NEW ISSUE—BOOK-ENTRY ONLY

Moody's Investors Service, Inc.:Aaa
S&P Global Ratings:AAA
Fitch Ratings:AAA
(See "Ratings" herein)

$490,000,000[1]

STATE OF MARYLAND
General Obligation Bonds
State and Local Facilities Loan of 2019, First Series
Tax-Exempt Bonds
(Competitive)

Dated: Date of Delivery **Due: See Inside Cover**

The First Series Bonds are sometimes referred to herein as the "Bonds." The Bonds will be issued as fully registered bonds in denominations of $5,000 each or any integral multiple thereof. Purchasers will not receive physical delivery of bond certificates. The Bonds will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments will be made so long as Cede & Co. is the registered owner of the Bonds. Interest on the First Series Bonds will accrue from the date of their issuance and delivery and will be payable on September 15, 2019 and semiannually thereafter on March 15 and September 15 of each year unless redeemed prior to maturity. So long as the Bonds are maintained under a book-entry only system, the Treasurer of the State of Maryland (the "Treasurer") will act as Paying Agent and Bond Registrar. Interest on the Bonds will be paid as specified herein to the owner of record as of the 15th day of the month immediately preceding the interest payment date.

FOR MATURITY SCHEDULES SEE INSIDE COVER

The First Series Bonds maturing on or after March 15, 2030 are subject to optional redemption commencing on March 15, 2029 at a redemption price equal to 100% of the principal amount thereof. See "THE BONDS – Redemption Provisions" herein.

In the opinion of the Honorable Brian E. Frosh, Attorney General of Maryland, and of Ballard Spahr LLP, Baltimore, Maryland, Bond Counsel, the Bonds will be valid and legally binding general obligations of the State of Maryland to the payment of which the full faith and credit of the State are pledged. *In the opinion of Bond Counsel, interest on the First Series Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the First Series Bonds is exempt from the individual federal alternative minimum tax.* It is also the opinion of the Attorney General and of Bond Counsel that under existing law of the State of Maryland, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in the sale or exchange thereof, will be exempt from taxation within the State of Maryland by the State or by any of its political subdivisions, municipal corporations, or public agencies; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied directly on the Bonds, their transfer or the income therefrom. See "TAX MATTERS" herein for a more complete description of the opinion of Bond Counsel and additional federal tax law consequences.

The interest rates shown on the inside cover are the interest rates per annum payable by the State resulting from the successful bids for the First Series Bonds on Tuesday, March 26, 2019, by groups of banks and investment banking firms. The prices or yields shown on the maturity schedule were furnished by the successful bidders. Any other information concerning the terms of the reoffering of any of the Bonds should be obtained from the successful bidders and not from the State of Maryland.

The Bonds are offered for delivery, when and if issued, subject to the receipt of the approving opinions of the Attorney General of the State of Maryland and Ballard Spahr LLP, Baltimore, Maryland, and certain other conditions specified in the Official Notices of Sale. See "APPENDIX E –OFFICIAL NOTICES OF SALE" for more detail with respect to the sale of the Bonds. The Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about April 9, 2019.

March 26, 2019

[1]The First Series Bonds were sold on a competitive sale basis as described herein under "SALE AT COMPETITIVE BIDDING" and pursuant to the Official Notice of Sale for the First Series Bonds attached hereto as APPENDIX E.

MATURITY SCHEDULES

$490,000,000 First Series Tax-Exempt Bonds (Competitive)

First Series Bidding Group 1 Bonds $265,040,000

Awarded to Bank of America Merrill Lynch.

Maturing March 15	Principal	Interest Rate	Yield/Price	CUSIP
2022	$27,755,000	5.000%	1.54%	574193QX9
2023	29,145,000	5.000%	1.58%	574193QY7
2024	30,600,000	5.000%	1.64%	574193QZ4
2025	32,130,000	5.000%	1.69%	574193RA8
2026	33,735,000	5.000%	1.74%	574193RB6
2027	35,425,000	5.000%	1.77%	574193RC4
2028	37,195,000	5.000%	1.84%	574193RD2
2029	39,055,000	5.000%	1.92%	574193RE0

First Series Bidding Group 2 Bonds $224,960,000

Awarded to Citigroup Global Markets Inc.

