

# HOUSE BILL 545

B3

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CF SB 555

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By: **Carroll County Delegation**

Introduced and read first time: January 29, 2014

Assigned to: Appropriations

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Committee Report: Favorable

House action: Adopted

Read second time: February 18, 2014

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## 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 \$20,000,000 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

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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, \$20,000,000  
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 § 19–204 of the  
41 Local Government Article, as amended; the rate or rates of interest payable thereon,  
42 or the method of determining the same, which may include a variable rate; the date or  
43 dates and amount or amounts of maturity, which need not be in equal par amounts or  
44 in consecutive annual installments, provided only that no bond of any issue shall

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

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

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

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

1 resolution, which may (but need not) state as security for the performance by the  
2 County of any monetary obligations under such agreements the same security given by  
3 the County to bondholders for the performance by the County of its monetary  
4 obligations under the bonds.

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

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

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

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

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

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

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

43 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations  
44 issued pursuant to the authority of this Act, their transfer, the interest payable

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

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

21 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take  
22 effect June 1, 2014.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.