PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

State Reserve Fund

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.

	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year ($)	20,295,408	48,998,117	106,275,442	121,974,735
Property tax receipts	468,354,510	516,533,875	572,968,509	547,118,940
Interest and penalties on property taxes	1,780,281	1,831,245	1,500,000	1,500,000
Loan repayments	2,838,994	2,452,041	2,411,224	2,308,098
Miscellaneous receipts	4,291,400	707,205	200,000	200,000
Accrued interest on bonds sold	277,778	500,000		
Bond premium	87,978,529	89,036,329	63,827,422	29,950,000
Transfer to reserve	–48,998,117	–106,275,442	–121,974,735	–46,828,003
Total ($)	536,818,783	553,783,370	625,207,862	656,223,770

Appropriation Statement:

	2005 Actual	2006 Appropriation	2007 Allowance
13 Fixed Charges	553,783,370	625,207,862	656,223,770
Total Operating Expenses	553,783,370	625,207,862	656,223,770
Total Expenditure	553,783,370	625,207,862	656,223,770
Special Fund Expenditure	553,783,370	625,207,862	656,223,770

Special Fund Income:

X00301 Annuity Bond Fund	553,783,370	625,207,862	656,223,770

OBJECTIVES

Article III, Section 32 of the Maryland Constitution authorizes the General Assembly to place a contingent fund at the disposal of the Executive. 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

	2005 Actual	2006 Appropriation	2007 Allowance
Operating Expenses	114,652,618	325,685,441	1,416,282,470
Original General Fund Appropriation	106,652,618	325,685,441	
Transfer/Reduction	8,000,000		
Net General Fund Expenditure	114,652,618	325,685,441	1,416,282,470

	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of $)				
Revenue Stabilization Account	496.6	521.4	755.9	643.9
Dedicated Purpose Account			15.0	770.0
Economic Development Opportunities Account	9.1	11.6	6.6	3.1
Catastrophic Event Account	7.4	7.1	8.3	8.3
Total Reserve Fund*	513.0	540.1	785.9	1,425.4

* 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 preceeding fiscal year exceeds $10 million. Beginning in fiscal year 2006, however, the first $50 million unappropriated general fund balance in excess of $10 million must be transferred to the Transportation Trust Fund until a total of $315 million has been transferred. Appropriations are also required in years when the Account balance is less than 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 5%, an appropriation of $50 million or whatever lesser amount is necessary to bring the Account balance to 5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is $100 million. The transfer of funds from the Account must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. The use of a budget amendment for fund transfer is prohibited.

Appropriation Statement:

	2005 Actual	2006 Appropriation	2007 Allowance
12 Grants, Subsidies and Contributions	103,652,618	249,685,441	593,282,470
Total Operating Expenses	103,652,618	249,685,441	593,282,470
Total Expenditure	103,652,618	249,685,441	593,282,470
Net General Fund Expenditure	103,652,618	249,685,441	593,282,470

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; $100 million to fund the future costs of retirees' health benefits; and $670 million to meet fiscal year 2008 expenditure requirements.

Appropriation Statement:

	2005 Actual	2006 Appropriation	2007 Allowance
12 Grants, Subsidies and Contributions	11,000,000	74,000,000	823,000,000
Total Operating Expenses	11,000,000	74,000,000	823,000,000
Total Expenditure	11,000,000	74,000,000	823,000,000
Original General Fund Appropriation	3,000,000	74,000,000	
Transfer of General Fund Appropriation	8,000,000		
Net General Fund Expenditure	11,000,000	74,000,000	823,000,000

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:

	2005 Actual	2006 Appropriation	2007 Allowance
12 Grants, Subsidies and Contributions		2,000,000	
Total Operating Expenses		2,000,000	
Total Expenditure		2,000,000	
Net General Fund Expenditure		2,000,000	