

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1986.

Approved May 13, 1986.

CHAPTER 595

(House Bill 1733)

AN ACT concerning

Baltimore City - Enterprise Development Program

FOR the purpose of providing that any loan made by the City out of the enterprise development fund, if made from the proceeds of a bond issue, may not bear interest at a rate that would cause the bonds to be arbitrage bonds for federal income tax purposes.

BY repealing and reenacting, with amendments,

The Public Local Laws of Baltimore City
Section 27-6(b)
Article 4 - Public Local Laws of Maryland
(1979 Edition and 1983 Supplement, as amended)

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

Article 4 - Baltimore City

27-6.

(b) Any equity investment or loan made pursuant to paragraph (a):

(1) Shall be made only to and for the benefit of an enterprise; and

(2) Shall be upon the terms and conditions as the City in its sole and absolute discretion may prescribe, provided that:

(i) IF A LOAN IS MADE FROM THE PROCEEDS OF A BOND ISSUE, THE [a] loan may not bear interest at a rate THAT WOULD CAUSE THE BONDS TO BE "ARBITRAGE BONDS" WITHIN THE MEANING OF SECTION 103(C) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED, OR ANY SUCCESSOR PROVISION [exceeding 1/8 of 1 percent plus the interest cost of the: