

PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

State Reserve Fund

PUBLIC DEBT

SUMMARY OF PUBLIC DEBT

	2004 Actual	2005 Appropriation	2006 Allowance
Operating Expenses.....	536,818,783	1,184,839,693	617,574,736
Special Fund Expenditure.....	536,818,783	1,184,839,693	617,574,736
Total Expenditure.....	<u>536,818,783</u>	<u>1,184,839,693</u>	<u>617,574,736</u>

X00A00.01 REDEMPTION AND INTEREST ON STATE BONDS

Program Description:

Debt service payments on the State's general obligation bonds are paid from the Annuity Bond Fund. The revenue sources for the Fund include the State property tax, general funds, premium from bond sales, and repayments from certain State agencies, subdivisions and private organizations. General funds may be appropriated directly to the Annuity Bond Fund to make up the difference between the debt service payments and funds available from property taxes and other sources. In fiscal year 2003 and prior, general funds for the debt service on bonds sold for public school construction were appropriated to the Maryland State Department of Education and transferred to this program as reimbursable funds.

	2003 Actual	2004 Actual	2005 Estimated	2006 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year (\$)	14,140,796	20,295,408	48,998,117	101,406,857
Property tax receipts.....	285,955,332	468,354,510	512,824,104	523,985,692
Interest and penalties on property taxes.....	1,269,629	1,780,281	1,200,000	1,200,000
Loan repayments.....	3,004,842	2,838,994	2,431,678	2,401,021
Miscellaneous receipts.....	1,939,324	4,291,400	200,000	200,000
Accrued interest on bonds sold.....		277,778	500,000	
Prior years' discount.....	-23,195			
Bond premium.....	30,515,851	87,978,529	89,036,329	34,000,000
Transfer to reserve.....	-20,295,408	-48,998,117	-101,406,857	-45,618,834
Total (\$)	<u>316,507,171</u>	<u>536,818,783</u>	<u>553,783,371</u>	<u>617,574,736</u>

Appropriation Statement:

	2004 Actual	2005 Appropriation	2006 Allowance
13 Fixed Charges.....	536,818,783	553,783,371	617,574,736
Total Operating Expenses.....	536,818,783	553,783,371	617,574,736
Total Expenditure.....	<u>536,818,783</u>	<u>553,783,371</u>	<u>617,574,736</u>
Special Fund Expenditure.....	<u>536,818,783</u>	<u>553,783,371</u>	<u>617,574,736</u>

Special Fund Income:

X00301 Annuity Bond Fund.....	536,818,783	553,783,371	617,574,736
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PUBLIC DEBT

X00A00.05 RELATED EXPENSES ON STATE BONDS

Program Description:

General funds are budgeted in this program for penalty and rebate associated with the State's general obligation bonds. Special funds are budgeted to reflect the purchase of State and Local Government Securities, the maturity of which will provide funds for debt service payments on refunded bonds.

	2003 Actual	2004 Actual	2005 Estimated	2006 Estimated
Performance Measures/Performance Indicators				
Penalty and arbitrage (\$)	2,183,610			
Purchase of SLGS for refunded bonds (\$)	410,878,163		631,056,322	
Total (\$)	413,061,773		631,056,322	

Appropriation Statement:

	2004 Actual	2005 Appropriation	2006 Allowance
13 Fixed Charges		631,056,322	
Total Operating Expenses		631,056,322	
Total Expenditure		631,056,322	
Special Fund Expenditure		631,056,322	

Special Fund Income:

X00305 Proceeds from Refunding Bonds		631,056,322	
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STATE RESERVE FUND

OBJECTIVES

Article III, Section 32 of the Maryland Constitution authorizes the General Assembly to place a contingent fund at the disposal of the Executive. A State Reserve Fund is authorized in Sections 7-309 through 7-311, 7-314 and 7-324 of the State Finance and Procurement Article and is comprised of the following: (1) Revenue Stabilization Account, (2) Dedicated Purpose Account, (3) Economic Development Opportunities Program Account, (4) Catastrophic Event Account, and (5) The Joseph Fund Account. The objectives of the Fund are to designate, provide for and appropriate certain reserve funds for future use when the magnitude and timing of fiscal requirements are uncertain and retain in escrow State revenues for future requirements to reduce the need for future tax increases.

