

Chapter 278

(House Bill 878)

AN ACT concerning

Bay Restoration Fund – ~~Authorized Uses and~~ County Authority to Incur Indebtedness

FOR the purpose of ~~authorizing the use of certain funds in a certain separate account for certain costs associated with the installation of a certain new on-site sewage disposal system or the repair or replacement of a failing on-site sewage disposal system with a certain new system;~~ authorizing a county to borrow money and incur indebtedness through the issuance and sale of notes in anticipation of the receipt of the county’s allocation of funds from *a certain account of* the Bay Restoration Fund; authorizing a county to expend the net proceeds of the sale of a certain issue of notes only for certain purposes; authorizing the principal of certain notes and the interest on certain notes to be paid from certain sources; authorizing a county to pledge its full faith and credit and taxing power to the payment of the principal of and interest on certain notes under certain circumstances; providing that the authority to borrow money and issue notes granted to counties by this Act is supplemental to and not in derogation of certain other powers; and generally relating to the Bay Restoration Fund.

~~BY repealing and reenacting, with amendments,
Article – Environment
Section 9-1605.2(h)(2)(i)1.C
Annotated Code of Maryland
(2014 Replacement Volume and 2020 Supplement)~~

BY adding to
Article – Local Government
Section 19-1001 through 19-1004 to be under the new subtitle “Subtitle 10. Public Debt – Grants and Loans for Septic Upgrades”
Annotated Code of Maryland
(2013 Volume and 2020 Supplement)

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

~~**Article – Environment**~~

~~**9-1605.2.**~~

~~(h) (2) The Comptroller shall:~~

~~(i) Deposit 60% of the funds in the separate account to be used for:~~

~~1. Subject to paragraphs (3), (4), (5), and (6) of this subsection, with priority first given to failing systems and holding tanks located in the Chesapeake and Atlantic Coastal Bays Critical Area and then to failing systems that the Department determines are a threat to public health or water quality, grants or loans for up to 100% of:~~

~~€. [The cost of repairing or replacing a failing on-site sewage disposal system with a system that uses the best available technology for nitrogen removal.] ALL COSTS ASSOCIATED WITH THE INSTALLATION OF A NEW ON-SITE SEWAGE DISPOSAL SYSTEM THAT USES THE BEST AVAILABLE TECHNOLOGY FOR THE REMOVAL OF NITROGEN, OR THE REPAIR OR REPLACEMENT OF A FAILING ON-SITE SEWAGE DISPOSAL SYSTEM WITH A NEW SYSTEM THAT UTILIZES THE BEST AVAILABLE TECHNOLOGY FOR NITROGEN REMOVAL, INCLUDING ENGINEERING COSTS AND COSTS ASSOCIATED WITH THE INSTALLATION OR REPLACEMENT OF A DISPOSAL SYSTEM;~~

Article – Local Government

SUBTITLE 10. PUBLIC DEBT – GRANTS AND LOANS FOR SEPTIC UPGRADES.

19-1001.

A COUNTY MAY BORROW MONEY AND INCUR INDEBTEDNESS THROUGH THE ISSUANCE AND SALE OF NOTES IN ANTICIPATION OF THE RECEIPT OF THE COUNTY'S ALLOCATION OF FUNDS FROM THE SEPARATE ACCOUNT OF THE BAY RESTORATION FUND ESTABLISHED UNDER § 9-1605.2(H) OF THE ENVIRONMENT ARTICLE.

19-1002.

A COUNTY MAY EXPEND THE NET PROCEEDS OF THE SALE OF AN ISSUE OF NOTES ONLY TO:

(1) MAKE GRANTS AND LOANS IN ACCORDANCE WITH § 9-1605.2(H)(2)(I) OF THE ENVIRONMENT ARTICLE; ~~OR~~

(2) MAKE GRANTS AND LOANS TO COVER ENGINEERING COSTS AND NON-BEST-AVAILABLE-TECHNOLOGY COMPONENTS, INCLUDING DRAINFIELDS, NEEDED FOR THE REPAIR OF EXISTING ON-SITE SEWAGE DISPOSAL SYSTEMS OR THE INSTALLATION OF NEW ON-SITE SEWAGE DISPOSAL SYSTEMS THAT USE THE BEST AVAILABLE TECHNOLOGY FOR NITROGEN REMOVAL; OR

~~(2)~~ (3) REFUND ONE OR MORE ISSUES OF NOTES.

19-1003.

(A) THE PRINCIPAL OF THE NOTES MAY BE PAID FROM:

(1) THE COUNTY'S ALLOCATION OF FUNDS FROM THE SPECIAL ACCOUNT OF THE BAY RESTORATION FUND ESTABLISHED UNDER § 9-1605.2(H) OF THE ENVIRONMENT ARTICLE; AND

(2) ANY OTHER REVENUES THAT ARE PLEDGED TO THE PAYMENT OF THE NOTES IN THE AUTHORIZING RESOLUTION.

(B) THE INTEREST ON THE NOTES MAY BE PAID FROM:

(1) ANY REVENUES, OTHER THAN THE COUNTY'S ALLOCATION OF FUNDS FROM THE SPECIAL ACCOUNT OF THE BAY RESTORATION FUND, THAT ARE PLEDGED TO THE PAYMENT OF THE NOTES IN THE AUTHORIZING RESOLUTION; OR

(2) MONEY MADE AVAILABLE TO THE COUNTY TO FINANCE UPGRADES TO ON-SITE SEWAGE DISPOSAL SYSTEMS FROM:

(I) THE STATE OR A UNIT OF THE STATE, EXCEPT FOR THE FUNDS FROM THE SPECIAL ACCOUNT OF THE BAY RESTORATION FUND ALLOCATED UNDER THIS SUBTITLE FOR GRANTS AND LOANS;

(II) THE FEDERAL GOVERNMENT OR A UNIT OF THE FEDERAL GOVERNMENT; OR

(III) ANY OTHER SOURCE.

(C) (1) A COUNTY MAY PLEDGE ITS FULL FAITH AND CREDIT AND TAXING POWER TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTES IN THE AUTHORIZING RESOLUTION.

(2) A COUNTY THAT MAKES A PLEDGE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL, IN EACH FISCAL YEAR THAT ANY OF THE NOTES ARE OUTSTANDING, IMPOSE AD VALOREM TAXES ON ALL ASSESSABLE PROPERTY IN THE COUNTY AT A RATE AND AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE NOTES MATURING IN THAT FISCAL YEAR.

(3) IF THE PROCEEDS FROM THE TAXES IMPOSED IN ANY FISCAL YEAR PROVE INADEQUATE FOR THE PAYMENT, THE COUNTY SHALL IMPOSE ADDITIONAL TAXES IN THE SUCCEEDING FISCAL YEAR TO MAKE UP THE DEFICIENCY.

19-1004.

THE AUTHORITY TO BORROW MONEY AND ISSUE NOTES GRANTED TO A COUNTY UNDER THIS SUBTITLE IS:

(1) SUPPLEMENTAL TO ANY OTHER POWER GRANTED TO A COUNTY BY ANY OTHER LAW; AND

(2) NOT IN DEROGATION OF ANY OTHER EXISTING POWER OF A COUNTY TO BORROW MONEY.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2021.

Approved by the Governor, May 18, 2021.