

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 255

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike line 2 in its entirety and substitute “Department of Transportation and Maryland Transportation Authority - Debt, Authority, and Financing”; strike beginning with “repealing” in line 3 down through “Assembly;” in line 5 and substitute “expanding a certain definition of tax-supported debt to require the Capital Debt Affordability Committee to review and make recommendations regarding certain debt issued by the Department of Transportation and the Maryland Transportation Authority; repealing a certain requirement that the Capital Debt Affordability Committee review and make recommendations about certain debt issued by the Department of Transportation; repealing a certain requirement that the Governor include a certain appropriation to the Transportation Trust Fund under certain circumstances; providing for additional notice and consent before the Authority enters into any contract or agreement to acquire or construct a revenue-producing transportation facility project; repealing a requirement that the Authority receive General Assembly approval through legislation prior to issuing bonds for certain purposes after a certain date;”; strike beginning with “requiring” in line 6 down through “debt” in line 11 and substitute “altering the maximum amount of debt that the Department or the Authority may issue that is supported by a pledge of future federal aid; altering the maximum term of certain debt issued by the Department or the Authority that is secured by a pledge of future federal aid; pledging certain taxes to the payment of bonds supported by a pledge of federal aid under certain circumstances; providing that the State and the Authority shall finance a certain project in a certain manner; requiring the Authority to issue certain bonds; requiring the Governor to transfer certain amounts from the Transportation Trust Fund for certain purposes; requiring the Governor to include certain appropriations in the State budget for certain fiscal years; defining certain terms; providing for the effective date of this Act; and generally relating to debt, authority, and financing of the Department of Transportation and the Maryland Transportation Authority”; after line 11, insert:

“BY repealing and reenacting, with amendments,  
Article - State Finance and Procurement

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Section 7-311(j), 8-104, and 8-112  
Annotated Code of Maryland  
(2001 Replacement Volume and 2004 Supplement)

BY repealing

Article - Transportation  
Section 3-216(g)  
Annotated Code of Maryland  
(2001 Replacement Volume and 2004 Supplement)”;

in line 14, after “Section” insert “3-601(d),”; in the same line, strike “and”; in the same line, after “4-306” insert “, 4-307 (a), and 4-320”; and after line 16, insert:

“BY adding to

Article - Transportation  
Section 4-321  
Annotated Code of Maryland  
(2001 Replacement Volume and 2004 Supplement)”.

## AMENDMENT NO. 2

On page 1, after line 18, insert:

“Article - State Finance and Procurement

7-311.

(j) (1) Except as provided in paragraph (2) of this subsection [and § 3-216(g) of the Transportation Article], for fiscal year 2006 and for each subsequent fiscal year, the Governor shall include in the budget bill an appropriation to the Account equal to the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000.

(2) The appropriation required under this subsection for any fiscal year may be reduced by the amount of any appropriation to the Account required to be included for that fiscal year under subsection (e) of this section.

8-104.

(a) In this Part II of this subtitle the following words have the meanings indicated.

(b) “Committee” means the Capital Debt Affordability Committee.

(c) (1) “Tax supported debt” means:

[ (1) ] (I) State debt; and

[ (2) ] (II) other forms of debt, including State agency capital leases supported in whole or part by State tax revenues[,] and debt of the Department of Transportation, the Maryland Stadium Authority, and other units of State government which, in the opinion of the Committee, are supported directly or indirectly by State tax revenues.

(2) “TAX SUPPORTED DEBT” INCLUDES DEBT ISSUED BY THE DEPARTMENT OF TRANSPORTATION UNDER TITLE 3, SUBTITLE 6 OF THE TRANSPORTATION ARTICLE OR BY THE MARYLAND TRANSPORTATION AUTHORITY UNDER TITLE 4, SUBTITLE 3 OF THE TRANSPORTATION ARTICLE THAT IS SECURED BY A PLEDGE OF FUTURE FEDERAL AID FROM ANY SOURCE.

8-112.

(a) The Committee shall review on a continuing basis the size and condition of the State tax supported debt as well as[:

(1) debt issued by the Department of Transportation under Title 3, Subtitle 6 of the Transportation Article; and

(2) other debt of State units, including the University System of Maryland, Morgan State University, St. Mary’s College of Maryland, and the Baltimore City Community College.