Maturing March 15	Principal*	Interest Rate	Yield/Price	CUSIP
2030	$41,005,000	5.000%	2.07%*	574193RF7
2031	43,060,000	5.000%	2.17%*	574193RG5
2032	45,210,000	5.000%	2.24%*	574193RH3
2033	47,020,000	4.000%	2.56%*	574193RJ9
2034	48,665,000	3.000%	2.81%*	574193RK6

*Priced to the first optional redemption date of March 15, 2029

No dealer, broker, salesman or any other person has been authorized by the State of Maryland (sometimes referred to as the "State") to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the State of Maryland. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the State and other sources that are deemed to be reliable. The information from sources other than the State is not guaranteed as to accuracy or completeness and should not be construed as representations of the State. The State of Maryland believes that the information contained in this Official Statement is correct and complete and has no knowledge of any inaccuracy or incompleteness as to any of the information herein. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Maryland since the respective dates as of which information is given herein.

Certain statements included or incorporated by reference in this Official Statement constitute "forward looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," "forecast," or other similar words. The achievement of certain results or other expectations in such forward looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. The State does not plan to issue any updates or revisions to those forward looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the State of Maryland and the purchasers or holders of any of the securities described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover and inside cover pages hereof, list of officials, this page and the appendices attached hereto are part of this Official Statement.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. In making an investment decision, investors must rely on their own examination of the State and terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary may be a criminal offense.

STATE OF MARYLAND SELECTED STATE OFFICIALS

EXECUTIVE

Lawrence J. Hogan, Jr.
Governor

Boyd Rutherford
Lieutenant Governor

Peter Franchot
Comptroller

Brian E. Frosh
Attorney General

Nancy K. Kopp
Treasurer

JUDICIAL

Mary Ellen Barbera
Chief Judge
Court of Appeals of Maryland

LEGISLATIVE

Thomas V. M. Miller, Jr. *President of the Senate (47 Senators)*

Michael E. Busch
Speaker of the House of Delegates (141 Delegates)

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INTRODUCTION

ISSUER	The State of Maryland
SECURITIES	General Obligation Bonds, State and Local Facilities Loan of 2019, First Series $490,000,000 Tax-Exempt Bonds (Competitive)
AGGREGATE PRINCIPAL AMOUNT OF ISSUE	$490,000,000
INTEREST PAYMENT DATES	September 15, 2019 and semiannually thereafter on March 15 and September 15.
STATE ECONOMIC FACTORS	The State of Maryland has a population of approximately 6.1 million, with employment based largely in services, trade, and government. Those sectors, along with financial activities, are the largest contributors to the gross state product, according to the U.S. Department of Commerce, Bureau of Economic Analysis. Population is concentrated around the Baltimore and Washington, D.C. Metropolitan Statistical Areas, and proximity to Washington, D.C. influences the above-average percentage of employees in government. Manufacturing, on the other hand, is a much smaller proportion of employment than for the nation as a whole. The average unemployment rate in 2018 for Maryland was 4.2% compared to an average national rate of 3.9%. More recently, the unemployment rates in December 2018 for Maryland and the nation were both 3.9%. The State's per capita personal income was the fifth highest in the country in 2017, according to the Bureau of Economic Analysis, at 117.8% of the national average. See "STATE DEMOGRAPHIC AND ECONOMIC DATA."
BUDGET AND FINANCIAL	The State enacts its budget annually. Revenues are derived largely from certain broad-based taxes, including statewide income, sales, motor vehicle, and property taxes. Non-tax revenues are largely from the federal government for transportation, health care, welfare and other social programs. General Fund revenues on a budgetary basis realized in the State's fiscal year ended June 30, 2018 were above revised estimates by $339.3 million, or 1.99%. The State ended fiscal year 2018 with a $589.6 million General Fund balance on a budgetary basis. This balance reflects a $498.2 million increase compared to the balance projected at the time the 2018 Budget was enacted. In addition, there was a balance in the Revenue Stabilization Account of $856.9 million. For fiscal year 2019, the Governor's proposed total budget is $44.9 billion, a $2.6 billion increase over fiscal year 2018. When the Governor's budget bill was introduced on January 18, 2019, the State expected to end fiscal year 2019 with a General Fund balance of $805.5 million. Subsequently, on March 7, 2019, the Board of Revenue Estimates revised its revenue estimates for fiscal year 2019 downwards by $138.0 million. The Maryland General Assembly is also debating modifications to the Governor's proposed budget which could impact the fiscal year 2019 closing balance. The General Fund accounts for approximately $17.9 billion, of which the largest expenditures are for education and health, which together represent 73.7% of total General Fund expenditures. For the fiscal year 2020 the Governor's proposed budget is $46.6 billion, a $1.8 billion increase over fiscal year 2019. The General Fund accounts for approximately $19.5 billion of expenditures, of which the largest are for education and health, which together represent 71.2% of total General Fund expenditures. General Fund expenditures exclude transportation, which is funded with special fund revenues from the Transportation Trust Fund. See "STATE FINANCES – State Expenditures and Services."

