

# SENATE BILL 187

R2

2lr0034

(PRE-FILED)

---

By: **Chair, Budget and Taxation Committee (By Request – Departmental –  
Transportation)**

Requested: September 30, 2021

Introduced and read first time: January 12, 2022

Assigned to: Budget and Taxation

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Department of Transportation – Grant Anticipation Revenue Vehicle Bonds**

3 FOR the purpose of repealing a requirement that the Capital Debt Affordability Committee  
4 include certain debt that is secured by future federal aid within its review of State  
5 tax supported debt; altering the calculation of the maximum amount of debt secured  
6 by future federal aid that the Department of Transportation may issue; altering the  
7 maximum term of certain bonds that are secured by a pledge of future federal aid;  
8 repealing the pledge of certain taxes to the payment of certain bonds secured by a  
9 pledge of future federal aid; and generally relating to debt that is secured by future  
10 federal aid.

11 BY repealing and reenacting, with amendments,  
12 Article – State Finance and Procurement  
13 Section 8–104  
14 Annotated Code of Maryland  
15 (2021 Replacement Volume)

16 BY repealing and reenacting, without amendments,  
17 Article – Transportation  
18 Section 3–601(c)  
19 Annotated Code of Maryland  
20 (2020 Replacement Volume and 2021 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article – Transportation  
23 Section 3–601(d)  
24 Annotated Code of Maryland  
25 (2020 Replacement Volume and 2021 Supplement)

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
2 That the Laws of Maryland read as follows:

3 **Article – State Finance and Procurement**

4 8–104.

5 (a) In this Part II of this subtitle the following words have the meanings  
6 indicated.

7 (b) “Committee” means the Capital Debt Affordability Committee.

8 (c) (1) “Tax supported debt” means:

9 (i) State debt; and

10 (ii) other forms of debt, including State agency capital leases  
11 supported in whole or part by State tax revenues and debt of the Department of  
12 Transportation, the Maryland Stadium Authority, and other units of State government  
13 which, in the opinion of the Committee, are supported directly or indirectly by State tax  
14 revenues.

15 (2) [“Tax supported debt” includes debt issued by the Department of  
16 Transportation under Title 3, Subtitle 6 of the Transportation Article or by the Maryland  
17 Transportation Authority under Title 4, Subtitle 3 of the Transportation Article that is  
18 secured by a pledge of future federal aid from any source.

19 (3) “Tax supported debt” does not include capital leases used to finance  
20 energy performance contracts entered into under § 12–301 of this article, if, as determined  
21 by the Committee, energy savings that are guaranteed by the contractor:

22 (i) equal or exceed the capital lease payments on an annual basis;  
23 and

24 (ii) are monitored in accordance with reporting requirements  
25 adopted by the Committee.

26 **Article – Transportation**

27 3–601.

28 (c) The Department may undertake the following actions and do all things  
29 necessary and appropriate consistent with such actions to utilize the available resources  
30 specified in subsection (a) of this section:

31 (1) Pledge and use existing and anticipated federal funds paid to or  
32 expected to be paid to the Department for transportation purposes for the payment of the

1 principal of and interest on the Department's bonds or other debt obligations issued under  
2 this subtitle to finance the costs of transportation facilities; and

3 (2) (i) Borrow funds from the federal government or its agencies, and  
4 evidence such borrowing with a promissory note or other evidence of obligation;

5 (ii) Borrow funds from a nongovernment lender if the loan is  
6 guaranteed by the federal government or its agencies; and

7 (iii) 1. Use the proceeds of the loans described in items (i) and (ii)  
8 of this paragraph in connection with transportation facilities including use of the proceeds  
9 to pay the costs of financing transportation facilities and the payment of debt service on the  
10 Department's bonds issued in connection with such transportation facilities;

11 2. Repay the loans with revenues attributable to the  
12 transportation facilities being financed; and

13 3. Pledge revenues attributable to the transportation  
14 facilities being financed in order to secure the Department's obligations to the federal  
15 government or its agencies or a nongovernment lender in connection with the loans.

16 (d) If the Department intends to pledge any future federal aid from any source [to  
17 support] **AS THE SOLE SOURCE OF** repayment of bonds issued under this subtitle:

18 (1) The aggregate principal amount of debt [issued] **OUTSTANDING AND**  
19 **UNPAID** under this subtitle or Title 4, Subtitle 3 of this article that is secured **SOLELY** by  
20 a pledge of future federal aid may not exceed \$750,000,000 **AS OF JUNE 30 OF ANY YEAR;**  
21 **AND**

22 (2) The date of maturity may not be later than [12] **15** years after the date  
23 of issue[;

24 (3) Notwithstanding § 3-215(d) of this title, if future federal aid is  
25 insufficient to pay the principal of and interest on the bonds issued under this subtitle when  
26 due, the tax levied under § 3-215 of this title, to the extent the proceeds of such tax are not  
27 necessary to provide the sinking fund required under § 3-215(c) of this title, is irrevocably  
28 pledged to the payment of the principal of and interest on the bonds issued under this  
29 subtitle as they become due and payable;

30 (4) The lien of the pledge under item (3) of this subsection shall at all times  
31 be subordinate to the lien of the pledge of such tax under § 3-215(d) of this title to the  
32 payment of principal of and interest on consolidated transportation bonds; and

33 (5) No part of the tax levied under § 3-215 of this title may be repealed,  
34 diminished, or applied to any other purpose until:

1                           (i)     The bonds issued under this subtitle and interest on them have  
2 become due and fully paid; or

3                           (ii)    Adequate and complete provision for payment of the principal  
4 and interest has been made].

5           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
6 1, 2022.