

SENATE BILL 104

C8, L6

6lr0021

(PRE-FILED)

By: **Chair, Education, Health, and Environmental Affairs Committee (By Request
– Departmental – Housing and Community Development)**

Requested: October 5, 2015

Introduced and read first time: January 13, 2016

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Housing and Community Development – Local Government Infrastructure**
3 **Projects – Financing**

4 FOR the purpose of authorizing a county to agree with the Community Development
5 Administration in the Department of Housing and Community Development to
6 pledge, on behalf of a municipal corporation located in the county, certain money for
7 certain infrastructure projects; authorizing each issuance by a municipal corporation
8 of a local obligation for certain infrastructure projects to be secured by a pledge from
9 the county in which the municipal corporation is located under certain
10 circumstances; authorizing a county to pledge, on behalf of a municipal corporation
11 for certain infrastructure projects, the faith and credit of the county or specific
12 revenue of the county; requiring a pledge by a county under this Act to be authorized
13 by a certain ordinance or resolution of the county; imposing certain requirements
14 and restrictions on a pledge by a county of the faith and credit of the county under
15 certain circumstances; specifying certain provisions for a pledge by a county of
16 certain revenue of the county under certain circumstances; and generally relating to
17 financing for local government infrastructure projects.

18 BY repealing and reenacting, without amendments,
19 Article – Housing and Community Development
20 Section 4–220 and 4–230
21 Annotated Code of Maryland
22 (2006 Volume and 2015 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Housing and Community Development
25 Section 4–229
26 Annotated Code of Maryland
27 (2006 Volume and 2015 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Housing and Community Development
3 Section 4–232.1
4 Annotated Code of Maryland
5 (2006 Volume and 2015 Supplement)

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

8 **Article – Housing and Community Development**

9 4–220.

10 (a) This section does not apply to a facility if a local obligation that finances the
11 facility is a private activity bond under § 141 of the Internal Revenue Code, for which an
12 allocation under § 146 of the Internal Revenue Code is required.

13 (b) (1) A project, undertaking, or facility qualifies as an infrastructure project
14 if it is planned, acquired, owned, developed, constructed, reconstructed, rehabilitated, or
15 improved by or on behalf of a political subdivision to provide the essential physical elements
16 that are the basis of the public service system.

17 (2) Infrastructure projects include streets, sidewalks, curbs, sewer and
18 water systems, bridges, and public buildings that are owned by a political subdivision or a
19 governmental unit of a political subdivision.

20 4–229.

21 (a) (1) If the Administration purchases a local obligation, the procedures and
22 requirements for the issuance or sale of the local obligation shall be as provided in §§
23 4–230 through 4–233 of this subtitle.

24 (2) Notwithstanding any other public general law or public local law,
25 charter, or ordinance, an issuer of a local obligation may sell a local obligation to the
26 Administration to finance an infrastructure project:

27 (i) at private or public sale, with or without public bidding;

28 (ii) without limitation on the denomination of the local obligation;

29 and

30 (iii) at any interest rate, cost, or price that the issuer considers
31 necessary or desirable.

32 (3) The issuer of a local obligation may pay any fee or charge necessary for
33 the Administration to:

- 1 (i) sell bonds, notes, or other obligations of the Administration;
- 2 (ii) provide the financial assistance authorized by § 4–228 of this
3 subtitle;
- 4 (iii) provide any other guarantee, credit enhancement, or additional
5 security for a note, bond, or obligation of the Administration; or
- 6 (iv) insure obligations of the issuer or of the Administration.

7 (b) (1) Notwithstanding any other public general law, public local law, charter,
8 or ordinance, to enhance the security or the marketability of the bonds, notes, or obligations
9 of the Administration that are sold to finance an infrastructure project[.]:

10 (I) a political subdivision may agree with the Administration to
11 pledge any money, including a share of income tax, that the political subdivision is entitled
12 to receive from the State; AND

13 (II) IF A POLITICAL SUBDIVISION IS A COUNTY, THE COUNTY
14 MAY AGREE WITH THE ADMINISTRATION TO PLEDGE, ON BEHALF OF A MUNICIPAL
15 CORPORATION LOCATED IN THE COUNTY, ANY MONEY, INCLUDING A SHARE OF
16 INCOME TAX, THAT THE COUNTY IS ENTITLED TO RECEIVE FROM THE STATE.

17 (2) In accordance with a pledge under paragraph (1) of this subsection, the
18 Comptroller and the State Treasurer shall cause the money pledged to be paid to the
19 Administration or a trustee that the Administration designates.

20 4–230.

21 (a) (1) Notwithstanding any other public general law, or public local law,
22 charter, or ordinance, a political subdivision or a governmental unit of a political
23 subdivision may issue a local obligation to be purchased by the Administration for
24 infrastructure projects.

25 (2) A local obligation shall be issued in accordance with this section.

26 (3) Each local obligation must be authorized by resolution or ordinance of
27 the governing body of the issuer.

28 (b) (1) Before a local obligation is issued under this section:

29 (i) the issuer shall publish a notice of the proposed issuance in a
30 newspaper of general circulation in the jurisdiction of the issuer; and

1 (ii) the governing body of the issuer shall hold a public hearing on
2 the proposed issuance.

