

VETOES

May 25, 1989

The Honorable Thomas V. Mike Miller, Jr.  
President of the Senate  
State House  
Annapolis, Maryland 21401

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 675.

This bill requires the Board of Public Works, upon the recommendation of the Governor or the officers of the Treasury Department, to pass a resolution changing the terms of repayment for a \$1.3 million debt owned to the State by the Town of Capitol Heights. Specifically, the legislation provides for the adoption of a 15 year amortization schedule, with the balance due at the close of the tenth year.

In May 1980, the Town of Capitol Heights received a \$1.3 million loan through the Municipal Government Loan Act of 1974 for street reconstruction and the purchase of rights-of-way. From the date of issuance through May 1984, all loan repayments were made on a timely basis. In 1984, the Town applied for and received, via the Board of Public Works, a revised repayment schedule. Under that schedule all interest payments for 1985, 1986, and 1987 were deferred and only principal payments were due through 1987. Beginning in May 1988, principal and interest became due through the remaining term of the loan. Interest payments missed from 1985 through 1987 were to be added to the final three years of the repayment schedule, 1990 through 1992.

According to the State Comptroller, the Town of Capitol Heights currently owes the State a total of \$751,500 in debt service. Except for its May 1989 installment, its payments are up to date. Although that is the case, the Mayor of Capitol Heights has for some time indicated that the Town has severe financial problems and that it will be difficult for the remaining payments to be made under the current schedule.

Although I can certainly empathize with the problems facing the Mayor and the Town of Capitol Heights, Senate Bill 675 is not necessary. The Board of Public Works already has the authority to alter the repayment schedule for a State debt or to cancel that debt. In addition, the bill would usurp some of the Board's existing authority. I cannot support such a change in the statute. Accordingly, I have vetoed Senate Bill 675.