(b) On or before September 10 of each year, the Committee shall submit to the Governor

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and the General Assembly the Committee's estimate of the total amount of new State debt that prudently may be authorized for the next fiscal year.

(c) In making the estimate, the Committee shall consider:

(1) the amount of State bonds that, during the next fiscal year:

(i) will be outstanding; and

(ii) will be authorized but unissued;

(2) the capital program prepared by the Department of Budget and Management;

(3) capital improvement and school construction needs during the next 5 fiscal years, as projected by the Interagency Committee on School Construction;

(4) projections of debt service requirements during the next 10 fiscal years;

(5) the criteria that recognized bond rating agencies use to judge the quality of issues of State bonds;

(6) any other factor that is relevant to:

(i) the ability of the State to meet its projected debt service requirements for the next 5 fiscal years; or

(ii) the marketability of State bonds;

(7) the effect of authorizations of new State debt on each of the factors set out in this subsection; and

(8) the amount of issuances, debt outstanding, and debt service requirement of other classes of State tax supported debt as well as[:

(i) debt issued by the Department of Transportation under Title 3, Subtitle 6 of the Transportation Article; and

(ii) other debt of State units, including the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Baltimore City Community College.

(d) The estimate of the Committee:

(1) is advisory; and

(2) does not bind the General Assembly, the Board, or the Governor.

(e) (1) In addition to its other duties under this section, the Committee shall review on a continuing basis the size and condition of any debt of the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Baltimore City Community College.

(2) In preparing an estimate with respect to the authorization of any new State debt, the Committee shall take into account as part of the affordability analysis any debt for academic facilities to be issued by a System.

(3) At the same time that the Committee makes its report as required under paragraph (b) of this section, the Committee shall submit to the Governor and the General Assembly the Committee's estimate of the amount of new bonds for academic facilities that prudently may be authorized in the aggregate for the next fiscal year by the University System of Maryland, Morgan State University, and St. Mary's College of Maryland.

(4) For purposes of this subtitle, the terms "System" and "academic facilities" have the meanings stated in § 19-101 of the Education Article.

(5) The Committee may request any needed information from a System and shall consider the information in making its estimates, including any information submitted by a System at

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its own initiative.

(6) This estimate:

(i) is advisory; and

(ii) does not bind the General Assembly, the Board, or the Governor.

[f] (1) In addition to the other duties under this section, the Committee shall review on a continuing basis the size and condition of any debt issued by the Department of Transportation under Title 3, Subtitle 6 of the Transportation Article.

(2) In preparing an estimate with respect to the authorization of any new State debt, the Committee shall take into account as part of the affordability analysis any debt issued by the Department of Transportation under Title 3, Subtitle 6 of the Transportation Article.

(3) At the same time that the Committee makes its report as required under subsection (b) of this section, the Committee shall submit to the Governor and the General Assembly the Committee's estimate of the amount of new bonds that may prudently be issued by the Department of Transportation under Title 3, Subtitle 6 of the Transportation Article.

(4) The Committee may request any needed information from the Department of Transportation and shall consider the information in making its estimates, including any information submitted by the Department of Transportation on its own initiative.

(5) This estimate:

(i) is advisory; and

(ii) does not bind the General Assembly, the Board, or the Governor.]”.

AMENDMENT NO. 3

On page 1, after line 19, insert:

“3-216.

[(g) (1) Notwithstanding § 7-311(j) of the State Finance and Procurement Article, for fiscal year 2006 and for each subsequent fiscal year, if the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000, except as provided in paragraph (3) of this subsection, the Governor shall include in the budget bill an appropriation to the Transportation Trust Fund in an amount equal to the lesser of \$50,000,000 or the excess surplus over \$10,000,000.