3 (2) The notice shall include the proposed amount of the issue, the nature of
4 the infrastructure project to be financed, the time and place of the public hearing, and the
5 name and address of the governing body where written comments may be sent.

6 **4-232.1.**

7 (A) EACH ISSUANCE BY A MUNICIPAL CORPORATION OF A LOCAL
8 OBLIGATION UNDER § 4-230 OF THIS SUBTITLE MAY BE SECURED BY A PLEDGE
9 FROM THE COUNTY IN WHICH THE MUNICIPAL CORPORATION IS LOCATED.

10 (B) TO SECURE A LOCAL OBLIGATION UNDER § 4-230 OF THIS SUBTITLE, A
11 COUNTY MAY PLEDGE ON BEHALF OF A MUNICIPAL CORPORATION LOCATED IN THE
12 COUNTY:

13 (1) THE FAITH AND CREDIT OF THE COUNTY; OR

14 (2) SPECIFIC REVENUE OF THE COUNTY.

15 (C) (1) A PLEDGE BY A COUNTY UNDER THIS SECTION SHALL BE
16 AUTHORIZED BY AN ORDINANCE OR A RESOLUTION OF THE COUNTY.

17 (2) EACH ORDINANCE OR RESOLUTION ENACTED UNDER THIS
18 SECTION SHALL:

19 (I) BE ADOPTED BY THE GOVERNING BODY OF THE COUNTY;

20 (II) BE APPROVED BY THE CHIEF EXECUTIVE OFFICER, IF ANY,
21 OF THE COUNTY; AND

22 (III) HAVE THE FORCE OF LAW.

23 (D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF A LOCAL
24 OBLIGATION IS SECURED UNDER THIS SECTION BY A PLEDGE OF THE FAITH AND
25 CREDIT OF A COUNTY TO MAKE PROMPT PAYMENT FROM THE TAX AND OTHER
26 REVENUES DESCRIBED IN THE ENABLING RESOLUTION OR ORDINANCE:

27 (I) THE PLEDGE IS A COVENANT TO LEVY TAXES SUFFICIENT TO
28 PAY THE PRINCIPAL OF AND INTEREST ON THE LOCAL OBLIGATION WHEN DUE:

1 1. ON ALL REAL AND TANGIBLE PERSONAL PROPERTY
2 THAT IS WITHIN THE CORPORATE LIMITS OF THE COUNTY AND SUBJECT TO
3 ASSESSMENT FOR UNLIMITED AD VALOREM TAXATION; AND

4 2. IN EACH YEAR IN WHICH THE LOCAL OBLIGATION IS
5 OUTSTANDING; AND

6 (II) IF AT THE TIME OF ISSUANCE OF A LOCAL OBLIGATION
7 THERE IS A CHARTER OR STATUTORY LIMIT ON THE POWER OF THE COUNTY TO LEVY
8 PROPERTY TAXES, THE PLEDGE IS A COVENANT TO LEVY AD VALOREM TAXES,
9 WITHIN THAT LIMIT, SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE
10 LOCAL OBLIGATION:

11 1. ON ALL REAL AND TANGIBLE PERSONAL PROPERTY
12 THAT IS WITHIN THE CORPORATE LIMITS OF THE COUNTY AND SUBJECT TO
13 ASSESSMENT FOR AD VALOREM TAXATION; AND

14 2. IN EACH YEAR IN WHICH THE LOCAL OBLIGATION IS
15 OUTSTANDING.

16 (2) (I) A COUNTY MAY NOT MAKE A PLEDGE UNDER THIS SECTION
17 IF THE PLEDGE WOULD CAUSE THE COUNTY TO EXCEED ANY LIMIT SET, BY THE
18 CHARTER OF THE COUNTY OR BY STATUTE, ON THE POWER OF THE COUNTY TO MAKE
19 THE PLEDGE.

20 (II) NOTWITHSTANDING SUBPARAGRAPH (I) OF THIS
21 PARAGRAPH, A LIMIT ON THE POWER OF A COUNTY TO MAKE A PLEDGE THAT IS
22 IMPOSED AFTER THE ISSUANCE OF A LOCAL OBLIGATION THAT IS SECURED BY A
23 PLEDGE UNDER THIS SECTION DOES NOT AFFECT THAT LOCAL OBLIGATION.

24 (E) IF A LOCAL OBLIGATION IS SECURED UNDER THIS SECTION BY A PLEDGE
25 OF SPECIFIC REVENUE OF A COUNTY, THE SPECIFIC REVENUE OF THE COUNTY MAY
26 INCLUDE:

27 (1) PAYMENTS TO THE ISSUER FROM THE STATE OR FEDERAL
28 GOVERNMENT;

29 (2) SPECIAL BENEFIT ASSESSMENTS, TAXES, FEES, OR SERVICE
30 CHARGES THAT THE COUNTY HAS AUTHORITY TO IMPOSE, LEVY, OR CHARGE; AND

31 (3) REVENUE OF THE COUNTY EXPECTED TO BE GENERATED BY THE
32 INFRASTRUCTURE PROJECT TO BE FINANCED.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2016.