

In probably 97 percent of the bond issues it was a unanimous vote.

There is another point involved here. Fifteen years is itself a compromise. There is a philosophy of pay as you go financing versus debt financing for states and 15 years serves itself as a compromise between pay as you go and debt financing.

Do we attach the word "compromise" or "flexibility" or whatever the judge wishes to call it and get further away from pay as you go? Pay as you go was what Senator Hughes would prefer to see but accepts the 15-year compromise.

We have over the last hundred years seen vast changes. We have probably progressed far more in this past hundred years than we will probably do in the next hundred years. We have weathered not only national financial crises but international crises and we still stand today with a triple A rating.

Why change what has lasted over a hundred years for the sole purpose of change or speculation that in the next hundred years there may be an occasion to use it.

It appeared to me yesterday the majority had stolen all my thunder, that the majority was using all the arguments I was to use today. I copied one of Judge Sherbow's sentences yesterday that he spoke. Do you want to follow what has been done or change it? This was the attitude of the majority yesterday. Today they ask for change.

The cost of improvements that are made by the State in debt financing will rise and rise greatly. A million dollar loan using the last bond rate will cost more than one-fourth of the loan more. If you build a million dollar building, borrow for 25 years, it will cost at least \$1,570,000 in principal and interest and probably more because we are using the rate that is established for 15 years.

I show you here a chart which represents the difference in blue for 15 years and in red 25 years of what the interest looks like on \$1 million using the bond rate, composite rate of 3.6674. This rate was the rate we sold our bonds in June, June 20 of this year. This difference is only one million dollars.

Bond indebtedness, fiscal year 1967 on general obligation bonds was \$374,559,000. If they were the same rate, if this proportion between the two, multiply it by 374

times for the excess interest. This is what you pay when you go to 25 years.

Many will talk and seek the possibility of measuring maturity of bond periods to the asset that it creates or the building it creates over the useful life they call it of the facility being financed. This is very important for revenue bonds. We do not build a turnpike five miles a year, pay for it out of current funds or small-term debts, we build it all at once. With buildings it is different, maintenance costs rise as the building gets older. A perfect example of this is this very historic building we sit in. I am willing to venture the pointing and chipping going on around this building right today as we see it improve probably is costing the State and costing us today to maintain this building as much as the original building cost. We want to use it. We maintain it. Air-conditioning and heating units go out long before the shell does. Lighting improves and lighting must be replaced and wiring decays. If we want to use these buildings over a long period of time those that are using it in later years must maintain it to satisfy their purposes then.

The legislative leaders who came before us went on record with a letter to us. I would like to quote from that. Perhaps I will find it as I go on.

Judge Sherbow spoke to you of investment bankers that came before us and stated that 25 years was adequate and fine. However, the record also shows that many of them said what I have said that they felt the pressure placed upon the legislature would, I quote Mr. Taylor, vice president of Maryland National Bank, who said the pressure for debt financing is so great that it will probably force the use of 25 years.

Mr. Riepe, partner of Alex Brown and Sons stated he did not think the change in maturity period would affect bond rating but pointed out that an increase in maturity from 15 to 25 years would require higher interest rating.

Some also will tell us it is easier to sell bonds for 25 years than at 15 years. Thomas Langford, vice president, Union Trust Company of Maryland, on a question of Mr. Abramson of our committee as to whether the 15-year limitation had created any hardship in the past, Mr. Langford said he did not know of any.

On a question by Judge Sherbow, Mr. Langford expressed the opinion that if the permissible maturities were increased the