

SENATE BILL 349

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1lr0086

(PRE-FILED)

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

Requested: September 26, 2020

Introduced and read first time: January 13, 2021

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Environment – Drinking Water Revolving Loan Fund – Use of Funds**

3 FOR the purpose of altering the conditions under which the Maryland Drinking Water
4 Revolving Loan Fund may be used to provide certain financial assistance for certain
5 purposes; and generally relating to the Maryland Drinking Water Revolving Loan
6 Fund.

7 BY repealing and reenacting, without amendments,

8 Article – Environment

9 Section 9–1605.1(a)(1)

10 Annotated Code of Maryland

11 (2014 Replacement Volume and 2020 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Environment

14 Section 9–1605.1(d)

15 Annotated Code of Maryland

16 (2014 Replacement Volume and 2020 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Environment**

20 9–1605.1.

21 (a) (1) There is a Maryland Drinking Water Revolving Loan Fund. The
22 Drinking Water Loan Fund shall be maintained and administered by the Administration

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 in accordance with the provisions of this subtitle and such rules or program directives as
2 the Secretary or the Board may from time to time prescribe.

3 (d) Amounts in the Drinking Water Loan Fund may be used only:

4 (1) To make loans at or below market rates on the condition that:

5 (i) The local government borrower will establish a dedicated source
6 of revenue;

7 (ii) In the case of a water supply system owned by a borrower other
8 than a local government, the borrower shall provide adequate security for the repayment
9 of the loan;

10 (iii) The Drinking Water Loan Fund will be credited with all
11 payments of the loan; [and]

12 (IV) **THE LOANS ARE MADE AT TERMS NOT TO EXCEED:**

13 **1. 30 YEARS; OR**

14 **2. WITH RESPECT TO DISADVANTAGED COMMUNITIES**
15 **AS DEFINED IN THE FEDERAL SAFE DRINKING WATER ACT, THE LESSER OF 40**
16 **YEARS AFTER PROJECT COMPLETION OR THE DESIGN LIFE OF THE PROJECT; AND**

17 [(iv)] (V) Annual principal and interest payments will commence
18 not later than [1 year] **18 MONTHS** after completion of any drinking water facility and[,
19 except as provided in §130 of the federal Safe Drinking Water Act,] all loans will be fully
20 amortized [not later than 20 years after project completion] **ON THE EXPIRATION OF THE**
21 **TERM OF THE LOAN;**

22 (2) To buy or refinance debt obligations of local governments issued by a
23 local government for the purposes of financing all or a portion of the cost of a water supply
24 system at or below market rates, if such debt obligations were incurred after July 1, 1993;

25 (3) To guarantee or purchase insurance for bonds, notes, or other evidences
26 of indebtedness issued by a local government for the purposes of financing all or a portion
27 of the cost of a water supply system, if such action would improve credit market access or
28 reduce interest rates;

29 (4) As a source of revenue or security for the payment of principal and
30 interest on bonds issued by the Administration if the proceeds of the sale of such bonds will
31 be deposited in the Drinking Water Loan Fund;

32 (5) To earn interest on Drinking Water Loan Fund accounts;

1 (6) For the reasonable costs of administering the Drinking Water Loan
2 Fund and conducting activities under any federal law that may apply to federal deposits to
3 the Drinking Water Loan Fund;

4 (7) To establish a linked deposit program for loans in accordance with this
5 subtitle and the federal Safe Drinking Water Act;

6 (8) For loan subsidies for disadvantaged communities as provided by the
7 federal Safe Drinking Water Act, including but not limited to loan forgiveness, provided
8 that such loan subsidies [shall not exceed 30% of the annual federal capitalization grant
9 received by the Administration] **COMPLY WITH THE LIMITATIONS AND REQUIREMENTS**
10 **SET FORTH IN THE FEDERAL SAFE DRINKING WATER ACT AND ANY FEDERAL**
11 **APPROPRIATIONS OR AUTHORIZATION ACTS;**

12 (9) For any other purpose authorized for any federal funds deposited in the
13 Drinking Water Loan Fund including, without limitation, any purpose authorized by the
14 federal Safe Drinking Water Act, including source water protection expenditures eligible
15 for assistance from the Drinking Water Loan Fund; and

16 (10) To provide financial assistance in the form of grants, negative interest
17 loans, forgiveness of principal, subsidized interest rates, and any other form of financial
18 assistance as authorized or required by:

19 (i) The American Recovery and Reinvestment Act of 2009, as may
20 be amended and supplemented;

21 (ii) **[\$] §§ 302 AND 1452** of the federal Safe Drinking Water Act;

22 (iii) Title VI of the Federal Water Pollution Control Act; or

23 (iv) Federal appropriations or authorization acts.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2021.