

## **PUBLIC DEBT AND STATE RESERVE FUND**

**Public Debt**

**Revenue Debt – Program Open Space**

**State Reserve Fund**



**PUBLIC DEBT**

**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, 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. Federal funds from the 35% interest subsidy for the Build America Bond program may also be appropriated directly to the Fund. 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.

	2009 Actual	2010 Actual	2011 Estimated	2012 Estimated
<b>Performance Measures/Performance Indicators</b>				
Balance beginning of fiscal year (\$)	38,332,781	71,276,653	105,315,371	129,793,845
Property tax receipts	698,569,058	742,883,653	799,868,890	761,680,005
Interest and penalties on property taxes	2,966,052	3,185,402	1,500,000	1,500,000
Loan repayments	1,312,518	891,737	625,894	477,114
Miscellaneous receipts	765,304	523,209	250,000	250,000
Bond premium	74,130,431	63,220,594	46,655,303	9,521,248
Transfer to reserve	-71,276,653	-105,315,371	-129,793,845	-37,433,017
<b>Total * (\$)</b>	<u>744,799,491</u>	<u>776,665,877</u>	<u>824,421,613</u>	<u>865,789,195</u>
Excess Appropriation			1,913,585	

\* Totals may not add due to rounding

**Appropriation Statement:**

	2010 Actual	2011 Appropriation	2012 Allowance
13 Fixed Charges	<u>777,522,955</u>	<u>835,183,644</u>	<u>878,410,403</u>
Total Operating Expenses	<u>777,522,955</u>	<u>835,183,644</u>	<u>878,410,403</u>
Total Expenditure	<u>777,522,955</u>	<u>835,183,644</u>	<u>878,410,403</u>
Special Fund Expenditure	776,665,877	827,544,026	867,349,936
Federal Fund Expenditure	857,078	7,639,618	11,060,467
Total Expenditure	<u>777,522,955</u>	<u>835,183,644</u>	<u>878,410,403</u>

**Special Fund Income:**

X00301 Annuity Bond Fund	776,665,877	826,335,198	865,789,195
X00302 Transfer Tax		1,208,828	1,560,741
<b>Total</b>	<u>776,665,877</u>	<u>827,544,026</u>	<u>867,349,936</u>

**Federal Fund Recovery Income:**

AA.X00 Federal Subsidy on Build America Bonds	857,078	7,639,618	11,060,467
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**PUBLIC DEBT**

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**X10B00.01 PROGRAM OPEN SPACE BOND PAYMENTS**

**Program Description:**

Chapter 419, Acts of 2009, authorizes the Board of Public Works to issue up to \$70,000,000 in Program Open Space bonds to finance land acquisition. Subsequently, Chapter 372, Acts of 2010, authorized the use of general obligation bonds and these bonds were issued in 2010. Debt service payments on these bonds will be budgeted in Redemption and Interest on State Bonds (X00A00.01) and will be paid from the State transfer tax.

**Appropriation Statement:**

	<b>2010 Actual</b>	<b>2011 Appropriation</b>	<b>2012 Allowance</b>
13 Fixed Charges.....		6,800,000	
Total Operating Expenses.....		<u>6,800,000</u>	
Total Expenditure.....		<u>6,800,000</u>	
Special Fund Expenditure.....		<u>6,800,000</u>	
 <b>Special Fund Income:</b>			
X10301 Transfer Tax.....		<u>6,800,000</u>	

**STATE RESERVE FUND**

**OBJECTIVES**

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, and (4) Catastrophic Event 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**

	2010 Actual	2011 Appropriation	2012 Allowance
Operating Expenses .....	114,947,579	15,000,000	15,000,000
Original General Fund Appropriation.....	139,947,579	15,000,000	
Transfer/Reduction .....	<u>-25,000,000</u>		
Net General Fund Expenditure.....	<u>114,947,579</u>	<u>15,000,000</u>	<u>15,000,000</u>

	2009 Actual	2010 Actual	2011 Estimated	2012 Estimated
<b>Performance Measures/Performance Indicators</b>				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account.....	691.8	611.6	622.6	640.3
Dedicated Purpose Account .....	0.6	0.1	0.0	0.0
Economic Development Opportunities Account .....	1.0	2.0	1.0	1.0
Catastrophic Event Account.....	8.4	1.0	2.0	2.0
Total Reserve Fund* .....	<u>701.8</u>	<u>614.7</u>	<u>625.6</u>	<u>643.3</u>

\* Totals may not add due to rounding

**STATE RESERVE FUND**

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**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. Appropriations are also required in years when the Account balance is less than 7.5% 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 7.5%, an appropriation of \$50 million or whatever lesser amount is necessary to bring the Account balance to 7.5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is \$100 million. Section 41 of Chapter 484, Acts of 2010, directs that no appropriation is required in fiscal years 2011 and 2012 if it may result in the loss of funds available under the federal American Recovery and Reinvestment Act of 2009 or any other federal law. Therefore no funding is provided in these fiscal years. Transfer of funds from the Account that does not result in an account balance below 5% must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. Transfers resulting in an account balance below 5% must be authorized by an act of the General Assembly other the State budget bill. The use of a budget amendment for fund transfer is prohibited.

**Appropriation Statement:**

	2010 Actual	2011 Appropriation	2012 Allowance
12 Grants, Subsidies and Contributions.....	114,947,579		
Total Operating Expenses.....	<u>114,947,579</u>		
Total Expenditure .....	<u>114,947,579</u>		
Original General Fund Appropriation.....	139,947,579		
Transfer of General Fund Appropriation.....	-25,000,000		
Net General Fund Expenditure.....	<u>114,947,579</u>		

**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 2012 allowance includes \$15 million to be transferred to the Department of Health and Mental Hygiene for the Prince George's Hospital or Prince George's County Health System, as appropriate.

**Appropriation Statement:**

	2010 Actual	2011 Appropriation	2012 Allowance
12 Grants, Subsidies and Contributions.....		15,000,000	15,000,000
Total Operating Expenses.....		<u>15,000,000</u>	<u>15,000,000</u>
Total Expenditure .....		<u>15,000,000</u>	<u>15,000,000</u>
Net General Fund Expenditure.....		<u>15,000,000</u>	<u>15,000,000</u>