J00A04

Debt Service Requirements

Maryland Department of Transportation

Operating Budget Data

($ in Thousands)

	FY 16 Actual	**FY 17 Working**	**FY 18 Allowance**	**FY 17-18 Change**	**% Change Prior Year**
Special Fund	$259,324	$309,912	$328,755	$18,843	6.1%
Deficiencies and Reductions	0	0	0	0	
Adjusted Special Fund	**$259,324**	**$309,912**	**$328,755**	**$18,843**	**6.1%**
Adjusted Grand Total	**$259,324**	**$309,912**	**$328,755**	**$18,843**	**6.1%**

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance for debt service payments on Consolidated Transportation Bonds totals $328.8 million, an increase of $18.8 million (6.1%) over the current year working appropriation. The fiscal 2017 budget is overstated by $10.0 million due to smaller bond issuances in fiscal 2016 than were planned when the fiscal 2017 budget was approved.

- The Maryland Department of Transportation's (MDOT) financial forecast shows that it plans to issue $570.0 million of debt in fiscal 2017 (down from the $685.0 million level projected when the budget was approved) and $745.0 million in fiscal 2018. Debt outstanding at the end of fiscal 2018 is projected at $3.0 billion. By fiscal 2022, debt service is projected to consume 13.3% of net revenues.

- Nontraditional debt outstanding at the end of fiscal 2018 is projected at $880.9 million. Debt service on nontraditional debt in fiscal 2018 is projected to be $66.9 million.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Debt Service Coverage Ratios Remain above Minimum Requirements: The ability of MDOT to issue debt is limited by the statutory debt outstanding limit of $4.5 billion and two bond resolution provisions, which require annual net income and pledged taxes in the prior year to be at least 2.0 times greater than the maximum level of future debt service payments on outstanding debt. The department's two coverage ratios are projected to be 5.3 for the pledged taxes test and 3.3 for the net income test in fiscal 2018. In the final three years of the MDOT forecast (fiscal 2020 to 2022), the net income coverage ratio is projected to be 2.5 times, which is the department's administrative minimum level.

Issues

No Additional Debt Affordability Criteria Needed for Transportation Debt According to MDOT: In its response to a request in the 2016 *Joint Chairmen's Report* to develop Transportation Trust Fund-specific affordability criteria, MDOT concludes that current limitations on MDOT debt are sufficient to ensure that its debt remains affordable. Current projections of debt levels, however, leave no capacity to consider a statutory increase in the share of Highway User Revenues (HUR) going to local governments without the need to make significant reductions to planned capital spending. **The Secretary should explain to the committees how the level of projected debt can be considered affordable if it prevents moving forward with the stated priority of the Administration to increase the share of HUR going to local governments**.

Fully Leveraged Capital Program Magnifies Revenue Reductions: With debt service coverage ratios at the minimum acceptable levels, any reduction in revenue is magnified with respect to corresponding reductions to the capital program – for every $1.00 decrease in revenues the capital program must be reduced by $2.50. **MDOT should provide the committees with a list of the capital projects that would be canceled or delayed in order to implement the Administration's goal of increasing the share of HUR going to local governments.**

Operating Budget Recommended Actions

1. Add annual budget bill language establishing the debt outstanding limit for Consolidated Transportation Bonds.
2. Add annual budget bill language requiring reports on nontraditional debt.
3. Add annual budget bill language establishing the debt outstanding limit for nontraditional debt.

Budget Analysis

Program Description

Consolidated Transportation Bonds

The Maryland Department of Transportation (MDOT) issues 15-year Consolidated Transportation Bonds (CTB), which are tax-supported debt. Bond proceeds are dedicated for construction projects. Revenues from taxes and fees and other funding sources are combined in the Transportation Trust Fund (TTF) to pay debt service and operating budget requirements and to support the capital program. Debt service on CTBs is payable solely from the TTF.

Nontraditional Debt

MDOT also uses nontraditional debt, which is any debt instrument that is not a CTB or a Grant Anticipation Revenue Vehicle (GARVEE) bond. This includes, but is not limited to, Certificates of Participation (COP); debt backed by customer facility charges, passenger facility charges, or other revenues; and debt issued by the Maryland Economic Development Corporation (MEDCO), the Maryland Transportation Authority (MDTA), or any other third party on behalf of MDOT.

Proposed Budget

The fiscal 2018 allowance for CTB debt service is $328.8 million, an increase of $18.8 million (6.1%) from the fiscal 2017 working appropriation. The fiscal 2017 working appropriation is overstated, however, because it has not been adjusted to reflect the smaller bond issuance in fiscal 2016 ($300.0 million, down from the $450.0 million level projected when the budget was passed) and the reduction in planned issuances for fiscal 2017 ($570.0 million, down from the $685.0 million level projected when the budget was passed). Adjusting for the lower level of fiscal 2017 debt service, the fiscal 2018 allowance increases by $28.6 million (9.5%) over the current year.

