

PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

State Reserve Fund

PUBLIC DEBT

X00A00.01 REDEMPTION AND INTEREST ON STATE BONDS

Program Description:

Debt service payments on the State's general obligation bonds are paid from the Annuity Bond Fund. The revenue sources for the Fund include the State property tax, general funds, premium from bond sales, and repayments from certain State agencies, subdivisions and private organizations. General funds may be appropriated directly to the Annuity Bond Fund to make up the difference between the debt service payments and funds available from property taxes and other sources. In fiscal year 2003 and prior, general funds for the debt service on bonds sold for public school construction were appropriated to the Maryland State Department of Education and transferred to this program as reimbursable funds.

	2005 Actual	2006 Actual	2007 Estimated	2008 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year (\$)	48,998,117	106,275,442	102,578,785	7,958,012
Property tax receipts	516,533,875	575,131,181	551,958,686	618,056,342
Interest and penalties on property taxes	1,831,245	2,126,374	1,500,000	1,500,000
Loan repayments	2,452,041	2,459,305	2,695,103	1,414,298
Miscellaneous receipts	707,205	9,420	200,000	200,000
Accrued interest on bonds sold	500,000			
Bond premium	89,036,329	41,784,924	3,080,038	21,147,500
Transfer to reserve	-106,275,442	-102,578,785	-7,958,012	-1,081,304
Total (\$)	553,783,370	625,207,861	654,054,600	649,194,848
Excess Appropriation			561,725	

Appropriation Statement:

	2006 Actual	2007 Appropriation	2008 Allowance
13 Fixed Charges	625,207,861	654,616,325	692,694,848
Total Operating Expenses	625,207,861	654,616,325	692,694,848
Total Expenditure	625,207,861	654,616,325	692,694,848
Net General Fund Expenditure			43,500,000
Special Fund Expenditure	625,207,861	654,616,325	649,194,848
Total Expenditure	625,207,861	654,616,325	692,694,848

Special Fund Income:

X00301 Annuity Bond Fund	625,207,861	654,616,325	649,194,848
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STATE RESERVE FUND

OBJECTIVES

A State Reserve Fund is authorized in Sections 7-309 through 7-311, 7-314 and 7-324 of the State Finance and Procurement Article and is comprised of the following: (1) Revenue Stabilization Account, (2) Dedicated Purpose Account, (3) Economic Development Opportunities Program Account, (4) Catastrophic Event Account, and (5) The Joseph Fund Account. The objectives of the Fund are to designate, provide for and appropriate certain reserve funds for future use when the magnitude and timing of fiscal requirements are uncertain and retain in escrow State revenues for future requirements to reduce the need for future tax increases.

SUMMARY OF STATE RESERVE FUND

	2006 Actual	2007 Appropriation	2008 Allowance
Operating Expenses	358,582,127	771,382,470	317,794,899
Original General Fund Appropriation	325,685,441	771,382,470	
Transfer/Reduction	23,687,047		
Net General Fund Expenditure	349,372,488	771,382,470	317,794,899
Special Fund Expenditure	9,209,639		
Total Expenditure	<u>358,582,127</u>	<u>771,382,470</u>	<u>317,794,899</u>

	2005 Actual	2006 Actual	2007 Estimated	2008 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account	521.4	758.8	1,415.2	673.7
Dedicated Purpose Account		31.5	144.7	206.1
Economic Development Opportunities Account	11.6	12.8	2.0	
Catastrophic Event Account	7.1	8.3	8.3	8.3
Total Reserve Fund*	<u>540.1</u>	<u>811.4</u>	<u>1,570.1</u>	<u>888.1</u>

* Totals may not add due to rounding

Y01A01.01 REVENUE STABILIZATION ACCOUNT

Program Description:

Section 7-311 of the State Finance and Procurement Article establishes the Revenue Stabilization Account to retain revenues for future needs and reduce the need for future tax increases by moderating revenue growth. Appropriations are required when the unappropriated general fund surplus of the second preceding fiscal year exceeds \$10 million. Appropriations are also required in years when the Account balance is less than 7.5% of general fund revenues as stated in the annual report of the Board of Revenue Estimates submitted to the Governor. If the Account balance is at least 3% but less than 7.5%, an appropriation of \$50 million or whatever lesser amount is necessary to bring the Account balance to 7.5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is \$100 million. Transfer of funds from the Account that does not result in an account balance below 5% must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. Transfers resulting in an account balance below 5% must be authorized by an act of the General Assembly other the State budget bill. The use of a budget amendment for fund transfer is prohibited.

