Bill No. 22-21

Concerning: Amendments to various finance and related code sections

Introduced: September 6, 2022

Revised: __________ Draft No. _______

Enacted: October 25, 2022

Effective: December 24, 2022

Expires: December 5, 2022

Frederick County Code, Chapter 1-8, 1-11, 2-7, 2-13

Section(s) Various

COUNTY COUNCIL
FOR FREDERICK COUNTY, MARYLAND

By: Council President Keegan-Ayer on behalf of County Executive Jan Gardner

AN ACT to: amend various finance code sections to reflect the proper County departments and other minor changes for consistency purposes.

Date Council Approved: 10/25/2022

Date Transmitted to Executive: 10/27/2022

Executive: Jan H Gardner

Date Received: 10/27/2022

Approved: ✓

Date: 10/27/2022

Vetoed: ____________________

Date: ____________________

Date returned by County Executive with no action: ______________

By amending:

Frederick County Code, Chapter, 1-8, 1-11, 2-7, 2-13 Section(s) Various

Other: ____________________

Boldface	*Heading or defined term.*
Underlining	*Added to existing law.*
[Single boldface brackets]	*Deleted from existing law.*
* * *	*Existing law unaffected by bill.*

Bill No. 22-21__________

The County Council of Frederick County, Maryland, finds it necessary and appropriate to amend various finance code sections to reflect the proper County departments and other minor changes for consistency purposes.

NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND, that the Frederick County Code be, and it is hereby, amended as shown on the attached Exhibit 1.

M. C. Keegan-Ayer

M.C. Keegan-Ayer, President
County Council of Frederick County, CK
Maryland

Exhibit 1

CHAPTER 1-8: FINANCE AND TAXATION

§ 1-8-3. PROPERTY TAX CREDITS.

Pursuant to Md. Code Ann., [Art. 81, § 9C(a)] Tax Property Article §9-312, the following rules and regulations are adopted governing county property tax credits under such § [9C] 9-312.

(A) Any person, organization or entity eligible for a tax credit under § [9C] 9-312 shall file with the C[c]ounty an application for a tax credit for each taxable year. Such application may be made at any time up to October 1 of any given taxable year; provided, that if no application is received on or before that date, any credit hereunder shall not be allowed. Any application shall be made under oath or affirmation.

(B) Application shall be made on forms prepared by the C[c]ounty. These rules and regulations shall not govern any tax credit for property in any historical district, but tax credits for any property within an historical district shall be governed by the regulations adopted by the C[c]ounty on April 7, 1975.

(C) These rules and regulations shall be administered by the County Executive.

(D) Notice of [the] each credit that the taxpayer is entitled to under Tax Property Article §9-312 shall be given to [each] the taxpayer [entitled to a credit] at the time the tax bill is sent [to him].

(E) Except as otherwise provided in this section, [T]the credit allowed, if the applicant is eligible, shall be the total assessed value of the property multiplied by the C[c]ounty ordinary tax rate.

(F) In the event a qualified applicant pays more C[c]ounty taxes than due for a tax year in which the applicant is qualified for a tax credit under Md. Code Ann., [Art. 81, § 9C] Tax-Property §9-312, the County Treasurer is hereby authorized to refund any C[c]ounty taxes collected in excess of the amount due as determined by the C[c]ounty.

(G) In the event an applicant is determined by the C[c]ounty to be eligible under the law and these regulations for a tax credit and the taxes for the taxable year have not been paid, the County Treasurer is hereby directed to give a credit on the C[c]ounty taxes due in an amount calculated as provided in paragraph (E), and the administrative assistant is authorized and directed to issue a tax credit certificate on a form to be devised by him which shall be accepted by the County Treasurer as evidence of any credit due under this section, and the County Treasurer shall collect only any amount due for taxes after deducting the amount of the tax credit.

§ 1-8-51. RECORDATION TAX RATE AND ALLOCATION OF PROCEEDS.

(A) *Definitions*. In this section, the following terms shall have the meanings indicated.

AG. The Agriculture Article of the Maryland Code Annotated.

CODE. The Frederick County Code.

COUNTY. Frederick County, Maryland.

CRITICAL FARMS PROGRAM. The Frederick County Critical Farms Program, created by Ord. 94-02-097, codified at § 1-13-34 of the Code.

FREDERICK COUNTY AGRICULTURAL LAND PRESERVATION PROGRAM. The Frederick County Agricultural Land Preservation Program created on May 28, 1991, pursuant to the provisions of AG § 2-512.

HOUSING INITIATIVE FUND. A fund established by the C[c]ounty to facilitate affordable housing. See § 1-6A-3 of the Code.

INSTRUMENT OF WRITING. The meaning set forth in TP § 12-101[(c)] (i).

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION PROGRAM. The Maryland Agricultural Land Preservation Foundation Program established and codified in AG [§]§ 2-501 *et seq.*

NR. The Natural Resources Article of the Maryland Code Annotated.

PROCEEDS FROM THE RECORDATION TAX. The proceeds the County receives from the recordation tax after any payment required by law to the State of Maryland.

RECORDATION TAX. The recordation tax authorized by TP [§]§ 12-102 *et seq.*

RURAL LEGACY PROGRAM. The Rural Legacy Program established and codified in NR [§]§ 5-9A-01 *et seq.*

TP. The Tax-Property Article of the Maryland Code Annotated.

