

PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

Revenue Debt – Program Open Space

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, 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. Federal funds from the 35% interest subsidy for the Build America Bond program may also be appropriated directly to the Fund. 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.

	2008 Actual	2009 Actual	2010 Estimated	2011 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year (\$)	38,747,779	38,332,781	71,276,653	67,672,612
Property tax receipts.....	625,709,718	698,569,058	759,790,382	781,143,159
Interest and penalties on property taxes	2,402,873	2,966,052	1,500,000	1,500,000
Loan repayments.....	1,416,305	1,312,518	691,653	625,894
Miscellaneous receipts.....	577,646	765,304	250,000	250,000
Bond premium.....	32,667,936	74,130,431	11,629,177	
Transfer to reserve.....	-38,332,781	-71,276,653	-67,672,612	-17,764,224
Total (\$) *.....	663,189,476	744,799,491	777,465,252	833,427,441
Excess Appropriation			7,521,743	

* Totals may not add due to rounding

Appropriation Statement:

	2009 Actual	2010 Appropriation	2011 Allowance
13 Fixed Charges.....	744,799,491	784,986,995	835,165,331
Total Operating Expenses.....	744,799,491	784,986,995	835,165,331
Total Expenditure	744,799,491	784,986,995	835,165,331
Special Fund Expenditure.....	744,799,491	784,986,995	833,427,441
Federal Fund Expenditure.....			1,737,890
Total Expenditure	744,799,491	784,986,995	835,165,331

Special Fund Income:

X00301 Annuity Bond Fund.....	744,799,491	784,986,995	833,427,441
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Federal Fund Recovery Income:

AA.X00 Federal Subsidy on Build America Bonds			1,737,890
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PUBLIC DEBT

X10B00.01 PROGRAM OPEN SPACE BOND PAYMENTS

Program Description:

Chapter 419, Acts of 2009, authorizes the Board of Public Works to issue up to \$70,000,000 in Program Open Space bonds to finance land acquisition. Debt service payments on these bonds will be paid from the State transfer tax and are anticipated to begin in fiscal year 2011.

Appropriation Statement:

	2009 Actual	2010 Appropriation	2011 Allowance
13 Fixed Charges.....			6,800,000
Total Operating Expenses.....			<u>6,800,000</u>
Total Expenditure.....			<u>6,800,000</u>
Special Fund Expenditure.....			<u>6,800,000</u>
Special Fund Income:			
X10301 Transfer Tax.....			<u>6,800,000</u>

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

	2009 Actual	2010 Appropriation	2011 Allowance
Salaries, Wages and Fringe Benefits		-25,000,000	
Operating Expenses	211,543,342	139,947,579	171,913,000
Original General Fund Appropriation.....	231,543,342	139,947,579	
Transfer/Reduction	-20,000,000	-25,000,000	
Net General Fund Expenditure.....	<u>211,543,342</u>	<u>114,947,579</u>	<u>171,913,000</u>

	2008 Actual	2009 Actual	2010 Estimated	2011 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account	684.8	691.8	614.8	633.5
Dedicated Purpose Account	22.0	0.6	0.0	0.0
Economic Development Opportunities Account	5.1	1.0	1.0	1.0
Catastrophic Event Account.....	8.4	8.4	1.0	1.0
Total Reserve Fund*	<u>720.3</u>	<u>701.8</u>	<u>616.8</u>	<u>635.5</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. Section 35 of Chapter 487, Acts of 2009, directs that no appropriation is required in fiscal year 2011 if it may result in the loss of funds available under the federal American Recovery and Reinvestment Act of 2009. Therefore no funding is provided in fiscal year 2011. 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:

	2009 Actual	2010 Appropriation	2011 Allowance
01 Salaries, Wages and Fringe Benefits.....		-25,000,000	
12 Grants, Subsidies and Contributions.....	146,543,342	139,947,579	
Total Operating Expenses.....	<u>146,543,342</u>	<u>139,947,579</u>	
Total Expenditure.....	<u>146,543,342</u>	<u>114,947,579</u>	
Original General Fund Appropriation.....	146,543,342	139,947,579	
Transfer of General Fund Appropriation.....		-25,000,000	
Net General Fund Expenditure.....	<u>146,543,342</u>	<u>114,947,579</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 2011 allowance includes \$156.9 million to be transferred to the Maryland Transportation Authority for the Intercounty Connector and \$15 million to be transferred to the Department of Health and Mental Hygiene for the Prince George's Hospital.

Appropriation Statement:

	2009 Actual	2010 Appropriation	2011 Allowance
12 Grants, Subsidies and Contributions.....	65,000,000		171,913,000
Total Operating Expenses.....	<u>65,000,000</u>		<u>171,913,000</u>
Total Expenditure.....	<u>65,000,000</u>		<u>171,913,000</u>
Original General Fund Appropriation.....	85,000,000		
Transfer of General Fund Appropriation.....	-20,000,000		
Net General Fund Expenditure.....	<u>65,000,000</u>		<u>171,913,000</u>