Debt Service Coverage Ratios Remain above Minimum Requirements

State law, bond covenants, and agency debt practices limit CTB issuances with three criteria: a debt outstanding limit and two debt service coverage tests. The debt outstanding limit is set in statute at $4.5 billion. Statute further requires the General Assembly to establish in the budget for each fiscal year the maximum outstanding aggregate amount of these bonds at the end of the fiscal year, which may not exceed the overall statutory limit. The statutory limit is periodically increased to reflect the revenue growth and potential of the TTF and was last increased in the 2013 session. CTBs are included within the State debt affordability limits, and the level of debt service and debt outstanding are, therefore, evaluated annually by the Capital Debt Affordability Committee (CDAC).

The two coverage tests are established in the department's bond resolutions and require that annual net income and pledged taxes from the prior year each equal at least 2.0 times the maximum level of future debt service payments on all CTBs outstanding and to be issued. The department has adopted a management practice that requires minimum coverages of 2.5 times maximum future debt service. The net income coverage test is the ratio of all the prior year's income (excluding federal capital, bond proceeds, and third-party reimbursements) minus prior year operating expenses, debt service payments, deductions for nontransportation agencies, and local transportation aid to maximum annual future debt service. The net income coverage test typically is the limiting coverage ratio. The pledged taxes coverage test measures annual net revenues from vehicle excise, motor fuel, rental car sales, and corporate income taxes (excluding refunds and all statutory deductions) as a ratio of maximum future annual debt service. If either of these coverage ratios fall below the 2.0 times level, the department is prohibited under its bond covenants from issuing additional debt until the ratios are once again at the minimum 2.0 times level.

Projected CTB issuances in fiscal 2017 will increase the total amount of debt outstanding to almost $2.5 billion, and the debt service coverage ratios in fiscal 2017 are estimated to be 6.0 times for pledged taxes and 3.8 times for the net revenues test. In fiscal 2018, the level of debt outstanding is expected to increase to over $3.0 billion, with the pledged taxes coverage ratio falling to 5.3 times, and the net income ratio falling to 3.3 times maximum future annual debt service. In the final three years of the MDOT forecast (fiscal 2020 to 2022), the net income coverage ratio is projected to be 2.5 times, which is the department's administrative minimum level. This leaves no capacity to increase the share of Highway User Revenues (HUR) going to local governments. The pledged taxes ratio is 4.3 times in each of the final three years of the forecast. Debt outstanding will total just over $4.0 billion in fiscal 2022.

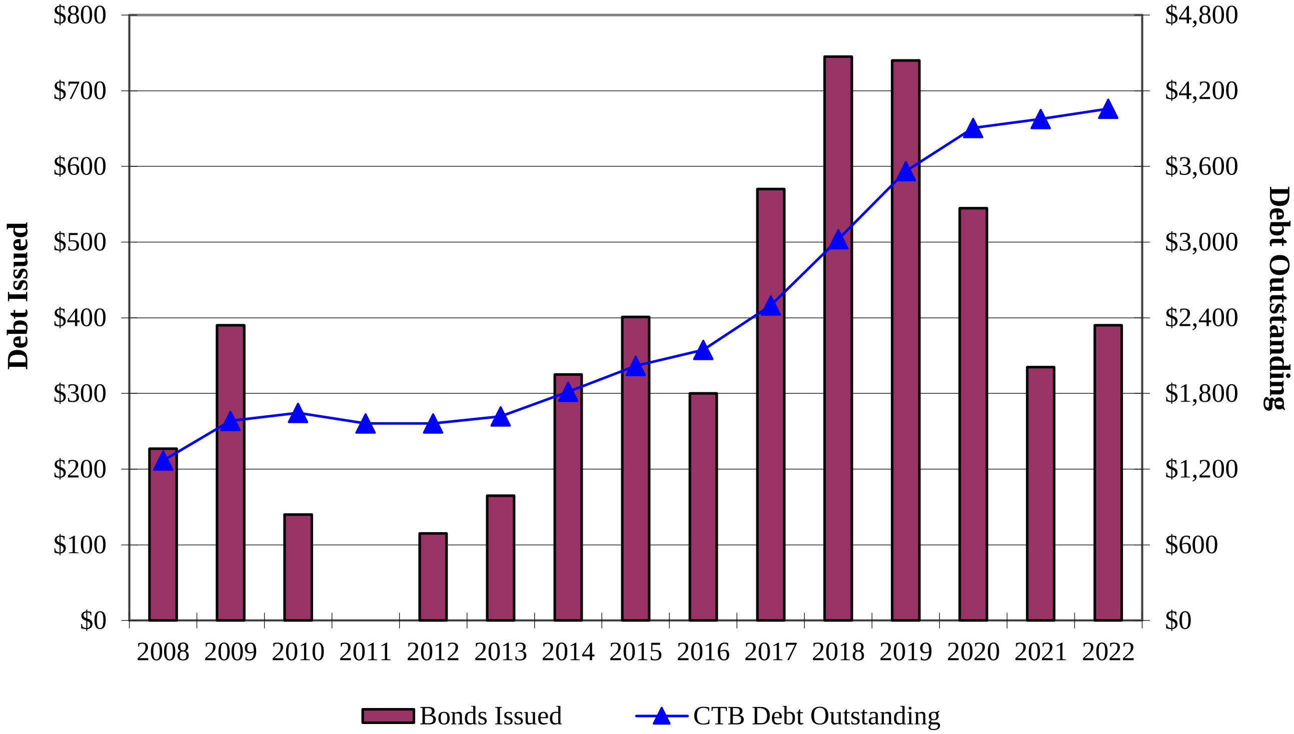
Based on current revenue and debt issuance projections, CTB debt levels meet both the statutory limit on maximum debt outstanding and the pledged taxes and net income to maximum annual debt service ratios set forth in bond resolutions for the entire six-year period of the forecast.