(B) *Recordation tax rate*. Pursuant to TP § 12-103(B)(1), the C[c]ounty hereby sets the recordation tax rate at $7 for each $500 or fraction of $500 of consideration payable or of the principal amount of the debt secured for an instrument of writing. The consideration includes the amount of any mortgage or deed of trust assumed by the grantee(s).

(C) *Allocation of unrestricted proceeds from the recordation tax.* For fiscal year 2021 48.710%, for fiscal year 2022 48.290%, and for fiscal year 2023 and thereafter 47.860% of the proceeds from the recordation tax shall be unrestricted and shall go to the County General Fund.

(D) *Allocation of restricted proceeds from the recordation tax.* The C[c]ounty hereby restricts for fiscal year 2021 51.290%, for fiscal year 2022 51.710% and for fiscal year 2023 and thereafter 52.140% of the proceeds from the recordation tax. The use of the funds from the restricted portion of the proceeds from the recordation tax is limited as follows.

(1) 25.000% of the proceeds from the recordation tax shall be used for:

(a) The County's matching contribution toward the purchases of agricultural land preservation easements under the Maryland Agricultural Land Preservation Fund Program as set forth in AG [§]§ 2-501 *et seq.*;

(b) The purchase of development rights and to guarantee loans that are collateralized by development rights for agricultural lands under the Frederick County Agricultural Land Preservation Program pursuant to AG § 2-512(E)(2);

(c) The purchase of options to purchase development rights easements pursuant to § 1-13-34(H) of the Critical Farms Program and to purchase development rights easements pursuant to § 1-13-34(I) of the Critical Farms Program;

(d) The purchase of development rights, easements, or fee estates under the Rural Legacy Program;

(e) Other agricultural land preservation programs approved by the C[c]ounty; or

(f) Some combination of the above programs.

(2) 10.710% of the proceeds from the recordation tax shall be used for the County's acquisition and development of recreational and open space land.

(3) 14.290% of the proceeds from the recordation tax shall be used to support school construction to include, but not be limited to, payment of debt service on general obligation debt issued to fund school construction.

(4) For fiscal year 2021 1.290%, for fiscal year 2022 1.710%, and for fiscal year 2023 and thereafter 2.140% of the proceeds from the recordation tax shall be deposited into the Housing Initiative Fund and used to facilitate affordable housing in the C[c]ounty.

§ 1-8-67. ELDERLY INDIVIDUALS AND UNIFORMED SERVICE MEMBERS PROPERTY TAX CREDIT.

(A) Under the authority in Md. Code Ann., Tax Property Article § 9-258 the County grants a property tax credit against the C[c]ounty property tax imposed on the dwelling of an eligible individual.

(B) (1) In this section, the following words have the meanings indicated.

(2) (a) "Dwelling" means:

(i) A house that is:

A. Used as the principal residence of the homeowner; and

B. Actually occupied or expected to be actually occupied by the homeowner for more than 6 months of a 12-month period beginning with the date of finality for the taxable year for which the property tax credit under this section is sought; and

(ii) The lot or curtilage on which the house is erected.

(b) "Dwelling" includes:

(i) A condominium unit that is occupied by an individual who has a legal interest in the condominium;

(ii) An apartment in a cooperative apartment corporation that is occupied by an individual who has a legal interest in the apartment; and

(iii) A part of real property used other than primarily for residential purposes, if the real property is used as a principal residence by an individual who has a legal interest in the real property.

(3) "Eligible individual" means:

(a) An individual who is at least 65 years old and has lived in the same dwelling for at least the preceding 40 years, and has a combined gross household income of $80,000 or less;

(b) An individual who is at least 65 years old and is a retired member of the uniformed services of the United States as defined in 10 U.S.C. § 101, the military reserves, or the National Guard;

(c) A surviving spouse, who is at least 65 years old and has not remarried, of a retired member of the uniformed services of the United States as defined in 10 U.S.C § 101, the military reserves, or the National Guard;

(d) An individual who:

(1) Is an active duty, retired or honorably discharged member of the uniformed services of the United States as defined in 10 U.S.C § 101, the military reserves, or the National Guard; and

(2) Has a service connected disability;

or:

(e) A surviving spouse of an individual described under item d of this paragraph who has not remarried.

(C) (1) The property tax credit allowed under this section is:

(a) 20% of the County property tax imposed on the property net of any property tax credit granted under Md. Code Ann., Tax Property Article § 9-105; and

(b) Granted for a period of up to 5 taxable years as long as the eligible individual continues to satisfy all the requirements.

(2) The property tax credit authorized by this section shall apply only in taxable years beginning on or after July 1, 2022.

(D) A property tax credit under this section may not be provided in any taxable year in which a property tax credit under § 1-8-66 or § 1-8-68 is allowed.

(A) This property tax credit shall be calculated only on the lesser of:

(1) $500,000 or

(2) The assessed value of the dwelling reduced by the amount of any assessment on which a property tax credit is granted under Md. Code Ann., Tax Property Article, § 9-105.

(F) (1) To be eligible for this property tax credit, a property owner must submit an application to the [Director of Treasury]County Treasurer on or before [April] October 1 [in advance] of each taxable year [that] in which this property tax credit is sought.

