENT OF CREDIT ENHANCEMENTS OR**
31 **LIQUIDITY ARRANGEMENTS FOR PROJECT OBLIGATIONS FROM ANY SOURCE,**

1 PUBLIC OR PRIVATE, AND THE PAYMENT OF PREMIUMS, FEES, OR OTHER
2 CHARGES FOR THE CREDIT ENHANCEMENTS OR LIQUIDITY ARRANGEMENTS;

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

5 1. OPERATIONS AND FINANCING; AND

6 2. THE PLEDGING OF THE REVENUES FROM THE
7 COMBINED PROJECTS, UNDERTAKINGS, FACILITIES, OR SYSTEMS TO SECURE
8 PROJECT OBLIGATIONS ISSUED IN CONNECTION WITH THE COMBINED
9 PROJECTS, UNDERTAKINGS, FACILITIES, OR SYSTEMS; OR

10 (IV) THE PAYMENT OF ANY FEES AND CHARGES IN
11 CONNECTION WITH THE ACQUISITION OF THE PROJECT OBLIGATIONS AS MAY
12 BE DETERMINED BY THE BOARD.

13 **9-602.**

14 (A) AN ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR,
15 INCLUDING ANY GOVERNMENTAL ENTITY, THAT PROVIDES PROJECT
16 OBLIGATIONS TO THE BANK IS AUTHORIZED TO TAKE ANY ACTION AND MAKE
17 AND CARRY OUT ANY CONTRACTS WITH THE BANK THAT ARE CONTEMPLATED
18 BY THIS TITLE.

19 (B) CONTRACTS AMONG ALL ELIGIBLE BORROWERS OR OTHER
20 PROJECT SPONSORS:

21 (1) NEED NOT BE IDENTICAL; AND

22 (2) MAY BE STRUCTURED ACCORDING TO THE NEEDS OF THE
23 CONTRACTING ELIGIBLE BORROWER OR OTHER PROJECT SPONSOR AND THE
24 BANK.

25 (C) SUBJECT TO THE APPROVAL OF THE BOARD, A PROJECT SPONSOR
26 MAY ESTABLISH AND CONTRACT WITH A SPECIAL PURPOSE OR LIMITED
27 PURPOSE INSTRUMENTALITY, CORPORATION, OR OTHER ENTITY FOR THE
28 PURPOSE OF HAVING THE ENTITY SERVE AS THE ELIGIBLE BORROWER WITH
29 RESPECT TO A PROJECT.

30 **SUBTITLE 7. EXEMPTION FROM TAXATION.**

31 **9-701.**

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

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

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

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

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

8 **(4) PROJECT, PROPERTY, OR PROJECT OBLIGATIONS ACQUIRED**
9 **BY THE BANK; OR**

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

12 **SUBTITLE 8. EXEMPTION FROM PROCUREMENT LAW.**

13 **9-801.**

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

16 **SUBTITLE 9. REPORTING REQUIREMENT.**

17 **9-901.**

18 **BY JANUARY 1 AND JULY 1 OF EACH YEAR, THE BOARD SHALL SUBMIT A**
19 **REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT**
20 **ARTICLE, TO THE HOUSE APPROPRIATIONS COMMITTEE, THE HOUSE WAYS**
21 **AND MEANS COMMITTEE, THE SENATE BUDGET AND TAXATION COMMITTEE,**
22 **AND THE SENATE FINANCE COMMITTEE THAT INCLUDES THE FOLLOWING**
23 **INFORMATION FOR THE PRECEDING 6-MONTH PERIOD:**

24 **(1) THE AMOUNT OF LOANS AND OTHER FINANCIAL ASSISTANCE**
25 **PROVIDED BY THE BANK; AND**

26 **(2) THE PROJECTS FOR WHICH THE LOANS AND OTHER**
27 **FINANCIAL ASSISTANCE WERE PROVIDED.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2014.