Section 3-202 of the Transportation Article requires the General Assembly to establish in the budget the maximum amount of CTB debt that may be outstanding at the end of each fiscal year. It is recommended that the limit for fiscal 2018 be set at $3 billion. Language is included in the Recommended Actions section of this analysis to implement this recommendation.

Historical Trends in CTB Debt

Exhibit 1 shows annual new CTB issuances and net debt outstanding from fiscal 2008 to 2022.

Exhibit 1
Bond Sales and Debt Outstanding
Fiscal 2008-2016 Actual and Fiscal 2017-2022 Estimated
($ in Millions)



CTB: Consolidated Transportation Bonds

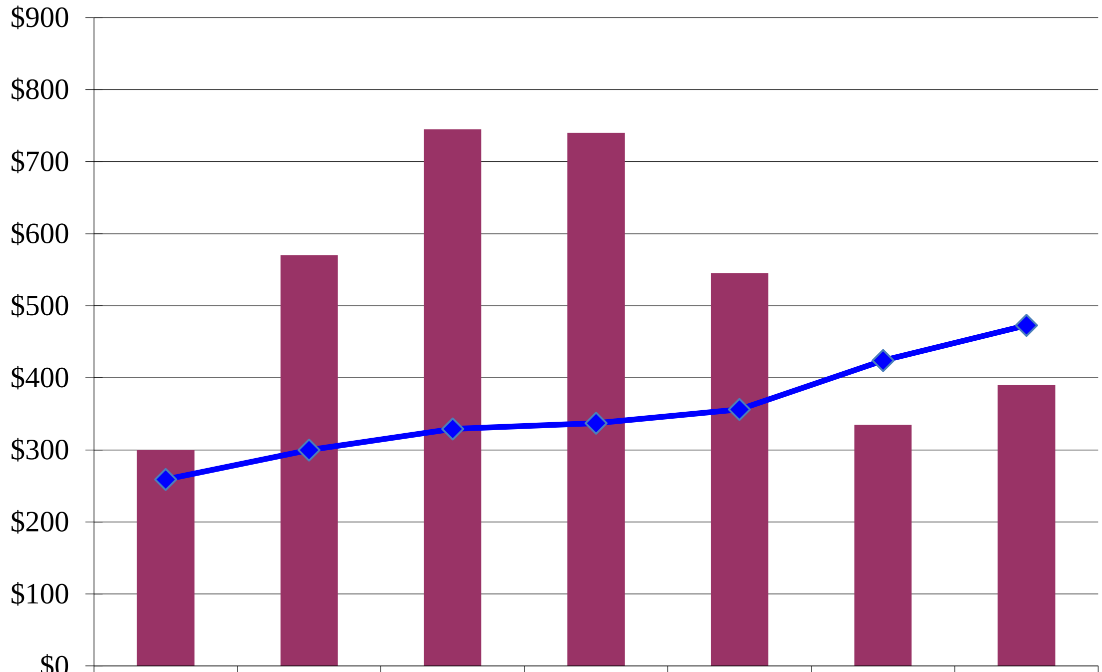
Source: Maryland Department of Transportation

The limit on debt outstanding was increased during the 2007 special session to $2.6 billion, made possible by revenue increases passed in that session. To maintain capital spending during the recession, the department chose to increase the amount of debt it issued in fiscal 2008 and 2009 compared to the amount it had issued during the preceding three years. From fiscal 2010 to 2013, the department issued smaller amounts of debt, relying instead on higher than expected fund balances and using cash to support the capital program. At the 2013 session, gas tax and farebox revenue increases were passed with the gas tax revenues being phased in over three years. At the same time, the limit on debt outstanding was increased to $4.5 billion. MDOT added $4.4 billion in new capital projects to the six-year capital program, which required an increased reliance on debt issuances due to the scheduled phase in of the revenue increase.

CTB Debt Outlook

As **Exhibit 2** shows, new CTB debt issuances totaling $570 million in fiscal 2017 and $745 million in fiscal 2018 are planned. Issuance levels are projected to decrease slightly in fiscal 2019 to $740 million, to decline in fiscal 2020 and 2021, and to increase slightly in the final year of the forecast. The projected increases in issuances naturally leads to increasing levels of debt outstanding and debt service costs.

Exhibit 2
Debt Service Payments and Bond Issuances
Fiscal 2016 Actual Data and Fiscal 2017-2022 Estimated Data
($ in Millions)



	2016	2017	2018	2019	2020	2021	2022
Bonds Issued	300	570	745	740	545	335	390
Debt Service	259	300	329	337	356	424	473

Source: Maryland Department of Transportation

The fiscal 2017 to 2022 MDOT forecast includes projected debt issuances totaling $3.33 billion, $145 million less than projected in the prior six-year forecast. Debt outstanding is projected to nearly double between fiscal 2016 and 2022 to $4.1 billion, and debt service grows by almost 83% during this period to $473 million in fiscal 2022. **Appendix 3** shows debt service and debt outstanding by fiscal year for current CTB debt (debt outstanding as of December 31, 2016).

