SENATE BILL 187

By: Chair, Budget and Taxation Committee (By Request – Departmental – Transportation)
Requested: September 30, 2021
Introduced and read first time: January 12, 2022
Assigned to: Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Department of Transportation – Grant Anticipation Revenue Vehicle Bonds

FOR the purpose of repealing a requirement that the Capital Debt Affordability Committee include certain debt that is secured by future federal aid within its review of State tax supported debt; altering the calculation of the maximum amount of debt secured by future federal aid that the Department of Transportation may issue; altering the maximum term of certain bonds that are secured by a pledge of future federal aid; repealing the pledge of certain taxes to the payment of certain bonds secured by a pledge of future federal aid; and generally relating to debt that is secured by future federal aid.

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 8–104
Annotated Code of Maryland
(2021 Replacement Volume)

BY repealing and reenacting, without amendments,
Article – Transportation
Section 3–601(c)
Annotated Code of Maryland
(2020 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Transportation
Section 3–601(d)
Annotated Code of Maryland
(2020 Replacement Volume and 2021 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
SENATE BILL 187

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

Article – State Finance and Procurement

8–104.

(a) In this Part II of this subtitle the following words have the meanings indicated.

(b) “Committee” means the Capital Debt Affordability Committee.

(c) (1) “Tax supported debt” means:

(i) State debt; and

(ii) other forms of debt, including State agency capital leases supported in whole or part by State tax revenues and debt of the Department of Transportation, the Maryland Stadium Authority, and other units of State government which, in the opinion of the Committee, are supported directly or indirectly by State tax revenues.

(2) “[“Tax supported debt” includes debt issued by the Department of Transportation under Title 3, Subtitle 6 of the Transportation Article or by the Maryland Transportation Authority under Title 4, Subtitle 3 of the Transportation Article that is secured by a pledge of future federal aid from any source.

(3)] “Tax supported debt” does not include capital leases used to finance energy performance contracts entered into under § 12–301 of this article, if, as determined by the Committee, energy savings that are guaranteed by the contractor:

(i) equal or exceed the capital lease payments on an annual basis; and

(ii) are monitored in accordance with reporting requirements adopted by the Committee.

Article – Transportation

3–601.

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

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

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

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

(iii) 1. Use the proceeds of the loans described in items (i) and (ii) of this paragraph in connection with transportation facilities including use of the proceeds to pay the costs of financing transportation facilities and the payment of debt service on the Department’s bonds issued in connection with such transportation facilities;

2. Repay the loans with revenues attributable to the transportation facilities being financed; and

3. Pledge revenues attributable to the transportation facilities being financed in order to secure the Department’s obligations to the federal government or its agencies or a nongovernment lender in connection with the loans.

(d) If the Department intends to pledge any future federal aid from any source [to support] AS THE SOLE SOURCE OF repayment of bonds issued under this subtitle:

(1) The aggregate principal amount of debt [issued] OUTSTANDING AND UNPAID under this subtitle or Title 4, Subtitle 3 of this article that is secured SOLELY by a pledge of future federal aid may not exceed $750,000,000 AS OF JUNE 30 OF ANY YEAR; AND

(2) The date of maturity may not be later than [12] 15 years after the date of issue[

(3) Notwithstanding § 3–215(d) of this title, if future federal aid is insufficient to pay the principal of and interest on the bonds issued under this subtitle when due, the tax levied under § 3–215 of this title, to the extent the proceeds of such tax are not necessary to provide the sinking fund required under § 3–215(c) of this title, is irrevocably pledged to the payment of the principal of and interest on the bonds issued under this subtitle as they become due and payable;

(4) The lien of the pledge under item (3) of this subsection shall at all times be subordinate to the lien of the pledge of such tax under § 3–215(d) of this title to the payment of principal of and interest on consolidated transportation bonds; and

(5) No part of the tax levied under § 3–215 of this title may be repealed, diminished, or applied to any other purpose until:
(i) The bonds issued under this subtitle and interest on them have
become due and fully paid; or

(ii) Adequate and complete provision for payment of the principal
and interest has been made.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
1, 2022.