(2) An application must:

(a) Be on the form that the County Treasurer [director] requires;

(b) Demonstrate that the taxpayer satisfies all requirements for this credit; and

(c) Applicants who are applying under paragraphs (B)(3)(d) or (B)(3)(e) as a retired or honorably discharged member of the uniformed services of the United States as defined in 10 U.S.C. § 101, military reserves, or the National Guard, or surviving spouse thereof, must provide the following information:

(1) A copy of the veteran's discharge certificate; and

(2) On the form provided by the County, a certification of the applicant's disability from the Department of Veterans Affairs.

(d) Applicants who are applying under paragraphs (B)(3)(d) or (B)(3)(e) as a retired or honorably discharged member of the uniformed services of the United States as defined in 10 U.S.C. § 101, military reserves, or the National Guard, or surviving spouse thereof, must provide documentation satisfactory to the Treasurer that verifies the service-connected disability.

(G) The County Treasurer [Director of Finance] may adopt guidelines, regulations, or procedures to administer this section.

(H) (1) This property tax credit applies only to C[c]ounty property tax and does not apply to any other tax, including any special taxing district tax, fire and rescue district tax, electric lighting district tax or any tax imposed by the S[s]tate, a municipality or any other governmental entity.

(2) The amount of this property tax credit may not exceed the amount due for net Frederick County real property tax.

§ 1-8-68. DISABLED VETERANS PROPERTY TAX CREDIT.

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(E) *Application.*

(1) A disabled veteran or a surviving spouse of a disabled veteran shall apply for the property tax credit under this section by providing to the C[c]ounty Treasurer:

(a)

A copy of the disabled veteran's discharge certificate from active military, naval, or air service; and

(b) On the form provided by the C[c]ounty, a certification of the disabled veteran's disability from the Department of Veterans Affairs.

(2) The disabled veteran's certificate of disability may not be inspected by individuals other than:

(a) The disabled veteran; or

(b) Appropriate employees of the C[c]ounty.

(F) *Duration.* The tax credit shall be available each taxable year that a disabled veteran is eligible as determined in subsection (C). An application must be filed each taxable year that the credit is sought.

(G) *Surviving spouse.* The surviving spouse of an eligible disabled veteran, who has not remarried, shall be eligible to apply for the property tax credit for a maximum of five taxable years following the death of the eligible disabled veteran.

(H) *Time for filing of application.* An application for, or renewal of, the tax credit created by this section shall be filed on or before October [April] 1 of each [immediately before the] taxable year for which the tax credit is being sought. If the application or renewal is filed after October [April] 1, the credit shall be disallowed that year but shall be treated as an application or renewal for a tax credit for the following taxable year.

§ 1-8-303. REHABILITATED VACANT COMMERCIAL STRUCTURES TAX CREDIT.

(A) This real property tax credit shall be known as the rehabilitated vacant commercial structures tax credit and is authorized, and subject to, the provisions set forth in the Md. Code Ann., Tax Property Article, § 9-236.

(B) To be eligible to participate in this program, a vacant structure (sometimes hereafter referred to as "property" or "properties") may be located anywhere within Frederick County, assuming the following qualifying requirements are satisfied.

Underlining *indicates matter added to existing law.*
[Single boldface brackets and ~~strikethrough~~] *indicate matter deleted from existing law.*
*** - *indicates existing law unaffected by bill.*

(C) To qualify for a rehabilitated vacant commercial structures tax credit, a structure must meet the following requirements:

(1) The structure must be used, or have been used, for non-residential purposes and be located in a zone permitting commercial or industrial use.

(2) A single occupant structure must have been completely vacant for a period of not less than 18 of the previous 24 months prior to the commencement of rehabilitation or application for this rehabilitated vacant commercial structures tax credit.

(3) A multiple tenant structure, such as but not limited to a shopping center, may qualify if the portion of the structure to be rehabilitated is vacant and actively listed for lease or sale with a commercial broker for a period of not less than 18 of the previous 24 months prior to the commencement of rehabilitation or application for this rehabilitated vacant commercial structures tax credit.

(4) Only rehabilitation of existing structures is eligible — new construction is not eligible.

(5) The structure (whether a single occupant building or a multiple tenant structure) must have been constructed no fewer than 5 years prior to the submission of an application by the property owner pursuant to subsection (I) below.

(6) Where a structure is being used, or has been used, for both residential and non-residential use, and the structure otherwise qualifies, this rehabilitated vacant commercial structures tax credit shall only be available for the rehabilitated non-residential portion of the structure.

(D) Qualifying structures shall not be eligible for the rehabilitated vacant commercial structures real property tax credit for longer than 7 consecutive years after first qualifying for this property tax credit. The first tax year the tax credit shall become available for a qualifying structure shall be the first tax year in which its C[c]ounty property taxes would otherwise have increased due to the qualifying rehabilitation project (the "first tax year"). The last tax year this C[c]ounty property tax credit shall be available shall be the sixth tax year that follows the first tax year.

