

Consolidated Transportation Bonds are paid from the transportation debt service fund except for the Bond Anticipation Notes (none outstanding at June 30, 1991) 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.

The proceeds of transportation bonds issued after December 31, 1986 are subject to Federal regulations governing the investment and use of proceeds of tax-exempt debt issuances.

During the year, Consolidated Transportation Bonds aggregating \$310,000,000 were issued with a discount of \$3,002,000 and County Transportation Bonds aggregating \$16,550,000 were issued with a discount of \$166,000.

As of June 30, 1991, 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
1992	\$ 74,031	\$26,393	\$100,424
1993	79,655	26,456	106,111
1994	84,755	26,048	110,803
1995	93,519	26,148	119,667
1996	104,495	19,057	123,552
1997	99,518	13,337	117,855
1998	101,609	13,368	115,477
1999	104,228	11,187	115,415
2000	100,334	8,093	108,427
2001	66,311	7,069	73,380
2002	68,332	5,801	74,133
2003	73,460	3,743	77,203
2004	74,982	2,927	77,909
2005	76,111	1,829	77,940
2006	41,664		41,664

At June 30, 1991, \$538,745,000 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 September 1, 1991, Consolidated Transportation Bonds aggregating \$120,000,000 were issued with a discount of \$1,187,000. The interest rates on this issue range from 5.7% to 6.375% and mature serially through 2006. On October 30, 1991, County Transportation Bonds aggregating \$8,300,000 were issued with a discount of \$83,000. The interest rates on this issue range from 4.6% to 6.2% and mature serially through 2006.