

SENATE BILL 924

B3

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CF HB 1094

By: **Carroll County Senators**

Introduced and read first time: February 17, 2010

Assigned to: Rules

Re-referred to: Budget and Taxation, February 26, 2010

Committee Report: Favorable

Senate action: Adopted

Read second time: March 25, 2010

CHAPTER _____

1 AN ACT concerning

2 **Carroll County – Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of Carroll
4 County, from time to time, to borrow not more than \$35,000,000 in order to
5 finance the construction, improvement, or development of certain public
6 facilities in Carroll County, including water and sewer projects, to finance loans
7 for fire or emergency-related equipment, buildings, and other facilities of
8 volunteer fire departments in the County, and to effect such borrowing by the
9 issuance and sale at public or private sale of its general obligation bonds in like
10 par amount; empowering the County to fix and determine, by resolution, the
11 form, tenor, interest rate or rates or method of determining the same, terms,
12 conditions, maturities, and all other details incident to the issuance and sale of
13 the bonds; empowering the County to issue refunding bonds for the purchase or
14 redemption of bonds in advance of maturity; providing that such borrowing may
15 be undertaken by the County in the form of installment purchase obligations
16 executed and delivered by the County for the purpose of acquiring agricultural
17 land and woodland preservation easements; empowering and directing the
18 County to levy, impose, and collect, annually, ad valorem taxes in rate and
19 amount sufficient to provide funds for the payment of the maturing principal of
20 and interest on the bonds; exempting the bonds and refunding bonds and the
21 interest thereon and any income derived therefrom from all State, County,
22 municipal, and other taxation in the State of Maryland; providing that nothing
23 in this Act shall prevent the County from authorizing the issuance and sale of
24 bonds the interest on which is not excludable from gross income for federal

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 income tax purposes; and relating generally to the issuance and sale of such
2 bonds.

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
4 MARYLAND, That, as used herein, the term "County" means the body politic and
5 corporate of the State of Maryland known as the County Commissioners of Carroll
6 County, and the term "construction, improvement, or development of public facilities"
7 means the acquisition, alteration, construction, reconstruction, enlargement,
8 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,
9 and repair of public buildings and facilities and public works projects, including, but
10 not limited to, public works projects such as roads, bridges and storm drains, public
11 school buildings and facilities, landfills, Carroll Community College buildings and
12 facilities, public operational buildings and facilities such as buildings and facilities for
13 County administrative use, public safety, health and social services, libraries, refuse
14 disposal buildings and facilities, water and sewer infrastructure facilities, easements
15 or similar or related rights in land that restrict the use of agricultural land or
16 woodland to maintain the character of the land as agricultural land or woodland, and
17 parks and recreation buildings and facilities, together with the costs of acquiring land
18 or interests in land as well as any related architectural, financial, legal, planning, or
19 engineering services.

20 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
21 authorized to finance any part or all of the costs of the construction, improvements or
22 development of public facilities described in Section 1 of this Act, to make loans to
23 each and every volunteer fire department in the County upon such terms and
24 conditions as may be determined by the County for the purpose of financing certain
25 fire or emergency-related equipment, buildings, or other facilities of volunteer fire
26 departments, and to borrow money and incur indebtedness for those purposes, at one
27 time or from time to time, in an amount not exceeding, in the aggregate, \$35,000,000
28 and to evidence such borrowing by the issuance and sale upon its full faith and credit
29 of general obligation bonds in like par amount, which may be issued at one time or
30 from time to time, in one or more groups or series, as the County may determine.

31 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued
32 in accordance with a resolution of the County, which shall describe generally the
33 construction, improvement, or development of public facilities, including water and
34 sewer projects, the fire or emergency-related equipment, buildings, or other facilities
35 of volunteer fire departments in the County for which the proceeds of the bond sale are
36 intended and the amount needed for those purposes. The County shall have and is
37 hereby granted full and complete authority and discretion in the resolution to fix and
38 determine with respect to the bonds of any issue: the designation, date of issue,
39 denomination or denominations, form or forms, and tenor of the bonds which, without
40 limitation, may be issued in registered form within the meaning of Section 30 of
41 Article 31 of the Annotated Code of Maryland, as amended; the rate or rates of interest
42 payable thereon, or the method of determining the same, which may include a variable
43 rate; the date or dates and amount or amounts of maturity, which need not be in equal
44 par amounts or in consecutive annual installments, provided only that no bond of any