(2) For any fiscal year to which this subsection applies:

(i) Unless the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds the sum of \$10,000,000 and the amount required to be appropriated to the Transportation Trust Fund under paragraph (1) of this subsection, the appropriation to the Revenue Stabilization Account under § 7-311(j) of the State Finance and Procurement Article is not required; and

(ii) If the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds the sum of \$10,000,000 and the amount required to be appropriated to the Transportation Trust Fund under paragraph (1) of this subsection, the appropriation required to the Revenue Stabilization Account under § 7-311(j) of the State Finance and Procurement Article shall equal the amount by which that surplus exceeds the sum of \$10,000,000 and the amount appropriated to the Transportation Trust Fund under paragraph (1) of this subsection.

(3) (i) The cumulative amount appropriated to the Transportation Trust Fund under paragraph (1) of this subsection for all fiscal years may not exceed \$314,913,000.

(ii) This subsection does not apply to any fiscal year if a cumulative amount equal to at least \$314,913,000 has been appropriated to the Transportation Trust Fund for prior fiscal years under this subsection.]

3-601.

(d) If the Department intends to pledge any future federal aid from any source to support

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repayment of bonds issued under this subtitle:

(1) The [annual payments for principal of and interest on the bonds may not exceed 13 percent of the State's average annual authorization level in the current federal authorization act for federal highway aid provided under Title 23 of the United States Code] COMBINED AND CUMULATIVE TOTAL OF DEBT ISSUED UNDER THIS SUBTITLE OR TITLE 4, SUBTITLE 3 OF THIS ARTICLE THAT IS SUPPORTED BY A PLEDGE OF FUTURE FEDERAL AID MAY NOT EXCEED \$750,000,000 IN PRINCIPAL AMOUNT; [and]

(2) The date of maturity may not be later than [15] 12 years after the date of issue;  
AND

(3) IF FUTURE FEDERAL AID IS INSUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE, THE TAX LEVIED AND IMPOSED UNDER § 3-215 OF THIS TITLE IS IRREVOCABLY PLEDGED, EXCLUSIVE OF ANY MONEY PLEDGED TO CONSOLIDATED TRANSPORTATION BONDS, TO THE PAYMENT OF THE BONDS AS THEY ARE DUE AND PAYABLE, AND NO PART OF THE TAX OR OTHER FUNDS APPLICABLE TO DEBT SERVICE ON THE BONDS MAY BE REPEALED, DIMINISHED, OR APPLIED TO ANY OTHER PURPOSE UNTIL:

(I) THE BONDS AND INTEREST ON THEM HAVE BECOME DUE AND FULLY PAID; OR

(II) ADEQUATE AND COMPLETE PROVISION FOR PAYMENT OF THE PRINCIPAL AND INTEREST HAS BEEN MADE.”.

AMENDMENT NO. 4

On page 3, strike beginning with “a” in line 28 down through “Services” in line 33 and substitute “, TO THE SENATE BUDGET AND TAXATION COMMITTEE, THE HOUSE COMMITTEE ON WAYS AND MEANS, AND THE HOUSE APPROPRIATIONS COMMITTEE, FOR REVIEW AND COMMENT, AND TO THE DEPARTMENT OF LEGISLATIVE SERVICES, A DESCRIPTION OF THE PROPOSED PROJECT, A SUMMARY OF THE CONTRACT OR AGREEMENT, AND A FINANCING PLAN THAT DETAILS:

(I) THE ESTIMATED ANNUAL REVENUE FROM THE ISSUANCE



OF BONDS TO FINANCE THE PROJECT; AND

(II) THE ESTIMATED IMPACT OF THE ISSUANCE OF BONDS TO FINANCE THE PROJECT ON THE BONDING CAPACITY OF THE AUTHORITY".

AMENDMENT NO. 5

On page 4, strike beginning with "AT" in line 30 down through "OF" in line 31; in line 31, after "\$1,900,000,000" insert "ON JUNE 30 OF ANY YEAR"; in line 32, after "SECTION" insert "AND § 4-205 OF THIS SUBTITLE"; and strike in their entirety lines 36 through 38, inclusive.

On page 5, strike in their entirety lines 1 through 15, inclusive; and after line 15, insert:

"4-307.

(a) Subject to the provisions of [§ 4-306(b)] §§ 4-306(B), 4-320, AND 4-321 of this subtitle, if by reason of increased construction costs, error in estimates, or otherwise, the proceeds of the revenue bonds of any issue are less than the amount required for the purpose for which the bonds are authorized, additional revenue bonds may be issued in a similar manner to provide the amount of the deficiency.