On a GAAP basis, the fiscal year 2018 non-spendable General Fund balance was $598.8 million, while the restricted, committed, and unassigned fund

balances were $1.1 billion. By comparison, the non-spendable General Fund balance was $571.9 million and the restricted, committed, and unassigned fund balance was $786.3 million at the end of fiscal year 2017. The total GAAP fund balance for fiscal year 2018 was $1.7 billion compared with a total GAAP fund balance of $1.4 billion for fiscal year 2017. See "STATE FINANCES."

The State Reserve Fund consists of the Revenue Stabilization Account and other reserve funds, which together totaled $878.6 million at the end of fiscal year 2018. The Revenue Stabilization Account was established to retain State revenues for future needs and to reduce the need for future tax increases. Estimates made at the time that the Governor's proposed budget was introduced for the close of fiscal year 2019 projected a total reserve balance of $906.4 million, of which $881.9 million was projected to be in the Revenue Stabilization Account. The Revenue Stabilization Account balance as a percentage of fiscal year 2019 General Fund revenues was estimated to equal 4.9%. The proposed fiscal year 2020 budget for the close of fiscal year 2020 projected a total reserve balance of $1.24 billion, of which $1.21 billion was projected to be in the Revenue Stabilization Account. The Revenue Stabilization Account balance as a percentage of fiscal year 2020 General Fund revenues was estimated to equal 6.5%. The Maryland General Assembly is currently considering actions that could reduce this percentage to slightly over 6.0%. See "STATE FINANCES – State Reserve Fund."

STATE DEBT

Maryland had $13.5 billion of net State tax-supported debt outstanding as of December 31, 2018. General obligation bonds accounted for $9.5 billion of that amount. In fiscal year 2019, debt service on general obligation bonds was paid primarily from State property tax receipts. Department of Transportation bonds outstanding account for another $3.5 billion of State tax-supported debt as of December 31, 2018; the debt service on those bonds is payable from taxes and fees related to motor vehicles and motor vehicle fuel, a portion of the corporate income tax and a portion of the sales and use tax on short-term vehicle rentals. Debt obligations issued by the Maryland Stadium Authority in the form of lease-backed revenue bonds and energy lease financing account for $75.3 million of State tax-supported debt outstanding as of December 31, 2018. Rental payments under the leases are subject to annual appropriation by the General Assembly.

The State has also financed construction and acquisition of various other facilities and equipment through lease-type financing, subject to annual appropriation by the General Assembly, in the amount of $299.7 million as of December 31, 2018.

There were $129.7 million of Grant Anticipation Revenue Vehicle ("GARVEE") Bonds outstanding as of December 31, 2018. Debt service is paid from a portion of Maryland's federal highway aid. The Water Quality Financing Administration of the Maryland Department of Environment ("Administration") had Bay Restoration Revenue Bonds outstanding in the amount of $273.6 million as of December 31, 2018.

The State had $1.9 billion of authorized but unissued debt as of December 31, 2018. The current offering is the second general obligation bond sale of fiscal year 2019. See "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Tax-Supported Debt Outstanding and Debt Data."

APPLICATION OF PROCEEDS	The proceeds of the First Series Bonds will be applied for a variety of public purposes, including the acquisition and construction of State facilities; capital grants to local governments for public schools, community colleges, and jails and correctional facilities; and matching fund loans and grants to local governments, nonprofit institutions, and other entities for hospitals, cultural projects and other projects.
CONTINUING DISCLOSURE	The State will provide annual financial and other information, including notices of certain events, in order to assist bidders in complying with Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934. Appropriate periodic credit information will be provided to the rating agencies maintaining ratings on the Bonds. See APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

THE FOREGOING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

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STATE OF MARYLAND
Official Statement

$490,000,000
General Obligation Bonds
State and Local Facilities Loan of 2019, First Series
Tax-Exempt Bonds
(Competitive)

THE STATE

The State of Maryland (the "State") ratified the United States Constitution on April 28, 1788. The capital of the State is Annapolis, where the principal activities of the State Government are centered. The State's 2018 population is estimated to have been 6,042,718 on July 1st of that year. Maryland ranks 42nd among the states in land area with 9,844 square miles. The largest city in the State is Baltimore with a 2017 population estimate of 611,648 (2,808,175 for the primary metropolitan statistical area).

