

HOUSE BILL 766

P2, B5, B2

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CF SB 348

By: **Delegate Heller (Chair, Joint Committee on the Management of Public Funds) and Delegates Elmore, Howard, and Levy**

Introduced and read first time: February 5, 2010

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Capital Debt Affordability**

3 FOR the purpose of altering the due date for the annual report of the Capital Debt
4 Affordability Committee and the annual deadline for the Governor to determine
5 the amount of advisable new State debt; and generally relating to State debt
6 affordability.

7 BY repealing and reenacting, with amendments,
8 Article – State Finance and Procurement
9 Section 8–112 and 8–113
10 Annotated Code of Maryland
11 (2009 Replacement Volume)

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

14 **Article – State Finance and Procurement**

15 8–112.

16 (a) The Committee shall review on a continuing basis the size and condition
17 of the State tax supported debt as well as other debt of State units, including the
18 University System of Maryland, Morgan State University, St. Mary's College of
19 Maryland, and the Baltimore City Community College.

20 (b) On or before [September 10] **OCTOBER 1** of each year, the Committee
21 shall submit to the Governor and the General Assembly the Committee's estimate of
22 the total amount of new State debt that prudently may be authorized for the next
23 fiscal year.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (c) In making the estimate, the Committee shall consider:
- 2 (1) the amount of State bonds that, during the next fiscal year:
- 3 (i) will be outstanding; and
- 4 (ii) will be authorized but unissued;
- 5 (2) the capital program prepared by the Department of Budget and
6 Management;
- 7 (3) capital improvement and school construction needs during the next
8 5 fiscal years, as projected by the Interagency Committee on School Construction;
- 9 (4) projections of debt service requirements during the next 10 fiscal
10 years;
- 11 (5) the criteria that recognized bond rating agencies use to judge the
12 quality of issues of State bonds;
- 13 (6) any other factor that is relevant to:
- 14 (i) the ability of the State to meet its projected debt service
15 requirements for the next 5 fiscal years; or
- 16 (ii) the marketability of State bonds;
- 17 (7) the effect of authorizations of new State debt on each of the factors
18 set out in this subsection; and
- 19 (8) the amount of issuances, debt outstanding, and debt service
20 requirement of other classes of State tax supported debt as well as other debt of State
21 units, including the University System of Maryland, Morgan State University, St.
22 Mary's College of Maryland, and the Baltimore City Community College.
- 23 (d) The estimate of the Committee:
- 24 (1) is advisory; and
- 25 (2) does not bind the General Assembly, the Board, or the Governor.
- 26 (e) (1) In addition to its other duties under this section, the Committee
27 shall review on a continuing basis the size and condition of any debt of the University
28 System of Maryland, Morgan State University, St. Mary's College of Maryland, and
29 the Baltimore City Community College.

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

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

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

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

15 (6) This estimate:

16 (i) is advisory; and

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

19 8-113.

20 On or before [October 15] **NOVEMBER 1** of each year, after considering the
21 current estimate of the Committee, the Governor shall determine:

22 (1) the total authorizations of new State debt that the Governor
23 considers advisable for the next fiscal year; and

24 (2) the preliminary allocation of new State debt for:

25 (i) general construction projects;

26 (ii) school construction projects; and

27 (iii) other special projects.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 June 1, 2010.