As shown in **Exhibit 3**, however, MDOT does not usually end up issuing as much debt as forecasted. Actual debt issued was less than originally projected for 16 out of 20 MDOT forecasts from fiscal 1992 to 2011.

Nontraditional Debt

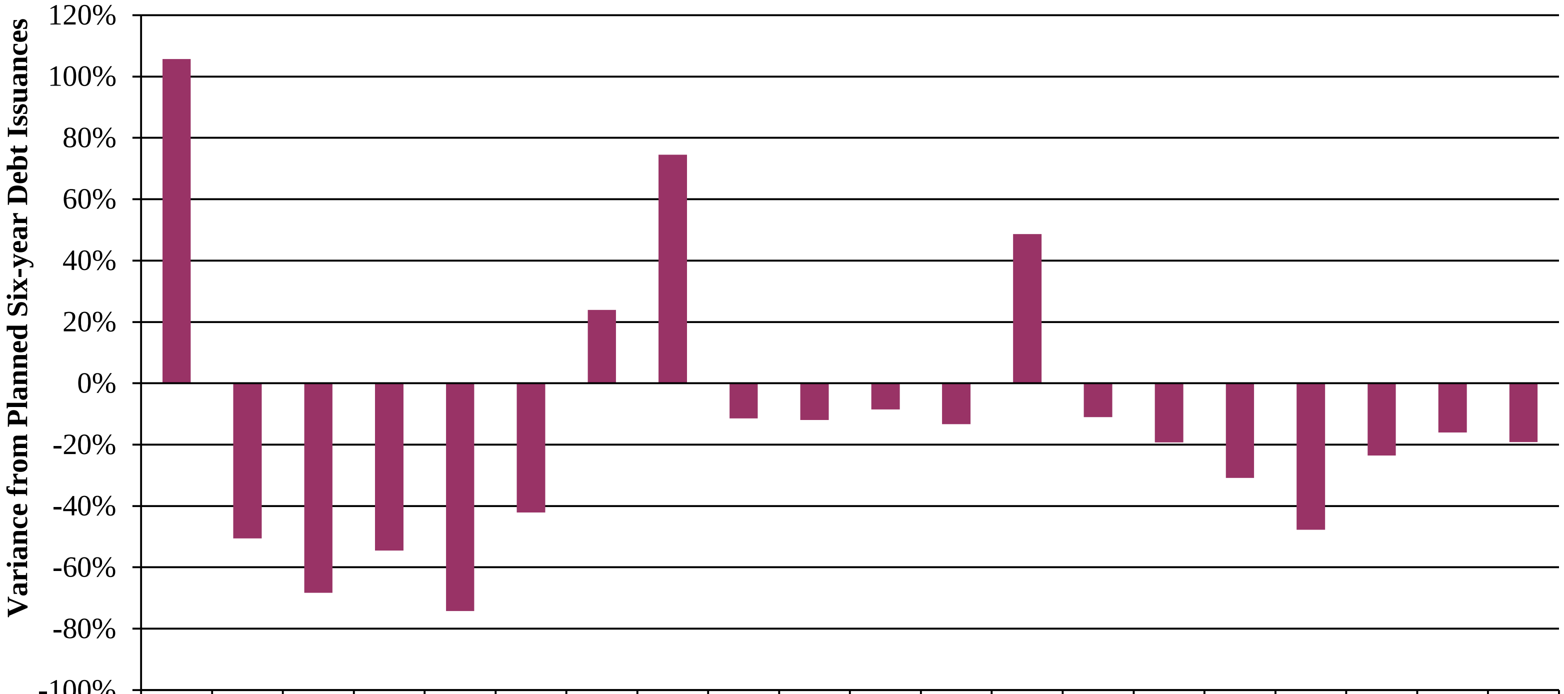
In addition to CTBs, the department uses nontraditional debt. Nontraditional debt is any instrument that is not a CTB or a GARVEE bond. This includes, but is not limited to, COPs; debt backed by customer facility charges, passenger facility charges, or other revenues; and debt issued by MEDCO, MDTA, or any other third party on behalf of MDOT.

Exhibit 4 shows that the department currently has 11 nontraditional debt issuances outstanding. Combined, these issuances are projected to have $880.9 million in unpaid principal outstanding at the end of fiscal 2018. **Appendix 4** shows debt service and debt outstanding by fiscal year for current nontraditional debt (debt outstanding as of December 31, 2016).

