

Capital Debt Affordability Committee

**Treasurer Nancy K. Kopp, Chair
Treasury Building Assembly Room
80 Calvert St.
Annapolis, MD**

December 18, 2009

9:00 AM

Treasurer's Opening Comments

Review and Update of Affordability Ratios

- August 2009 Affordability Ratios from 2009 CDAC Report
- Affordability Ratios updated in December 2009

Patti Konrad, Director of Debt Management, State Treasurer's Office

Reexamination of CDAC's September 3 Recommendation of \$990 Million for New General Obligation Authorizations by the 2010 General Assembly to Support the 2011 Capital Program. The Committee Will Consider:

Possible Extension of Federal Authorizations Incorporated in the ARRA, Such As School Construction Bonds and Build America Bonds

Patti Konrad, Director of Debt Management, State Treasurer's Office

Debt Service Projections Subsequent to the Projected Refunding and New Money Bond Issuance This Fall

Patti Konrad, Director of Debt Management, State Treasurer's Office

December 16 Revenue Estimates from BRE

David Roose, Director of Bureau of Revenue Estimates, Comptroller's Office

Other Appropriate Related Issues

Property Tax Projections

Robert Young, Acting Deputy Director, SDAT

Joe Wagner, Special Assistant to the Director, SDAT

Options to Provide Operating Budget Relief by Transferring Appropriate Expenditures to the Capital Budget

Secretary Eloise Foster, Department of Budget and Management

Affordability Analysis with Alternative Authorizations:

Patti Konrad, Director of Debt Management, State Treasurer's Office

Review and Update of Affordability Ratios

**August 2009 Affordability Ratios
From 2009 CDAC Report**

CDAC 2009 Report

Session	Projected Authorizations	Debt Outstanding to Personal Income Ratio	Debt Service to Revenues Ratio
	(\$ in millions)		
2009	1,110	3.16%	6.20%
2010	990	3.34%	6.92%
2011	1,020	3.41%	7.16%
2012	1,050	3.49%	7.15%
2013	1,080	3.43%	7.28%
2014	1,110	3.32%	7.32%
2015	1,140	3.25%	7.47%
2016	1,170	3.18%	7.74%
2017	1,200	3.11%	7.93%
2018	1,240	3.03%	8.02%
2019	1,280	2.96%	7.82%
	<u>12,390</u>		

Affordability Ratios

Updated in December 2009

December Revenues, Personal Income, Debt Service and Debt Outstanding were updated for the 12/18/09 meeting.

CDAC 2009 Report With Updates (A)

Session	Projected Authorizations (\$ in millions)	Debt Outstanding to Personal Income Ratio	Debt Service to Revenues Ratio
2009	1,110	3.16%	6.19%
2010	990	3.37%	6.98%
2011	1,020	3.44%	7.28%
2012	1,050	3.54%	7.38%
2013	1,080	3.50%	7.44%
2014	1,110	3.41%	7.44%
2015	1,140	3.35%	7.57%
2016	1,170	3.29%	7.86%
2017	1,200	3.23%	8.06%
2018	1,240	3.16%	8.14%
2019	1,280	3.10%	7.95%
	12,390		

(A) Dec. BRE Revenues, Personal Income, Debt Service and Debt Outstanding were updated for the 12/18/09 CDAC meeting.

**Reexamination of CDAC's September 3
Recommendation of \$990 Million for
New General Obligation Authorizations
by the 2010 General Assembly
to Support the 2011 Capital Program**

Debt Service Projections

Tax Supported Debt Service

	<u>Sept. 2009</u> (A)	<u>Dec. 2009</u> (A)	<u>Decrease in Debt Service</u>
2009	\$1,011,643	\$1,011,643	\$0
2010	\$1,103,815	\$1,100,072	(\$3,743)
2011	\$1,185,587	\$1,181,068	(\$4,519)
2012	\$1,278,682	\$1,273,583	(\$5,099)
2013	\$1,373,095	\$1,372,297	(\$798)
2014	\$1,444,249	\$1,439,947	(\$4,302)
2015	\$1,532,237	\$1,523,949	(\$8,288)
2016	\$1,648,349	\$1,640,870	(\$7,479)
2017	\$1,755,766	\$1,750,284	(\$5,482)
2018	\$1,844,341	\$1,836,867	(\$7,474)
2019	\$1,871,278	\$1,864,817	(\$6,461)

