

Bill No.: _____

Requested: _____

Committee: _____

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By: **Montgomery County Delegation and Prince George’s County Delegation**

A BILL ENTITLED

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – Bonds – Advertisement of Sale**
3 **and Maturity**

4 **MC/PG 106-07**

5 FOR the purpose of providing that certain laws relating to the advertisement of sale
6 and maturity of bonds do not apply to certain bonds issued by the Washington
7 Suburban Sanitary Commission; and generally relating to the Washington
8 Suburban Sanitary Commission and bonds.

9 BY repealing and reenacting, with amendments,
10 Article 29 – Washington Suburban Sanitary District
11 Section 4-101
12 Annotated Code of Maryland
13 (2003 Replacement Volume and 2006 Supplement)

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

16 **Article 29 – Washington Suburban Sanitary District**

17 4-101.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



18 (a) (1) (i) For the purpose of providing funds for the design,
19 construction, reconstruction, establishment, extension, enlargement, purchase or
20 condemnation of the water and sewerage systems in the sanitary district, or in any
21 other areas where extension of any of those systems may be authorized by law, or for
22 the construction, remodeling, enlargement or replacement of any office or operating
23 building or buildings required for the administration or operation of any of the
24 systems, including the acquisition of land or equipment, the WSSC may issue bonds of
25 the sanitary district, from time to time, in such amounts as it may deem necessary to
26 carry on its work.

27 (ii) Subject to subsection (f) of this section, for the purpose of
28 providing funds for the acquisition or purchase of capital equipment including
29 maintenance field and yard equipment, trucks, fleet vehicles, computer equipment,
30 telecommunication equipment, office equipment, and laboratory equipment, the WSSC
31 may issue bonds of the sanitary district, from time to time, in such amounts as it may
32 deem necessary to carry on its work.

33 (iii) Bonds hereafter issued under this section shall be serial
34 bonds with the principal of any given issue payable annually, commencing not more
35 than 3 years from the date of issue of the bonds.

36 (iv) The bonds may be either registered or coupon bonds, or
37 registerable as to principal with interest represented by coupons and issued in such
38 denomination or denominations as shall be determined by the WSSC, shall bear
39 interest as provided in § 4-104 of this subtitle payable semiannually and shall mature
40 no later than 40 years after the date of issue of the bonds.

41 (v) All bonds of the sanitary district or of the WSSC, including
42 those heretofore issued, shall be forever exempt from taxation by the State of
43 Maryland and by the counties and municipalities in the State.

44 (vi) Any bonds hereafter issued by the WSSC in its name or in
45 the name of the sanitary district may be made redeemable before maturity at the
46 option of the WSSC, at such price or prices and under such terms and conditions as
47 may be fixed by the WSSC prior to the issuance of such bonds.

48 (2) (i) In this paragraph, “bonds” means bonds, notes, and other
49 obligations.

50 (ii) Notwithstanding any provision of law to the contrary,
51 including, without limitation, this article, Article 31 of the Code, and the State
52 Finance and Procurement Article, the WSSC may issue bonds, notes, and other
53 obligations that have a maturity at the date of issue of more than 1 year, as fully
54 registered bonds without coupons in a form that the WSSC deems necessary or
55 desirable for the purposes of:

56 1. Qualifying the interest on the bonds for exemption
57 from federal income tax; and

58 2. Conforming to standards and practices for the
59 registration and transfer of bonds generally followed by banks and trust companies
60 acting as registrars and transfer agents of bonds. These standards and practices
61 include signing of bonds by facsimile signatures of WSSC officers, authentication of
62 bonds by the manual signature of any officer of any bank or trust company signing as
63 the registrar or transfer agent, maintenance by registrars or transfer agents of records
64 of owners of bonds, complying with the standard record date system for payment of
65 interest, issuing bonds on the basis of book entries and certificates, and complying
66 with requirements for the form of bond that is acceptable to central depositories used
67 in the marketing and trading of municipal bond issues.

68 (b) They shall be issued under the hand and seal of the WSSC and shall be
69 guaranteed as to payment of principal and interest by the County Councils of both
70 Montgomery and Prince George’s counties, which guaranty shall be endorsed on each
71 of the bonds in the following language: “The payment of interest when due and the
72 principal at maturity is guaranteed by Montgomery and Prince George’s counties,
73 Maryland”. The bonds of the sanitary district shall be signed by the chairman and the
74 secretary and the treasurer of the WSSC or, if the WSSC shall so provide, by any 2 of
75 its members and the official seal of the WSSC shall be impressed upon the bonds.
76 However, the WSSC may authorize any of its officials to sign the bonds with his
77 facsimile signature. Also, the WSSC may authorize a facsimile of the official seal of the
78 WSSC to be imprinted on the bonds, in which case it shall not be necessary that the
79 official seal be impressed physically upon the bonds. The guaranty or endorsement by
80 the County Council shall be signed on each of the bonds on behalf of each county by
81 the County Executive or by any officer designated for that purpose by the County