The General Assembly began placing limits on COPs in fiscal 2002 and then all of the MDOT nontraditional debt in fiscal 2005. The limits on nontraditional debt are established in the same manner as the limits placed on CTBs. The General Assembly limits the amount of nontraditional debt outstanding to the amount proposed by the department during the legislative session. If the agency finds that circumstances warrant additional issuances, the department must report to the budget committees on any proposed debt and provide the committees with 45 days to review and comment on the proposal. **It is recommended that the General Assembly continue the policy of limiting total nontraditional debt outstanding and that the amount of debt outstanding at the end of fiscal 2018 be limited to $880.9 million.**

The General Assembly annually requires that MDOT report to the budget committees on nontraditional debt when it releases its September and January forecasts. Specifically, the language requires that MDOT report on the outstanding and proposed issuances, debt service costs, and annual debt outstanding. The report should cover the current fiscal year and the following 10 fiscal years. **It is recommended that the General Assembly again require that the department report on the costs of nontraditional debt when it releases its September and January forecasts.**

Exhibit 3
Variance from Six-year Planned Debt Issuance Level
MDOT Six-year Forecasts: 1992-2011
($ in Millions)



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Variance from Planned	106%	-51%	-68%	-55%	-74%	-42%	24%	75%	-11%	-12%	-9%	-13%	49%	-11%	-19%	-31%	-48%	-24%	-16%	-19%
Six-year Planned Issuances	175	485	520	440	485	475	460	510	1,005	1,040	1,110	1,260	765	1,075	1,185	1,405	1,985	1,485	1,365	1,615
Actual Six-year Issuances	360	240	165	200	125	275	570	890	890	915	1,015	1,092	1,137	957	957	972	1,037	1,135	1,146	1,306

MDOT: Maryland Department of Transportation

Source: Maryland Department of Transportation

Exhibit 4
Nontraditional Debt Outstanding and Debt Service Payments
($ in Thousands)

Year Issued and Maturity	Principal Outstanding (06/30/18)	Fiscal 2018 Debt Service Payment[2]	Purpose
Certificates of Participation			
2010-2025	$10,110	$1,665	Expand Pier B and a de-icing facility at the Baltimore/Washington International (BWI) Thurgood Marshall Airport.
2010-2025	7,880	1,164	Construction of a parking garage at Maryland Area Regional Commuter Amtrak station near BWI Marshall Airport.
2016-2024	11,855	2,236	Refunding of 2006 Certificates of Participation use for construction of a paper shed at South Locust Point.
Subtotal	***$29,845***	***$5,065***	
Maryland Transportation Authority Revenue Bonds			
2012-2027	$125,515	$18,230	Construction of Elm Road parking garage near BWI Marshall Airport, roadway improvements, enhanced pedestrian access, and upgrading of utility plants. Bonds backed by parking fees.
2002-2032	84,560	8,966	Construction of consolidated rental car facility at BWI Marshall Airport. Bonds backed by customer facility charge of $3.25 per vehicle rental per day.
2012-2032	39,510	3,970	Passenger Facility Charge revenue bonds to construct B/C concourse connector.
2012-2027/32	106,885	10,138	Passenger Facility Charge to complete Runway Safety Area and Pavement Management Program improvements.
2014-2034	35,030	2,953	Passenger Facility Charge revenue bonds to construct D/E concourse connector.
Subtotal	***$391,500***	***$44,257***	

Year Issued and Maturity	Principal Outstanding (06/30/18)	Fiscal 2018 Debt Service Payment[2]	Purpose
Maryland Economic Development Corporation Debt			
2002-2022 [1]	$10,095	$2,799	Construction of new Maryland Department of Transportation headquarters building.
2012-2030	136,455	14,765	Construction of a new 11-gate Concourse A and reconstruction of a portion of Concourse B at BWI Marshall Airport.
2016-2050 [2]	313,035	0	Private activity bonds for construction of the Purple Line Light Rail Transit project.
Subtotal	***$495,585***	***$17,564***	
Total – Issued Debt	**$880,930**	**$66,886**	

[1] State tax-supported debt.

[2] Excludes debt service paid from capitalized interest.