(E) The amount of this tax credit will be calculated based upon the schedule set forth below upon completion of the construction of the rehabilitation project:

Tax Credit Schedule			
Years	*Based on Cost of Rehabilitation Project/Change in Assessed Value*		
	< $1.0 million	*$1.0 to $4.0 million*	*> $4.0 million*
1	100%	100%	100%
2	100%	100%	100%
3	100%	100%	100%
4	80%	100%	100%

Tax Credit Schedule			
5	60%	75%	100%
6	40%	50%	66%
7	20%	25%	33%
8	0% exempt	0% exempt	0% exempt

(F) The amount of a tax credit granted under this rehabilitated vacant commercial structures tax credit may not exceed the property tax increase attributable to the increase in the assessment of the real property over the assessment before the real property is rehabilitated. This property tax credit will be determined based upon the lesser of:

(1) The increase in the assessed value of the property attributable to the rehabilitation project, over the assessed value before the property was rehabilitated; or

(2) The cost expended for the rehabilitation project.

(G) The owners of otherwise qualifying properties shall provide pedestrian and vehicular connections to adjacent commercial properties acceptable to the C[c]ounty; failure to do so at [anytime] any time shall render a property ineligible for continued participation in this tax credit program.

(H) This property tax credit shall be a credit only from the C[c]ounty real property tax imposed pursuant to Md. Code Ann., Tax Property Article § 6-202 and shall not be a credit from any special taxing district tax including, but not limited to tax for fire and rescue services, imposed pursuant to Maryland or Frederick County law.

(I) Property owners shall file annually (on or before April 30 of each calendar year) an application for the tax credit allowed under this provision with the [Chief Administrative Officer] County Treasurer; failure to do so shall mean that an otherwise qualifying property shall not be entitled to receive this tax credit for the following tax year (July 1 through June 30).

CHAPTER 1-11: HEALTH AND SANITATION

Article II: Nursing Homes; Assisted Living

§ 1-11-21. NURSING HOME OPERATION.

The C[c]ounty shall operate Citizens [Nursing Home] Care and Rehabilitation Center of Frederick County, Maryland and Montevue Assisted Living and shall exercise all of the powers and duties authorized in state law.

CHAPTER 2-7: FINANCE AND TAXATION

§ 2-7-29. Reserved. [Bond.

The board of county commissioners shall provide a bond for the county treasurer in an amount and in a form that the county commissioners determine appropriate.]

CHAPTER 2-7: FINANCE AND TAXATION

Article IV: [County] Independent Auditor and County Auditor

§ 2-7-66. Appointment; vacancies; oath.

The [board of county commissioners] County Council shall, on or before the first day of April appoint a certified public accountant, duly licensed under the laws of the S[s]tate, of good standing and experienced in auditing, who shall be designated as the [external] independent auditor for the C[c]ounty and who shall serve at the pleasure of the [board of county commissioners] County Council for a period coextensive with the term of the [board of county commissioners] County Council.

§ 2-7-67. To set up system of bookkeeping or accounts.

The C[c]ounty financial records shall be maintained in such a manner that will present fairly and with full disclosure the financial position results of financial operations of the fund and account groups in conformity with generally accepted accounting principles. Where conflicts between legal provision and generally accepted accounting principles occur the accounting system shall be maintained on a legal compliance basis but should include sufficient additional records to permit reporting based on generally accepted accounting principles.

§ 2-7-68. Annual Audit [examination of books, vouchers, etc].

The [external] independent auditor shall perform an annual audit in accordance with generally accepted auditing standards of the comprehensive financial statement of the C[c]ounty [commissioners, board of education, and the Frederick Community College]. The [external] independent auditor shall issue an opinion as to whether the statement fairly presents the financial position of the County [those entities included] in the report.

§ 2-7-69. Authority to require production of books, papers, etc. and appearance of witnesses.

(a) The C[c]ounty A[a]uditor may order the production of all records and materials necessary to perform audits of the [board of county commissioners] County, including the Board of Education and Frederick Community College. [board of county commissioners, the county treasurer, the county board of education, the county sheriff, and the county community college.] The County Auditor may examine the records and materials of any commission or agency that receives an appropriation from the [board of county commissioners] County Council.

(b) The [internal] County A[a]uditor may order the production of all records and materials necessary to perform audits of any commission or agency that receives an appropriation from the [board of county commissioners] County Government.

§ 2-7-70. Annual Review[audit].

(a) Notwithstanding any other provision of this article, the C[c]ounty A[a]uditor[, before the first day of November] annually may make an audit or review in accordance with generally accepted government auditing standards of the [general purpose] financial or performance data [statements] of the County or any commission or agency that receives an appropriation from the County, including the Board of Education and Frederick Community College [board of county commissioners, county treasurer, county board of education, Frederick Community College, county roads board, and Sheriff of the county].

(b) At the direction of the [board of county commissioners] County Council, the C[c]ounty A[a]uditor may examine the books, papers, accounts, records, and Payment V[v]ouchers of any agency or entity expending funds appropriated by the [board of county commissioners] County Government.

(c) In addition, any internal auditors appointed by the [board of county commissioners] County Council may likewise examine the books, papers, accounts, records, and Payment V[v]ouchers of the agencies named above or any agency or entity expending C[c]ounty funds appropriated by the [board of county commissioners] County Government.

[(d) The C[c]ounty A[a]uditor shall also have the authority contained in § 2-7-69 of this Code concerning the Frederick Community College.]

