

Article - Environment

§9-1605.

(a) (1) There is a Maryland Water Quality Revolving Loan Fund. The Water Quality Fund shall be maintained and administered by the Administration in accordance with the provisions of this subtitle and such rules or program directives as the Secretary or the Board may from time to time prescribe.

(2) The Water Quality Fund is a special, continuing, nonlapsing fund which is not subject to § 7-302 of the State Finance and Procurement Article and which shall be available in perpetuity for the purpose of providing financial assistance in accordance with the provisions of this subtitle and Title VI of the Federal Water Pollution Control Act.

(3) Subject to the provisions of any applicable bond resolution regarding the holding or application of amounts in the Water Quality Fund, the Treasurer shall separately hold, and the Comptroller shall account for, the Water Quality Fund.

(4) (i) Except as provided in subparagraph (ii) of this paragraph, and subject to the provisions of any applicable bond resolution governing the investment of amounts in the Water Quality Fund, the Water Quality Fund shall be invested and reinvested in the same manner as other State funds.

(ii) The Administration, in cooperation with the Treasurer, may establish a linked deposit program to carry out the purposes of this subtitle and Title VI of the Federal Water Pollution Control Act.

(5) Any investment earnings shall be retained to the credit of the Water Quality Fund.

(6) The Water Quality Fund shall be subject to audit by the Office of Legislative Audits as provided for in § 2-1220 of the State Government Article.

(b) There shall be deposited in the Water Quality Fund:

(1) Federal capitalization grants and awards or other federal assistance received by the State pursuant to Title VI of the Federal Water Pollution Control Act and any funds transferred to the Water Quality Fund pursuant to § 302 of the federal Safe Drinking Water Act;

(2) Funds appropriated by the General Assembly for deposit to the Water Quality Fund;

(3) Payments received from any borrower in repayment of a loan, including amounts withheld by the State Comptroller and paid to the Administration pursuant to a pledge made by a borrower under § 9-1606(d) of this subtitle or § 7-222 of the State Finance and Procurement Article;

(4) Net proceeds of bonds issued by the Administration;

(5) Interest or other income earned on the investment of moneys in the Water Quality Fund; and

(6) Any additional moneys made available from any sources, public or private, for the purposes for which the Water Quality Fund has been established.

(c) (1) The Administration may establish accounts and subaccounts within the Water Quality Fund as may be considered desirable to:

(i) Effectuate the purposes of this subtitle;

(ii) Comply with the provisions of any bond resolution;

(iii) Meet the requirements of any federal law, or of any federal grant or award to the Water Quality Fund; or

(iv) Meet any rules or program directives established by the Secretary or the Board.

(2) The accounts and subaccounts established under paragraph (1) of this subsection may include:

(i) A federal receipts account;

(ii) A State receipts account;

(iii) A management and administration expense account;

(iv) A bond proceeds account;

(v) An account to segregate a portion or portions of the revenues or corpus of the Water Quality Fund as security for bonds of the Administration;

(vi) A loan repayment account; and

- (vii) An investment earnings account.
- (d) Amounts in the Water Quality Fund may be used only:
- (1) To make loans, on the condition that:
 - (i) The loans are made at or below market interest rates, including interest free loans, at terms not to exceed the lesser of 30 years or the projected useful life of the project;
 - (ii) Annual principal and interest payments will commence not later than 1 year after completion of any wastewater facility and all loans will be fully amortized on the expiration of the term of the loan;
 - (iii) The local government borrower will establish a dedicated source of revenue for repayment of loans;
 - (iv) In the case of a wastewater facility owned by a borrower other than a local government, the borrower will provide adequate security for repayment of loans; and
 - (v) The Water Quality Fund will be credited with all payments of principal and interest on all loans;
 - (2) To buy or refinance debt obligations of local governments at or below market rates, if such debt obligations were incurred after March 7, 1985;
 - (3) To guarantee, or purchase insurance for, bonds, notes, or other evidences of obligation issued by a local government for the purpose of financing all or a portion of the cost of a wastewater facility, if such action would improve credit market access or reduce interest rates;
 - (4) As a source of revenue or security for the payment of principal and interest on bonds issued by the Administration if the proceeds of the sale of such bonds will be deposited in the Water Quality Fund;
 - (5) To earn interest on Water Quality Fund accounts;
 - (6) To establish a linked deposit program to promote loans for controlling nonpoint sources of pollution and protecting the quality of the waters of the State;
 - (7) For the reasonable costs of administering the Water Quality Fund and conducting activities under Title VI of the Federal Water Pollution Control Act;

(8) For any other purpose authorized by Title VI of the Federal Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act; and

(9) To provide financial assistance in the form of grants, negative interest loans, forgiveness of principal, subsidized interest rates, and any other form of financial assistance as authorized or required by:

(i) The American Recovery and Reinvestment Act of 2009, as may be amended and supplemented;

(ii) Title VI of the Federal Water Pollution Control Act;

(iii) § 302 of the federal Safe Drinking Water Act; or

(iv) Federal appropriations or authorization acts.

(e) The costs of administering the Water Quality Fund shall be paid from federal capitalization grants and awards, from bond sale proceeds, and from amounts received from borrowers pursuant to loan agreements, and not from any State moneys appropriated to the Fund, except general funds of the State used to match federal capitalization grants and awards to the Water Quality Fund.