SENATE BILL 122

B2

1lr0134
CF HB 86

By: **The President (By Request – Administration)**
Introduced and read first time: January 21, 2011
Assigned to: Budget and Taxation

Committee Report: Favorable
Senate action: Adopted
Read second time: March 17, 2011

CHAPTER _____

1 AN ACT concerning

2 **Creation of a State Debt – Qualified Zone Academy Bond**

3 FOR the purpose of authorizing the creation of a State Debt in the amount of
4     $15,902,000, the proceeds to be used as grants to the Interagency Committee on
5   School Construction and the Maryland State Department of Education for
6   certain development or improvement purposes; providing for disbursement of
7   the loan proceeds and the further grant of funds to eligible school systems for
8   certain purposes, subject to a requirement that the grantees document the
9   provision of a required federal matching fund; providing that, after a certain
10   date, any bonds authorized under this Act shall be cancelled and be of no
11   further effect; providing that the proceeds of the loan under this Act shall be
12   expended not later than a certain number of years after the issuance of the
13   bonds authorized under this Act; authorizing the Board of Public Works to sell
14   certain bonds at certain sales in proportion to the documented matching fund;
15   and providing generally for the issuance and sale of bonds evidencing the loan.

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

18   (1)   The Board of Public Works may borrow money and incur indebtedness on
19 behalf of the State of Maryland through a State loan to be known as the Qualified
20 Zone Academy Bonds Loan of 2011 in a total principal amount of $15,902,000. This
21 loan shall be evidenced by the issuance, sale, and delivery of State general obligation
22 qualified zone academy bonds, as defined in § 54E of the Internal Revenue Code of the
23 United States, as amended, authorized by a resolution of the Board of Public Works

1 and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 of the State
2 Finance and Procurement Article and Article 31, § 22 of the Annotated Code of
3 Maryland, and §§ 54A and 54E of the Internal Revenue Code, as amended.

4   (2)   The bonds to evidence this loan or installments of this loan may be sold
5 as a single issue or may be consolidated and sold as part of a single issue of bonds
6 under § 8–122 of the State Finance and Procurement Article. Notwithstanding
7 §§ 8–123 and 8–124 of the State Finance and Procurement Article, the Board of Public
8 Works may sell the bonds authorized herein at one or more private sales that best
9 meet the terms and conditions of sale set by the Board. The bonds authorized under
10 this Act shall be issued and sold no later than December 31, 2011.

11   (3)   The cash proceeds from the sale of the bonds shall be paid to the
12 Treasurer and first shall be applied to the payment of the expenses of issuing, selling,
13 and delivering the bonds, unless funds for this purpose are otherwise provided, and
14 then shall be credited on the books of the Comptroller, and held separately in a
15 qualified zone academy bond account, and expended, as determined and approved by
16 the Board of Public Works, for the following public purposes: as grants to the
17 Interagency Committee on School Construction (the "IAC") and the Maryland State
18 Department of Education (the "MSDE") (referred to hereafter in this Act as the
19 "grantees") for the renovation, repair, and capital improvements of qualified zone
20 academies, as defined in § 54E(d)(1) of the Internal Revenue Code, as amended, in
21 accordance with the criteria established under the Aging Schools Program as follows:

22   (a)   for competitively awarded grants by IAC to eligible school systems
23 for qualified academies; and

24   (b)   for targeted grants awarded by MSDE to eligible school systems for
25 qualified academies under the Breakthrough Center Program.

26   (4)   An annual State tax is imposed on all assessable property in the State in
27 rate and amount sufficient to pay the principal of and interest, if any, on the bonds as
28 and when due and until paid in full. The principal shall be discharged within 15 years
29 after the date of issuance of the bonds.

30   (5)   (a)   The grantees shall document the provision of a matching fund as
31 provided in this paragraph.

32   (b)   No part of the matching fund may be provided, either directly or
33 indirectly, from funds of the State or any other governmental body, whether
34 appropriated or unappropriated. No part of the fund may consist of real property. The
35 fund shall consist of private business contributions as required under § 54E(b) of the
36 Internal Revenue Code, as amended, and may consist of in kind contributions or funds
37 other than funds of the State or any other governmental body. In case of any dispute
38 as to what money or assets may qualify as matching funds, the Board of Public Works
39 shall determine the matter and the Board's decision is final.

1   (c)   The grantees shall present evidence to the satisfaction of the Board
2 of Public Works of the provision and documentation of the matching fund, and the
3 Board of Public Works shall authorize the sale of the bonds in proportion to the
4 documented matching fund and the disbursement of the proceeds for the purposes set
5 forth in Section 1(3) above.

6   (6)   After December 31, 2011, any bonds authorized under this Act that have
7 not been issued and sold by the Board of Public Works shall be cancelled and be of no
8 further effect.

9   (7)   The proceeds of the loan shall be expended for the purposes provided in
10 this Act not later than 3 years after the issuance of the bonds authorized under this
11 Act.

12   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 June 1, 2011.

Approved:

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                                                     Governor.

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                                      President of the Senate.

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                              Speaker of the House of Delegates.