§ 2-7-71. Tax levy for examinations, audits, etc.

The [board of county commissioners] County Council is hereby directed and authorized in its levy for taxes to include therein such sum as in its discretion may be deemed necessary from year to year to pay for the examinations, audits, accounts and reports provided for in this article.

§ 2-7-72. Publication of auditor's annual report.

The [board of county commissioners] County shall have published an Annual Comprehensive Financial Report [a comprehensive annual financial statement] in accordance with generally accepted accounting principles which shall include the [external] independent auditor's certificate on the accuracy of the presentation. Copies of [the statement] this report shall be available online on the County website [at the offices of the board of county commissioners] for interested citizens.

§ 2-7-103. Notice and conduct.

(a) (1) On or before March 1 each year the C[c]ounty T[t]reasurer shall make a[n alphabetical] list by election districts in their numerical order of taxes due July first of the preceding year and now in arrears. The list shall contain:

Underlining *indicates matter added to existing law.*
[Single boldface brackets and ~~strikethrough~~] *indicate matter deleted from existing law.*
*** - *indicates existing law unaffected by bill.*

(i) The names of the persons or corporations assessed with property upon which taxes are due and in arrears;

(ii) A brief description of the property certain of identification; and

(iii) The amount of the tax levied and in arrears, with the interests and costs accrued, and to accrue thereon, to the day of sale.

(2) The C[c]ounty T[t]reasurer shall notify the person or corporation by mail that if the tax is not paid on or before the next second Monday in May, together with the interest accrued thereon and the proportional costs of notice and fees, the C[c]ounty T[t]reasurer will proceed [at 10:00 a.m.] on the second Monday in May, [at the public place in the county designated in the notice,] to offer each of such parcels of land and premises for sale to the highest bidder for cash.

(3) The list and notice shall be published in at least one newspaper with a general circulation in the county [of at least 20,000] once a week for three consecutive weeks prior to the second Monday in May.

(b) On the second Monday in May, the C[c]ounty T[t]reasurer shall [, at the hour and place named in such advertisement,] proceed to sell all such pieces or parcels of land and premises. The County T[t]reasurer shall begin with the first on such lists and so on in order, upon which taxes, interests, costs and fees have not been paid, and shall continue such sale on each secular day, legal holidays excepted, [from 10:00 a.m. until 3:00 p.m.,] until every parcel has been offered. Should the C[c]ounty T[t]reasurer, by reason of illness or other disability, be unable to attend or conduct such sale, his or her designee [in person, a deputy] shall conduct such sale.

Chapter 2-13: WATER, SEWER, DRAINS, AND SOLID WASTE
§ 2-13-13. Bonds authorized generally.

(a) For the purpose of providing funds for the design, construction, establishment, purchase, or condemnation of water, sewerage, drainage, and solid waste systems in Frederick County pursuant to this chapter, the C[c]ounty is hereby authorized and empowered to borrow money, from time to time, and to evidence such borrowing by the issuance of bonds, which shall constitute a pledge of the full faith and credit and unlimited taxing power of the C[c]ounty. [The authority hereby conferred is subject to the limitation that the county shall issue no amount of bonds pursuant to this section if, by the issuance thereof, the total unpaid bonded indebtedness under this section, less the amount of any sinking funds or reserves for payment of bonds previously issued, shall exceed six (6) per centum of the total assessed valuation of all property in Frederick County, subject to unlimited county taxation during the fiscal year of the county most recently concluded.]

(b) The bonds of each issue shall be designated, shall be dated and shall bear interest at such rate or rates, shall mature in such amount or amounts and at such time or times not exceeding 40 years from their date or dates of issue, as may be determined by the [board] C[c]ounty, and may be made redeemable before maturity, at the option of the [board] C[c]ounty, at such price or prices and under such terms and conditions as may be fixed by the [board] C[c]ounty prior to the issuance of the bonds. The [board] C[c]ounty may provide for creation of a sinking fund or funds for the payment of the bonds at or prior to their maturity date or dates. The [board] C[c]ounty shall determine the form of the bonds, including any interest coupons to be attached thereto, and the manner of execution of the bonds, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company, and any other matter relating to the form, terms, conditions, issuance, sale and delivery of the bonds. In case any officer whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds or shall become such after the date of issue thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery or had held said office on said date of issue. The bonds may be issued in coupon or in registered form, or both, as the [board] C[c]ounty may determine, and provision may be made for the registration of any coupon bonds as to principal alone, or as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The C[c]ounty may sell such bonds in such manner, either at public or private sale, and for such price, as the [board] C[c]ounty may determine to be in the best interest of the C[c]ounty. At any time prior to the issuance of any such bonds the [board] County may, in addition to any sums appropriated under any other provision of law, advance such sums as may be necessary to cover the expense of issuance of such bonds, which shall be treated and repaid as part of the cost of the project or projects financed with the proceeds of any such bonds.

