

8. General Obligation Bonds:

General obligation bonds are authorized and issued primarily to provide funds for state owned capital improvements, including facilities for institutions of higher learning, and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for repayable loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes a loan for a particular object or purpose. Thereafter the Board of Public Works, a constitutional body composed of the Governor, the Comptroller of the Treasury and the State Treasurer, by resolution authorizes the issuance of bonds in a specified amount for part or all of the loan authorized by a particular enabling act.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, they must be fully paid within 15 years from the date of issue. Property taxes, debt service fund loan repayments and general fund appropriations provide the resources for repayment of general obligation bonds.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) as of June 30, 1986, were as follows:

Purpose	Outstanding		Authorized But Unissued
	Interest Rates	Amount	Amount
General construction	4.4% to 11.3%	\$ 753,030	\$367,590
Public school construction	4.2 to 11.3	839,890	79,400
Water quality	4.4 to 11.0	126,915	138,200
Sanitary facilities and sewage treatment	4.2 to 11.0	14,065	4,300
Hospitals and nursing homes	4.5 to 11.3	6,205	30,600
Community colleges and vocational schools	4.4 to 11.0	32,790	13,600
Airport development	4.5 to 4.9	7,120	
Housing loans	4.4 to 11.3	68,855	13,753
Jails and correctional institutions	4.3 to 11.3	59,285	26,260
Private colleges	4.5 to 11.3	17,790	12,543
Social, cultural and historical	4.4 to 11.3	57,122	25,567
Savings and loan association insurance loan			100,000
Other	4.2 to 11.3	127,008	64,239
		<u>\$2,110,075</u>	<u>\$876,052</u>

As of June 30, 1986, general obligation debt service requirements for principal and interest (amounts expressed in thousands) in future years were as follows:

Years Ending June 30,	Total	Years Ending June 30,	Total
1987	\$389,084	1995	\$152,142
1988	374,381	1996	139,070
1989	360,092	1997	123,969
1990	343,094	1998	99,202
1991	303,542	1999	47,614
1992	234,489	2000	32,612
1993	187,056	2001	15,261
1994	164,566		

On July 24, 1986, General Obligation Bonds aggregating \$164,645,000 were issued. The interest rates on this issue range from 6.5% to 6.7% and the bonds mature serially through 2001.