THE BONDS

General

The $490,000,000 aggregate principal amount of general obligation bonds offered by this Official Statement constitutes the State and Local Facilities Loan of 2019, First Series, Tax-Exempt Bonds (the "Bonds"). Interest on the Bonds will accrue from the date of issuance and delivery, expected to occur on or about April 9, 2019, and will be payable on September 15, 2019 and semiannually thereafter on March 15 and September 15 until maturity unless redeemed prior to maturity as provided herein under "Redemption Provisions." Payment of the principal of and interest on the Bonds shall be in such currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds will initially be maintained under a book-entry only system; individual purchasers ("Beneficial Owners") shall have no right to receive physical possession of the Bonds, and any payment of the principal or redemption price of and interest on the Bonds will be made as described in APPENDIX G – "BOOK-ENTRY ONLY SYSTEM." So long as the Bonds are maintained under a book-entry only system, the Treasurer will serve as Bond Registrar and Paying Agent.

Interest on the Bonds will be paid on the date payable or, if that date is not a Business Day (hereinafter defined), on the next succeeding Business Day, to the person in whose name the Bond is registered on the registration books (the "Bond Register") maintained by the Bond Registrar as of the close of business on the 1st day of the month immediately preceding each interest payment date. "Business Day" means a day other than a Saturday, Sunday, or day on which banking institutions are authorized or obligated by law or required by executive order to remain closed. Principal will be payable upon presentation of the Bonds at the principal office of the Paying Agent, or at the principal office of any other Bond Registrar and Paying Agent appointed by the Treasurer, on the date the principal is payable or, if that date is not a Business Day, on the next succeeding Business Day. So long as the Bonds are maintained in a book-entry only system, interest will be paid by electronic funds transfer on the interest payment date with respect to Bonds held by The Depository Trust Company, New York, New York ("DTC") from funds sent to DTC.

So long as the Bonds are maintained in a book-entry-only system, Beneficial Owners will not have physical possession of the Bonds and transfers of their interest in the Bonds will be made through DTC. Beneficial Owners should look to the institution from which their Bonds were purchased for payment.

See "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – General Obligation Bonds" for a description of the constitutional and other legal foundations of general obligation bonds of the State.

First Series Tax-Exempt Bonds (Competitive)

The State determined to issue the First Series Bonds as tax-exempt bonds, sold on a competitive basis as described herein under "SALE AT COMPETITIVE BIDDING" and pursuant to the Official Notice of Sale for the First Series Bonds, included in APPENDIX E hereto.

Authorization for the Bonds

The State Constitution prohibits the contracting of State debt unless authorized by a law providing for the collection of an annual tax or taxes sufficient to pay the interest when due and to discharge the principal within 15 years of the date of debt issuance. The State Constitution also provides that the taxes levied for this purpose may not be repealed or applied to any other purpose until the debt is fully discharged. As a matter of practice, general obligation bonds, other than refunding bonds, are issued to mature in serial installments designed to provide payment of interest only during the first two years and an approximately level annual payment of principal and interest over the remaining years.

The Board of Public Works (the "Board"), a constitutional body composed of the Governor, the Comptroller, and the Treasurer, by resolution authorizes the issuance of bonds in a specified amount for part or all of the loans authorized by various enabling acts. Since 1969, the Board has used its statutory authority to issue and sell general obligation bonds authorized by various enabling acts on a consolidated basis as a single issue designated as a "State and Local Facilities Loan" of a numerical series indicating the order of sale during the calendar year. The Bonds have been authorized for issuance under this procedure.

The General Assembly annually enacts a Maryland Consolidated Capital Bond Loan Act (the "MCCBL") that consolidates within a single enabling act, authorizing funds for various capital programs administered by State agencies and other projects for local governments or private institutions to be financed through the sale of State general obligation bonds. The total amount of general obligation bonds authorized by various MCCBLs but unissued as of December 31, 2018, was $1.9 billion. In addition, the General Assembly is expected to authorize $1.1 billion of general obligation bonds in the 2019 session. See "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Capital Programs" and APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES."

Based upon the State's anticipated capital needs, the Board has authorized the sale and issuance of up to $490,000,000 of the Bonds to fund capital improvements.

It is anticipated that the proceeds of the sale of the First Series Bonds will be expended for authorized projects in the categories shown in "THE BONDS – Use of Proceeds."

Security for the Bonds

The Bonds will be general obligations of the State to the payment of which the full faith and credit of the State are pledged.

Redemption Provisions

Optional Redemption for the First Series Bonds. The First Series Bonds maturing on or after March 15, 2030 are subject to redemption prior to their respective maturities on or after March 15, 2029, as a whole or in part at the option of the State at any time on at least 20 days' notice and, if in part, in any order of maturity at the option of the State, at the redemption price of par, plus accrued interest, if any, to the redemption date.

