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January 19, 2022

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 187 – FAVORABLE – Department of Transportation – Grant Anticipation Revenue Vehicle Bonds

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee:

The Maryland Asphalt Association is comprised of 18 producer members representing more than 47 production facilities, 24 contractor members, 24 consulting engineer firms and 41 other associate members. We proactively work with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 187 would implement three major positive changes related to the issuance of Grant Anticipation Revenue Vehicle ("GARVEE") bonds by the Maryland Department of Transportation ("MDOT") to accelerate transportation construction project timelines and spread the cost of a transportation facility over its useful life rather than just the construction period. First, it would modify the limit on GARVEE bonds from a one-time issuance of \$750 million to a debt outstanding limit of \$750 million. This allows for the issuance of additional GARVEE bonds, which empowers MDOT to undertake more transportation projects. Second, it would extend the maturity of GARVEE bonds from 12 to 15 years. This reduces the annual cost of debt service for the bonds, which frees up Transportation Trust Fund ("TTF") dollars to be spent on other transportation projects. Finally, it would remove the requirement that the TTF provide a backstop for Maryland's GARVEE bonds. This eliminates the need for them to be reviewed by the Capital Debt Affordability Committee without jeopardizing their creditworthiness in the market.

We appreciate you taking the time to address this important issue, and we urge a favorable report on Senate Bill 187.

Thank you,

Marshall Klinefelter
President
Maryland Asphalt Association