

SB187_MAA_FAV.pdf

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Position: FAV

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MARYLAND ASPHALT ASSOCIATION



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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

SB187_MTBMA_FAV.pdf

Uploaded by: Rachel Clark

Position: FAV



MTBMA
MARYLAND TRANSPORTATION BUILDERS
AND MATERIALS ASSOCIATION

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 Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials.

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

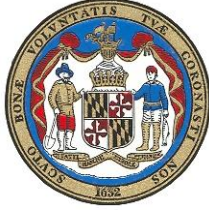
Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

SB 187 - STO Final Testimony.pdf

Uploaded by: Dereck Davis

Position: INFO



MARYLAND STATE TREASURER
Dereck E. Davis

Testimony of the Maryland State Treasurer's Office

Senate Bill 187 - Department of Transportation – Grant Anticipation Revenue Vehicle Bonds

Position: Informational

January 19, 2022

Senate Bill 187 specifies that if the Maryland Department of Transportation (MDOT) intends to pledge any future federal aid from any source as the sole source of repayment for bonds issued, the aggregate amount of debt that is outstanding and unpaid and that is secured solely by a pledge of federal aid may not exceed \$750 million as of June 30 of any year. Among other changes, the bill also repeals a statutory requirement that the Capital Debt Affordability Committee (CDAC) include Grant Anticipation Revenue Vehicle (GARVEE) bonds in its calculation of tax-supported debt.

In 2007, Maryland issued its first and only GARVEE bond to fund the Intercounty Connector. At the time of Maryland's initial issuance, policymakers determined that the Transportation Trust Fund (TTF) should be used as a backstop to pay debt service on the bonds in the event that the federal grant revenue was not received. In the intervening years, however, many GARVEE issuances in other states have been successfully brought to market while backed only by anticipated federal grant revenue, allowing transportation departments around the country to undertake large-scale, transformative projects with no risk to tax dollars.

The State Treasurer's Office does not take an official position on SB 187, but recommends that if the General Assembly authorizes MDOT to issue additional GARVEEs, it retains the provision in the bill that repeals the requirement that CDAC include GARVEEs in its calculation of tax-supported debt. MDOT has informed the State Treasurer's Office that it does not intend to use TTF as a backstop for any future GARVEE issuances. Since the debt would be secured solely by federal grant revenue, the bonds should not be considered tax-supported debt. If State funds (TTF or otherwise) were subsequently used as a backstop, CDAC would still retain the authority to vote to classify those bonds as tax-supported debt in spite of this statutory change.

Thank you for the opportunity to provide information on SB 187. Please feel free to contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.