

Consolidated Transportation Bonds are paid from the transportation debt service fund except for the Bond Anticipation Notes (none outstanding at June 30, 1989) which are paid from the proceeds of Consolidated Transportation Bonds which are deposited in the special revenue fund. Principal of and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute and the corporate income tax as credited to the Department. These amounts are applicable to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payment.

Under the terms of authorizing bond resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts (excluding federal funds for capital projects, bond and note proceeds, income received from a sinking fund separately dedicated to the Refunding Bonds, and other receipts not available for debt service), less administration, operation and maintenance expenses, for the preceding fiscal year equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and that (ii) total proceeds from pledged taxes equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for federally-aided highway projects. Debt service on these bonds is payable from the counties' and Baltimore City's shares of highway user revenues.

By law, the Department may not issue County Transportation Bonds on behalf of a participant if such participant's share of highway user revenues for the latest fiscal year is less than twice such participant's maximum annual debt service on County Transportation Bonds.

During the year, Consolidated Transportation Bonds aggregating \$100,000,000 were issued with a discount of \$800,000 and County Transportation Bonds aggregating \$7,285,000 were issued with a discount of \$71,000.

As of June 30, 1989, Transportation bond debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years ending June 30,	Consolidated Transportation Bonds	County Transportation Bonds	Total Transportation Bond Debt Service Requirements
1990	\$39,473	\$23,340	\$62,813
1991	38,093	23,442	61,535
1992	36,683	23,578	60,261
1993	37,270	23,628	60,898
1994	36,690	23,207	59,897
1995	36,099	23,293	59,392
1996	36,439	16,188	52,627
1997	33,617	15,464	49,081
1998	32,845	10,984	43,829
1999	31,987	8,291	40,278
2000	31,043	5,194	36,237
2001		4,158	4,158
2002		2,894	2,894
2003		827	827

At June 30, 1989, \$561,345,000 of outstanding Consolidated Transportation Bonds, State Highway Construction and County Transportation Bonds are defeased and, therefore, are not included as long-term debt in the accompanying financial statements.

On July 26, 1989, Consolidated Transportation Bonds aggregating \$160,000,000 were issued with a discount of \$1,535,000. The interest rates on this issue range from 6.4% to 6.5% and mature serially through 2004.