Redemption Procedures. If less than all of the First Series Bonds of any maturity shall be called for redemption, the particular First Series Bonds to be redeemed shall be selected by the Paying Agent in such manner as, in its discretion, it shall determine, except that so long as DTC or its nominee is the sole registered owner of the First Series Bonds, the particular First Series Bonds to be redeemed shall be selected by DTC, in such manner as DTC shall determine.

In case part but not all of any of the First Series Bonds of any maturity shall be selected for redemption, then upon its surrender, there shall be issued without charge to the registered owner replacement bonds in any authorized denominations as specified by the registered owner. The aggregate principal amount of bonds so issued shall be equal to the unredeemed balance of the principal amount of the bond surrendered, and bonds so issued shall bear the same interest rate and shall mature on the same date as the bond surrendered. Should the State elect to redeem all or a portion of the First Series Bonds, the State shall provide a redemption notice (i) by first class mail, postage prepaid, at least 20 days prior to the redemption date to each registered owner as identified within the Bond Register and (ii) as may be further required in accordance with the Continuing Disclosure Agreement; provided, however, that neither the failure to mail the redemption notice nor any defect in the notice shall affect the validity of the redemption proceedings.

The redemption notice shall state: (1) whether the First Series Bonds are to be redeemed in whole or in part and, if in part, the portions of the principal amount of each maturity of the First Series Bonds to be redeemed; (2) the redemption date and the redemption price or prices; (3) that the First Series Bonds to be redeemed shall be presented for redemption and payment on or after the redemption date at the principal office of the Paying Agent; (4) that interest on the First Series Bonds called for redemption shall cease to accrue on the redemption date, and (5) any conditions to such redemption. In the event that a redemption notice contains a condition and the condition is not met, the redemption will not occur and notice will be given that the redemption is to be or was cancelled.

From and after the redemption date, if funds sufficient for the payment of the redemption price of the First Series Bonds called for redemption are available on such date, the First Series Bonds so called for redemption shall become due and payable at the redemption price or prices on the redemption date, interest on the First Series Bonds shall cease to accrue, and the registered owners of the First Series Bonds so called for redemption shall have no rights in respect thereof except to receive payment of the redemption price plus accrued interest to the redemption date. Upon presentation and surrender of the First Series Bonds called for redemption in compliance with the redemption notice, the Paying Agent shall pay the redemption price of the First Series Bonds. If the First Series Bonds so called for redemption are not paid upon presentation and surrender as described above, such bonds shall continue to bear interest at the rates stated therein until paid.

Remedies

Based upon the provisions of §34 and 52 of Article III of the State Constitution, general statutory law, and the enabling legislation for general obligation bond authorizations, in the opinion of the Attorney General, the courts of Maryland have jurisdiction to entertain proceedings and power to grant mandatory injunctive relief to: (1) require the Governor to include in the annual budget an appropriation sufficient to pay all general obligation bond debt service for the ensuing fiscal year; (2) prohibit the General Assembly from taking action to reduce any such appropriation below the level required for that debt service; (3) require the Board of Public Works to fix and collect a tax on all property in the State subject to assessment for State tax purposes at a rate and in an amount sufficient to make such payments to the extent that adequate funds are not provided in the annual budget; and (4) provide such other relief as might be necessary to enforce the collection of these taxes and payment of the proceeds to the holders of general obligation bonds, *pari passu*, subject to the inherent limitations of the Constitution referred to below.

It is also the opinion of the Attorney General that, while the mandatory injunctive remedies would be available and while the general obligation bonds of the State are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute. Enforcement of a claim for payment of the principal of or interest on the Bonds could be subject to the provisions of any statutes that hereafter may be constitutionally enacted by the United States Congress or by the General Assembly extending the time for payment or imposing other constraints upon enforcement.

Estimated Sources and Uses of Funds

	First Series Bonds
Sources:	
Par Amount	$490,000,000
Net Original Issue Premium**	92,749,901
Total Sources*	$582,749,901
Uses:	
Deposit to State and Local Facilities Loan Fund	$490,000,000
Deposit to the Annuity Bond Fund**	91,816,985
Costs of Issuance	286,530
Underwriter's Discount	646,386
Total Uses*	$582,749,901

*Totals may not add due to rounding.
**The premium earned on the sale of the First Series Bonds will be applied first to pay the underwriter's discount and costs of issuance. The remainder will be deposited to the Annuity Bond Fund.

