

Chapter 131

**(Senate Bill 349)**

AN ACT concerning

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

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

BY repealing and reenacting, without amendments,  
Article – Environment  
Section 9–1605.1(a)(1)  
Annotated Code of Maryland  
(2014 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,  
Article – Environment  
Section 9–1605.1(d)  
Annotated Code of Maryland  
(2014 Replacement Volume and 2020 Supplement)

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

**Article – Environment**

9–1605.1.

(a) (1) There is a Maryland Drinking Water Revolving Loan Fund. The Drinking Water Loan Fund shall be maintained and administered by the Administration in accordance with the provisions of this subtitle and such rules or program directives as the Secretary or the Board may from time to time prescribe.

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

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

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

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

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

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

**1. 30 YEARS; OR**

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

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

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

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

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

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

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

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

(8) For loan subsidies for disadvantaged communities as provided by the federal Safe Drinking Water Act, including but not limited to loan forgiveness, provided that such loan subsidies [shall not exceed 30% of the annual federal capitalization grant received by the Administration] **COMPLY WITH THE LIMITATIONS AND REQUIREMENTS**

**SET FORTH IN THE FEDERAL SAFE DRINKING WATER ACT AND ANY FEDERAL APPROPRIATIONS OR AUTHORIZATION ACTS;**

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

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

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

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

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

(iv) Federal appropriations or authorization acts.

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

**Approved by the Governor, April 13, 2021.**