

Bonded Indebtedness

Fiscal Year 1978

	Bonds Outstanding 6/30/77	%	Bonds Issued During Year	%	Bonds Redeemed During Year	%	Interest Paid During Year	%	Bonds Outstanding 6/30/78	%	Bonds Authorized But Unissued* 6/30/78	%
GENERAL OBLIGATION BONDS:												
General Construction Bonds.....	\$ 601,576,222	29	\$ 46,445,000	21	\$ 27,616,341	25	\$ 32,372,776	31	\$ 620,404,881	29	\$ 289,121,105	31
Local Purpose and Other Bonds.....	380,350,000	18	3,855,000	2	26,555,000	24	16,651,160	16	357,650,000	16	350,660,864	37
General Public School Construction Bonds.....	959,360,000	47	128,345,000	59	45,765,000	41	49,636,524	47	1,041,940,000	48	239,160,000	26
State Agency and Political Subdivision Bonds.....	124,623,778	6	39,500,000	18	11,158,659	10	7,041,452	6	152,965,119	7	56,250,000	6
TOTAL GENERAL OBLIGATION BONDS	\$2,065,910,000	100	\$218,145,000	100	\$111,095,000	100	\$105,701,912	100	\$2,172,960,000	100	\$935,191,969	100
DEPARTMENT OF TRANSPORTATION OF MARYLAND:												
Consolidated Transportation Bonds	\$251,000,000	48	\$354,900,000	70	\$251,000,000***	48	\$13,240,250	57	\$354,900,000	69	\$570,455,000**	100
Specific Tax Revenue Bonds												
State Highway Construction Bonds.....	113,100,000	21	—	—	113,100,000***	21	3,157,073	14	—	—	—	—
County Highway Construction Bonds	166,439,000	31	155,725,000	30	164,569,000****	31	6,593,288	29	156,595,000	31	—	—
TOTAL LIMITED OBLIGATION BONDS	\$529,539,000	100	\$510,625,000	100	\$528,669,000	100	\$22,990,611	100	\$511,495,000	100	\$570,455,000	100

* Included in General Obligation Bonds Authorized but Unissued 6/30/78/ is \$190,896,300, authorized by the General Assembly during the 1978 Session.

** Total Bonds unissued are reduced by outstanding Maryland Port Authority Loans in the amount of \$24,645,000.

*** Includes \$247,500,000 Consolidated Transportation Bonds and \$99,400,000 State Highway Construction Bonds refunded on February 15, 1978. The net proceeds from the issuance of the \$354,900,000 Consolidated Transportation Refunding Bonds, plus \$3,328,970.88 in Departmental funds, were deposited in an Escrow Fund and were used to purchase United States government obligations sufficient to fully provide for the timely payment of the principal of and interest on the refunded bonds.

**** Includes \$153,685,000 County Highway Construction Bonds and County Transportation Bonds refunded on May 25, 1978. The net proceeds from the issuance of the \$155,725,000 County Refunding Bonds were used to purchase United States government obligations sufficient to fully provide for the timely payment of the principal of and interest on the refunded bonds.

The tax-supported Public Debt of the State of Maryland is divided into two major categories: General Obligation Bonds that carry the full faith and credit of the State; and limited obligation bonds issued by the Department of Transportation (formerly State Roads Commission) and payable out of highway revenue. Both of these categories of bonds are redeemed over a period of fifteen years and are well-served by dedicated revenues. However, under the 1964 legislative enactment of the Hospital Construction Loan, participating voluntary non-profit hospitals are to repay these loans to the State over a period of forty years, and the funds necessary to cover the resultant difference between bond redemption and loan repayment are obtained from the State's Property Tax levy.

Other enactments by the General Assembly have authorized repayable loans for Area Development, Airport Redevelopment, and Sanitary Facilities and Sewer Construction. These loans are to be repaid to the State over periods from 15 to 30 years. Of the total bonds outstanding at 6/30/78, \$78,324,541.54 is represented by loans that will be repaid to the State.

Along with the authorization of the Outdoor Recreation Land Loan of 1969, the General Assembly enacted an additional one-half of one percent tax upon every written instrument conveying Title to real property offered for record and recorded in the State for redemption of principal and interest on bonds issued under the program Open Space.

General Obligation Bonds are further categorized and secured by revenues as follows:

A. General Construction Bonds and Local Purpose Bonds representing 45% of the bonds outstanding are fully secured by the revenue from the State Real and Personal Property Taxes.

B. General Public School Construction Bonds including State Public School Construction and Capital Improvement Bonds representing 48% of the bonds outstanding, are secured as follows:

1. Payment of principal and interest on bonds issued by the State prior to January 1, 1958 is made by the Counties and Baltimore City to the State from local taxes levied.