Appropriation Statement:

	2006 Actual	2007 Appropriation	2008 Allowance
12 Grants, Subsidies and Contributions	249,685,441	593,282,470	162,794,899
Total Operating Expenses	249,685,441	593,282,470	162,794,899
Total Expenditure	<u>249,685,441</u>	<u>593,282,470</u>	<u>162,794,899</u>
Net General Fund Expenditure	<u>249,685,441</u>	<u>593,282,470</u>	<u>162,794,899</u>

STATE RESERVE FUND

Y01A02.01 DEDICATED PURPOSE ACCOUNT

Program Description:

Section 7-310 of the State Finance and Procurement Article establishes the Dedicated Purpose Account to (1) retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and (2) meet expenditure requirements. Certain restrictions apply on the use of funds and the manner in which funds may be transferred from the Account. The fiscal year 2007 allowance reflects \$53 million to be transferred to the Maryland Transportation Authority for the Intercounty Connector and \$100 million to fund the future costs of retirees' health benefits.

Appropriation Statement:

	2006 Actual	2007 Appropriation	2008 Allowance
12 Grants, Subsidies and Contributions.....	106,896,686	178,100,000	153,000,000
Total Operating Expenses.....	<u>106,896,686</u>	<u>178,100,000</u>	<u>153,000,000</u>
Total Expenditure.....	<u>106,896,686</u>	<u>178,100,000</u>	<u>153,000,000</u>
Original General Fund Appropriation.....	74,000,000	178,100,000	
Transfer of General Fund Appropriation.....	<u>23,687,047</u>		
Net General Fund Expenditure.....	97,687,047	178,100,000	153,000,000
Special Fund Expenditure.....	<u>9,209,639</u>		
Total Expenditure.....	<u>106,896,686</u>	<u>178,100,000</u>	<u>153,000,000</u>

Special Fund Income:

D13302 Energy Overcharge Restitution Trust Fund (EORTF).....	4,900,000
D38301 Local Election Reform Payments.....	<u>4,309,639</u>
Total.....	<u>9,209,639</u>

Y01A03.01 ECONOMIC DEVELOPMENT OPPORTUNITIES PROGRAM ACCOUNT

Program Description:

Section 7-314 of the State Finance and Procurement Article establishes the Economic Development Opportunities Program Account to establish a loan or grant program to : (1) assist in the retention or expansion of existing private or public sector entities, (2) assist in the establishment or attraction of private and public entities new to the State, (3) provide assistance where existing government programs lack sufficient resources or are constrained by timing or program design from being utilized, and (4) promote economic development in the State. Certain restrictions on the use of the Fund are mandated. The resources of the Fund may be transferred by approved budget amendment after approval by the Legislative Policy Committee.

Appropriation Statement:

	2006 Actual	2007 Appropriation	2008 Allowance
12 Grants, Subsidies and Contributions.....			2,000,000
Total Operating Expenses.....			<u>2,000,000</u>
Total Expenditure.....			<u>2,000,000</u>
Net General Fund Expenditure.....			<u>2,000,000</u>

STATE RESERVE FUND

Y01A04.01 CATASTROPHIC EVENT ACCOUNT

Program Description:

Section 7-324 of the State Finance and Procurement Article establishes the Catastrophic Event Fund to enable the State to respond without undue delay to a natural disaster or other catastrophic situation that cannot be taken care of within the resources of existing appropriations. Funds may be transferred by budget amendment after approval by the Legislative Policy Committee.

Appropriation Statement:

	2006 Actual	2007 Appropriation	2008 Allowance
12 Grants, Subsidies and Contributions.....	2,000,000		
Total Operating Expenses.....	<u>2,000,000</u>		
Total Expenditure.....	<u>2,000,000</u>		
Net General Fund Expenditure.....	<u>2,000,000</u>		