8-301. CONTRACT TO SPEND LOAN PROCEEDS.

(A) APPROVAL OF BOARD OF PUBLIC WORKS.

EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION OR IN OTHER LAW, A CONTRACT TO SPEND THE PROCEEDS OF A LOAN THAT HAS BEEN AUTHORIZED BY ANY ACT OF THE GENERAL ASSEMBLY MAY NOT BE EXECUTED UNTIL THE BOARD OF PUBLIC WORKS APPROVES THE CONTRACT.

(B) EXEMPTIONS.

APPROVAL BY THE BOARD OF PUBLIC WORKS IS NOT REQUIRED IF THE ACT MERELY AUTHORIZES A COUNTY OR MUNICIPAL CORPORATION TO BORROW MONEY AND NO STATE FUNDS ARE INVOLVED.

REVISOR'S NOTE: Subsection (a) of this section is new language derived without substantive change from the second sentence of former Art. 78A, § 1.

Subsection (b) of this section is new language added to limit the broad reference to "any act of the General Assembly". This addition reflects that the General Assembly sometimes authorizes a county or municipal corporation to incur a debt and, in fact, before the 1982 amendment of Md. Constitution, Art. XI, § 7, Baltimore City could not incur a debt unless "such debt or credit be authorized by an Act of the General Assembly". However, in practice, the Board of Public Works has not considered contracts to spend the proceeds of a loan when State moneys are not involved.

8-302. BONDS TO BE CONSIDERED INVESTMENT SECURITIES.

(A) "BOND" DEFINED.

IN THIS SECTION, "BOND" MEANS AN OBLIGATION OF THE STATE OR OF ANY OF ITS UNITS OR INSTRUMENTALITIES.

(B) EFFECT OF COMPLIANCE WITH COMMERCIAL LAW ARTICLE.

IF A BOND OTHERWISE COMPLIES WITH THE REQUIREMENTS OF THE COMMERCIAL LAW ARTICLE FOR INVESTMENT SECURITIES, THE BOND SHALL BE CONSIDERED TO BE AN INVESTMENT SECURITY NOTWITHSTANDING THAT:

(1) THE RESOLUTION OR OTHER AUTHORITY UNDER WHICH THE BOND IS ISSUED SUBJECTS THE BOND TO AN INDENTURE OR AGREEMENT THAT IS SEPARATE FROM THE RESOLUTION OR AUTHORITY;

(2) THE RESOLUTION OR OTHER AUTHORITY UNDER WHICH THE BOND IS ISSUED LIMITS PAYMENT OF PRINCIPAL AND INTEREST TO:

(I) THE PROCEEDS OF LIMITED SOURCES OF REVENUE; OR