

# SENATE BILL 182

R2

8lr0063

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

Introduced and read first time: January 18, 2008

Rules suspended

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 12, 2008

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Transportation Authority — ~~Bonding Authority~~**

3 FOR the purpose of requiring the Maryland Transportation Authority each year to  
4 develop, adopt, and submit to the General Assembly at certain times a certain  
5 financial forecast for its operations; requiring the financial forecast to include  
6 certain components; modifying a certain limit on the issuance of certain debt by  
7 the ~~Maryland Transportation~~ Authority; authorizing the Authority to issue  
8 certain notes of a certain maturity secured by a pledge of a certain line of credit;  
9 altering certain required General Fund appropriations for the financing of a  
10 certain highway; authorizing the Authority to issue certain notes for the  
11 financing of a certain highway; authorizing the Authority to use certain  
12 amounts from a certain line of credit for the financing of a certain highway;  
13 authorizing the Governor to transfer up to a certain amount from the  
14 Transportation Trust Fund to the Authority for the financing of a certain  
15 highway; requiring that certain amounts be repaid by the Authority to the  
16 Transportation Trust Fund from certain appropriations; requiring the Authority  
17 each year to develop, adopt, and submit to the General Assembly at certain  
18 times a certain financial plan of expenditures and funding for the construction  
19 of a certain highway; requiring the financial plan to include certain components;  
20 stating the intent of the General Assembly that the Authority provide certain  
21 cash flow changes for financing a certain highway; and generally relating to the  
22 Maryland Transportation Authority ~~revenue bonds and the issuance of debt~~ and  
23 the financing of the Intercounty Connector.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to  
2 Article – Transportation  
3 Section 4–210 and 4–320.1  
4 Annotated Code of Maryland  
5 (2001 Replacement Volume and 2007 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article – Transportation  
8 Section 4–306 and 4–321  
9 Annotated Code of Maryland  
10 (2001 Replacement Volume and 2007 Supplement)

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

13 **Article – Transportation**

14 **4–210.**

15 **(A) EACH YEAR, THE AUTHORITY SHALL DEVELOP AND ADOPT A**  
16 **10–YEAR FINANCIAL FORECAST FOR THE OPERATIONS OF THE AUTHORITY.**

17 **(B) IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT**  
18 **ARTICLE, THE AUTHORITY SHALL SUBMIT TO THE GENERAL ASSEMBLY:**

19 **(1) A DRAFT OF THE FINANCIAL FORECAST ON SUBMISSION OF**  
20 **THE BUDGET BILL TO THE PRESIDING OFFICERS OF THE GENERAL ASSEMBLY;**  
21 **AND**

22 **(2) THE FINANCIAL FORECAST AS APPROVED BY THE AUTHORITY**  
23 **ON OR BEFORE JULY 1 OF EACH YEAR.**

24 **(C) THE FINANCIAL FORECAST SHALL INCLUDE THE FOLLOWING**  
25 **COMPONENTS:**

26 **(1) A SCHEDULE OF OPERATING EXPENSES;**

27 **(2) A SCHEDULE OF REVENUES, INCLUDING CONCESSIONS**  
28 **INCOME, INVESTMENT INCOME, OTHER INCOME, AND TRANSFERS FROM THE**  
29 **DEPARTMENT;**

30 **(3) A SCHEDULE OF TOLL REVENUES, INCLUDING THE AVERAGE**  
31 **TOLL PER VEHICLE, THE AVERAGE TOLL INCREASE, THE NUMBER OF PAID**  
32 **VEHICLES, AND THE TOLL REVENUE BY TOLL FACILITY AND BY FISCAL YEAR;**

1           **(4) A SCHEDULE OF PLANNED BOND ISSUANCES, INCLUDING A**  
2 **DETAILED SUMMARY OF BONDS ISSUED TO FUND THE CAPITAL PROGRAM AND**  
3 **BONDS ISSUED TO FUND CAPITALIZED INTEREST;**

4           **(5) A SCHEDULE OF DEBT SERVICE IN EACH FISCAL YEAR FOR**  
5 **EACH BOND ISSUANCE OF ALL DEBT ISSUED OR PLANNED TO BE ISSUED BY THE**  
6 **AUTHORITY, INCLUDING REVENUE BONDS AND CONDUIT FINANCING; AND**

