
By: **Delegates Gordon and Mitchell**
Introduced and read first time: February 11, 2004
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Transportation and Maryland Transportation Authority -**
3 **Debt Limits**

4 FOR the purpose of establishing a limit on total outstanding consolidated
5 transportation bonds, bonds of prior issues, and certain other debt instruments
6 issued and funds borrowed by the Department of Transportation; requiring the
7 General Assembly to establish an annual limit on outstanding transportation
8 bonds, bonds of prior issues, and certain other debt instruments and funds
9 borrowed, subject to a certain limit; reducing the maximum term for special
10 transportation project revenue bonds; providing that the annual payments for
11 principal of and interest on special transportation revenue bonds may not
12 exceed a certain percentage of a certain apportionment to the Department and
13 the Maryland Transportation Authority for certain federal highway aid;
14 prohibiting the Authority from pledging or using existing or anticipated federal
15 funds paid to or anticipated to be paid to the Department or the Authority for
16 the payment of principal of and interest on the Authority's bonds or debt
17 obligations if the term of the bonds or debt obligations exceeds a certain limit or
18 certain annual payments exceed a certain percentage of a certain apportionment
19 to the Department and the Authority for certain federal highway aid; and
20 generally relating to limits on debt incurred by the Department of
21 Transportation and the Maryland Transportation Authority.

22 BY repealing and reenacting, with amendments,
23 Article - Transportation
24 Section 3-202, 3-602, and 4-302
25 Annotated Code of Maryland
26 (2001 Replacement Volume and 2003 Supplement)

27 BY repealing and reenacting, without amendments,
28 Article - Transportation
29 Section 3-601
30 Annotated Code of Maryland
31 (2001 Replacement Volume and 2003 Supplement)

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

3 **Article - Transportation**

4 3-202.

5 (a) The Department from time to time may issue its bonds on behalf of this
6 State to finance the cost of any one or more or combination of transportation facilities.

7 (b) The bonds shall be known as "consolidated transportation bonds" and may
8 be issued in any amount as long as the aggregate outstanding and unpaid principal
9 balance of these [bonds and] BONDS, bonds of prior issues, AND OTHER DEBT
10 INSTRUMENTS, EXCLUDING SPECIAL TRANSPORTATION PROJECT REVENUE BONDS
11 ISSUED AND OTHER FUNDS BORROWED UNDER SUBTITLE 6 OF THIS TITLE does not
12 exceed at any one time the sum of [\$1.5 billion] \$2,300,000,000.

13 (c) The maximum outstanding and unpaid principal balance of consolidated
14 transportation [bonds and] BONDS, bonds of prior issues, OTHER DEBT
15 INSTRUMENTS, EXCLUDING SPECIAL TRANSPORTATION PROJECT REVENUE BONDS
16 ISSUED AND OTHER FUNDS BORROWED UNDER SUBTITLE 6 OF THIS TITLE as of June
17 30 for the next fiscal year:

18 (1) Shall be established each year by the General Assembly in the State
19 budget; and

20 (2) May not exceed the limit established in subsection (b) of this section.
21 3-601.

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

27 (b) The Department may apply for any financial assistance in support of
28 projects deemed appropriate by the Secretary.

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

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

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

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

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

8 2. Repay the loans with revenues attributable to the
9 transportation facilities being financed; and

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

13 3-602.

14 (a) Bonds issued by the Department under this subtitle shall be known as
15 "special transportation project revenue bonds".

16 (b) A resolution authorizing the issuance of special transportation project
17 revenue bonds shall:

18 (1) Describe generally the transportation facilities to be financed by the
19 sale of bonds;

20 (2) State the estimated cost of financing these transportation facilities;
21 and

22 (3) With respect to the bonds, specify:

23 (i) The date of issue;

24 (ii) The date of each maturity, which may not be later than [30] 15
25 years after the date of issue;

26 (iii) The amount of each maturity, which need not be in equal
27 principal amounts or consecutive annual installments;

28 (iv) The rate of interest payable on the bonds, or the manner of
29 determining the rate of interest, and the date or dates of payment of interest;

30 (v) The tenor, form, denomination, manner of execution, and place
31 of payment of the principal of and interest on the bonds, which may be at any bank or
32 trust company within or without the State;

33 (vi) Whether the bonds are to be issued in coupon, registered or
34 book entry form and whether provision is to be made for the registration of the
35 principal only of coupon bonds, for the reconversion of fully registered bonds into
36 coupon form, and for the replacement of bonds that are mutilated, lost, or destroyed;

1 (vii) Whether the bonds are to be sold at public or private sale, as
2 determined by the Secretary;

3 (viii) If the bonds are to be sold at public sale:

4 1. The form of notice of sale, which shall outline the terms
5 and conditions of the sale; and

6 2. The form of advertisement of a summary notice of sale,
7 which shall be published at least once in an appropriate newspaper of general
8 circulation as determined by the Secretary;

9 (ix) Whether all or any part of the bonds are redeemable before
10 maturity and any terms, conditions, and prices of redemption; and

11 (x) Any other matter relating to the form, terms, conditions,
12 issuance, sale, and delivery of the bonds.