1 issue shall mature later than 30 years from the date of its issue; the manner of selling
2 the bonds, which may be at either public or private sale, for such price or prices as
3 may be determined to be for the best interests of Carroll County; the manner of
4 executing and sealing the bonds, which may be by facsimile; the terms and conditions
5 of any loans made to volunteer fire departments; the terms and conditions, if any,
6 under which bonds may be tendered for payment or purchase prior to their stated
7 maturity; the terms or conditions, if any, under which bonds may or shall be redeemed
8 prior to their stated maturity; the place or places of payment of the principal of and
9 the interest on the bonds, which may be at any bank or trust company within or
10 without the State of Maryland; covenants relating to compliance with applicable
11 requirements of federal income tax law, including (without limitation) covenants
12 regarding the payment of rebate or penalties in lieu of rebate; covenants relating to
13 compliance with applicable requirements of federal or state securities laws; and
14 generally all matters incident to the terms, conditions, issuance, sale, and delivery
15 thereof.

16 The bonds may be made redeemable before maturity, at the option of the
17 County, at such price or prices and under such terms and conditions as may be fixed
18 by the County prior to the issuance of the bonds, either in the resolution or in
19 subsequent resolutions. The bonds may be issued in registered form, and provision
20 may be made for the registration of the principal only. In case any officer whose
21 signature appears on any bond ceases to be such officer before the delivery thereof,
22 such signature shall nevertheless be valid and sufficient for all purposes as if the
23 officer had remained in office until such delivery. The bonds and the issuance and sale
24 thereof shall be exempt from the provisions of Sections 9, 10, and 11 of Article 31 of
25 the Annotated Code of Maryland, as amended.

26 The borrowing authorized by this Act may also be undertaken by the County in
27 the form of installment purchase obligations executed and delivered by the County for
28 the purpose of acquiring easements or similar or related rights in land that restrict the
29 use of agricultural land or woodland to maintain the character of the land as
30 agricultural or woodland. The form of installment purchase obligations, the manner of
31 accomplishing the acquisition of easements, which may be the direct exchange of
32 installment purchase obligations for easement, and all matters incident to the
33 execution and delivery of the installment purchase obligations and acquisition of the
34 easements by the County shall be determined in the resolution. Except where the
35 provisions of this Act would be inapplicable to installment purchase obligations, the
36 term "bonds" used in this Act shall include installment purchase obligations and
37 matters pertaining to the bonds under this Act, such as the security for the payment of
38 the bonds, the exemption of the bonds from State, County, municipal, or other
39 taxation, and authorization to issue refunding bonds and the limitation on the
40 aggregate principal amount of bonds authorized for issuance, shall be applicable to
41 installment purchase obligations.

42 The County may enter into agreements with agents, banks, fiduciaries,
43 insurers, or others for the purpose of enhancing the marketability of any security for
44 the bonds and for the purpose of securing any tender option that may be granted to

1 holders of the bonds, all as may be determined and presented in the aforesaid
2 resolution, which may (but need not) state as security for the performance by the
3 County of any monetary obligations under such agreements the same security given by
4 the County to bondholders for the performance by the County of its monetary
5 obligations under the bonds.

6 If the County determines in the resolution to offer any of the bonds by
7 solicitation of competitive bids at public sale, the resolution shall fix the terms and
8 conditions of the public sale and shall adopt a form of notice of sale, which shall
9 outline the terms and conditions, and a form of advertisement, which shall be
10 published in one or more daily or weekly newspapers having a general circulation in
11 the County and which may also be published in one or more journals having a
12 circulation primarily among banks and investment bankers. At least one publication of
13 the advertisement shall be made not less than 10 days before the sale of the bonds.

14 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
15 shall be made to the Comptroller of Carroll County or such other official of Carroll
16 County as may be designated to receive such payment in a resolution passed by the
17 County before such delivery.

18 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
19 sale of bonds shall be used and applied exclusively and solely for the acquisition,
20 construction, improvement, or development of public facilities, including water and
21 sewer projects, to make loans to volunteer fire departments for the financing of fire or
22 emergency-related equipment, buildings, or other facilities of volunteer fire
23 departments in the County for which the bonds are sold. If the amounts borrowed
24 shall prove inadequate to finance the projects described in the resolution, the County
25 may issue additional bonds with the limitations hereof for the purpose of evidencing
26 the borrowing of additional funds for such financing, provided the resolution
27 authorizing the sale of additional bonds shall so recite, but if the net proceeds of the
28 sale of any issue of bonds exceed the amount needed to finance the projects described
29 in the resolution, the excess funds so borrowed and not expended shall be applied to
30 the payment of the next principal maturity of the bonds or to the redemption of any
31 part of the bonds which have been made redeemable or to the purchase and
32 cancellation of bonds, unless the County shall adopt a resolution allocating the excess
33 funds to the acquisition, construction, improvement, or development of other public
34 facilities, including water and sewer projects, or to the making of loans for fire or
35 emergency-related equipment, buildings, or other facilities of volunteer fire
36 departments in the County, as defined and within the limits set forth in this Act.

