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By: **Chairman, Budget and Taxation Committee (By Request -  
Departmental - Transportation)**

Introduced and read first time: January 18, 2005

Rules suspended

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Infrastructure Financing Policy - Limitations on GARVEE**  
3 **Bonds**

4 FOR the purpose of revising State policy on financing transportation infrastructure  
5 by changing limitations on the percentage of the average annual authorization  
6 of federal highway aid funds for the State that may be paid annually for  
7 principal of and interest on certain bonds issued by the Department of  
8 Transportation and the Maryland Transportation Authority under certain  
9 circumstances; and generally relating to the issuance of bonds by the  
10 Department of Transportation and the Maryland Transportation Authority.

11 BY repealing and reenacting, with amendments,  
12 Article - Transportation  
13 Section 3-601 and 4-320  
14 Annotated Code of Maryland  
15 (2001 Replacement Volume and 2004 Supplement)

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

18 **Article - Transportation**

19 3-601.

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

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

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

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

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

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

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

24 (1) The annual payments for principal of and interest on the bonds may  
25 not exceed [13] 20 percent of the State's average annual authorization level in the  
26 current federal authorization act for federal highway aid provided under Title 23 of  
27 the United States Code; and

28 (2) The date of maturity may not be later than 15 years after the date of  
29 issue.

30 4-320.

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

33 (1) The annual payments for principal of and interest on the bonds may  
34 not exceed [13] 20 percent of the State's average annual authorization level in the  
35 current federal authorization act for federal highway aid provided under Title 23 of  
36 the United States Code; and

1 (2) The date of maturity may not be later than 15 years after the date of  
2 issue.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 July 1, 2005.