

# **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.

	2012 Actual	2013 Actual	2014 Estimated	2015 Estimated
<b>Performance Measures/Performance Indicators</b>				
Balance beginning of fiscal year (\$)	162,135,720	192,261,650	175,193,399	103,908,997
Property tax receipts	762,298,728	730,381,535	717,037,108	721,975,081
Interest and penalties on property taxes	2,252,618	2,440,229	2,000,000	2,000,000
Loan repayments	523,926	525,897	201,942	181,874
Miscellaneous receipts	464,894	6,512	450,000	450,000
Bond premium	129,736,571	151,897,697	89,688,795	
Transfer to reserve	-192,261,650	-175,193,399	-103,908,997	-1,853,802
<b>Total (\$)</b>	<b>865,150,807</b>	<b>902,320,121</b>	<b>880,662,247</b>	<b>826,662,150</b>
Excess Appropriation			972,556	

\* FY 2012 has corrected data.

**Appropriation Statement:**

	2013 Actual	2014 Appropriation	2015 Allowance
13 Fixed Charges	915,982,443	983,125,071	1,039,422,002
Total Operating Expenses	915,982,443	983,125,071	1,039,422,002
Total Expenditure	915,982,443	983,125,071	1,039,422,002
Net General Fund Expenditure		83,000,000	195,000,000
Special Fund Expenditure	903,880,862	887,743,989	832,932,357
Federal Fund Expenditure	12,101,581	12,381,082	11,489,645
Total Expenditure	915,982,443	983,125,071	1,039,422,002

**Special Fund Income:**

X00301 Annuity Bond Fund	902,320,121	881,634,803	826,662,150
X00302 Transfer Tax	1,560,741	6,109,186	6,270,207
<b>Total</b>	<b>903,880,862</b>	<b>887,743,989</b>	<b>832,932,357</b>

**Federal Fund Recovery Income:**

AA.X00 Federal Subsidy on Misc. Bonds	12,101,581	12,381,082	11,489,645
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**STATE RESERVE FUND**

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**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**

	<b>2013 Actual</b>	<b>2014 Appropriation</b>	<b>2015 Allowance</b>
Operating Expenses .....	37,757,774	55,256,263	228,213,999
Original General Fund Appropriation.....	27,757,774	55,256,263	
Transfer/Reduction .....	10,000,000		
Net General Fund Expenditure.....	<u>37,757,774</u>	<u>55,256,263</u>	<u>228,213,999</u>

	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Estimated</b>	<b>2015 Estimated</b>
<b>Performance Measures/Performance Indicators</b>				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account .....	671.5	700.4	763.3	800.4
Dedicated Purpose Account .....		10.0		
Economic Development Opportunities Account .....	1.8	9.2	8.5	7.7
Catastrophic Event Account.....	1.0	0.6	0.6	0.6
Total Reserve Fund* .....	<u>674.4</u>	<u>720.2</u>	<u>772.4</u>	<u>808.6</u>

\* 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. 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:**

	2013 Actual	2014 Appropriation	2015 Allowance
12 Grants, Subsidies and Contributions.....	27,757,774	55,256,263	228,213,999
Total Operating Expenses.....	<u>27,757,774</u>	<u>55,256,263</u>	<u>228,213,999</u>
Total Expenditure.....	<u>27,757,774</u>	<u>55,256,263</u>	<u>228,213,999</u>
Original General Fund Appropriation.....	<u>27,757,774</u>	<u>55,256,263</u>	
Total General Fund Appropriation.....	<u>27,757,774</u>	<u>55,256,263</u>	
Net General Fund Expenditure.....	<u>27,757,774</u>	<u>55,256,263</u>	<u>228,213,999</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:**

	2013 Actual	2014 Appropriation	2015 Allowance
12 Grants, Subsidies and Contributions.....	10,000,000		
Total Operating Expenses.....	<u>10,000,000</u>		
Total Expenditure.....	<u>10,000,000</u>		
Transfer of General Fund Appropriation.....	<u>10,000,000</u>		
Total General Fund Appropriation.....	<u>10,000,000</u>		
Net General Fund Expenditure.....	<u>10,000,000</u>		