



MARYLAND HOUSE REPUBLICAN CAUCUS

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Minority Leader

Delegate Anthony J. O'Donnell, District 29C

Minority Whip

Delegate Jeannie Haddaway-Riccio, District 37B

January 25, 2011

The Honorable Michael E. Busch
Speaker of the House
State House H-101
Annapolis, MD 21401

Dear Mr. Speaker:

We are writing to inform you that our caucus has taken the official position recommending against the inclusion of legislative bond bills in the FY 2012 budget.

As you know, bond bills increase the state's capital debt service which is funded through the property tax revenue and supplemented with general fund dollars. According to the Department of Legislative Services, property tax revenue is projected to be \$326 million less than debt service costs by FY 2015. With a projected budget deficit in FY 2015 of \$1.8 billion, we will be hard pressed to supplement that shortfall through the General Fund. We realize that the bulk of this shortfall is related to debt already issued, but we feel the focus should be on reversing the damage, not making it worse.

In addition, while Maryland has reached its debt affordability limit, a backlog of unfinished capital projects remain. Moreover, the continuing trend over the last several years to use bonds to fund operating budget projects spreads these monies even thinner.

We have all sponsored and advocated for bond bills in the past. This position reflects the will of the majority but does not bind individual members. There is no doubt that the legislative bond bill program has funded many important and worthwhile programs and projects across the State of Maryland. But given the strain in the state's capital program, we feel it is necessary to postpone funding for these projects until the state's fiscal condition improves.

We appreciate the opportunity to inform you of our position this matter. Please feel free to contact us if you would like to discuss the matter further.

Sincerely,

Anthony J. O'Donnell
Minority Leader

Jeannie Haddaway-Riccio
Minority Whip