

## Article - Environment

§9-1605.1.

(a) (1) There is a Maryland Drinking Water Revolving Loan Fund. The Drinking Water Loan 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 Drinking Water Loan 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 the federal Safe Drinking Water Act.

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

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

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

(7) The Administration shall operate the Drinking Water Loan Fund in accordance with §§ 9-1616 through 9-1621, inclusive, of this subtitle.

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

(1) Federal grants and awards or other federal assistance received by the State for the purpose of making loans to borrowers for water supply systems and

any funds transferred from 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 Drinking Water Loan Fund;

(3) Payments received from borrowers for deposit to the Drinking Water Loan Fund 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 Drinking Water Loan Fund; and

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

(c) The Administration may from time to time establish accounts and subaccounts within the Drinking Water Loan Fund as may be deemed desirable to effectuate the purposes of this subtitle, to comply with the provisions of any bond resolution, to meet the requirements of any federal law, or of any federal grant or award to the Drinking Water Loan Fund, or to meet any rules or program directives established by the Secretary or the Board.

(d) Amounts in the Drinking Water Loan Fund may be used only:

(1) To make loans at or below market rates on the condition that:

(i) The local government borrower will establish a dedicated source of revenue;

(ii) In the case of a water supply system owned by a borrower other than a local government, the borrower shall provide adequate security for the repayment of the loan;

(iii) The Drinking Water Loan Fund will be credited with all payments of principal and interest on all loans; and

(iv) Annual principal and interest payments will commence not later than 1 year after completion of any drinking water facility and, except as

provided in § 130 of the federal Safe Drinking Water Act, all loans will be fully amortized not later than 20 years after project completion;

(2) To buy or refinance debt obligations of local governments issued by a local government for the purposes of financing all or a portion of the cost of a water supply system at or below market rates, if such debt obligations were incurred after July 1, 1993;

(3) To guarantee or purchase insurance for bonds, notes, or other evidences of indebtedness issued by a local government for the purposes of financing all or a portion of the cost of a water supply system, 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 Drinking Water Loan Fund;

(5) To earn interest on Drinking Water Loan Fund accounts;

(6) For the reasonable costs of administering the Drinking Water Loan Fund and conducting activities under any federal law that may apply to federal deposits to the Drinking Water Loan Fund;

(7) To establish a linked deposit program for loans in accordance with this subtitle and the federal Safe Drinking Water Act;

(8) For loan subsidies for disadvantaged communities as provided by the federal Safe Drinking Water Act, including but not limited to loan forgiveness, provided that such loan subsidies shall not exceed 30% of the annual federal capitalization grant received by the Administration;

(9) For any other purpose authorized for any federal funds deposited in the Drinking Water Loan Fund including, without limitation, any purpose authorized by the federal Safe Drinking Water Act, including source water protection expenditures eligible for assistance from the Drinking Water Loan Fund; and

(10) 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) § 302 of the federal Safe Drinking Water Act;

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

(iv) Federal appropriations or authorization acts.

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