Use of Proceeds

First Series Bonds. The proceeds from the sale of the First Series Bonds will be deposited in the State and Local Facilities Loan Fund and expended as needed on any project authorized by an enabling act, whether or not bonds have been sold to specifically fund that project. "Project" accounting will be maintained to assure that individual project expenditures will not exceed individual project authorizations. The expenditure of bond proceeds for capital improvements is accounted for on a "cash flow" basis rather than a "project" basis.

The proceeds of the First Series Bonds deposited to the State and Local Facilities Loan Fund are reasonably anticipated to be expended for the following purposes:

	First Series Bonds
Education	$326,670,729
Health and Hospital	15,336,086
Public Safety	24,679,491
Environment	60,271,843
Housing	26,698,708
Utilities	1,158,515
Transportation	640,105
Other	34,544,523
Total*	$490,000,000

*Totals may not add due to rounding.

STATE GOVERNMENT

Legislature

The State has a bicameral legislature, the General Assembly, composed of the Senate with 47 members and the House of Delegates with 141 members. The State is divided into 47 legislative districts, each with one senator and three delegates. All members of the General Assembly are elected for four-year terms. The General Assembly meets annually for a 90-day session beginning on the second Wednesday in January. This regular session may be extended by the General Assembly or the Governor, and the General Assembly may meet in special sessions, but no extended or special session may last for longer than 30 days except for the purpose of enacting the annual budget.

Constitutional Officers

The leadership of State government includes four constitutional officers elected by the voters on a statewide basis for four-year terms: the Governor, the Lieutenant Governor, the Comptroller, and the Attorney General. The Treasurer is also a constitutional officer, appointed upon a joint ballot of the Senate and the House of Delegates for a four-year term.

The Governor is the chief executive officer of the State. The Lieutenant Governor has such duties as are delegated by the Governor, which may include any and all powers and duties of the Governor, and may serve as Acting Governor during the absence or incapacity of the Governor. The Attorney General is legal counsel to the Governor, the General Assembly, and all departments and units of the State government except the Public Service Commission and certain authorities.

Together, the Comptroller and the Treasurer constitute the Treasury Department. The Comptroller is required to exercise general superintendence over the fiscal affairs of the State, to prepare plans for the improvement and management of revenue and support of public credit, to keep the accounts of the State and its agencies, to prescribe the form of completing and stating these accounts, and to superintend and enforce the collection of all taxes and revenue. The Treasurer maintains custody of all deposits of State monies, invests the State's surplus funds, maintains custody of all securities, and is responsible for all disbursements of State funds, including payment of principal and interest on State debt. Acting on behalf of the Board of Public Works, the Treasurer manages the State's general obligation debt program, including all matters relating to the issuance and oversight of general obligation bonds.

Principal Departments

The executive functions of State Government are organized into 20 major departments, 19 of which are headed by a Secretary appointed by the Governor with the advice and consent of the Senate. The State Department of Education is headed by the State Board of Education, the members of which are appointed by the Governor for overlapping five-year terms, and the State Superintendent of Schools, who is appointed by the State Board of Education for a four-year term. The departments and their principal responsibilities are as follows:

The Department of Aging administers the delivery of services and activities for the elderly.

The Department of Agriculture is responsible for supervising, administering, and promoting agricultural activities in the State.

The Department of Budget and Management analyzes and plans budgetary matters and provides coordination and liaison for the Governor with the General Assembly, State operating agencies, and the public on matters relating to the operating and capital budgets, analysis of program revenues and budget implications, and performance auditing; manages and coordinates employee health benefits; administers personnel policies with respect to State employees; and reviews executive agency procurements of services.

The Department of Commerce promotes economic development, industrial opportunities, tourism, and economic resources of the State; and provides for and assists in financing industrial and commercial development.

The Department of Disabilities is responsible for developing, maintaining, revising, and enforcing statewide disability policies and standards.

The Department of the Environment is responsible for fostering and protecting the State's natural environment and administers various State programs regulating air, water, and hazardous waste pollution.

The Department of General Services advises the Board of Public Works and State agencies on matters of engineering, construction, and contracts in connection with capital expenditures; coordinates land acquisitions and the design and construction of State public works projects; and purchases supplies and equipment for the use of State agencies.

The Department of Health is responsible for matters concerning public health in the State, including the direct delivery of health care services through State-owned health centers and hospitals and the financing of health services to low-income individuals through the Medicaid program.

The Department of Housing and Community Development administers the State's housing and community development assistance programs, including certain housing loan and mortgage insurance programs.

The Department of Human Services administers, on the State level, the federal and State social service, public assistance, child support, and income maintenance programs.

The Department of Information Technology is responsible for statewide Information Technology ("IT") policy, oversight of large IT projects and expenditures, and centralization of common IT functions and assets statewide.

