

Chapter 277

(Senate Bill 701)

AN ACT concerning

Bay Restoration Fund – County Authority to Incur Indebtedness

FOR the purpose of authorizing a county to borrow money and incur indebtedness through the issuance and sale of notes in anticipation of the receipt of the county’s allocation of funds from a certain account of the Bay Restoration Fund; authorizing a county to expend the net proceeds of the sale of a certain issue of notes only for certain purposes; authorizing the principal of certain notes and the interest on certain notes to be paid from certain sources; authorizing a county to pledge its full faith and credit and taxing power to the payment of the principal of and interest on certain notes under certain circumstances; providing that the authority to borrow money and issue notes granted to counties by this Act is supplemental to and not in derogation of certain other powers; and generally relating to the Bay Restoration Fund.

BY adding to

Article – Local Government

Section 19–1001 through 19–1004 to be under the new subtitle “Subtitle 10. Public Debt – Grants and Loans for Septic Upgrades”

Annotated Code of Maryland

(2013 Volume and 2020 Supplement)

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

Article – Local Government

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

19–1001.

A COUNTY MAY BORROW MONEY AND INCUR INDEBTEDNESS THROUGH THE ISSUANCE AND SALE OF NOTES IN ANTICIPATION OF THE RECEIPT OF THE COUNTY’S ALLOCATION OF FUNDS FROM THE SEPARATE ACCOUNT OF THE BAY RESTORATION FUND ESTABLISHED UNDER § 9–1605.2(H) OF THE ENVIRONMENT ARTICLE.

19–1002.

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

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

(2) REFUND ONE OR MORE ISSUES OF NOTES.

19-1003.

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

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

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

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

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

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

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

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

(III) ANY OTHER SOURCE.

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

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

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

19-1004.

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

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

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

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

Approved by the Governor, May 18, 2021.