Source: Maryland Department of Transportation

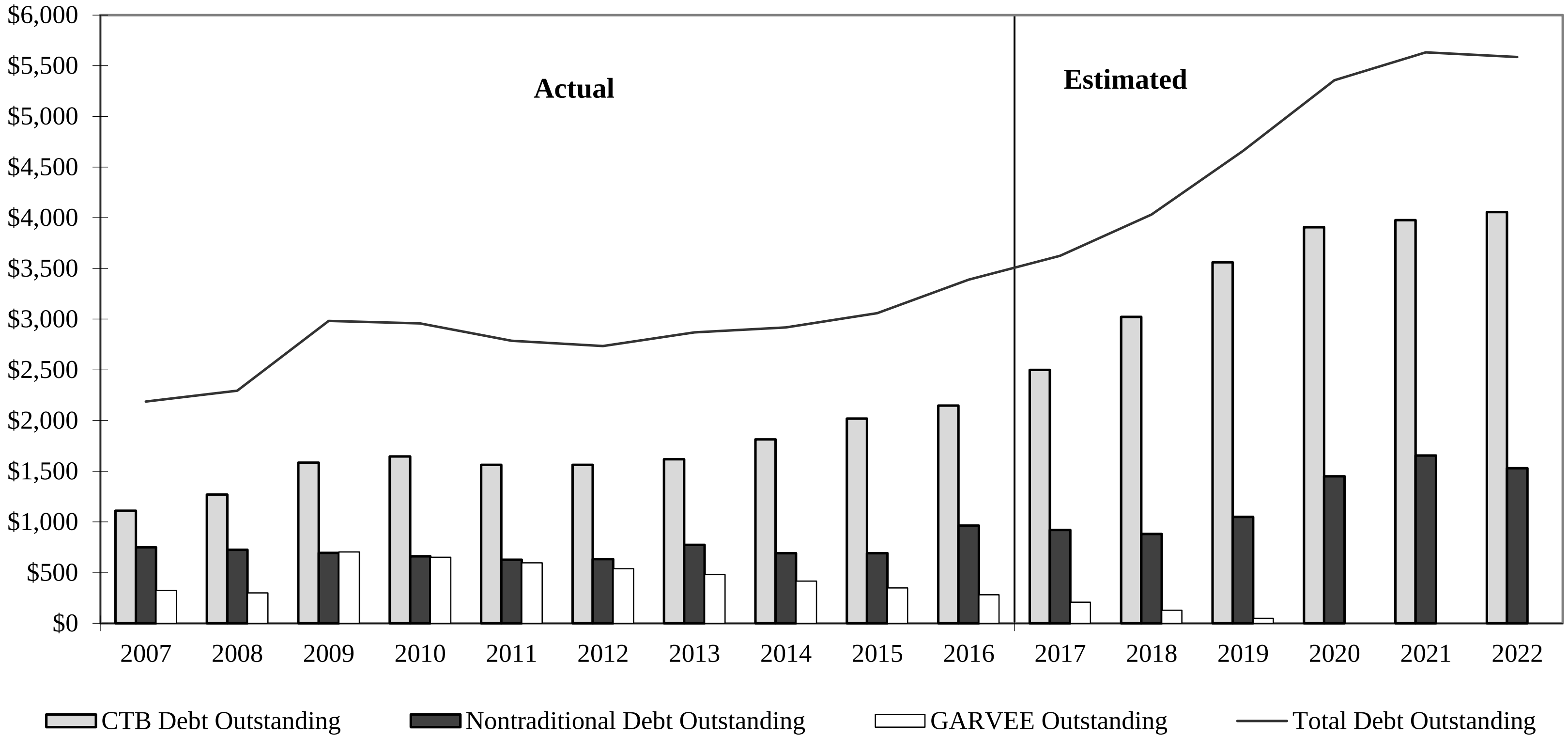
Total Debt Outstanding

Exhibit 5 shows that MDOT total debt outstanding from all sources was $2.2 billion in fiscal 2007 and is projected to peak at $5.6 billion in fiscal 2021. Debt outstanding from nontraditional debt represented 28.4% of MDOT total debt in fiscal 2016 and is expected to total 27.4% of all MDOT debt in fiscal 2022.

Grant Anticipation Revenue Vehicles

GARVEEs are transportation bonds that are issued by states and public authorities that are backed by future federal aid highway and transit appropriations. While the source of funds used to repay GARVEE issuances originates with the federal government, the federal government's agreement to the use of its funds in this manner does not constitute any obligation on the part of the federal government to make these funds available. If for any reason federal appropriations are not made as anticipated, the obligation to repay GARVEEs falls entirely to the State agency or authority that issued them. To increase the GARVEE bond rating and reduce borrowing costs, the State pledges TTF revenues should federal appropriations be insufficient to pay GARVEE debt service. Since paying the debt is an obligation of the State, and TTF revenues have been pledged, GARVEE bonds are considered State debt.

Exhibit 5
Total Transportation Debt Outstanding
Fiscal 2007-2022
($ in Millions)



CTB: Consolidated Transportation Bonds
GARVEE: Grant Anticipation Revenues Vehicle

Source: Maryland Department of Transportation; Department of Legislative Services

Chapters 471 and 472 of 2005 authorized the use of GARVEE bonds for the InterCounty Connector (ICC) project. The law stipulates that the State may issue no more than $750.0 million in GARVEE bonds, and that bond maturity may not exceed 12 years after date of issue. MDTA issued $325.0 million in GARVEE bonds on May 22, 2007, with a net premium of $16.9 million to support construction of the ICC. A second GARVEE debt issuance of $425.0 million was issued on December 11, 2008, with a net premium of $17.7 million. GARVEE debt service payments are $87.5 million from fiscal 2010 to 2019 and $51.4 million in fiscal 2020, the last year of debt service payments.

Issues

1. No Additional Debt Affordability Criteria Needed for Transportation Debt According to MDOT

Concerned about the growing level of debt service on CTB debt, as evidenced by the January 2016 TTF forecast, which indicated that debt service payments could require almost 11% of net TTF revenues by fiscal 2021, the budget committees included committee narrative in the 2016 *Joint Chairmen's Report* (JCR) that requested that MDOT:

- work with CDAC to develop affordability criteria that may be used to ensure CTB debt remains affordable *vis-à-vis* TTF resources; and

- submit a report to the committees by December 1, 2016, detailing the recommended affordability criteria developed through this effort.