7           **(6) A SUMMARY SCHEDULE FOR THE AUTHORITY THAT**  
8 **INCLUDES:**

9                   **(I) THE TOTAL CASH BALANCE;**

10                   **(II) THE AMOUNT OF THE CASH BALANCE THAT IS**  
11 **ENCUMBERED;**

12                   **(III) THE ANNUAL CASH SURPLUS OR DEFICIT;**

13                   **(IV) REVENUES;**

14                   **(V) TRANSFERS TO THE DEPARTMENT FROM THE**  
15 **AUTHORITY;**

16                   **(VI) TRANSFERS FROM THE AUTHORITY TO THE**  
17 **DEPARTMENT;**

18                   **(VII) BOND SALES;**

19                   **(VIII) EXPENDITURES FOR DEBT SERVICE;**

20                   **(IX) OPERATING EXPENSES;**

21                   **(X) CAPITAL EXPENSES;**

22                   **(XI) MAINTENANCE AND OPERATIONS EXPENSE RESERVE**  
23 **ACCOUNTS;**

24                   **(XII) FORECASTED BOND INTEREST RATES;**

25                   **(XIII) TOTAL BONDS OUTSTANDING; AND**

26                   **(XIV) FINANCIAL COVERAGE RATIOS, INCLUDING THE RATIO**  
27 **OF TOTAL CASH TO TOLL REVENUES, THE DEBT SERVICE COVERAGE RATIO, AND**  
28 **THE RATE COVENANT COMPLIANCE RATIO.**

1           **(D) THE FINANCIAL FORECAST SHALL INCLUDE, FOR EACH OF THE**  
2 **COMPONENTS SPECIFIED IN SUBSECTION (C) OF THIS SECTION:**

3           **(1) ACTUAL INFORMATION FOR THE LAST FULL FISCAL YEAR;**  
4 **AND**

5           **(2) FORECASTS OF THE INFORMATION FOR EACH OF THE 10**  
6 **SUBSEQUENT FISCAL YEARS, INCLUDING THE CURRENT FISCAL YEAR, THE**  
7 **FISCAL YEAR FOR THE PROPOSED BUDGET, AND THE NEXT 8 SUBSEQUENT**  
8 **FISCAL YEARS.**

9 4-306.

10           (a) Except as provided in subsection (b) of this section, revenue bonds may be  
11 issued by the Authority:

12           (1) Without obtaining the consent of any instrumentality, agency, or  
13 unit of this State; and

14           (2) Without any proceedings or the happening of any conditions or  
15 things other than those specifically required by this subtitle.

16           (b) (1) Revenue bonds secured by toll revenue may be issued in any  
17 amount as long as the aggregate outstanding and unpaid principal balance of the  
18 revenue bonds secured by toll revenue and revenue bonds of prior issues does not  
19 exceed [\$1,900,000,000] **\$3,000,000,000** on June 30 of any year.

20           (2) Except as otherwise provided in this section and § 4-205 of this  
21 title, without the approval of the General Assembly, the Authority may issue bonds to  
22 refinance all or any part of the cost of a transportation facility project for which the  
23 Authority previously issued bonds authorized under this subtitle.

24 **4-320.1.**

25           **(A) THE AUTHORITY MAY ISSUE BOND ANTICIPATION NOTES SECURED**  
26 **BY A PLEDGE OF A LINE OF CREDIT EXTENDED TO THE STATE UNDER THE**  
27 **FEDERAL TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION**  
28 **ACT.**

29           **(B) NOTES ISSUED UNDER THIS SECTION SHALL HAVE A MATURITY**  
30 **DATE 3 YEARS AFTER THE DATE OF ISSUE.**

31           **(C) A PLEDGE OF A LINE OF CREDIT AS AUTHORIZED UNDER THIS**  
32 **SECTION DOES NOT CONSTITUTE THE PLEDGE OF FUTURE FEDERAL REVENUES,**  
33 **AND NOTES ISSUED UNDER THIS SECTION ARE NOT SUBJECT TO § 3-601(D) OF**  
34 **THIS ARTICLE OR § 4-320 OF THIS SUBTITLE.**

1 4-321.

2 (a) In this section, "Intercounty Connector" means the east-west multimodal  
3 highway in Montgomery and Prince George's counties between Interstate 270 and  
4 Interstate 95/U.S. Route 1, as described in the 2005 - 2010 Consolidated  
5 Transportation Plan.

6 (b) The State and the Authority shall finance the Intercounty Connector as  
7 provided in this section.

8 (c) The Authority shall:

9 (1) Issue not more than an aggregate principal amount of  
10 \$750,000,000 in bonds secured by a pledge of future federal aid; and

11 (2) Issue revenue bonds under this subtitle that are not secured by a  
12 pledge of future federal aid.

13 (d) The Governor shall transfer from the Transportation Trust Fund to the  
14 Authority for the Intercounty Connector \$22,000,000 in fiscal 2005 and \$38,000,000 in  
15 fiscal 2006.