(A) No Change in Authorizations

Revenue Projections

General Fund

Property Tax

MARYLAND STATE REVENUE PROJECTIONS
(\$ in millions)

updated December 2009

Fiscal Year	General Fund Revenue	% Growth of GF	Property Taxes	% Growth of Prop. Taxes	Use of Premium and Misc. ABF Receipts	US Treasury Subsidy - Build America Bonds	Educational Trust Fund (VLT revenues)	Total	Transportation Revenues	Stadium Related Revenues	Garvee Bonds	Bay Restoration Fund	Total Revenues	Percent Change of Total Revenues
1999	\$8,524.0	5.9%	\$246.9		\$11.0			\$8,781.9	\$1,462.6	\$24.5			\$10,269.0	6.11%
2000	\$9,220.0	8.2%	\$250.8		\$12.6			\$9,483.4	\$1,568.4	\$21.2			\$11,073.0	7.83%
2001	\$9,802.0	6.3%	\$257.1		\$11.4			\$10,070.5	\$1,615.0	\$27.6			\$11,713.1	5.78%
2002	\$9,504.0	-3.0%	\$270.0		\$25.5			\$9,799.5	\$1,663.0	\$27.2			\$11,489.7	-1.91%
2003	\$9,409.8	-1.0%	\$286.0		\$36.7			\$9,732.5	\$1,603.0	\$21.9			\$11,357.4	-1.15%
2004	\$10,204.3	8.4%	\$468.4		\$97.2			\$10,769.8	\$1,884.0	\$22.2			\$12,676.1	11.61%
2005	\$11,548.0	13.2%	\$516.5	10.3%	\$94.5			\$12,159.1	\$2,085.0	\$21.7			\$14,265.8	12.54%
2006	\$12,390.3	7.3%	\$575.1	11.3%	\$46.4			\$13,011.8	\$2,122.0	\$21.4			\$15,155.2	6.23%
2007	\$12,940.2	4.4%	\$552.7	-3.9%	\$37.6			\$13,530.4	\$2,100.0	\$21.2			\$15,651.6	3.28%
2008	\$13,545.6	4.7%	\$625.7	13.2%	\$37.1			\$14,208.4	\$2,009.0	\$21.5	\$441.3	\$55.0	\$16,735.2	6.92%
2009	\$12,900.0	-4.8%	\$698.6	11.6%	\$79.2			\$13,677.7	\$2,142.0	\$20.0	\$441.3	\$55.6	\$16,336.6	-2.38%
2010	\$12,299.5	-4.7%	\$759.8	8.8%	\$65.1	\$0.9	\$39.0	\$13,164.2	\$2,088.0	\$20.0	\$441.3	\$56.1	\$15,769.6	-3.47%
2011	\$12,671.7	3.0%	\$781.1	2.8%	\$2.4	\$1.7	\$13.0	\$13,469.9	\$2,231.0	\$20.0	\$441.3	\$56.7	\$16,218.9	2.85%
2012	\$13,230.1	4.4%	\$774.3	-0.9%	\$2.2	\$1.7	\$366.0	\$14,374.4	\$2,362.0	\$20.0	\$441.3	\$57.2	\$17,254.9	6.39%
2013	\$14,011.0	5.9%	\$795.5	2.7%	\$2.2	\$1.7	\$614.0	\$15,424.4	\$2,512.0	\$18.7	\$441.3	\$57.8	\$18,454.2	6.95%
2014	\$14,710.2	5.0%	\$801.4	0.7%	\$2.2	\$1.7	\$664.0	\$16,179.5	\$2,655.0	\$18.7	\$441.3	\$58.4	\$19,352.9	4.87%
2015	\$15,401.9	4.7%	\$801.8	0.0%	\$2.2	\$1.7	\$677.3	\$16,884.9	\$2,732.0	\$18.7	\$441.3	\$59.0	\$20,135.8	4.05%
2016	\$16,095.0	4.5%	\$814.1	1.5%	\$2.2	\$1.7	\$690.8	\$17,603.8	\$2,738.0	\$18.7	\$441.3	\$59.6	\$20,861.3	3.60%
2017	\$16,819.2	4.5%	\$834.4	2.5%	\$2.2	\$1.7	\$704.6	\$18,362.2	\$2,813.0	\$18.7	\$441.3	\$60.2	\$21,695.4	4.00%
2018	\$17,576.1	4.5%	\$855.3	2.5%	\$2.2	\$1.7	\$718.7	\$19,154.0	\$2,877.0	\$18.7	\$441.3	\$60.8	\$22,551.8	3.95%
2019	\$18,367.0	4.5%	\$876.6	2.5%	\$2.2	\$1.7	\$733.1	\$19,980.7	\$2,944.0	\$18.7	\$441.3	\$61.4	\$23,446.1	3.97%