Instead of developing TTF specific affordability criteria, however, MDOT concludes in its JCR response and by vote of the committee the CDAC concurred, that current limitations on MDOT debt are sufficient to ensure that its debt remains affordable. The constraints MDOT noted are:

- the statutory cap of $4.5 billion on CTB debt outstanding and the statutory requirement that the Maryland General Assembly annually set a debt outstanding limit within the overall cap; and

- additional bond tests established in bond covenants that require net income and pledged taxes to each be at least 2.0 times maximum future debt service or additional bonds cannot be issued and the MDOT administrative policy that sets the minimum levels for these two tests at 2.5 times maximum future debt service.

Furthermore, MDOT notes that its debt is rated favorably by the major rating agencies and the department's management practices, and strong coverage of debt service are consistently cited by the rating agencies as major strengths.

The limitations MDOT lists do act to constrain the amount of CTB debt that can be issued. In MDOT's fiscal 2017 to 2022 TTF forecast, net income is projected to be at the minimum 2.5 times maximum debt service level allowed under MDOT's administrative policy, and the level of bond issuances included in the new six-year forecast is $145 million lower than in the prior year forecast. Despite these limitations, however, the percent of net revenues devoted to debt service increased in the January 2017 TTF forecast compared to the levels shown last year. The current forecast indicates that debt service will now consume more than 12% of net revenues in fiscal 2021 and more than 13% in fiscal 2022. These increases result from the write down in revenues that occurred in the current forecast. Were an economic slowdown to occur, additional revenue declines would push these debt service percentages even higher. Since MDOT discontinued the practice of including a reserve in its forecast as a hedge against revenue declines, additional write downs would result in the need to reduce the capital program beyond the $1.5 billion reduction made in the current forecast compared to the prior forecast. Additionally, because the debt service coverage ratios are at the minimum acceptable level for the final three years of the forecast, there is no capacity within the TTF to consider a statutory increase in the amount of HURs directed to local governments without making further reductions to the capital program. **The Secretary should explain to the committees how the level of projected debt can be considered affordable if it prevents moving forward with the stated priority of the Administration to increase the share of HUR going to local governments.**

2. Fully Leveraged Capital Program Magnifies Revenue Reductions

With debt service coverage ratios at the minimum acceptable levels, any reduction in revenue is magnified with respect to corresponding reductions to the capital program – for every $1.00 decrease in revenues the capital program must be reduced by $2.50. Although the TTF forecast reserves $694 million for increasing the amount of HUR going to local governments, this revenue is currently included in MDOT's debt service coverage ratio calculations. Therefore, if the statutory formula for HUR going to locals is increased through use of these reserved funds, the six-year capital program would need to be reduced by over $1.7 billion. **MDOT should provide the committees with a list of the capital projects that would be canceled or delayed in order to implement the Administration's goal of increasing the share of HUR going to local governments.**

Operating Budget Recommended Actions

1. Add the following language:

   Consolidated Transportation Bonds may be issued in any amount provided that the aggregate outstanding and unpaid balance of these bonds and bonds of prior issues may not exceed $3,021,675,000 as of June 30, 2018. Further provided that the amount paid for debt service shall be reduced by any proceeds generated from net bond sale premiums, provided that those revenues are recognized by the department and reflected in the Transportation Trust Fund forecast. Further provided that the appropriation for debt service shall be reduced by any proceeds generated from net bond sale premiums. To achieve this reduction, the Maryland Department of Transportation (MDOT) may either use the proceeds from the net premium to reduce the size of the bond issuance and/or apply the proceeds from the net premium to eligible debt service.

   Explanation: Section 3-202 of the Transportation Article requires the General Assembly to establish the maximum debt outstanding each year in the budget bill. The level is based on outstanding debt as of June 30, 2016, plus projected debt to be issued during fiscal 2017 and 2018 in support of the transportation capital program.

2. Add the following language:

   MDOT shall submit with its annual September and January financial forecasts information on:

   (1) anticipated and actual nontraditional debt outstanding as of June 30 of each year; and

   (2) anticipated and actual debt service payments for each outstanding nontraditional debt issuance from fiscal 2017 through 2027.

   Nontraditional debt is defined as any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle bond; such debt includes, but is not limited to, Certificates of Participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of MDOT.

   Explanation: The General Assembly is interested in monitoring the use of nontraditional debt by MDOT. The information requested provides the budget committees with additional information on the usage and annual costs of nontraditional debt.

Information Request	Author	Due Date
Nontraditional debt outstanding and anticipated debt service payments	MDOT	With the September forecast
Nontraditional debt outstanding and anticipated debt service payments	MDOT	With the January forecast

3. Add the following language:

The total aggregate outstanding and unpaid principal balance of nontraditional debt, defined as any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle bond issued by MDOT, may not exceed $880,930,000 as of June 30, 2018. Provided, however, that in addition to the limit established under this provision, MDOT may increase the aggregate outstanding unpaid and principal balance of nontraditional debt so long as:

(1) MDOT provides notice to the Senate Budget and Taxation Committee and the House Appropriations Committee stating the specific reason for the additional issuance and providing specific information regarding the proposed issuance, including information specifying the total amount of nontraditional debt that would be outstanding on June 30, 2018, and the total amount by which the fiscal 2018 debt service payment for all nontraditional debt would increase following the additional issuance; and

(2) the Senate Budget and Taxation Committee and the House Appropriations Committee have 45 days to review and comment on the proposed additional issuance before the publication of a preliminary official statement. The Senate Budget and Taxation Committee and the House Appropriations Committee may hold a public hearing to discuss the proposed increase and shall signal their intent to hold a hearing within 45 days of receiving notice from MDOT.