SUMMARY OF STATE RESERVE FUND

	2004 Actual	2005 Appropriation	2006 Allowance
Operating Expenses	10,000,000	106,652,618	333,685,441
Original General Fund Appropriation		106,652,618	
Transfer/Reduction	10,000,000		
Net General Fund Expenditure	<u>10,000,000</u>	<u>106,652,618</u>	<u>333,685,441</u>

	2003 Actual	2004 Actual	2005 Estimated	2006 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account	490.2	496.6	520.7	795.6
Dedicated Purpose Account	11.4			2.0
Economic Development Opportunities Account	3.5	9.1	7.1	
Catastrophic Event Account2	7.4	6.3	8.3
The Joseph Fund Account	8.2			
Total Reserve Fund*	<u>513.6</u>	<u>513.0</u>	<u>534.1</u>	<u>805.9</u>

* Totals may not add due to rounding

Y01A01.01 REVENUE STABILIZATION ACCOUNT

Program Description:

Section 7-311 of the State Finance and Procurement Article establishes the Revenue Stabilization Account to retain revenues for future needs and reduce the need for future tax increases by moderating revenue growth. Appropriations are required when the unappropriated general fund surplus of the second preceeding fiscal year exceeds \$10 million. Beginning in fiscal year 2006, however, the first \$50 million unappropriated general fund balance in excess of \$10 million must be transferred to the Transportation Trust Fund until a total of \$315 million has been transferred. Appropriations are also required in years when the Account balance is less than 5% of general fund revenues as stated in the annual report of the Board of Revenue Estimates submitted to the Governor. If the Account balance is at least 3% but less than 5%, an appropriation of \$50 million or whatever lesser amount is necessary to bring the Account balance to 5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is \$100 million. The transfer of funds from the Account must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. The use of a budget amendment for fund transfer is prohibited.

Appropriation Statement:

	2004 Actual	2005 Appropriation	2006 Allowance
12 Grants, Subsidies and Contributions		103,652,618	249,685,441
Total Operating Expenses		103,652,618	249,685,441
Total Expenditure		<u>103,652,618</u>	<u>249,685,441</u>
Net General Fund Expenditure		<u>103,652,618</u>	<u>249,685,441</u>

STATE RESERVE FUND

Y01A02.01 DEDICATED PURPOSE ACCOUNT

Program Description:

Section 7-310 of the State Finance and Procurement Article establishes the Dedicated Purpose Account to (1) retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and (2) meet expenditure requirements. Certain restrictions apply on the use of funds and the manner in which funds may be transferred from the Account. The fiscal year 2006 allowance reflects \$50 million of unappropriated general fund balance in excess of \$10 million that is required to be transferred to the Transportation Trust Fund, \$30 million for medical malpractice insurance costs, and \$2 million that will be transferred to the Department of Human Resources in fiscal year 2007 to support case management and substance abuse services in conjunction with the Compact for Sound Government.

Appropriation Statement:

	2004 Actual	2005 Appropriation	2006 Allowance
12 Grants, Subsidies and Contributions.....		3,000,000	82,000,000
Total Operating Expenses.....		<u>3,000,000</u>	<u>82,000,000</u>
Total Expenditure.....		<u>3,000,000</u>	<u>82,000,000</u>
Net General Fund Expenditure.....		<u>3,000,000</u>	<u>82,000,000</u>

Y01A04.01 CATASTROPHIC EVENT ACCOUNT

Program Description:

Section 7-324 of the State Finance and Procurement Article establishes the Catastrophic Event Fund to enable the State to respond without undue delay to a natural disaster or other catastrophic situation that cannot be taken care of within the resources of existing appropriations. Funds may be transferred by budget amendment after approval by the Legislative Policy Committee.

Appropriation Statement:

	2004 Actual	2005 Appropriation	2006 Allowance
12 Grants, Subsidies and Contributions.....	10,000,000		2,000,000
Total Operating Expenses.....	<u>10,000,000</u>		<u>2,000,000</u>
Total Expenditure.....	<u>10,000,000</u>		<u>2,000,000</u>
Original General Fund Appropriation.....			
Transfer of General Fund Appropriation.....	<u>10,000,000</u>		
Net General Fund Expenditure.....	<u>10,000,000</u>		<u>2,000,000</u>