

PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

State Reserve Fund

PUBLIC DEBT

X00A00.01 REDEMPTION AND INTEREST ON STATE BONDS

Program Description:

Debt service payments on the State's general obligation bonds are paid from the Annuity Bond Fund. The revenue sources for the Fund include the State property tax, general funds, premium from bond sales, and repayments from certain State agencies, subdivisions and private organizations. General funds may be appropriated directly to the Annuity Bond Fund to make up the difference between the debt service payments and funds available from property taxes and other sources. In fiscal year 2003 and prior, general funds for the debt service on bonds sold for public school construction were appropriated to the Maryland State Department of Education and transferred to this program as reimbursable funds.

	2007 Actual	2008 Actual	2009 Estimated	2010 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year (\$)	102,578,785	38,747,779	38,332,780	34,573,419
Property tax receipts	552,659,272	625,709,718	701,018,553	749,983,408
Interest and penalties on property taxes	2,402,564	2,402,873	1,500,000	1,500,000
Loan repayments	2,191,845	1,416,305	1,311,919	622,778
Miscellaneous receipts	1,325,087	577,646	250,000	250,000
Bond premium	31,644,847	32,667,936	36,959,658	
Transfer to reserve	-38,747,779	-38,332,780	-34,573,419	-1,942,609
Total (\$) *	<u>654,054,620</u>	<u>663,189,476</u>	<u>744,799,491</u>	<u>784,986,995</u>
Excess Appropriation			705,169	

* Totals may not add due to rounding

Appropriation Statement:

	2008 Actual	2009 Appropriation	2010 Allowance
13 Fixed Charges	<u>692,538,597</u>	<u>745,504,660</u>	<u>784,986,995</u>
Total Operating Expenses	<u>692,538,597</u>	<u>745,504,660</u>	<u>784,986,995</u>
Total Expenditure	<u>692,538,597</u>	<u>745,504,660</u>	<u>784,986,995</u>
Net General Fund Expenditure	29,349,121		
Special Fund Expenditure	<u>663,189,476</u>	<u>745,504,660</u>	<u>784,986,995</u>
Total Expenditure	<u>692,538,597</u>	<u>745,504,660</u>	<u>784,986,995</u>

Special Fund Income:

X00301 Annuity Bond Fund	<u>663,189,476</u>	<u>745,504,660</u>	<u>784,986,995</u>
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STATE RESERVE FUND

OBJECTIVES

A State Reserve Fund is authorized in Sections 7-309 through 7-311, 7-314 and 7-324 of the State Finance and Procurement Article and is comprised of the following: (1) Revenue Stabilization Account, (2) Dedicated Purpose Account, (3) Economic Development Opportunities Program Account, and (4) Catastrophic Event Account. The objectives of the Fund are to designate, provide for and appropriate certain reserve funds for future use when the magnitude and timing of fiscal requirements are uncertain and retain in escrow State revenues for future requirements to reduce the need for future tax increases.

SUMMARY OF STATE RESERVE FUND

	2008 Actual	2009 Appropriation	2010 Allowance
Operating Expenses	262,794,899	211,543,342	238,747,579
Original General Fund Appropriation.....	262,794,899	231,543,342	
Transfer/Reduction		-20,000,000	
Net General Fund Expenditure.....	<u>262,794,899</u>	<u>211,543,342</u>	<u>238,747,579</u>

	2007 Actual	2008 Actual	2009 Estimated	2010 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account	1,432.2	684.8	692.6	686.9
Dedicated Purpose Account	142.6	22.0		
Economic Development Opportunities Account	6.7	5.1		
Catastrophic Event Account.....	8.3	8.4	8.4	3.0
Total Reserve Fund*	<u>1,589.8</u>	<u>720.3</u>	<u>701.0</u>	<u>689.9</u>

* Totals may not add due to rounding

STATE RESERVE FUND

Y01A01.01 REVENUE STABILIZATION ACCOUNT

Program Description:

Section 7-311 of the State Finance and Procurement Article establishes the Revenue Stabilization Account to retain revenues for future needs and reduce the need for future tax increases by moderating revenue growth. Appropriations are required when the unappropriated general fund surplus of the second preceeding fiscal year exceeds \$10 million. Appropriations are also required in years when the Account balance is less than 7.5% of general fund revenues as stated in the annual report of the Board of Revenue Estimates submitted to the Governor. If the Account balance is at least 3% but less than 7.5%, an appropriation of \$50 million or whatever lesser amount is necessary to bring the Account balance to 7.5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is \$100 million. Transfer of funds from the Account that does not result in an account balance below 5% must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. Transfers resulting in an account balance below 5% must be authorized by an act of the General Assembly other the State budget bill. The use of a budget amendment for fund transfer is prohibited.

Appropriation Statement:

	2008 Actual	2009 Appropriation	2010 Allowance
12 Grants, Subsidies and Contributions.....	162,794,899	146,543,342	175,747,579
Total Operating Expenses.....	<u>162,794,899</u>	<u>146,543,342</u>	<u>175,747,579</u>
Total Expenditure	<u>162,794,899</u>	<u>146,543,342</u>	<u>175,747,579</u>
Net General Fund Expenditure.....	<u>162,794,899</u>	<u>146,543,342</u>	<u>175,747,579</u>

Y01A02.01 DEDICATED PURPOSE ACCOUNT

Program Description:

Section 7-310 of the State Finance and Procurement Article establishes the Dedicated Purpose Account to (1) retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and (2) meet expenditure requirements. Certain restrictions apply on the use of funds and the manner in which funds may be transferred from the Account. The fiscal year 2010 allowance reflects \$63 million to be transferred to the Maryland Transportation Authority for the Intercounty Connector.

Appropriation Statement:

	2008 Actual	2009 Appropriation	2010 Allowance
12 Grants, Subsidies and Contributions.....	100,000,000	65,000,000	63,000,000
Total Operating Expenses.....	<u>100,000,000</u>	<u>65,000,000</u>	<u>63,000,000</u>
Total Expenditure	<u>100,000,000</u>	<u>65,000,000</u>	<u>63,000,000</u>
Original General Fund Appropriation.....	100,000,000	85,000,000	
Transfer of General Fund Appropriation.....	<u> </u>	<u>-20,000,000</u>	
Net General Fund Expenditure.....	<u>100,000,000</u>	<u>65,000,000</u>	<u>63,000,000</u>