As provided by law, the General Assembly shall establish in the budget for any fiscal year a maximum outstanding aggregate amount of these Consolidated Transportation Bonds as of June 30 of the respective fiscal year that does not exceed $1,200,000,000. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 1994, was $1,025,000,000. Consolidated Transportation Bonds are paid from the transportation debt service fund except for the Bond Anticipation Notes (none outstanding as of June 30, 1994), which are paid from the proceeds of Consolidated Transportation Bonds deposited in the special revenue fund. Principal and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute and a portion of the corporate income tax credited to the Department. These amounts are available 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 the 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, 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.

Legislation was enacted during the 1993 session of the General Assembly that established an alternative County transportation bond program. This new legislation provides features similar to the current program except that the County transportation debt will be the obligation of the participating counties rather than the Department. In connection with this new legislation, during fiscal year 1994, the Department issued refunding bonds on behalf of the Counties, in the amount of $97,330,000 with a discount of $551,000 to advance refund $94,950,000 of outstanding County Transportation Bonds. The refunding bonds are dated November 15, 1993, with maturities from December 15, 1994, to December 15, 2005, at interest rates ranging from 2.8% to 4.9%. The net proceeds of the refunding bonds issued were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded County Transportation Bonds are considered to be defeased, and the liability for those bonds has been removed from the general long-term debt account group. This refunding resulted in a reduction of future debt service cash flows of $8,026,000 which is an economic gain (difference between the present values of the debt service payments on the old and new debt) of $5,789,000.

On September 8, 1993, the Department issued $211,985,000 of Refunding Consolidated Transportation Bonds Series 1993 with a discount of $1,450,000, to advance refund certain Consolidated Transportation Bonds Series 1982, 1986, 1988, and 1989 (2nd issue). The refunding Bonds are dated September 15, 1993, with maturities from June 15, 1994 to June 15, 2005, at interest rates ranging from 3.6% to 4.4%. On December 8, 1993, the Department issued an additional $291,760,000 of refunding Consolidated Transportation Bonds, Series 1993B with a discount of $2,042,000 to advance refund certain Consolidated Transportation Bonds Series 1989, 1990, 1990 (2nd issue). The refunding bonds are dated December 15, 1993, with maturities from December 15, 1994, to December 15, 2005, at interest rates ranging from 4% to 4.5%. The net proceeds of these advance refunding bonds were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on approximately $436,721,000 of refunded bonds. As a result, the applicable portion of the previously outstanding refunded bonds are considered defeased and the liability for those bonds has been removed from the general long-term debt account group. These advance refundings resulted in a reduction of future debt service cash flows of $31,734,000 with an economic gain of $30,253,000.

On September 8, 1993, Consolidated Transportation Bonds in the amount of $40,000,000 were sold. The Bonds are dated September 15, 1993, with maturities from September 15, 1996 to September 15, 2008, at interest rates ranging from 3.9% to 4.8%.