

WILLIAM DONALD SCHAEFER, Governor

I recognize the concern of the General Assembly that the State of Maryland maintain its established reputation for fiscal responsibility which has served the State so well for over 40 years. Nevertheless, the provisions of Senate Bill 306 create an administrative complexity in the bond approval process that could work against the interests of the State. Most significantly, the mandatory 45-day review period could cause significant delays in bringing State bonds to market and might hinder the State's ability to take advantage of favorable market conditions.

I am confident that the Board of Public Works and the Secretary of Transportation have managed their respective duties for issuing State debt quite responsibly, and I see no justification for imposing additional restrictions. I would also point out that in this past Session the General Assembly approved House Bill 1224, which I signed into law. The bill specifically authorizes the Board of Public Works to approve capital appreciation bonds which, by delaying interest payments until the maturity of the bonds, deviates from the norms established by Senate Bill 306.

For a number of years, it has been the practice for the Board of Public Works to provide information to the Department of Fiscal Services on all bond issues scheduled for consideration by the Board. The Department of Fiscal Services has an opportunity to advise interested members of the General Assembly about these bond issues, and there is an opportunity for informal communication between members of the General Assembly and the members of the Board of Public Works. I will ask the other members of the Board of Public Works to consider suggestions from the Department of Fiscal Services on ways to improve these practices if thought to be necessary to better inform interested members of the General Assembly of significant changes in bond issue provisions. In addition, I have requested that the Secretary of Transportation follow the same practices that are observed by the Board of Public Works in these respects.

For the reasons cited above, I have vetoed Senate Bill 306.

Sincerely,
William Donald Schaefer
Governor

Senate Bill No. 306

AN ACT concerning

State Bonds - Repayment Requirements