The Department of Juvenile Services is responsible for State programs serving delinquent youths, children in need of supervision, and children in need of assistance.

The Department of Labor, Licensing and Regulation administers various State regulatory agencies and licensing boards responsible for licensing and regulating professions, businesses, and trades, and has responsibility for the direction, coordination, and monitoring of all State employment and training and unemployment insurance programs.

The Department of Natural Resources is responsible for developing, coordinating, and administering policies and programs involving the natural resources and wildlife of the State.

The Department of Planning is the principal agency for planning matters concerning the development and effective use of the natural and other resources of the State and also is responsible for various historical and cultural programs.

The Department of Public Safety and Correctional Services is responsible for public safety, State correctional facilities, and parole and probation.

The Department of State Police is responsible for law enforcement and crime prevention.

The Department of Transportation is responsible for State-owned transportation facilities and programs, including the planning, financing, construction, operation, and maintenance of highway, transit, rail, port, and aviation facilities.

The Department of Veterans Affairs assists the State's veterans in obtaining benefits and services, maintains veterans' cemeteries and war memorials, and operates the State's veterans' home.

The State Department of Education is charged with the general supervision of public elementary and secondary education and is responsible for establishing and administering State educational policies and programs.

See "STATE FINANCES – State Expenditures and Services" for information concerning the activities of the departments that administer functions requiring the largest expenditures of funds by the State.

Judiciary

The Judiciary, a separate branch of government established in the State Constitution, includes two courts of appellate jurisdiction. The Court of Appeals, originally created by the State Constitution of 1776, is the State's highest court; today this court's appellate jurisdiction is almost entirely discretionary. The Court of Special Appeals was established in 1966 as an intermediate appeals court having statewide jurisdiction; almost all initial civil and criminal appeals are now included in the jurisdiction of this court.

The Circuit Courts, which function as trial courts of general jurisdiction, are the common law and equity courts of record exercising original jurisdiction within the State and handle the major civil and the more serious criminal matters. A Circuit Court sits in each county and in Baltimore City. The District Court of Maryland, created in 1970, is divided into 12 geographic districts throughout the State and exercises limited civil and criminal jurisdiction.

Board of Public Works

The Governor, Comptroller, and Treasurer are the members of the Board of Public Works. The Constitution of Maryland, Article XII, §2, provides that a majority of the Board shall be competent to act. A constitutional body, the Board supervises the expenditure of all funds obtained by State general obligation bond issues and all funds appropriated for capital improvements other than roads, bridges, and highways. The Board must review and approve all contracts for such capital expenditures after review by the legislatively authorized control agency, principally, the Department of Transportation, the Department of General Services, the Department of Budget and Management or the University System of Maryland. The Board considers, acts upon, and authorizes all issues of State general obligation bonds and fixes the rate of the State property tax required for debt service.

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STATE FINANCES

Budgetary System

Maryland has a strong executive system of government. Under the Maryland Constitution, Article III, §52, the Governor is responsible for the preparation and introduction of the State's annual budget. The Governor is required by the Constitution to submit a balanced budget, and in preparing the budget, the Governor is statutorily required to use revenue estimates reported by the Board of Revenue Estimates, whose members are the Comptroller, the Treasurer and the Secretary of Budget and Management, or explain the use of different estimates. Except for the General Assembly's own budget and the Judiciary's budget, the General Assembly cannot increase the Governor's proposed budget, but may reduce it.

Passage of the State's budget is constitutionally prioritized. The General Assembly meets annually for 90 days, beginning the second Wednesday of each January. If the budget has not been enacted seven days before the end of session (the 83rd day), the Constitution requires that the Governor issue a proclamation extending the session. If the budget has not been enacted by the 90th day, the General Assembly cannot consider any matter except the budget. This places the normal budget deadline in early April, almost three months before the start of the next fiscal year.

Although laws enacted by the General Assembly are generally subject to referendum, the power of referendum is subject to express limitations, and does not extend to the State budget. The effective date of the State budget cannot be delayed by referendum. Maryland does not require supermajorities to increase taxes or enact the budget. A simple majority is required for passage of all bills.

