

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, 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. Federal funds from interest subsidies for certain bonds may also be appropriated directly to the Fund. 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.

	2010 Actual	2011 Actual	2012 Estimated	2013 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year (\$)	71,276,653	105,315,371	162,135,719	182,567,471
Property tax receipts	742,883,653	798,289,740	752,631,004	725,724,471
Interest and penalties on property taxes	3,185,402	3,077,436	2,250,000	2,250,000
Loan repayments	891,737	633,078	484,297	394,605
Miscellaneous receipts	523,209	450,793	250,000	250,000
Bond premium	63,220,594	78,790,914	130,325,804	
Transfer to reserve	-105,315,371	-162,135,719	-182,567,471	-3,098,741
Total (\$)	<u>776,665,877</u>	<u>824,421,613</u>	<u>865,509,353</u>	<u>908,087,806</u>
Excess Appropriation			4,132,736	

Appropriation Statement:

	2011 Actual	2012 Appropriation	2013 Allowance
13 Fixed Charges	834,832,518	882,263,297	921,603,190
Total Operating Expenses	<u>834,832,518</u>	<u>882,263,297</u>	<u>921,603,190</u>
Total Expenditure	<u>834,832,518</u>	<u>882,263,297</u>	<u>921,603,190</u>
Special Fund Expenditure	825,630,441	871,202,830	909,648,547
Federal Fund Expenditure	9,202,077	11,060,467	11,954,643
Total Expenditure	<u>834,832,518</u>	<u>882,263,297</u>	<u>921,603,190</u>

Special Fund Income:

X00301 Annuity Bond Fund	824,421,613	869,642,089	908,087,806
X00302 Transfer Tax	1,208,828	1,560,741	1,560,741
Total	<u>825,630,441</u>	<u>871,202,830</u>	<u>909,648,547</u>

Federal Fund Recovery Income:

AA.X00 Federal Subsidy on Misc. Bonds	9,202,077	11,060,467	11,954,643
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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, and (4) Catastrophic Event 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

	2011 Actual	2012 Appropriation	2013 Allowance
Operating Expenses	15,000,000	15,000,000	390,457,774
Net General Fund Expenditure.....	<u>15,000,000</u>	<u>15,000,000</u>	<u>390,457,774</u>

	2010 Actual	2011 Actual	2012 Estimated	2013 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account.....	611.6	624.4	673.1	721.4
Dedicated Purpose Account	0.1	0.0	0.0	0.0
Economic Development Opportunities Account	2.0	3.8	2.0	0.9
Catastrophic Event Account.....	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Reserve Fund*	614.7	629.2	676.1	723.3

* Totals may not add due to rounding

STATE RESERVE FUND

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. 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. Section 41 of Chapter 484, Acts of 2010, stated that no appropriation was required in fiscal years 2011 and 2012 if it may have resulted in the loss of funds available under the federal American Recovery and Reinvestment Act of 2009 or any other federal law. Therefore no funding was provided in these fiscal years. 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:

	2011 Actual	2012 Appropriation	2013 Allowance
12 Grants, Subsidies and Contributions.....			<u>340,457,774</u>
Total Operating Expenses.....			<u>340,457,774</u>
Total Expenditure.....			<u>340,457,774</u>
Net General Fund Expenditure.....			<u>340,457,774</u>

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 allowance includes a \$50 million repayment to the transfer tax special fund for transfer tax revenues transferred to the general fund in fiscal year 2006.

Appropriation Statement:

	2011 Actual	2012 Appropriation	2013 Allowance
12 Grants, Subsidies and Contributions.....	<u>15,000,000</u>	<u>15,000,000</u>	<u>50,000,000</u>
Total Operating Expenses.....	<u>15,000,000</u>	<u>15,000,000</u>	<u>50,000,000</u>
Total Expenditure.....	<u>15,000,000</u>	<u>15,000,000</u>	<u>50,000,000</u>
Net General Fund Expenditure.....	<u>15,000,000</u>	<u>15,000,000</u>	<u>50,000,000</u>