

SENATE BILL 753

R1, R2
HB 1471/08 – APP

9lr1613
CF HB 27

By: **Senators Pipkin, Brochin, Colburn, Della, Frosh, Harrington, Jacobs, Pinsky, and Raskin**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation – Intercounty Connector – Elimination of Funding**

3 FOR the purpose of requiring the Governor to include a certain appropriation to the
4 Transportation Trust Fund under certain circumstances; limiting the
5 cumulative amount of certain appropriations to the Transportation Trust Fund;
6 providing that a certain appropriation to the Revenue Stabilization Account
7 under a certain provision of law is not required except under certain
8 circumstances; altering the amount of a certain appropriation under certain
9 circumstances; prohibiting the Department of Transportation and the Maryland
10 Transportation Authority from financing the Intercounty Connector or
11 expending any funds for the Intercounty Connector; repealing certain provisions
12 of law concerning the financing of the Intercounty Connector, including a
13 certain statement of legislative intent regarding the authority of the Authority
14 to implement certain cash flow changes for financing the Intercounty Connector;
15 requiring the Authority to retire certain bonds secured by a pledge of future
16 federal aid in a certain manner; and generally relating to the financing of the
17 Intercounty Connector.

18 BY adding to

19 Article – Transportation
20 Section 3–216(g)
21 Annotated Code of Maryland
22 (2008 Replacement Volume)

23 BY repealing and reenacting, with amendments,

24 Article – Transportation
25 Section 4–321
26 Annotated Code of Maryland
27 (2008 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Chapter 567 of the Acts of the General Assembly of 2008
3 Section 3

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

6 **Article - Transportation**

7 3-216.

8 (G) (1) NOTWITHSTANDING § 7-311(J) OF THE STATE FINANCE AND
9 PROCUREMENT ARTICLE, FOR FISCAL YEAR 2010 AND FOR EACH SUBSEQUENT
10 FISCAL YEAR, IF THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE
11 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000, EXCEPT AS
12 PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE GOVERNOR SHALL
13 INCLUDE IN THE BUDGET BILL AN APPROPRIATION TO THE TRANSPORTATION
14 TRUST FUND IN AN AMOUNT EQUAL TO THE LESSER OF \$50,000,000 OR THE
15 EXCESS SURPLUS OVER \$10,000,000.

16 (2) FOR ANY FISCAL YEAR TO WHICH THIS SUBSECTION APPLIES:

17 (I) UNLESS THE UNAPPROPRIATED GENERAL FUND
18 SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS
19 THE SUM OF \$10,000,000 AND THE AMOUNT REQUIRED TO BE APPROPRIATED
20 TO THE TRANSPORTATION TRUST FUND UNDER PARAGRAPH (1) OF THIS
21 SUBSECTION, THE APPROPRIATION TO THE REVENUE STABILIZATION ACCOUNT
22 UNDER § 7-311(J) OF THE STATE FINANCE AND PROCUREMENT ARTICLE IS
23 NOT REQUIRED; AND

24 (II) IF THE UNAPPROPRIATED GENERAL FUND SURPLUS AS
25 OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS THE SUM OF
26 \$10,000,000 AND THE AMOUNT REQUIRED TO BE APPROPRIATED TO THE
27 TRANSPORTATION TRUST FUND UNDER PARAGRAPH (1) OF THIS SUBSECTION,
28 THE APPROPRIATION TO THE REVENUE STABILIZATION ACCOUNT UNDER §
29 7-311(J) OF THE STATE FINANCE AND PROCUREMENT ARTICLE SHALL EQUAL
30 THE AMOUNT BY WHICH THAT SURPLUS EXCEEDS THE SUM OF \$10,000,000 AND
31 THE AMOUNT APPROPRIATED TO THE TRANSPORTATION TRUST FUND UNDER
32 PARAGRAPH (1) OF THIS SUBSECTION.

33 (3) (I) THE CUMULATIVE AMOUNT APPROPRIATED TO THE
34 TRANSPORTATION TRUST FUND UNDER PARAGRAPH (1) OF THIS SUBSECTION
35 FOR ALL FISCAL YEARS MAY NOT EXCEED \$211,913,000.

1 **(II) THIS SUBSECTION DOES NOT APPLY TO ANY FISCAL**
2 **YEAR IF A CUMULATIVE AMOUNT EQUAL TO AT LEAST \$211,913,000 HAS BEEN**
3 **APPROPRIATED TO THE TRANSPORTATION TRUST FUND FOR PRIOR FISCAL**
4 **YEARS UNDER THIS SUBSECTION.**

5 4-321.

6 (a) In this section, "Intercounty Connector" means the east-west multimodal
7 highway in Montgomery and Prince George's counties between Interstate 270 and
8 Interstate 95/U.S. Route 1, as described in the [2005 - 2010] **2007 - 2012**
9 Consolidated Transportation Plan.

10 (b) The State and the Authority [shall finance] **MAY NOT ISSUE ANY DEBT**
11 **OR EXPEND ANY FUNDS FROM ANY SOURCE FOR** the Intercounty Connector [as
12 provided in this section].