16 (e) The Governor shall transfer to the Authority for the Intercounty  
17 Connector:

18 (1) From the Transportation Trust Fund, at least \$30,000,000 each  
19 year for fiscal years 2007 through 2010;

20 (2) From the General Fund, an aggregate appropriation by fiscal year  
21 [2010] 2012 equal to \$264,913,000, [with a payment of at least \$50,000,000 each year  
22 for fiscal years 2007 through 2010; and] AS FOLLOWS:

23 (I) \$53,000,000 FOR FISCAL YEAR 2007 AND FOR EACH OF  
24 FISCAL YEARS 2009 THROUGH 2011; AND

25 (II) \$52,913,000 FOR FISCAL YEAR 2012; AND

26 (3) At least \$10,000,000 federal aid from any source in amounts as  
27 deemed prudent.

28 (F) (1) IN ADDITION TO OTHER AMOUNTS PROVIDED TO FINANCE THE  
29 INTERCOUNTY CONNECTOR UNDER THIS SECTION, THE AUTHORITY MAY:

30 (I) ISSUE BOND ANTICIPATION NOTES FOR THE  
31 INTERCOUNTY CONNECTOR SECURED BY A PLEDGE OF A LINE OF CREDIT  
32 EXTENDED TO THE STATE UNDER THE FEDERAL TRANSPORTATION

1 INFRASTRUCTURE FINANCE AND INNOVATION ACT AS AUTHORIZED UNDER §  
2 4-320.1 OF THIS SUBTITLE; AND

3 (II) USE UP TO AN AMOUNT APPROVED BY THE U.S.  
4 DEPARTMENT OF TRANSPORTATION FROM A LINE OF CREDIT EXTENDED TO  
5 THE STATE UNDER THE FEDERAL TRANSPORTATION INFRASTRUCTURE  
6 FINANCE AND INNOVATION ACT.

7 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,  
8 IN ADDITION TO AMOUNTS TRANSFERRED TO THE AUTHORITY UNDER  
9 SUBSECTIONS (D) AND (E)(1) OF THIS SECTION, THE GOVERNOR MAY TRANSFER  
10 UP TO \$75,000,000 FROM THE TRANSPORTATION TRUST FUND TO THE  
11 AUTHORITY FOR THE INTERCOUNTY CONNECTOR.

12 (II) ANY AMOUNTS TRANSFERRED FROM THE  
13 TRANSPORTATION TRUST FUND UNDER SUBPARAGRAPH (I) OF THIS  
14 PARAGRAPH SHALL BE REPAID BY THE AUTHORITY TO THE TRANSPORTATION  
15 TRUST FUND FROM THE GENERAL FUND APPROPRIATIONS TO THE AUTHORITY  
16 FOR FISCAL YEAR 2011 AND FISCAL YEAR 2012 UNDER SUBSECTION (E)(2) OF  
17 THIS SECTION.

18 [(f)] (G) (1) On or before December 1 of each year, in accordance with §  
19 2-1246 of the State Government Article, the Authority shall submit a report on the  
20 status of the Intercounty Connector to the Senate Budget and Taxation Committee,  
21 the House Appropriations Committee, and the House Committee on Ways and Means.

22 (2) The report required under this subsection shall include:

23 (i) An update on the progress of the project and a comparison of  
24 the actual progress to the project schedule provided to the committees in January  
25 2005;

26 (ii) The revised estimate of the total project cost of the project  
27 and a statement of the reasons for any cost savings or cost overruns, relative to the  
28 estimate of \$2,447,000,000 provided to the committees in January 2005; and

29 (iii) A description of any changes to the financing plan for the  
30 project, including the impact of cost savings or cost overruns, and, consistent with the  
31 intent of the General Assembly to limit the overall amount of debt used for financing  
32 the Intercounty Connector, the specific identification of sources of funds that may be  
33 applied to address any cost overruns.

34 (H) (1) EACH YEAR UNTIL COMPLETION OF ALL CASH FLOW FOR THE  
35 INTERCOUNTY CONNECTOR, THE AUTHORITY SHALL DEVELOP AND ADOPT AN  
36 UPDATED DETAILED FINANCIAL PLAN OF EXPENDITURES AND FUNDING FOR  
37 THE INTERCOUNTY CONNECTOR.

