

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

Committee Report: Favorable

Senate action: Adopted

Read second time: February 9, 2016

CHAPTER _____

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)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
2 Article – Housing and Community Development
3 Section 4–229
4 Annotated Code of Maryland
5 (2006 Volume and 2015 Supplement)

6 BY adding to
7 Article – Housing and Community Development
8 Section 4–232.1
9 Annotated Code of Maryland
10 (2006 Volume and 2015 Supplement)

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

13 **Article – Housing and Community Development**

14 4–220.

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

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

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

25 4–229.

26 (a) (1) If the Administration purchases a local obligation, the procedures and
27 requirements for the issuance or sale of the local obligation shall be as provided in §§
28 4–230 through 4–233 of this subtitle.

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

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

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

34 and

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

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

5 (i) sell bonds, notes, or other obligations of the Administration;

6 (ii) provide the financial assistance authorized by § 4-228 of this
7 subtitle;

8 (iii) provide any other guarantee, credit enhancement, or additional
9 security for a note, bond, or obligation of the Administration; or

10 (iv) insure obligations of the issuer or of the Administration.

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

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

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

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

24 4-230.

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

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

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

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

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

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

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

9 **4-232.1.**

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

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

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

17 (2) SPECIFIC REVENUE OF THE COUNTY.

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

20 (2) EACH ORDINANCE OR RESOLUTION ENACTED UNDER THIS
21 SECTION SHALL:

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

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

25 (III) HAVE THE FORCE OF LAW.

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

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

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

6 **2. IN EACH YEAR IN WHICH THE LOCAL OBLIGATION IS**
7 **OUTSTANDING; AND**

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

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

16 **2. IN EACH YEAR IN WHICH THE LOCAL OBLIGATION IS**
17 **OUTSTANDING.**

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

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

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

29 **(1) PAYMENTS TO THE ISSUER FROM THE STATE OR FEDERAL**
30 **GOVERNMENT;**

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

1 **(3) REVENUE OF THE COUNTY EXPECTED TO BE GENERATED BY THE**
2 **INFRASTRUCTURE PROJECT TO BE FINANCED.**

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.