General Fund:

1999 -2019: Bureau of Revenue Estimates, updated December 2009

Property Tax and Use of Premium Revenues:

1999 - 2008: State Budget Books

2009 - 2019 : Dept. of Budget and Management, STO, Department of Assessments and Taxation

US Treasury Subsidy - Build America Bonds

actual subsidy realized on 2009 2nd and 3rd Series

Educational Trust Fund (slots revenues)

90 Day Report, A Review of the 2009 Legislative Session

Transportation Revenues:

1999-2019: Department of Transportation, Office of Finance, updated December 2009

Revenues consist of Taxes and Fees, Operating Revenue, Other Revenue, (including investment revenue) and federal funds for operations; MdTA transfers are deducted.

Garvee Bond Revenues:

2008-2019: Federal highway capital revenues; source MDOT, August 2009

Stadium Revenues:

represent only lottery revenues transferred to the Stadium Authority, updated December 2009

Bay Restoration Fund Revenues:

2009-2019 total program revenues; source MDE, MWQFA, updated August 2009

**Affordability Analysis
With Alternative Authorizations**

**Increase Authorizations by \$150 million in 2010 Session
and
Revert to Authorizations Projected in 2009 CDAC Report**

Session	Projected Authorizations	Debt Outstanding to Personal Income Ratio	Debt Service to Revenues Ratio
	(\$ in millions)		
2009	1,110	3.16%	6.19%
2010	1,140	3.37%	6.98%
2011	1,020	3.45%	7.28%
2012	1,050	3.56%	7.40%
2013	1,080	3.53%	7.46%
2014	1,110	3.45%	7.49%
2015	1,140	3.39%	7.63%
2016	1,170	3.33%	7.93%
2017	1,200	3.27%	8.14%
2018	1,240	3.20%	8.22%
2019	1,280	3.13%	8.02%
	<u>12,540</u>		

**Increase Authorizations by \$150 million in 2010 Session
and
Decrease Authorizations in Future Years to Stay Within 8%**

Session	Projected Authorizations	Debt Outstanding to Personal Income Ratio	Debt Service to Revenues Ratio
	(\$ in millions)		
2009	1,110	3.16%	6.19%
2010	1,140	3.37%	6.98%
2011	925	3.45%	7.28%
2012	925	3.56%	7.40%
2013	925	3.50%	7.45%
2014	935	3.39%	7.46%
2015	945	3.30%	7.57%
2016	955	3.20%	7.83%
2017	1,200	3.10%	7.97%
2018	1,240	3.01%	7.98%
2019	1,280	2.93%	7.72%
	<u>10,470</u>		