2. Payment of principal and interest on bonds issued by the State on or after January 1, 1958 is made through deductions by the Comptroller of the Treasury from funds due said Counties and Baltimore City under the applicable provisions of State law relating to the Income Tax, the Tax on Racing, the Recordation Tax, the Tax on Amusements, the License Tax and the School Building Construction Aid Program. These payments are to be made within fourteen years from the date of the issuance of the bond certificates.

3. Effective, June 1, 1971, legislation was passed by the General Assembly whereby the State assumed the costs of all future public school construction; and also provided that the State would assume the costs of principal and interest payments for public school construction loans incurred by the Counties and Baltimore City prior to June 30, 1967. Funding for these future costs as well as principal and interest costs on the State Public School Construction and Capital Improvement Loans passed by legislation in 1971, 1972, 1973, 1974, 1975, 1976, 1977 and 1978 is provided through General Fund appropriations made to the Department of Education in the School Building Construction Aid Program and transferred to the Annuity Bond Fund Account.

4. If there is not enough revenue from sources indicated in paragraphs one through three above to cover principal and interest, the difference must be included by the State in the Real and Personal Property Tax levy.

C. State Agency and Political Subdivision Bonds, representing 7% of the Bonds outstanding are secured as follows:

1. On bonds issued covering construction for the Motor Vehicle Administration (formerly the Department of Motor Vehicles) payment of principal and interest is made to the State from fines and other receipts of the Motor Vehicle Administration. While in prior years bonds issued for con-

struction for the Maryland State Police were similarly secured, legislation passed by the General Assembly in 1971 authorized all Debt Service on Capital Improvements for the Maryland State Police to be paid from the Annuity Bond Fund thereby requiring these bonds to be served by the State Property Tax.

2. On bonds issued for the Maryland Port Administration (formerly the Maryland Port Authority) payment of principal and interest is made to the State from 3/4 of 1% distribution of the Corporation Income Tax.

3. On bonds issued for the State Highway Administration under the Future Rights-of-Way Revolving Fund Loan, payment of principal and interest is made to the State from Transportation Trust Fund revenues.

4. If there is not enough revenue from sources indicated in paragraphs one through three above to cover principal and interest, the difference must be included by the State in the Real and Personal Property Tax levy. All monies received from the State Real and Personal Property Taxes and all payments received from State Agencies and Political Subdivisions as outlined above are placed in the Annuity Bond Fund which is set up with a separate account for each Bond Act enacted by the General Assembly. All principal and interest on General Obligation Bonds is paid from this fund.

Consolidated Transportation Bonds may be issued under this authority provided that receipts credited to the Transportation Trust Fund (excluding receipts which are not legally applicable to the payment of debt service), less expenses of Departmental operations, in the preceding fiscal year and available for payment of the bonds were equal to at least two times maximum debt service for any future fiscal year of previously issued State Highway Construction Bonds and Port Authority Loans, outstanding Consolidated Transportation Bonds, and bonds to be issued.

State and County Highway Bonds are limited obligation bonds and are repayable from specified tax revenues. These specified tax revenues are classified as Highway User Revenues (consisting of a 7¢ portion of the 9¢ Motor Vehicle Fuel Tax; 80% of the 5¢ Motor Vehicle Titling Tax; and Motor Vehicle Registration Fees and other highway user revenues) which are credited to the Transportation Trust Fund and are allocated as follows: 65% to the Department of Transportation, 17 1/2% to Baltimore City and 17 1/2% to the Counties and their Municipalities. These bonds fall into two classifications and are secured by revenues as follows:

A. State Highway Construction Bonds.

As a result of the issuance of the Consolidated Transportation Bonds, Refunding Series, 1978, on February 15, 1978, adequate and complete provision has been made for the timely payment from an Escrow Fund of principal and interest on all issues of State Highway Construction Bonds outstanding. The prior pledges of tax proceeds and other revenues of the Department of Transportation made with respect to the State Highway Construction Bonds are therefore terminated.

B. County Highway Construction Bonds.

The 17 1/2% Highway User Revenue shares of Baltimore City and the Counties and their Municipalities are distributable only after providing sinking fund requirements for debt service for County Highway Construction Bonds. It is anticipated that the shares of Baltimore City and the Counties and their Municipalities will continue to be in excess of debt service on all County Highway Construction Bonds. However, if necessary to meet debt service on County Highway Construction Bonds, the respective 17 1/2% shares of Highway User Revenues distributable to Baltimore City and to the Counties and their Municipalities may be increased to a maximum of 20% each.

While the sinking fund requirements for debt service on General Obligation Bonds are provided in the year such debt service is paid, sinking fund requirements for debt service on Consolidated Transportation Bonds, State Highway Construction Bonds and County Highway Construction Bonds are provided during the fiscal year prior to actual payment of such debt service.