82 Executive, by his facsimile or manual signature as the County Executive shall
83 determine, within 20 days after the bonds are presented by the WSSC for the signing
84 of the endorsement. In the event of any liability under the above guaranty, the
85 liability for each county shall be in whatever proportion as the assessable basis of that
86 part of either county within the sanitary district bears to the assessable basis of the
87 whole of the sanitary district. Notwithstanding the foregoing provisions of this
88 subsection, the WSSC may, at its option and pursuant to the provisions of § 4–103 of
89 this subtitle, waive the guarantee of the counties above provided for.

90 (c) As to any bonds issued under the provisions of this section for the
91 purpose of providing funds for the construction, remodeling, enlargement or
92 replacement of any office or operating building or buildings, the WSSC shall annually
93 determine the amount necessary to meet the principal and interest requirements of
94 such bonds, and shall set aside annually for such purpose so much of the receipts from
95 water service charges, sewer usage charges, house connection charges and any other
96 charges imposed by the WSSC as the WSSC shall determine to be fair and equitable to
97 be so set aside, and the amounts of such receipts so set aside shall be deducted from
98 the amount which the WSSC has determined to be necessary to be raised by direct
99 taxation under the provisions of § 4–105 of this subtitle, upon certification to the
100 County Council of Montgomery County and the County Council of Prince George’s
101 County.

102 (d) The County Executive of Montgomery County or the County Council or
103 County Executive of Prince George’s County may at any time in person or by either of
104 their duly authorized agents, audit and examine the books and records of the WSSC;
105 provided, however, that such audit or examination shall be without cost to the WSSC.

106 (e) (1) In this subsection, “bond” means any debt instrument issued by
107 the WSSC as part of a bond issue that will not reach full maturity within 5 years from
108 the date of issue.

109 (2) (i) Subject to paragraph (3) of this subsection, the aggregate
110 principal amount of bonds outstanding at any time, whether issued under this section
111 or under any other provision of law, may not exceed the larger of:

112 1. The sum of 3.8 percent of the total assessable base of
113 all real property assessed for county taxation purposes within the sanitary district and
114 7.0 percent of the total assessable personal property and operating real property

115 described in § 8–109(c) of the Tax – Property Article assessed for county taxation
116 purposes within the sanitary district; or

117 2. The sum of 3.8 percent of the assessable base of all
118 real property assessed for county taxation purposes within the sanitary district as of
119 July 1, 1997 and 7.0 percent of the total assessable personal property and operating
120 real property described in § 8–109(c) of the Tax – Property Article assessed for county
121 taxation purposes within the sanitary district as of July 1, 1997.

122 (ii) The maximum debt level authorized under this subsection
123 shall apply to any bond issued under an enabling act of the General Assembly of
124 Maryland enacted on or after July 1, 1997, unless the enabling act specifically exempts
125 the bond by reference to or modification of this subsection.

126 (3) (i) In this paragraph, “government obligation” means:

127 1. A direct obligation of the United States of America; or

128 2. An obligation, the timely payment of principal of and
129 interest on which is unconditionally guaranteed by the United States of America.

130 (ii) In calculating the maximum debt authorized under this
131 section, the aggregate amount of bonds outstanding shall be reduced by:

132 1. Any amount held in the joint sinking fund account for
133 the payment of principal of the bonds; and

134 2. The amount of any bond for which there has been
135 irrevocably deposited cash or government obligations maturing as to principal and
136 interest at times and in amounts sufficient to provide adequate and complete payment
137 of the principal or redemption price and interest as required on the bond.

138 (f) As to bonds issued under subsection (a)(1)(ii) of this section, in addition to
139 the conditions and limitations otherwise provided in this section:

140 (1) The bonds may be issued only to finance the acquisition or
141 purchase of equipment with a useful life of 4 to 7 years, that WSSC expects to finance
142 over a period of 4 years or less, and for which WSSC shall budget accordingly;

143 (2) The principal of any given bond issue shall be payable annually
144 starting not more than 1 year after the date of issue of the bonds;

145 (3) The bonds shall mature not more than 4 years after the date of
146 issue of the bonds; and

147 (4) The aggregate amount of bonds outstanding at any time may not
148 exceed \$15,000,000, subject to annual upward adjustment in accordance with the
149 consumer price index – all urban consumers (CPI-U), for the Washington, DC-MD-
150 VA metropolitan area, over the base year 1997.

151 **(G) ARTICLE 31, §§ 10 AND 11 OF THE CODE DO NOT APPLY TO THE**
152 **SALE OF BONDS AUTHORIZED UNDER THIS TITLE.**

153 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
154 October 1, 2007.