4-320.

If the Authority intends to pledge any future federal aid from any source to support repayment of any debt instrument issued under this subtitle:

(1) The [annual payments for principal of and interest on the bonds may not exceed 13 percent of the State's average annual authorization level in the current federal authorization act for federal highway aid provided under Title 23 of the United States Code] THE COMBINED AND CUMULATIVE TOTAL OF DEBT ISSUED UNDER THIS SUBTITLE OR TITLE 3, SUBTITLE 6 OF THIS ARTICLE THAT IS SUPPORTED BY A PLEDGE OF FUTURE FEDERAL AID MAY NOT EXCEED \$750,000,000 IN PRINCIPAL AMOUNT; [and]

(2) The date of maturity may not be later than [15] 12 years after the date of issue;

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AND

(3) IF FUTURE FEDERAL AID IS INSUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE, THE TAX LEVIED AND IMPOSED UNDER § 3-215 OF THIS TITLE IS IRREVOCABLY PLEDGED, EXCLUSIVE OF ANY MONEY PLEDGED TO CONSOLIDATED TRANSPORTATION BONDS, TO THE PAYMENT OF THE BONDS AS THEY ARE DUE AND PAYABLE, AND NO PART OF THE TAX OR OTHER FUNDS APPLICABLE TO DEBT SERVICE ON THE BONDS MAY BE REPEALED, DIMINISHED, OR APPLIED TO ANY OTHER PURPOSE UNTIL:

(I) THE BONDS AND INTEREST ON THEM HAVE BECOME DUE AND FULLY PAID; OR

(II) ADEQUATE AND COMPLETE PROVISION FOR PAYMENT OF THE PRINCIPAL AND INTEREST HAS BEEN MADE.

4-321.

(A) IN THIS SECTION, "INTERCOUNTY CONNECTOR" MEANS THE EAST-WEST MULTIMODAL HIGHWAY IN MONTGOMERY AND PRINCE GEORGE'S COUNTIES BETWEEN INTERSTATE 270 AND INTERSTATE 95/U.S. ROUTE 1, AS DESCRIBED IN THE 2005 - 2010 CONSOLIDATED TRANSPORTATION PLAN.

(B) THE STATE AND THE AUTHORITY SHALL FINANCE THE INTERCOUNTY CONNECTOR AS PROVIDED IN THIS SECTION.

(C) THE AUTHORITY SHALL:

(1) ISSUE NOT MORE THAN \$750,000,000 IN BONDS SECURED BY A PLEDGE OF FUTURE FEDERAL AID, WITH \$375,000,000 ISSUED IN FISCAL 2006, \$325,000,000 ISSUED IN FISCAL 2008, AND \$50,000,000 ISSUED IN 2010; AND

(2) ISSUE REVENUE BONDS UNDER THIS SUBTITLE THAT ARE NOT SECURED BY A PLEDGE OF FUTURE FEDERAL AID.

(D) THE GOVERNOR SHALL TRANSFER FROM THE TRANSPORTATION TRUST FUND TO THE AUTHORITY FOR THE INTERCOUNTY CONNECTOR \$22,000,000 IN FISCAL 2005 AND \$38,000,000 IN FISCAL 2006.

(E) THE GOVERNOR SHALL INCLUDE IN THE STATE BUDGET AN APPROPRIATION TO THE AUTHORITY FOR THE INTERCOUNTY CONNECTOR:

(1) FROM THE TRANSPORTATION TRUST FUND, AT LEAST \$30,000,000 EACH YEAR FOR FISCAL YEARS 2007 THROUGH 2010;

(2) FROM THE GENERAL FUND, AT LEAST \$53,000,000 EACH YEAR FOR FISCAL YEARS 2007 THROUGH 2009 AND AT LEAST \$105,913,000 FOR FISCAL YEAR 2010; AND

(3) FEDERAL AID FROM ANY SOURCE IN AMOUNTS AS DEEMED PRUDENT.”.

AMENDMENT NO. 6

On page 5, in line 17, strike “July” and substitute “June”.