

SENATE BILL 79

B2

5lr0107
CF HB 110

By: **The President (By Request – Administration)**

Introduced and read first time: January 23, 2015

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of authorizing the creation of a State Debt in the amount of \$4,625,000,
4 the proceeds to be used as grants to the Interagency Committee on School
5 Construction and the Maryland State Department of Education for certain
6 development or improvement purposes; providing for disbursement of the loan
7 proceeds and the further grant of funds to eligible school systems for certain
8 purposes, subject to a requirement that the grantees document the provision of
9 a required matching fund; providing that, after a certain date, any bonds authorized
10 under this Act shall be canceled and be of no further effect; providing that the
11 proceeds of the loan under this Act shall be expended not later than a certain
12 number of years after the issuance of the bonds authorized under this Act;
13 authorizing the Board of Public Works to sell certain bonds at certain sales in
14 proportion to the documented matching fund; and providing generally for the
15 issuance and sale of bonds evidencing the loan.

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
17 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 2015 in a total principal amount of \$4,625,000. 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
24 and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 and 8–131.2
25 of the State Finance and Procurement Article and §§ 54A and 54E of the Internal
26 Revenue Code, as amended.

27 (2) The bonds to evidence this loan or installments of this loan may be sold
28 as a single issue or may be consolidated and sold as part of a single issue of bonds

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 under § 8–122 of the State Finance and Procurement Article. Notwithstanding §§ 8–
2 123 and 8–124 of the State Finance and Procurement Article, the Board of Public
3 Works may sell the bonds authorized herein at one or more private sales that best
4 meet the terms and conditions of sale set by the Board. The bonds authorized under
5 this Act shall be issued and sold no later than December 31, 2015.

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

18 (a) for competitively awarded grants by the Interagency Committee on
19 School Construction to eligible school systems for qualified academies, including public
20 charter schools; and

21 (b) for targeted grants awarded by the Maryland State Department of
22 Education to eligible school systems for qualified academies, including public charter
23 schools, under the Breakthrough Center Program.

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

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

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

38 (c) The grantees shall present evidence to the satisfaction of the Board of
39 Public Works of the provision and documentation of the matching fund, and the
40 Board of Public Works shall authorize the sale of the bonds in proportion to the

1 documented matching fund and shall authorize the disbursement of the proceeds for
2 the purposes set forth in Section 1(3) above.

3 (6) After December 31, 2015, any bonds authorized under this Act that have
4 not been issued and sold by the Board of Public Works shall be canceled and be of no
5 further effect.

6 (7) The proceeds of the loan, including any interest earned on the investment of
7 the proceeds, shall be expended for the purposes provided in this Act not later than 3
8 years after the issuance of the bonds authorized under this Act.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
10 1, 2015.