37 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
38 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
39 faith and credit and unlimited taxing power of the County to the payment of the
40 maturing principal of and interest on the bonds as and when they become payable. In
41 each and every fiscal year that any of the bonds are outstanding, the County shall levy
42 or cause to be levied ad valorem taxes upon all the assessable property within the
43 corporate limits of the County in rate and amount sufficient to provide for or assure

1 the payment, when due, of the principal of and interest on all the bonds maturing in
2 each such fiscal year and, in the event the proceeds from the taxes so levied in any
3 such fiscal year shall prove inadequate for such payment, additional taxes shall be
4 levied in the succeeding fiscal year to make up any such deficiency. The County may
5 apply to the payment of the principal of and interest on any bonds issued hereunder
6 any funds received by it as loan repayments from volunteer fire departments and any
7 funds received by it from the State of Maryland, the United States of America, any
8 agency or instrumentality thereof, or from any other source, if such funds are granted
9 for the purpose of assisting the County in financing the acquisition, construction,
10 improvement, or development of the public facilities defined in this Act, including the
11 water and sewer projects or the making of loans for the aforementioned fire or
12 emergency-related equipment, buildings, or other facilities for volunteer fire
13 departments in the County and, to the extent of any such funds received or receivable
14 in any fiscal year, the taxes that are required to be levied may be reduced accordingly.

15 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
16 authorized and empowered, at any time and from time to time, to issue its bonds in
17 the manner herein above described for the purpose of refunding, by payment at
18 maturity or upon purchase or redemption, any bonds issued hereunder. The validity of
19 any such refunding bonds shall in no way be dependent upon or related to the validity
20 or invalidity of the obligations so refunded. The powers herein granted with respect to
21 the issuance of bonds shall be applicable to the issuance of refunding bonds. Such
22 refunding bonds may be issued by the County for the purpose of providing it with
23 funds to pay any of its outstanding bonds issued hereunder at maturity, for the
24 purpose of providing it with funds to purchase in the open market any of its
25 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose
26 of providing it with funds for the redemption prior to maturity of any outstanding
27 bonds issued hereunder which are, by their terms, redeemable, for the purpose of
28 providing it with funds to pay interest on any outstanding bonds issued hereunder
29 prior to their payment at maturity of purchase or redemption in advance of maturity,
30 or for the purpose of providing it with funds to pay any redemption or purchase
31 premium in connection with the refunding of any of its outstanding bonds issued
32 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated
33 and set apart by the County as a separate trust fund to be used solely for the purpose
34 of paying the purchase or redemption prices of the bonds to be refunded.

35 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
36 the preparation of definitive bonds, issue interim certificates or temporary bonds,
37 exchangeable for definitive bonds when such bonds have been executed and are
38 available for such delivery, provided, however, that any such interim certificates or
39 temporary bonds shall be issued in all respects subject to the restrictions and
40 requirements set forth in this Act. The County may, by appropriate resolution, provide
41 for the replacement of any bonds issued hereunder which shall have become mutilated
42 or lost or destroyed upon such conditions and after receiving such indemnity as the
43 County may require.

1 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations
2 issued pursuant to the authority of this Act, their transfer, the interest payable
3 thereon, and any income derived therefrom in the hands of the holders thereof from
4 time to time (including any profit made in the sale thereof) shall be and are hereby
5 declared to be at all times exempt from State, County, municipal, or other taxation of
6 every kind and nature whatsoever within the State of Maryland. Nothing in this Act
7 shall prevent the County from authorizing the issuance and sale of bonds the interest
8 on which is not excludable from gross income for federal income tax purposes.

9 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
10 money and issue bonds conferred on the County by this Act shall be deemed to provide
11 an additional and alternative authority for borrowing money and shall be regarded as
12 supplemental and additional to powers conferred upon the County by other laws and
13 shall not be regarded as in derogation of any power now existing; and all Acts of the
14 General Assembly of Maryland heretofore passed authorizing the County to borrow
15 money are hereby continued to the extent that the powers contained in such Acts have
16 not been exercised, and nothing contained in this Act may be construed to impair, in
17 any way, the validity of any bonds that may have been issued by the County under the
18 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,
19 and approved. This Act, being necessary for the welfare of the inhabitants of Carroll
20 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of
21 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of
22 such inconsistency.

23 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
24 effect June 1, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.