

SENATE BILL 101

M3

4lr0047

(PRE-FILED)

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

Requested: October 10, 2013

Introduced and read first time: January 8, 2014

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable

Senate action: Adopted

Read second time: January 17, 2014

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of authorizing the use of the Maryland Drinking Water Revolving
4 Loan Fund to provide assistance in the form of grants, negative interest loans,
5 forgiveness of principal, subsidized interest rates, or other forms of financial
6 assistance, as authorized or required by federal law; and generally relating to
7 the use of revolving loan funds in the Department of the Environment.

8 BY repealing and reenacting, without amendments,
9 Article – Environment
10 Section 9–1605.1(a)(1)
11 Annotated Code of Maryland
12 (2007 Replacement Volume and 2013 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Environment
15 Section 9–1605.1(d)
16 Annotated Code of Maryland
17 (2007 Replacement Volume and 2013 Supplement)

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

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

Article – Environment

2 9–1605.1.

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

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

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

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

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

14 (iii) The Drinking Water Loan Fund will be credited with all
15 payments of principal and interest on all loans; and

16 (iv) Annual principal and interest payments will commence not
17 later than 1 year after completion of any drinking water facility and, except as
18 provided in § 130 of the federal Safe Drinking Water Act, all loans will be fully
19 amortized not later than 20 years after project completion;

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

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

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

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

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

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

3 (8) For loan subsidies for disadvantaged communities as provided by
4 the federal Safe Drinking Water Act, including but not limited to loan forgiveness,
5 provided that such loan subsidies shall not exceed 30% of the annual federal
6 capitalization grant received by the Administration;

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

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

14 (I) THE American Recovery and Reinvestment Act of 2009, as
15 may be amended and supplemented;

16 (II) § 302 OF THE FEDERAL SAFE DRINKING WATER ACT;

17 (III) TITLE VI OF THE FEDERAL WATER POLLUTION
18 CONTROL ACT; OR

19 (IV) FEDERAL APPROPRIATIONS OR AUTHORIZATION ACTS.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2014.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.