

SENATE BILL 791

P1, I1, I4

9lr1847
CF HB 431

By: **Senators Hayes and Carter**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Treasurer – Task Force to Study Alternative Financial Investment Bonds**

3 FOR the purpose of establishing the Task Force to Study Alternative Financial Investment
4 Bonds; providing for the composition, chair, and staffing of the Task Force;
5 prohibiting a member of the Task Force from receiving certain compensation, but
6 authorizing the reimbursement of certain expenses; requiring the Task Force to
7 study and make recommendations regarding alternative financial investment bonds;
8 requiring the Task Force to report its findings and recommendations to the Governor
9 and the General Assembly on or before a certain date; providing for the termination
10 of this Act; defining certain terms; and generally relating to the Task Force to Study
11 Alternative Financial Investment Bonds.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

13 That:

14 (a) (1) In this section the following words have the meanings indicated.

15 (2) “Alternative financial investment bond” means a certificate of equal
16 value representing undivided shares of ownership of tangible assets, usufructs, and
17 services, or the assets of particular projects or special investment activity.

18 (3) “Alternative financial investment bond agreement” means an
19 agreement for an alternative financial investment bond that:

20 (i) provides for a bond holder to pay a sum of money to the bond
21 issuer and identifies:

22 1. the assets, or a class of assets, that the bond issuer will
23 acquire for the purpose of generating income or gains, directly or indirectly; and

24 2. the termination date of the agreement; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) under the agreement, the bond issuer agrees:

2 1. to make a redemption payment, a repayment of the
3 capital, to the bond holder during or at the end of the bond term;

4 2. to pay to the bond holder additional payments, other
5 payments on one or more occasions during or at the end of the bond term; and

6 3. that the amount of the additional payments will not
7 exceed an amount that would be a reasonable commercial return on a loan of the capital.

8 (b) There is a Task Force to Study Alternative Financial Investment Bonds.

9 (c) The Task Force consists of the following members:

10 (1) one member of the Senate of Maryland, appointed by the President of
11 the Senate;

12 (2) one member of the House of Delegates, appointed by the Speaker of the
13 House;

14 (3) the State Treasurer, or the Treasurer's designee;

15 (4) the Executive Director of the Maryland Health and Higher Education
16 Facilities Authority;

17 (5) the Executive Director of the Maryland Economic Development
18 Corporation;

19 (6) the Chancellor of the University of Maryland, or the Chancellor's
20 designee who has expertise in issuing debt;

21 (7) the Secretary of Housing and Community Development, or the
22 Secretary's designee who has expertise in issuing debt; and

23 (8) the following members, appointed by the State Treasurer:

24 (i) one representative of a community organization with an
25 expressed interest in alternative financial investment bonds; and

26 (ii) one representative from the financial sector with expertise that
27 relates to alternative financial investment bonds.

28 (d) The State Treasurer shall chair the Task Force.

29 (e) The Department of Legislative Services shall provide staff for the Task Force.

1 (f) A member of the Task Force:

2 (1) may not receive compensation as a member of the Task Force; but

3 (2) is entitled to reimbursement for expenses under the Standard State
4 Travel Regulations, as provided in the State budget.

5 (g) The Task Force may consult with representatives of financial institutions that
6 manage or issue debt.

7 (h) The Task Force shall:

8 (1) study alternative financial investment bonds;

9 (2) make recommendations regarding the adoption and implementation of
10 alternative financial investment bonds in the State; and

11 (3) create a model investment instrument for the State that will be
12 compliant with the definition of alternative financial investment bonds and be regulated in
13 a manner consistent with traditional bonds and other debt instruments.

14 (i) On or before January 1, 2020, the Task Force shall report its findings and
15 recommendations to the Governor and, in accordance with § 2-1246 of the State
16 Government Article, the General Assembly.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
18 1, 2019. It shall remain effective for a period of 1 year and 3 months and, at the end of
19 September 30, 2020, this Act, with no further action required by the General Assembly,
20 shall be abrogated and of no further force and effect.