

SENATE BILL 323

B3

7lr0691
CF HB 251

By: **Carroll County Senators**

Introduced and read first time: January 24, 2017

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 9, 2017

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 \$25,000,000 in order to finance
5 the construction, improvement, or development of certain public facilities in Carroll
6 County, including water and sewer projects, to finance loans for fire or
7 emergency-related equipment, buildings, and other facilities of volunteer fire
8 departments in the County, and to effect such borrowing by the issuance and sale at
9 public or private sale of its general obligation bonds in like par amount; empowering
10 the County to fix and determine, by resolution, the form, tenor, interest rate or rates
11 or method of determining the same, terms, conditions, maturities, and all other
12 details incident to the issuance and sale of the bonds; empowering the County to
13 issue refunding bonds for the purchase or redemption of bonds in advance of
14 maturity; providing that such borrowing may be undertaken by the County in the
15 form of installment purchase obligations executed and delivered by the County for
16 the purpose of acquiring agricultural land and woodland preservation easements;
17 empowering and directing the County to levy, impose, and collect, annually, ad
18 valorem taxes in rate and amount sufficient to provide funds for the payment of the
19 maturing principal of and interest on the bonds; exempting the bonds and refunding
20 bonds and the interest thereon and any income derived therefrom from all State,
21 County, municipal, and other taxation in the State of Maryland; providing that
22 nothing in this Act shall prevent the County from authorizing the issuance and sale
23 of bonds the interest on which is not excludable from gross income for federal income
24 tax purposes; and generally relating to the issuance and sale of such bonds.

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.



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

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

SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued in accordance with a resolution of the County, which shall describe generally the construction, improvement, or development of public facilities, including water and sewer projects, the fire or emergency-related equipment, buildings, or other facilities of volunteer fire departments in the County for which the proceeds of the bond sale are intended and the amount needed for those purposes. The County shall have and is hereby granted full and complete authority and discretion in the resolution to fix and determine with respect to the bonds of any issue: the designation, date of issue, denomination or denominations, form or forms, and tenor of the bonds which, without limitation, may be issued in registered form within the meaning of § 19–204 of the Local Government Article, as amended; the rate or rates of interest payable thereon, or the method of determining the same, which may include a variable rate; the date or dates and amount or amounts of maturity, which need not be in equal par amounts or in consecutive annual installments, provided only that no bond of any issue shall mature later than 30 years from the date of its issue; the manner of selling the bonds, which may be at either public or private sale, for such price or prices as may be determined to be for the best interests of Carroll County; the manner of executing and sealing the bonds, which may be by facsimile; the terms and conditions of any loans made to volunteer fire departments; the terms and conditions, if any, under which bonds

1 may be tendered for payment or purchase prior to their stated maturity; the terms or
2 conditions, if any, under which bonds may or shall be redeemed prior to their stated
3 maturity; the place or places of payment of the principal of and the interest on the bonds,
4 which may be at any bank or trust company within or without the State of Maryland;
5 covenants relating to compliance with applicable requirements of federal income tax law,
6 including (without limitation) covenants regarding the payment of rebate or penalties in
7 lieu of rebate; covenants relating to compliance with applicable requirements of federal or
8 State securities laws; and generally all matters incident to the terms, conditions, issuance,
9 sale, and delivery thereof.

10 The bonds may be made redeemable before maturity, at the option of the County, at
11 such price or prices and under such terms and conditions as may be fixed by the County
12 prior to the issuance of the bonds, either in the resolution or in subsequent resolutions. The
13 bonds may be issued in registered form, and provision may be made for the registration of
14 the principal only. In case any officer whose signature appears on any bond ceases to be
15 such officer before the delivery thereof, such signature shall nevertheless be valid and
16 sufficient for all purposes as if the officer had remained in office until such delivery. The
17 bonds and the issuance and sale thereof shall be exempt from the provisions of §§ 19–205
18 and 19–206 of the Local Government Article, as amended.

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

34 The County may enter into agreements with agents, banks, fiduciaries, insurers, or
35 others for the purpose of enhancing the marketability of any security for the bonds and for
36 the purpose of securing any tender option that may be granted to holders of the bonds, all
37 as may be determined and presented in the aforesaid resolution, which may (but need not)
38 state as security for the performance by the County of any monetary obligations under such
39 agreements the same security given by the County to bondholders for the performance by
40 the County of its monetary obligations under the bonds.

41 If the County determines in the resolution to offer any of the bonds by solicitation of
42 competitive bids at public sale, the resolution shall fix the terms and conditions of the public
43 sale and shall adopt a form of notice of sale, which shall outline the terms and conditions,

1 and a form of advertisement, which shall be published in one or more daily or weekly
2 newspapers having a general circulation in the County and which may also be published in
3 one or more journals having a circulation primarily among banks and investment bankers.
4 At least one publication of the advertisement shall be made not less than 10 days before
5 the sale of the bonds.

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

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

28 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby authorized
29 shall constitute, and they shall so recite, an irrevocable pledge of the full faith and credit
30 and unlimited taxing power of the County to the payment of the maturing principal of and
31 interest on the bonds as and when they become payable. In each and every fiscal year that
32 any of the bonds are outstanding, the County shall levy or cause to be levied ad valorem
33 taxes upon all the assessable property within the corporate limits of the County in rate and
34 amount sufficient to provide for or assure the payment, when due, of the principal of and
35 interest on all the bonds maturing in each such fiscal year and, in the event the proceeds
36 from the taxes so levied in any such fiscal year shall prove inadequate for such payment,
37 additional taxes shall be levied in the succeeding fiscal year to make up any such deficiency.
38 The County may apply to the payment of the principal of and interest on any bonds issued
39 hereunder any funds received by it as loan repayments from volunteer fire departments
40 and any funds received by it from the State of Maryland, the United States of America, any
41 agency or instrumentality thereof, or from any other source, if such funds are granted for
42 the purpose of assisting the County in financing the acquisition, construction,
43 improvement, or development of the public facilities defined in this Act, including the water
44 and sewer projects or the making of loans for the aforementioned fire or emergency-related

1 equipment, buildings, or other facilities for volunteer fire departments in the County and,
2 to the extent of any such funds received or receivable in any fiscal year, the taxes that are
3 required to be levied may be reduced accordingly.

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

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

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

39 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
40 money and issue bonds conferred on the County by this Act shall be deemed to provide an
41 additional and alternative authority for borrowing money and shall be regarded as
42 supplemental and additional to powers conferred upon the County by other laws and shall
43 not be regarded as in derogation of any power now existing; and all Acts of the General

1 Assembly of Maryland heretofore passed authorizing the County to borrow money are
2 hereby continued to the extent that the powers contained in such Acts have not been
3 exercised, and nothing contained in this Act may be construed to impair, in any way, the
4 validity of any bonds that may have been issued by the County under the authority of any
5 said Acts, and the validity of the bonds is hereby ratified, confirmed, and approved. This
6 Act, being necessary for the welfare of the inhabitants of Carroll County, shall be liberally
7 construed to effect the purposes hereof. All Acts and parts of Acts inconsistent with the
8 provisions of this Act are hereby repealed to the extent of such inconsistency.

9 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 June 1, 2017.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.