(c) [The resolution authorizing any bonds issued pursuant to this chapter to finance a drainage system also shall identify the drainage area established pursuant to § 2-13-8 in which any drainage system is to be built and state the amount being borrowed for the drainage area.]
[(d)] The proceeds of such bonds shall be used solely for the payment of the cost of the project or projects on account of which such bonds are issued and the cost of issuance of such bonds and shall be disbursed in such manner and under such restrictions, if any, as the [board] County may provide in the authorizing resolution. If the proceeds of such bonds, by error of estimates or otherwise, shall be less than such cost, additional bonds may in like manner be issued to provide the amount of such deficit, and, unless otherwise provided in the authorizing resolution, shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued for the same purpose. [If the proceeds of the bonds of any issue shall exceed the amount required for the purpose for which such bonds shall have been issued, the board may, by appropriate resolution, apply all or a part of such surplus to payment of all or a part of the cost of an additional project or projects. Any of such surplus not so applied shall be used for the retirement of bonds of such issue.]

[(e)] (d) In every case where the proceeds of any such issue of bonds are expended for the cost of one or more projects, the [board] County shall cause separate capital accounts to be created for each such project, among which the bond proceeds shall be divided and from which the separate costs of each such project shall be paid. In connection with the proceeds of any issue of bonds expended for the purchase, expansion or development of water and sewer systems to be acquired, constructed or reconstructed by the C[c]ounty and consolidated with the C[c]ounty's system and to the extent practicable after giving due consideration to the financial condition of the county and the C[c]ounty's ability to incur indebtedness for any other purposes, the C[c]ounty shall endeavor to provide for annual debt service on such issue of bonds from the funds provided by connection charges described in § 2-13-22. If necessary, the C[c]ounty shall levy special assessments or other charges with respect to each such system in such a manner as to provide a proportionate share of the annual debt service on the issue of bonds equal to the proportion of the proceeds of the issue expended for the system.

[(f)] (e) The C[c]ounty's full faith and credit and unlimited taxing power shall be unconditionally pledged to the payment of the principal of and interest on any bonds issued pursuant to this section. In the event that the funds available to the C[c]ounty from all sources are insufficient to pay any bonds issued hereunder, together with the interest due thereon, the [board on behalf of the] C[c]ounty, in each and every fiscal year in which bonds are outstanding, shall levy and collect ad valorem taxes upon all the legally assessable property within the corporate limits of Frederick County in rate and amount sufficient to provide for such payments when due, together with accrued interest to the date of payment. In the event the proceeds from the taxes so levied in any fiscal year are inadequate for the above purposes, the [board on behalf of the] C[c]ounty shall levy additional taxes in the succeeding fiscal year to make up any deficiency.

§ 2-13-14. Revenue bonds.

(a) For the purpose of providing funds for the design, construction, establishment, purchase, or condemnation of water, sewerage, drainage, and solid waste systems in Frederick County pursuant to this chapter, the C[c]ounty is hereby authorized and empowered, in addition to the authority and power conferred by § 2-13-13 of this chapter, to borrow money in such amounts as may be needed for said purpose and to evidence such borrowing by the issuance and sale of its revenue bonds, payable as to principal and interest solely from the proceeds of special benefit assessments and other charges imposed and made by the C[c]ounty on the project or projects so financed with the proceeds of the bonds, which revenues the C[c]ounty is hereby authorized to pledge to such payment. The [board] C[c]ounty is hereby authorized and empowered to fix and determine the form and tenor of said revenue bonds, the denominations thereof, the rate or rates of interest payable thereon, the maturity date or dates thereof, the place or places of payment thereof, the method and manner of sale thereof and all other matters related to the form, terms, conditions, issuance, sale, and delivery of the revenue bonds, all as provided in § 2-13-13 of this chapter. The amount of such revenue bonds which may be issued by the C[c]ounty shall be limited only by the cost of the project or projects to be financed thereby. Such revenue bonds shall not constitute an obligation of, or a pledge of the faith and credit of, the C[c]ounty or the S[s]tate of Maryland, but on the contrary, the principal and interest thereof are payable solely from the revenues prescribed therein or in the resolution or trust indenture authorizing the same and each revenue bond shall so state.

(b) The [board] County is hereby authorized and empowered, in its discretion, to secure any revenue bonds issued hereunder by an appropriate trust indenture by and between the C[c]ounty and a corporate trustee, which may be any trust company, or bank having trust powers, within or outside the state. Every such trust indenture shall clearly recite that such bonds are limited obligations of the C[c]ounty, payable solely from the revenues therein prescribed, and do not constitute general obligations of the C[c]ounty or of the State of Maryland and that the faith and credit and taxing power of the C[c]ounty or the State of Maryland are not pledged to the payment of the bonds. Any such trust indenture may contain covenants on the part of the county, not contrary to law, deemed necessary or appropriate by the [board] County for the proper security of the purchasers of any such bonds, but the C[c]ounty shall not enter into any covenant which will permit the trustee or bondholders in any manner to sell or otherwise divest the C[c]ounty of its title to any project or projects financed with the proceeds of any such bonds, without the prior written consent of the C[c]ounty. Subject to the foregoing limitation, any such trust indenture may contain covenants for the protection of bondholders relating to all or any of the following:

(1) The nature, extent and procedure for acquiring or constructing any project or projects and the supervision thereof;

(2) The maintenance and operation of any such project or projects and the supervision thereof and the employment of consulting engineers, auditors, attorneys and other experts in connection with any such acquisition, construction, maintenance or operation;

