

HOUSE BILL 878

L6, M3

1lr2174
CF SB 701

By: **Delegate Chang**

Introduced and read first time: January 29, 2021

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2021

CHAPTER _____

1 AN ACT concerning

2 **Bay Restoration Fund – Authorized Uses and County Authority to Incur**
3 **Indebtedness**

4 FOR the purpose of authorizing the use of certain funds in a certain separate account for
5 certain costs associated with the installation of a certain new on-site sewage disposal
6 system or the repair or replacement of a failing on-site sewage disposal system with
7 a certain new system; authorizing a county to borrow money and incur indebtedness
8 through the issuance and sale of notes in anticipation of the receipt of the county's
9 allocation of funds from the Bay Restoration Fund; authorizing a county to expend
10 the net proceeds of the sale of a certain issue of notes only for certain purposes;
11 authorizing the principal of certain notes and the interest on certain notes to be paid
12 from certain sources; authorizing a county to pledge its full faith and credit and
13 taxing power to the payment of the principal of and interest on certain notes under
14 certain circumstances; providing that the authority to borrow money and issue notes
15 granted to counties by this Act is supplemental to and not in derogation of certain
16 other powers; and generally relating to the Bay Restoration Fund.

17 BY repealing and reenacting, with amendments,

18 Article – Environment

19 Section 9-1605.2(h)(2)(i)1.C.

20 Annotated Code of Maryland

21 (2014 Replacement Volume and 2020 Supplement)

22 BY adding to

23 Article – Local Government

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 Section 19–1001 through 19–1004 to be under the new subtitle “Subtitle 10. Public
 2 Debt – Grants and Loans for Septic Upgrades”
 3 Annotated Code of Maryland
 4 (2013 Volume and 2020 Supplement)

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

7 **Article – Environment**

8 9–1605.2.

9 (h) (2) The Comptroller shall:

10 (i) Deposit 60% of the funds in the separate account to be used for:

11 1. Subject to paragraphs (3), (4), (5), and (6) of this
 12 subsection, with priority first given to failing systems and holding tanks located in the
 13 Chesapeake and Atlantic Coastal Bays Critical Area and then to failing systems that the
 14 Department determines are a threat to public health or water quality, grants or loans for
 15 up to 100% of:

16 C. [The cost of repairing or replacing a failing on–site sewage
 17 disposal system with a system that uses the best available technology for nitrogen
 18 removal;] **ALL COSTS ASSOCIATED WITH THE INSTALLATION OF A NEW ON–SITE**
 19 **SEWAGE DISPOSAL SYSTEM THAT USES THE BEST AVAILABLE TECHNOLOGY FOR THE**
 20 **REMOVAL OF NITROGEN, OR THE REPAIR OR REPLACEMENT OF A FAILING ON–SITE**
 21 **SEWAGE DISPOSAL SYSTEM WITH A NEW SYSTEM THAT UTILIZES THE BEST**
 22 **AVAILABLE TECHNOLOGY FOR NITROGEN REMOVAL, INCLUDING ENGINEERING**
 23 **COSTS AND COSTS ASSOCIATED WITH THE INSTALLATION OR REPLACEMENT OF A**
 24 **DISPOSAL SYSTEM;**

25 **Article – Local Government**

26 **SUBTITLE 10. PUBLIC DEBT – GRANTS AND LOANS FOR SEPTIC UPGRADES.**

27 **19–1001.**

28 **A COUNTY MAY BORROW MONEY AND INCUR INDEBTEDNESS THROUGH THE**
 29 **ISSUANCE AND SALE OF NOTES IN ANTICIPATION OF THE RECEIPT OF THE COUNTY’S**
 30 **ALLOCATION OF FUNDS FROM THE BAY RESTORATION FUND.**

31 **19–1002.**

32 **A COUNTY MAY EXPEND THE NET PROCEEDS OF THE SALE OF AN ISSUE OF**
 33 **NOTES ONLY TO:**

1 (1) MAKE GRANTS AND LOANS IN ACCORDANCE WITH §
2 9-1605.2(H)(2)(I) OF THE ENVIRONMENT ARTICLE; OR

3 (2) REFUND ONE OR MORE ISSUES OF NOTES.

4 19-1003.

5 (A) THE PRINCIPAL OF THE NOTES MAY BE PAID FROM:

6 (1) THE COUNTY'S ALLOCATION OF FUNDS FROM THE BAY
7 RESTORATION FUND; AND

8 (2) ANY OTHER REVENUES THAT ARE PLEDGED TO THE PAYMENT OF
9 THE NOTES IN THE AUTHORIZING RESOLUTION.

10 (B) THE INTEREST ON THE NOTES MAY BE PAID FROM:

11 (1) ANY REVENUES, OTHER THAN THE COUNTY'S ALLOCATION OF
12 FUNDS FROM THE BAY RESTORATION FUND, THAT ARE PLEDGED TO THE PAYMENT
13 OF THE NOTES IN THE AUTHORIZING RESOLUTION; OR

14 (2) MONEY MADE AVAILABLE TO THE COUNTY TO FINANCE UPGRADES
15 TO ON-SITE SEWAGE DISPOSAL SYSTEMS FROM:

16 (I) THE STATE OR A UNIT OF THE STATE, EXCEPT FOR THE
17 FUNDS FROM THE BAY RESTORATION FUND ALLOCATED UNDER THIS SUBTITLE FOR
18 GRANTS AND LOANS;

19 (II) THE FEDERAL GOVERNMENT OR A UNIT OF THE FEDERAL
20 GOVERNMENT; OR

21 (III) ANY OTHER SOURCE.

22 (C) (1) A COUNTY MAY PLEDGE ITS FULL FAITH AND CREDIT AND TAXING
23 POWER TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTES IN
24 THE AUTHORIZING RESOLUTION.

25 (2) A COUNTY THAT MAKES A PLEDGE UNDER PARAGRAPH (1) OF
26 THIS SUBSECTION SHALL, IN EACH FISCAL YEAR THAT ANY OF THE NOTES ARE
27 OUTSTANDING, IMPOSE AD VALOREM TAXES ON ALL ASSESSABLE PROPERTY IN THE
28 COUNTY AT A RATE AND AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND
29 INTEREST ON THE NOTES MATURING IN THAT FISCAL YEAR.

1 **(3) IF THE PROCEEDS FROM THE TAXES IMPOSED IN ANY FISCAL YEAR**
2 **PROVE INADEQUATE FOR THE PAYMENT, THE COUNTY SHALL IMPOSE ADDITIONAL**
3 **TAXES IN THE SUCCEEDING FISCAL YEAR TO MAKE UP THE DEFICIENCY.**

4 **19-1004.**

5 **THE AUTHORITY TO BORROW MONEY AND ISSUE NOTES GRANTED TO A**
6 **COUNTY UNDER THIS SUBTITLE IS:**

7 **(1) SUPPLEMENTAL TO ANY OTHER POWER GRANTED TO A COUNTY BY**
8 **ANY OTHER LAW; AND**

9 **(2) NOT IN DEROGATION OF ANY OTHER EXISTING POWER OF A**
10 **COUNTY TO BORROW MONEY.**

11 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**
12 **1, 2021.**

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.