Explanation: This language limits the amount of nontraditional debt outstanding at the end of fiscal 2018 to the total amount that is projected to be outstanding from all previous nontraditional debt issuances as of June 30, 2016. The language allows MDOT to increase the amount of nontraditional debt outstanding in fiscal 2018 by providing notification to the budget committees regarding the reason that the additional issuances are required.

Information Request	Author	Due Date
Justification for increasing nontraditional debt outstanding	MDOT	45 days prior to publication of a preliminary official statement

Appendix 1

Current and Prior Year Budgets

MDOT – Debt Service Requirements

($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2016					
Legislative Appropriation	$0	$282,667	$0	$0	$282,667
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	-23,343	0	0	-23,343
Actual Expenditures	**$0**	**$259,324**	**$0**	**$0**	**$259,324**
Fiscal 2017					
Legislative Appropriation	$0	$309,912	$0	$0	$309,912
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Working Appropriation	**$0**	**$309,912**	**$0**	**$0**	**$309,912**

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

Fiscal 2016 special fund expenditures were $23,343,108 lower than the legislative appropriation due to a $190.0 million reduction in the amount of debt issued compared with the estimate upon which the budget was based, use of $3.3 million in premiums for debt service, and use of Build America Bond subsidy funds partially offsetting debt service costs.

Fiscal 2017

The fiscal 2017 legislative appropriation remains unchanged.

Appendix 2
Object/Fund Difference Report
MDOT – Debt Service Requirements

Object/Fund	FY 16 Actual	FY 17 Working Appropriation	FY 18 Allowance	FY 17 - FY 18 Amount Change	Percent Change
Objects					
13 Fixed Charges	$ 259,323,630	$ 309,911,986	$ 328,755,010	$ 18,843,024	6.1%
Total Objects	**$ 259,323,630**	**$ 309,911,986**	**$ 328,755,010**	**$ 18,843,024**	**6.1%**
Funds					
03 Special Fund	$ 259,323,630	$ 309,911,986	$ 328,755,010	$ 18,843,024	6.1%
Total Funds	**$ 259,323,630**	**$ 309,911,986**	**$ 328,755,010**	**$ 18,843,024**	**6.1%**

MDOT: Maryland Department of Transportation

Note: The fiscal 2017 appropriation does not include deficiencies. The fiscal 2018 allowance does not include contingent reductions.

Appendix 3
Consolidated Transportation Bonds
Debt Service and Debt Outstanding on Debt Outstanding as of December 31, 2016

Fiscal Year	Debt Service	Debt Outstanding at End of Fiscal Year
2016	$264,357,924	$2,146,085,000
2017	307,214,964	2,313,385,000
2018	320,229,761	2,091,675,000
2019	287,399,536	1,892,265,000
2020	268,310,011	1,701,750,000
2021	275,796,861	1,494,460,000
2022	269,583,736	1,283,410,000
2023	264,571,786	1,068,535,000
2024	197,307,199	910,670,000
2025	183,974,999	759,245,000
2026	165,279,986	619,960,000
2027	165,793,919	474,890,000
2028	155,201,750	335,010,000
2029	140,185,763	205,055,000
2030	107,789,619	103,060,000
2031	67,515,725	37,655,000
2032	38,219,825	0

Source: Maryland Department of Transportation

Appendix 4
Nontraditional Debt
Debt Service and Debt Outstanding on Debt Outstanding as of December 31, 2016

Fiscal Year	Debt Service	Debt Outstanding on June 30, 2016
2017	$67,501,862	$921,440,000
2018	66,884,255	880,930,000
2019	66,803,875	838,845,000
2020	66,804,159	795,005,000
2021	65,801,236	750,310,000
2022	181,068,627	604,340,000
2023	100,142,423	531,570,000
2024	78,146,695	478,110,000
2025	76,402,627	424,095,000
2026	74,268,503	369,880,000
2027	69,269,465	318,325,000
2028	48,286,550	285,585,000
2029	55,457,083	244,070,000
2030	56,667,608	199,355,000
2031	36,450,374	172,790,000
2032	36,456,226	144,815,000
2033	22,480,091	129,325,000
2034	13,687,725	122,020,000
2035	10,738,000	117,325,000
2036	10,735,375	112,395,000
2037	10,740,750	107,210,000
2038	10,738,250	101,765,000
2039	10,737,625	96,045,000
2040	10,743,000	90,030,000
2041	10,738,500	83,715,000
2042	10,738,875	77,080,000
2043	10,742,875	70,105,000
2044	10,739,875	62,780,000
2045	10,699,500	55,125,000
2046	10,657,500	47,125,000
2047	10,667,375	38,710,000
2048	10,587,375	29,950,000
2049	10,598,750	20,735,000
2050	10,567,125	11,085,000
2051	11,514,500	0

Source: Maryland Department of Transportation