(3) The terms and provisions of the bonds and the securing of the proceeds thereof, the imposition and collection of assessments, charges and rentals for the use of any such project or projects and the use, application and security of any revenues so collected, including the establishment, deposit and securing from any such revenues for debt service on, or prior redemption of, any such revenue bonds, or for the maintenance, operation and improvement of any such project or projects;

(4) The insurance on any such project or projects;

(5) The issuance of additional revenue bonds for any such project or projects and the limitations thereon;

(6) The powers, duties and indemnification of any trustee, or its successor party to any such trust indenture;

(7) The rights and remedies of said trustee and of bondholders in the event of any default by the C[c]ounty under any such trust indenture, which rights and remedies may include the taking over of any operation by said trustee or by a receiver appointed by a court of competent jurisdiction of the project or projects financed with the proceeds of any such issue of revenue bonds secured by such trust indenture, and the marshaling of the revenues from any such project or projects for the use and benefit of bondholders. In addition to the covenants enumerated above but subject to the limitations herein contained, the C[c]ounty y is hereby authorized and empowered to make such further additional covenants in any such trust indenture, of like or different character as, in its judgment, may be necessary, convenient or desirable for the better security of any issue of its revenue bonds secured by any such trust indenture or as will, in its judgment, tend to make any such bonds more marketable.

§ 2-13-15. Refunding bonds.

[(a)] The [board] County may provide for the issuance of bonds under this section at any time or times for the purpose of refunding any bonds of:

(1) The district, a body politic and corporate created by the C[c]ounty pursuant to the provisions of Title 9, Subtitle 6 of the Environment Article of the Annotated Code of Maryland;

(2) The Sanitary commission; and

(3) The C[c]ounty, acting pursuant to this chapter, which are then outstanding, including the payment of any redemption premium thereon and any interest accrued or to accrue to the earliest or any subsequent date of redemption, purchase or maturity of the bonds. Refunding bonds may be issued in an amount in excess of that of the bonds to be refunded, but the proceeds of sale of refunding bonds, after payment of all costs of issuance of said bonds, may only be used to refund the bonds described in this paragraph. The powers granted and the limitations imposed by [§]§ 2-13-13 and 2-13-14 of this chapter shall also apply to the issuance of refunding bonds pursuant to this section.

[(b) For the purpose of determining whether refunding bonds issued under this section are within the debt limitation specified in § 2-13-13 of this chapter, the amount of bonds or other obligations to be refunded shall be subtracted from, and the amount of refunding bonds to be issued shall be added to, the aggregate of the county's outstanding bonds under this chapter.]

§ 2-13-16. Interim receipts and/or temporary bonds.

Prior to the preparation of the definitive bonds authorized to be issued by [§]§ 2-13-13, 2-13-14 and 2-13-15 of this chapter, the [commission] C[c]ounty may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds, when such definitive bonds have been executed and are available for delivery. With respect to any such bonds, coupons, temporary bonds, receipts or bond anticipation notes which have matured, been exchanged or redeemed, the [board] County shall make arrangements for the mutilation and cremation of any such instruments after an appropriate accounting therefor, and the [board] County may also provide for the replacement of any of them which shall become mutilated or be destroyed or lost, upon receipt of such indemnification, and the payment of the expenses of replacement as the [[board] County in its discretion may deem proper or requisite.

§ 2-13-17. Status of bonds.

With respect to any bonds issued under [§]§ 2-13-13, 2-13-14, or 2-13-15:

(1) Such bonds are investment securities under the laws of this state, notwithstanding any other provision of law or any recitals in the instruments; and

(2) [Such bonds and their issuance and sale are exempt from the provisions of the Sections 9, 10, and 11 of Article 31 of the Annotated Code of Maryland;

(3) The bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by this state or by any of its political subdivisions, municipal corporations, or public agencies of any kind; and

(4)] For purposes of issuance and sale, such bonds may be consolidated into a single issue with any other bonds authorized to be issued by the [board] County.

§ 2-13-18. Special assessments for water or sewerage systems.

(a) For the purpose of paying the interest on and principal of the bonds issued by the C[c]ounty as in this chapter provided for the water and sewerage systems to be constructed, purchased, or established under this chapter, the [board] County may fix an annual assessment on all properties, improved or unimproved, binding upon a street, road, lane, alley, or right-of-way in which a water main or sewer has been built. The annual assessment shall be made upon the front foot basis, and the first payment shall be collected during the year in which the construction is completed on the water supply or sewerage system or in which the systems are purchased or acquired. All sums collected by the [board] County for benefits levied against the property for water or sewerage construction shall be set aside as a separate fund to be known and designated as the front foot benefit assessment fund.

(b) The [board] County for the purpose of assessing benefits shall divide all properties binding upon a street, road, lane, alley, or right-of-way, in which a water pipe or sanitary sewer is to be laid, into four (4) classes, namely: agricultural, small acreage, industrial or business, and residential, and the [board] County may subdivide each of these classes in such manner as it deems to be in the public interest. Whenever any water or sewerage project in the service area has been completed and declared ready for service, the [board] County shall fix and levy an assessment for the remainder of the fiscal year on a pro rata basis upon all property in the service area abutting upon the water main or sewer, in accordance with the classification or subdivision thereof; and it shall in writing notify all owners of the properties into which class and subdivision their respective properties fall and the charge determine upon, naming also in the notice a time and place, when and at which time the owner will be heard. Such notice may be mailed to the last known address of the owner, or served in person upon any adult occupying the premises or in case of a vacant or unimproved property, posted upon the premises.