13 [(c) The Authority shall:

14 (1) Issue not more than an aggregate principal amount of
15 \$750,000,000 in bonds secured by a pledge of future federal aid; and

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

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

21 (e) The Governor shall transfer to the Authority for the Intercounty
22 Connector:

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

25 (2) From the General Fund, an aggregate appropriation by fiscal year
26 2011 equal to \$264,913,000, as follows:

27 (i) \$53,000,000 for fiscal year 2007;

28 (ii) \$85,000,000 for fiscal year 2009;

29 (iii) \$63,000,000 for fiscal year 2010; and

30 (iv) \$63,913,000 for fiscal year 2011; and

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

1 (f) (1) In addition to other amounts provided to finance the Intercounty
2 Connector under this section, the Authority may:

3 (i) Issue bond anticipation notes for the Intercounty Connector
4 secured by a pledge of a line of credit extended to the State under the federal
5 Transportation Infrastructure Finance and Innovation Act as authorized under
6 § 4-320.1 of this subtitle; and

7 (ii) Use up to an amount approved by the U.S. Department of
8 Transportation from a loan or line of credit extended to the State under the federal
9 Transportation Infrastructure Finance and Innovation Act.

10 (2) (i) Subject to subparagraph (ii) of this paragraph, in addition to
11 amounts transferred to the Authority under subsections (d) and (e)(1) of this section,
12 the Governor may transfer up to \$75,000,000 from the Transportation Trust Fund to
13 the Authority for the Intercounty Connector.

14 (ii) Any amounts transferred from the Transportation Trust
15 Fund under subparagraph (i) of this paragraph shall be repaid by the Authority to the
16 Transportation Trust Fund from General Fund appropriations to the Authority.

17 (g) (1) On or before December 1 of each year until completion of
18 construction of the Intercounty Connector, in accordance with § 2-1246 of the State
19 Government Article, the Authority shall submit a report on the status of the
20 Intercounty Connector to the Senate Budget and Taxation Committee, the House
21 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;

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 (iv) Planned expenditures by year, categorized by planning and
35 engineering, right-of-way acquisitions, and construction;

36 (v) Funding sources by year, categorized by:

- 1 1. Grant Anticipation Revenue Vehicle bond issuances;
- 2 2. Transfers from the Transportation Trust Fund;
- 3 3. Transfers from the General Fund;
- 4 4. Federal funds;
- 5 5. Authority cash reserves;
- 6 6. Authority revenue bond issuances;
- 7 7. Draws on a loan or line of credit extended to the State
8 under the federal Transportation Infrastructure Finance and Innovation Act;
- 9 8. Bond anticipation notes; and
- 10 9. Any other revenue source;
- 11 (vi) A schedule of debt service for the Grant Anticipation
12 Revenue Vehicle bond issuances and Authority revenue bond issuances; and
- 13 (vii) Financing assumptions, including maturities of bond
14 issuances and forecasted interest rates.]

15 **Chapter 567 of the Acts of 2008**

16 SECTION 3. AND BE IT FURTHER ENACTED, That[:

17 (a) It] IT is the intent of the General Assembly that the Maryland
18 Transportation Authority implement cash flow changes for financing the Intercounty
19 Connector [as follows:

20 (1)] **BY INCREASING**, for fiscal year 2009, the principal amount of the
21 second tranche of Grant Anticipation Revenue Vehicle ("GARVEE") bonds [may be
22 increased] by \$17,000,000 to a total of \$425,000,000, plus any bond premium
23 generated in conjunction with that issuance of GARVEE bonds[;

24 (2) for fiscal year 2010:

25 (i) the Authority may issue up to a \$75,000,000 bond
26 anticipation note secured by a pledge of a line of credit extended to the State under the
27 federal Transportation Infrastructure Finance and Innovation Act, and General Fund
28 appropriations to the Authority may be invested for the purpose of generating
29 sufficient interest income to offset the interest cost of the bond anticipation note; and

1 (ii) the Authority may use up to \$75,000,000 from its fiscal year
2 2010 unencumbered cash balance and return a like amount to its unencumbered cash
3 balance from the General Fund appropriations; and

4 (3) the Authority may borrow up to \$75,000,000 interest free from the
5 Transportation Trust Fund, to be repaid by the Authority from General Fund
6 appropriations.

7 (b) Funds received by the Authority from a loan or line of credit extended to
8 the State under the federal Transportation Infrastructure Finance and Innovation Act
9 may be substituted for Maryland Transportation Authority toll-backed revenue bonds
10 in the financing of the Intercounty Connector].

11 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland
12 Transportation Authority shall retire any bonds secured by a pledge of future federal
13 aid, outstanding as of the effective date of this Act, with:

14 (1) unspent bond proceeds;

15 (2) if unspent bond proceeds are insufficient to retire the bonds, any
16 unspent moneys appropriated for the Intercounty Connector; or

17 (3) if unspent bond proceeds and unspent moneys appropriated for the
18 Intercounty Connector are insufficient to retire the bonds, federal fund authorizations
19 from the federal highway program.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2009.