May 11, 2022

The Honorable Lawrence J. Hogan, Jr.
Governor of Maryland
State House
100 State Circle
Annapolis, Maryland  21401


Dear Governor Hogan:


Bond Premium

Senate Bill 291 takes a different approach to the use of bond premium than prior capital budget bills. Specifically, the bill authorizes a State loan of $1,219,361,000 in total principal amount but provides that the bond proceeds are to be appropriated for projects that total $1,412,127,055. The total appropriation amount (which is approximately $193 million more than the principal loan amount) is to be supported, in part, by bond premium, as it is anticipated that the bond proceeds will include an estimated $260 million in bond premium for fiscal year 2023. An issue may arise if the State does not achieve the
estimated bond premium, in which case the State might not have sufficient bond proceeds to fund all of the appropriations. In the event the estimated bond premium is not sufficient to fully fund all of the appropriations, the shortfall can be addressed in a future legislative session.

Local Parks and Playground Infrastructure

Section 1(3), Item KA05(B), appropriates $85,000,000 for Local Parks and Playgrounds Infrastructure. That provision identifies how the appropriation is to be allocated by listing amounts for specific parks and recreational facilities and for the counties. (Pages 10 through 15 of the enrolled bill). However, the listed amounts add up to $85,125,000, thus exceeding the appropriation by $125,000. This error can be corrected at the next legislative session.

Sincerely,

Brian E. Frosh
Attorney General

cc: The Honorable John C. Wobensmith
    Keiffer J. Mitchell, Jr.
    Victoria L. Gruber