1           **(2) IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT**  
2 **ARTICLE, THE AUTHORITY SHALL SUBMIT A REPORT TO THE GENERAL**  
3 **ASSEMBLY ON THE FINANCIAL PLAN FOR THE INTERCOUNTY CONNECTOR:**

4                   **(I) ON SUBMISSION OF THE BUDGET BILL TO THE**  
5 **PRESIDING OFFICERS OF THE GENERAL ASSEMBLY; AND**

6                   **(II) ON OR BEFORE JULY 1 OF EACH YEAR.**

7           **(3) THE REPORT REQUIRED UNDER THIS SUBSECTION SHALL**  
8 **INCLUDE REVENUES AND EXPENDITURES FOR EACH FISCAL YEAR BEGINNING**  
9 **WITH FISCAL YEAR 2004 AND CONTINUING THROUGH ANTICIPATED**  
10 **COMPLETION OF THE INTERCOUNTY CONNECTOR.**

11           **(4) THE REPORT SHALL INCLUDE:**

12                   **(I) PLANNED EXPENDITURES BY YEAR, CATEGORIZED BY**  
13 **PLANNING AND ENGINEERING, RIGHT-OF-WAY ACQUISITIONS, AND**  
14 **CONSTRUCTION;**

15                   **(II) FUNDING SOURCES BY YEAR, CATEGORIZED BY:**

16                   **1. GRANT ANTICIPATION REVENUE VEHICLE BOND**  
17 **ISSUANCES;**

18                   **2. TRANSFERS FROM THE TRANSPORTATION TRUST**  
19 **FUND;**

20                   **3. TRANSFERS FROM THE GENERAL FUND;**

21                   **4. FEDERAL FUNDS;**

22                   **5. AUTHORITY CASH RESERVES;**

23                   **6. AUTHORITY REVENUE BOND ISSUANCES;**

24                   **7. DRAWS ON A LINE OF CREDIT EXTENDED TO THE**  
25 **STATE UNDER THE FEDERAL TRANSPORTATION INFRASTRUCTURE FINANCE**  
26 **AND INNOVATION ACT;**

27                   **8. BOND ANTICIPATION NOTES; AND**

28                   **9. ANY OTHER REVENUE SOURCE;**

1                   (III) NONOWNERSHIP-RELATED PROJECT COMPONENTS, BY  
2 COMPONENT, SUCH AS ENVIRONMENTAL MITIGATION, TEMPORARY  
3 CONSTRUCTION EASEMENTS, CONSTRUCTION ON ANY NON-STATE-OWNED  
4 ROAD, AND ANY OTHER CATEGORY IDENTIFIED BY THE AUTHORITY IN ITS TAX  
5 DUE DILIGENCE REVIEW;

6                   (IV) A SCHEDULE OF DEBT SERVICE FOR THE GRANT  
7 ANTICIPATION REVENUE VEHICLE BOND ISSUANCES AND AUTHORITY  
8 REVENUE BOND ISSUANCES; AND

9                   (V) FINANCING ASSUMPTIONS, INCLUDING MATURITIES OF  
10 BOND ISSUANCES AND FORECASTED INTEREST RATES.

11           SECTION 2. AND BE IT FURTHER ENACTED, That:

12           (a) It is the intent of the General Assembly that the Maryland  
13 Transportation Authority implement cash flow changes for financing the Intercounty  
14 Connector as follows:

15                   (1) for fiscal year 2009, the principal amount of the second tranche of  
16 Grant Anticipation Revenue Vehicle (“GARVEE”) bonds may be increased by  
17 \$17,000,000 to a total of \$425,000,000, plus any bond premium generated in  
18 conjunction with that issuance of GARVEE bonds;

19                   (2) for fiscal year 2010:

20                           (i) the Authority may issue up to a \$75,000,000 3-year bond  
21 anticipation note secured by a pledge of a line of credit extended to the State under the  
22 federal Transportation Infrastructure Finance and Innovation Act, and General Fund  
23 appropriations to the Authority in fiscal years 2011 and 2012 may be invested for the  
24 purpose of generating sufficient interest income to offset the interest cost of the 3-year  
25 bond anticipation note; and

26                           (ii) the Authority may use up to \$75,000,000 from its fiscal year  
27 2010 unencumbered cash balance and return a like amount to its unencumbered cash  
28 balance in fiscal year 2011 and fiscal year 2012 from the General Fund appropriations  
29 received in those fiscal years; and

30                           (3) the Authority may borrow up to \$75,000,000 interest free from the  
31 Transportation Trust Fund, to be repaid by the Authority from General Fund  
32 appropriations received in fiscal years 2011 and 2012.

33           (b) Funds received by the Authority from a line of credit extended to the  
34 State under the federal Transportation Infrastructure Finance and Innovation Act  
35 may be substituted for Maryland Transportation Authority toll-backed revenue bonds  
36 in the financing of the Intercounty Connector.



1           SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect July 1, 2008.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.