

PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

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 interest subsidies for certain bonds 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.

	2011 Actual	2012 Actual	2013 Estimated	2014 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year (\$)	105,315,371	162,135,719	192,244,255	149,885,356
Property tax receipts	798,289,740	762,298,728	723,489,041	713,413,784
Interest and penalties on property taxes	3,077,436	2,252,618	2,250,000	2,250,000
Loan repayments	633,078	523,926	394,605	208,579
Miscellaneous receipts	450,793	464,894	250,000	250,000
Bond premium	78,790,914	129,719,176	133,525,911	
Transfer to reserve	-162,135,719	-192,244,255	-149,885,356	-1,946,116
Total (\$)	<u>824,421,613</u>	<u>865,150,806</u>	<u>902,268,456</u>	<u>864,061,603</u>
Excess Appropriation			6,684,787	

Appropriation Statement:

	2012 Actual	2013 Appropriation	2014 Allowance
13 Fixed Charges	878,209,166	922,468,627	983,551,871
Total Operating Expenses	<u>878,209,166</u>	<u>922,468,627</u>	<u>983,551,871</u>
Total Expenditure	<u>878,209,166</u>	<u>922,468,627</u>	<u>983,551,871</u>
Net General Fund Expenditure			101,000,000
Special Fund Expenditure	866,711,547	910,513,984	870,170,789
Federal Fund Expenditure	11,497,619	11,954,643	12,381,082
Reimbursable Fund Expenditure			
Total Expenditure	<u>878,209,166</u>	<u>922,468,627</u>	<u>983,551,871</u>

Special Fund Income:

X00301 Annuity Bond Fund	865,150,806	908,953,243	864,061,603
X00302 Transfer Tax	1,560,741	1,560,741	6,109,186
Total	<u>866,711,547</u>	<u>910,513,984</u>	<u>870,170,789</u>

Federal Fund Recovery Income:

AA.X00 Federal Subsidy on Misc. Bonds	11,497,619	11,954,643	12,381,082
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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

	2012 Actual	2013 Appropriation	2014 Allowance
Operating Expenses	15,000,000	27,757,774	476,256,263
Net General Fund Expenditure	<u>15,000,000</u>	<u>27,757,774</u>	<u>476,256,263</u>

	2011 Actual	2012 Actual	2013 Estimated	2014 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account	624.4	671.5	701.0	921.1
Dedicated Purpose Account	0.0	0.0	0.0	0.0
Economic Development Opportunities Account	3.8	1.8	8.8	7.5
Catastrophic Event Account	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Reserve Fund*	629.2	674.4	710.8	929.6

* Totals may not add due to rounding

Please see the Department of Business and Economic Development T00F00.16 in Volume 2 for a more detailed accounting of the Economic Development Opportunities Account activity.

STATE RESERVE FUND

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, stated that no appropriation was required in fiscal years 2011 and 2012 if it may have resulted in the loss of funds available under the federal American Recovery and Reinvestment Act of 2009 or any other federal law. Therefore no funding was 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:

	2012 Actual	2013 Appropriation	2014 Allowance
12 Grants, Subsidies and Contributions.....		27,757,774	371,256,263
Total Operating Expenses.....		<u>27,757,774</u>	<u>371,256,263</u>
Total Expenditure.....		<u>27,757,774</u>	<u>371,256,263</u>
Net General Fund Expenditure.....		<u>27,757,774</u>	<u>371,256,263</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.

Appropriation Statement:

	2012 Actual	2013 Appropriation	2014 Allowance
12 Grants, Subsidies and Contributions.....	15,000,000		105,000,000
Total Operating Expenses.....	<u>15,000,000</u>		<u>105,000,000</u>
Total Expenditure.....	<u>15,000,000</u>		<u>105,000,000</u>
Net General Fund Expenditure.....	<u>15,000,000</u>		<u>105,000,000</u>