13 (c) (1) The resolution may provide that the Secretary may postpone the time
14 for receipt of proposals for the bonds without republishing the form of advertisement
15 for the bonds.

16 (2) (i) The Secretary shall provide notice of the new date and time of
17 sale not less than 24 hours prior to the time proposals are to be submitted, which date
18 may not be more than 30 days after the originally scheduled date of sale.

19 (ii) The notice may be given by TM3 News Service or a similar
20 service or any other method that the Secretary deems appropriate.

21 (d) (1) Special transportation project revenue bonds shall be executed on
22 behalf of the Department by the manual or facsimile signature of the Secretary.

23 (2) Other signatures on the bonds may be either manual or facsimile.

24 (3) If an individual whose manual or facsimile signature appears on any
25 bond or coupon ceases to serve in an authorized capacity before the delivery of the
26 bond, the signature nevertheless is as valid and sufficient for all purposes as if the
27 individual had remained in that capacity until delivery of the bond.

28 (e) THE ANNUAL PAYMENTS FOR PRINCIPAL OF AND INTEREST ON THE
29 BONDS MAY NOT EXCEED 10 PERCENT OF THE ANNUAL APPORTIONMENTS TO THE
30 DEPARTMENT AND THE MARYLAND TRANSPORTATION AUTHORITY FOR FEDERAL
31 HIGHWAY AID, PROVIDED UNDER TITLE 23 OF THE UNITED STATES CODE.

32 (F) Forty-five days before each issuance of bonds under this section, the
33 Department must report the proposed issuance to the Legislative Policy Committee
34 for review and comment.

35 [(f)] (G) Each issue of special transportation project revenue bonds shall be
36 approved before sale by resolution of the Board of Public Works.

1 4-302.

2 (a) [Without] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,
3 WITHOUT limiting the power of the Authority to issue additional revenue bonds under
4 the provisions of law that authorize the issuance of revenue bonds of prior issues, the
5 Authority from time to time may issue its revenue bonds to finance the cost of any one
6 or more or combination of transportation facilities projects.

7 (b) As to revenue bonds of any issue, the Authority may determine:

8 (1) The date or dates of issue;

9 (2) The date or dates and amount or amounts of maturity, which need
10 not be in equal principal amounts or consecutive annual installments, but a bond may
11 not be issued to mature later than 40 years after the date of its issue;

12 (3) The rate or rates of interest payable on the bonds, or the manner of
13 determining the rate or rates of interest, and the date or dates of payment of interest;

14 (4) The tenor, form or forms, denomination or denominations, manner of
15 execution, and place or places of payment of the principal of and interest on the bonds,
16 which may be at any bank or trust company within or without this State;

17 (5) Whether the bonds are to be issued in coupon or registered form or
18 both and whether provision is to be made for the registration of the principal only of
19 coupon bonds, for the reconversion of fully registered bonds into coupon form, and for
20 the replacement of bonds that are mutilated, lost, or destroyed;

21 (6) Whether all or any part of the bonds are redeemable before maturity
22 and, if so, the terms, conditions, and prices of redemption; and

23 (7) Any other matter relating to the form, terms, conditions, issuance,
24 sale, and delivery of the bonds.

25 (C) THE AUTHORITY MAY NOT PLEDGE OR USE EXISTING OR ANTICIPATED
26 FEDERAL FUNDS PAID TO OR EXPECTED TO BE PAID TO THE DEPARTMENT OR THE
27 AUTHORITY FOR TRANSPORTATION PURPOSES FOR THE PAYMENT OF THE
28 PRINCIPAL OF AND INTEREST ON THE AUTHORITY'S BONDS OR OTHER DEBT
29 OBLIGATIONS IF:

30 (1) THE TERM OF THE BONDS OR DEBT INSTRUMENTS EXCEEDS 15
31 YEARS; OR

32 (2) THE ANNUAL PAYMENTS FOR THE PRINCIPAL OF AND INTEREST ON
33 THE BONDS OR DEBT INSTRUMENTS EXCEED 10 PERCENT OF THE ANNUAL
34 APPORTIONMENTS TO THE DEPARTMENT OR THE AUTHORITY FOR FEDERAL
35 HIGHWAY AID, PROVIDED UNDER TITLE 23 OF THE UNITED STATES CODE.

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
37 July 1, 2004.

