

SENATE BILL 259

R2

1lr0047

(PRE-FILED)

By: **Chair, Budget and Taxation Committee (By Request – Departmental – Transportation)**

Requested: September 23, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Transportation – Grant Anticipation Revenue Vehicle Bonds –**
3 **Calculation of Debt Limit**

4 FOR the purpose of altering the calculation of the maximum amount of debt secured by
5 future federal aid that the Department of Transportation may issue; providing that
6 the maximum amount of debt that may be issued is calculated as of a certain date;
7 and generally relating to the amount of debt that the Department of Transportation
8 may issue.

9 BY repealing and reenacting, with amendments,
10 Article – Transportation
11 Section 3–601
12 Annotated Code of Maryland
13 (2020 Replacement Volume)

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

16 **Article – Transportation**

17 3–601.

18 (a) In order to utilize to the greatest extent possible the benefits of available
19 financial resources relating to transportation purposes, including federal grants, loans,
20 transportation facility revenue sources, and other programs, the Department from time to
21 time may issue its bonds and otherwise borrow funds, as provided in this subtitle, to finance
22 the costs of transportation facilities.

23 (b) The Department may apply for any financial assistance in support of projects

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 deemed appropriate by the Secretary.

2 (c) The Department may undertake the following actions and do all things
3 necessary and appropriate consistent with such actions to utilize the available resources
4 specified in subsection (a) of this section:

5 (1) Pledge and use existing and anticipated federal funds paid to or
6 expected to be paid to the Department for transportation purposes for the payment of the
7 principal of and interest on the Department's bonds or other debt obligations issued under
8 this subtitle to finance the costs of transportation facilities; and

9 (2) (i) Borrow funds from the federal government or its agencies, and
10 evidence such borrowing with a promissory note or other evidence of obligation;

11 (ii) Borrow funds from a nongovernment lender if the loan is
12 guaranteed by the federal government or its agencies; and

13 (iii) 1. Use the proceeds of the loans described in items (i) and (ii)
14 of this paragraph in connection with transportation facilities including use of the proceeds
15 to pay the costs of financing transportation facilities and the payment of debt service on the
16 Department's bonds issued in connection with such transportation facilities;

17 2. Repay the loans with revenues attributable to the
18 transportation facilities being financed; and

19 3. Pledge revenues attributable to the transportation
20 facilities being financed in order to secure the Department's obligations to the federal
21 government or its agencies or a nongovernment lender in connection with the loans.

22 (d) If the Department intends to pledge any future federal aid from any source to
23 support repayment of bonds issued under this subtitle:

24 (1) The aggregate **OUTSTANDING AND UNPAID** principal amount of debt
25 issued under this subtitle or Title 4, Subtitle 3 of this article that is secured by a pledge of
26 future federal aid may not exceed \$750,000,000 **AS OF JUNE 30 OF ANY YEAR**;

27 (2) The date of maturity may not be later than 12 years after the date of
28 issue;

29 (3) Notwithstanding § 3-215(d) of this title, if future federal aid is
30 insufficient to pay the principal of and interest on the bonds issued under this subtitle when
31 due, the tax levied under § 3-215 of this title, to the extent the proceeds of such tax are not
32 necessary to provide the sinking fund required under § 3-215(c) of this title, is irrevocably
33 pledged to the payment of the principal of and interest on the bonds issued under this
34 subtitle as they become due and payable;

35 (4) The lien of the pledge under item (3) of this subsection shall at all times

1 be subordinate to the lien of the pledge of such tax under § 3–215(d) of this title to the
2 payment of principal of and interest on consolidated transportation bonds; and

3 (5) No part of the tax levied under § 3–215 of this title may be repealed,
4 diminished, or applied to any other purpose until:

5 (i) The bonds issued under this subtitle and interest on them have
6 become due and fully paid; or

7 (ii) Adequate and complete provision for payment of the principal
8 and interest has been made.

9 (e) (1) By resolution of the Secretary, the Department may:

10 (i) Borrow funds to finance the costs of transportation facilities;

11 (ii) Evidence the borrowing by the issuance and sale of
12 revenue-backed bonds; and

13 (iii) Pledge and use a dedicated revenue source, which may include
14 revenues attributable to the transportation facilities being financed, for the payment of the
15 principal of and interest on the Department's revenue-backed bonds described in this
16 subsection.

17 (2) Payment of the principal of or interest on revenue-backed bonds issued
18 under this subtitle may not be supported directly or indirectly by State tax revenues
19 pledged to meet debt service on Consolidated Transportation Bonds as prescribed under §
20 3–215 of this title.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2021.