



MARTIN O'MALLEY
Governor

ANTHONY BROWN
Lieutenant Governor

T. ELOISE FOSTER
Secretary

DAVID C. ROMANS
Deputy Secretary

PUBLIC DEBT

*Testimony of T. Eloise Foster
House Appropriations Committee
February 3, 2012*

Chairman Conway and members of the Committee, I appreciate this opportunity to comment on the Department of Legislative Service's analysis of the Public Debt budget. As you know, declines in housing values have reduced the State's assessable base and the amount of revenues generated for debt service by the State's property tax. At the same time, conditions in the bond markets have resulted in sizeable bond premiums that have allowed the State to continue to pay for debt service without a general fund appropriation.

The Governor's proposed fiscal year 2013 Budget includes \$72.6 million in net bond premium from the March 2012 bond sale to pay debt service. This estimate was developed with guidance from the State Treasurer's Office and the State's financial advisor. In the event that the premium realized in the March 2012 bond sale is insufficient to fund debt service payable from the Annuity Bond Fund in fiscal year 2013, the Department of Budget and Management will correct the imbalance by providing general funds in a supplemental budget.

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45 Calvert Street • Annapolis, MD 21401-1907

Tel: (410) 260-7041 • Fax: (410) 974-2585 • Toll Free: 1 (800) 705-3493 • TTY Users: call via Maryland Relay

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