

# SENATE BILL 348

P2, B5, B2

0lr1651  
CF HB 766

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By: **Senator Jones (Chair, Joint Committee on the Management of Public Funds) and Senators Currie, Forehand, and Haines**

Introduced and read first time: January 28, 2010

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 24, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Capital Debt Affordability**

3 FOR the purpose of altering the due date for the annual report of the Capital Debt  
4 Affordability Committee and the annual deadline for the Governor to determine  
5 the amount of advisable new State debt; and generally relating to State debt  
6 affordability.

7 BY repealing and reenacting, with amendments,  
8 Article – State Finance and Procurement  
9 Section 8–112 and 8–113  
10 Annotated Code of Maryland  
11 (2009 Replacement Volume)

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

14 **Article – State Finance and Procurement**

15 8–112.

16 (a) The Committee shall review on a continuing basis the size and condition  
17 of the State tax supported debt as well as other debt of State units, including the  
18 University System of Maryland, Morgan State University, St. Mary's College of  
19 Maryland, and the Baltimore City Community College.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1           (b)    On or before [September 10] **OCTOBER 1** of each year, the Committee  
2 shall submit to the Governor and the General Assembly the Committee's estimate of  
3 the total amount of new State debt that prudently may be authorized for the next  
4 fiscal year.

5           (c)    In making the estimate, the Committee shall consider:

6                   (1)    the amount of State bonds that, during the next fiscal year:

7                           (i)    will be outstanding; and

8                           (ii)   will be authorized but unissued;

9                   (2)    the capital program prepared by the Department of Budget and  
10 Management;

11                   (3)    capital improvement and school construction needs during the next  
12 5 fiscal years, as projected by the Interagency Committee on School Construction;

13                   (4)    projections of debt service requirements during the next 10 fiscal  
14 years;

15                   (5)    the criteria that recognized bond rating agencies use to judge the  
16 quality of issues of State bonds;

17                   (6)    any other factor that is relevant to:

18                           (i)    the ability of the State to meet its projected debt service  
19 requirements for the next 5 fiscal years; or

20                           (ii)   the marketability of State bonds;

21                   (7)    the effect of authorizations of new State debt on each of the factors  
22 set out in this subsection; and

23                   (8)    the amount of issuances, debt outstanding, and debt service  
24 requirement of other classes of State tax supported debt as well as other debt of State  
25 units, including the University System of Maryland, Morgan State University, St.  
26 Mary's College of Maryland, and the Baltimore City Community College.

27           (d)    The estimate of the Committee:

28                   (1)    is advisory; and

29                   (2)    does not bind the General Assembly, the Board, or the Governor.

1 (e) (1) In addition to its other duties under this section, the Committee  
2 shall review on a continuing basis the size and condition of any debt of the University  
3 System of Maryland, Morgan State University, St. Mary's College of Maryland, and  
4 the Baltimore City Community College.

5 (2) In preparing an estimate with respect to the authorization of any  
6 new State debt, the Committee shall take into account as part of the affordability  
7 analysis any debt for academic facilities to be issued by a System.

8 (3) At the same time that the Committee makes its report as required  
9 under subsection (b) of this section, the Committee shall submit to the Governor and  
10 the General Assembly the Committee's estimate of the amount of new bonds for  
11 academic facilities that prudently may be authorized in the aggregate for the next  
12 fiscal year by the University System of Maryland, Morgan State University, St. Mary's  
13 College of Maryland, and the Baltimore City Community College.

14 (4) For purposes of this subtitle, the terms "System" and "academic  
15 facilities" have the meanings stated in § 19-101 of the Education Article.

16 (5) The Committee may request any needed information from a  
17 System and shall consider the information in making its estimates, including any  
18 information submitted by a System at its own initiative.

19 (6) This estimate:

20 (i) is advisory; and

21 (ii) does not bind the General Assembly, the Board, or the  
22 Governor.

23 8-113.

24 On or before [October 15] **NOVEMBER 1** of each year, after considering the  
25 current estimate of the Committee, the Governor shall determine:

26 (1) the total authorizations of new State debt that the Governor  
27 considers advisable for the next fiscal year; and

28 (2) the preliminary allocation of new State debt for:

29 (i) general construction projects;

30 (ii) school construction projects; and

31 (iii) other special projects.

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2   June 1, 2010.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.