(c) The classification of and the benefit assessment made against any property by the [board] County is final, subject only to revision at the hearing. The [board] County may change the classification of properties from time to time as the properties change in the uses to which they are put. The benefit assessment shall be levied for water supply and sewerage construction and shall be based for each class of property upon the number of front feet abutting upon the street, lane, road, alley, or right-of-way in which the water pipe or sewer is placed; provided, however, that in the case of any irregular shaped lot abutting upon a road, street, lane, alley, or right-of-way in which there is or is being constructed a water or sewer system at any point, the lot shall be assessed for such frontage as the [board] County may determine to be reasonable and fair; and provided further that no residential property may be assessed on more than one side unless it abuts upon two (2) parallel streets, that corner lots may be averaged and assessed upon such frontage as the [board] County may deem reasonable and fair, and that all lots in the residential and industrial or business classification shall be assessed even though a water main or sewer may not extend along the full length of any boundary; and provided further, that no land classified as agricultural by the [board] County shall be assessed a front foot benefit when it has constructed through it or in front of it a sewer or water main until such time as the water or sewer connection is made, and when so made and for every connection such land is liable to a front foot assessment for such reasonable frontage not exceeding three hundred (300) feet, or as may be determined by the [board] County, and shall be immediately assessed at the rate of assessment determined by the [board] County for agricultural land. Any land owned by a religious body upon which there is erected a church or a parsonage and which is used exclusively for customary religious purposes, in the discretion of the [board] County, may be exempted from front foot benefit assessment for that frontage not exceeding one hundred fifty (150) feet.

(d) Front foot benefit assessments for water supply and sewerage construction shall be as nearly uniform as is practicable for each class or subclass of property for any one year, and no benefit charge, once levied, may be increased; provided, however, that whenever the C[c]ounty acquires an existing system other than a municipal system, the construction of which has been added in whole or in part to the purchase price of land or lots abutting upon the system and which contribution the [board] County has determined to be a factor in the cost to the [commission] C[c]ounty of such system, the [board] County in its discretion may levy such lesser assessment as may take into account this factor.

(e) The amount of the assessment per front foot for each class of property for water and sewer systems may be reduced from time to time by the [commission board] County in its discretion, if cost and conditions are deemed by it to justify the reduction, but may be subsequently increased to the amount of the original assessment in the event revenues prove to be insufficient. The benefit assessments shall be paid annually by all properties located as above specified for a period of years coextensive with the period of maturity of the bonds out of the proceeds of which such construction was done.

(f) The C[c]ounty may [at any time] permit a connection with a water main or sewer by a property owner whose property does not abut on the water main or sewer. The entire cost of extending the system to the property to be connected (specifically including, but without limitation, the cost of engineering and feasibility studies, and of acquiring necessary easements) shall be paid by the property owner requesting service. However, if the size of the extension required by the C[c]ounty exceeds that which may be necessary to serve the property of the owner requesting service, then the cost of the excess shall be paid by the C[c]ounty. The costs to be paid by the property owner, as estimated by the C[c]ounty, plus a reasonable reserve for contingencies, shall be deposited by the property owner with the C[c]ounty before the C[c]ounty enters into any contract or incurs any expense in connection with the proposed extension. The cost of the extension required to be paid by the property owner shall be in addition to those front foot benefit assessments as may be assessed according to this chapter, and those connection charges as may be imposed.

(g) The annual benefit assessment or other charge as above specified is a lien upon the property against which it is assessed until paid, any statute of limitations to the contrary notwithstanding, subject only to prior S[s]tate and C[c]ounty taxes. If any property is sold for S[s]tate [and/]or C[c]ounty taxes, or both, by the County T[t]reasurer [of the county], and if after the sale there is a surplus after all costs and expenses incident to the sale have been paid, the C[c]ounty upon proper petition to the circuit court shall be allowed any balance from the surplus, and shall be a preferred lienor to the extent of its lien; and for the purpose of giving notice to the general public as to existing liens and charges against any property within Frederick County abutting upon any water or sewer main, or connected thereto, the [board] County shall keep a public record of all names or owners of property, locations of said property, lot numbers when of record, and the amount of such benefit assessments, water service charges, or such other charges that may become liens from time to time. The records shall be kept in the office of the [board] County as a public record, and when so kept shall be legal notice of all existing liens within Frederick County. The [board] County shall request the C[c]ounty T[t]reasurer to print a notice on the S[s]tate and C[c]ounty tax bills that benefit assessments and other charges for water and sewer services must be paid in the office of the [board] County or elsewhere as the [board] County may designate.

(h) The [board] County may reserve sewerage or water treatment capacity for the development of schools or other public buildings, facilities or services, or industrial development. The amount of capacity held in reserve may not exceed fifteen (15) percent of the system.

(i) In addition to the authority to fix assessments on a front foot benefit basis as described in this section, the C[c]ounty may fix assessments on a basis that is similar and reasonably reflects the benefit to the property, subject to C[c]ounty regulations. The assessments may be levied on all property benefitted by a particular system or systems or may be levied on all property benefitted by water, sewer, or drainage systems.