

Chapter 594

(House Bill 441)

AN ACT concerning

**Education – Debt Service for Transferred Schools – County Reimbursement
Grace Period**

FOR the purpose of establishing a certain period of time during which a county government is not required to reimburse the State for certain outstanding debt service for certain school buildings that are transferred to a county government; requiring a county government to reimburse the State for a certain amount of outstanding debt service for certain school buildings after a certain period of time has elapsed; and generally relating to a grace period for counties for debt service for schools transferred to a county.

BY repealing and reenacting, with amendments,
Article – Education
Section 5–308
Annotated Code of Maryland
(2014 Replacement Volume and 2016 Supplement)

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

Article – Education

5–308.

(a) Notwithstanding the provisions of Title 10, Subtitle 3 of the State Finance and Procurement Article, this State may not require reimbursement of debt service from a county for a school that:

- (1) Was initially constructed on or before February 1, 1971;
- (2) Is no longer used for school purposes;
- (3) Has had title transferred to a county government; and

(4) Is being used for local governmental purposes other than public education; provided, however, that if a former school building is sold by a county government the State shall be reimbursed for outstanding debt service, and if more than 10 percent of usable space within a former school is rented for an amount exceeding the cost of operating and maintaining such space, such rental profit shall be used toward retiring outstanding bonded indebtedness.

(b) [This] **SUBJECT TO SUBSECTION (C) OF THIS SECTION, THIS** State shall require reimbursement of outstanding debt service from a county for a school that:

- (1) Was constructed under this subtitle;
- (2) Was initially constructed or substantially altered by addition(s), alterations, or renovations and the cost of the construction at the time of execution exceeded \$100,000 and the work was accomplished after February 1, 1971;
- (3) Is no longer used for school purposes;
- (4) Has had title transferred to a county government;
- (5) Is being used for local governmental purposes by the State or a county or by any instrumentality of the State or a county other than public education; and
- (6) Has outstanding debt which exceeds \$5,000.

(C) (1) A COUNTY GOVERNMENT IS NOT REQUIRED TO REIMBURSE THE STATE FOR OUTSTANDING DEBT SERVICE FOR A SCHOOL BUILDING THAT IS TRANSFERRED TO THE COUNTY GOVERNMENT IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION UNTIL 2 YEARS AFTER THE SCHOOL BUILDING IS TRANSFERRED.

(2) AFTER THE 2-YEAR PERIOD IN PARAGRAPH (1) OF THIS SUBSECTION ENDS, THE COUNTY GOVERNMENT SHALL REIMBURSE THE STATE FOR OUTSTANDING DEBT SERVICE FOR A SCHOOL BUILDING IN THE AMOUNT THAT THE COUNTY GOVERNMENT WOULD HAVE BEEN REQUIRED TO PAY WHEN THE SCHOOL BUILDING WAS TRANSFERRED TO THE COUNTY.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.

Approved by the Governor, May 25, 2017.