The Governor submits to the General Assembly, shortly after the beginning of its annual session, a budget containing a complete plan of proposed expenditures and estimated revenues for the ensuing fiscal year, together with a statement showing: (1) the revenues and expenditures for the preceding fiscal year; (2) reserves, and surplus or deficit of the State; (3) the debts and funds of the State; (4) an estimate of the State's financial condition as of the beginning and end of the preceding fiscal year; and (5) any explanation the Governor may desire to make as to the important features of the budget and any suggestions as to methods for reduction or increase of the State's revenue. The budget is required to include a total for all appropriations and all estimated revenues; total appropriations may not exceed the estimated revenues, either as submitted by the Governor or as enacted by the General Assembly. The Constitution requires the Governor to include appropriations for certain matters, including specifically an appropriation to pay and discharge the principal and interest of the debt of the State in conformity with Article III, §34 of the Constitution and all laws enacted pursuant thereto. See "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM."

The Governor also is required to include in the annual budget sufficient appropriations to fund programs for which specific statutory spending levels or rates have been established by the General Assembly at a preceding session. With the submission of the budget for the ensuing year, the Governor also presents to the General Assembly any deficiency appropriations that the Governor may deem necessary to supplement the current year's appropriations in light of current conditions. By law the Governor has the power, with the approval of the Board of Public Works, to reduce by not more than 25% any appropriation that the Governor may deem unnecessary, except appropriations for the payment of interest and the retirement of State debt, the legislature, the public schools, the judiciary, and the salaries of public officers during their terms of office.

The General Assembly is prohibited by the Constitution from amending the budget to affect certain specified provisions, including the obligations or debt of the State under Article III, §34 of the Constitution. Except for these specified provisions, the General Assembly may amend the budget to increase or decrease appropriations relating to the legislative and judicial branches but it may only strike out or reduce executive branch appropriations submitted by the Governor. The General Assembly must enact a balanced budget. After the enactment of the budget, and not before, the General Assembly is permitted to enact supplementary appropriations but may not enact any supplementary appropriation unless embodied in a separate bill that is limited to a single object or purpose and provides the revenue necessary to pay the appropriation by a tax to be levied and collected under the terms of the bill.

State expenditures are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendment. The various units of State government may, with the Governor's approval, amend the appropriations for particular programs in their individual budgets funded from the General Fund, provided they do not exceed their total General Fund appropriations as contained in the annual budget. Additionally, appropriations for programs funded in whole or in part from funds other than the General Fund may permit expenditures in excess of original appropriations to the extent that revenues from the particular non-General Fund sources exceed original budget estimates and the additional expenditures are approved by the Governor.

The Department of Budget and Management is headed by a Secretary who assists the Governor in the preparation and administration of the budget and constitutes a statutorily created department that currently contains 334 positions.

The Department of Legislative Services provides full-time professional assistance to all committees and subcommittees of the General Assembly including those involved with budget, taxation and fiscal matters. The Department also conducts research into fiscal and policy issues. The Office of Legislative Audits is part of the Department and is required by law to examine and report on the books and accounts of all agencies of State government at least every four years. See APPENDIX A – "FINANCIAL AND ACCOUNTING SYSTEM."

The Spending Affordability Committee consists of certain designated officers of the General Assembly and other members as may be appointed by the President of the Senate and the Speaker of the House of Delegates. Each year the Committee must submit a report to the Legislative Policy Committee of the General Assembly and to the Governor recommending the level of State spending, the level of new debt authorization, the level of State personnel, and the use of any anticipated surplus.

State Financial Overview

When the Governor's budget was proposed on January 18, 2019, the fiscal year 2019 budget was expected to close with a fund balance of $805.5 million and a Revenue Stabilization Account balance of $881.9 million; fiscal year 2020 was projected to close with a fund balance of $105.5 million and a Revenue Stabilization Account balance of $1.2 billion. On March 7, 2019, the Board of Revenue Estimates reduced fiscal 2019 revenues by $138.0 million and fiscal year 2020 revenues by $130.5 million. The Maryland General Assembly is currently debating modifications to the Governor's proposed budget, including adjustments to account for the revenue revisions. The Maryland House of Delegates passed its budget plan on March 14, 2019; the Maryland Senate is currently debating its plan. The two plans will be reconciled in a conference committee after passage of the Senate's plan. The Governor must submit and the Legislature must enact a balanced budget. See "STATE FINANCES – Budgetary System," "–State Revenues," "– General Fund 2019 Budget," "– General Fund 2020 Budget" and "– Interim General Fund Revenues and Expenditures."

State Revenues

The State derives most of its revenue from a combination of specialized taxes and user charges. The following are principal sources of the State's revenues:

Income Taxes. An income tax is imposed on: (1) the federal adjusted gross income ("FAGI") of individuals, subject to certain positive and negative adjustments and minus certain deductions and personal exemptions; and (2) the federal taxable income of corporations, subject to certain positive and negative adjustments. Individuals may elect to use a standard deduction in lieu of itemized deductions. The standard deduction is 15% of the individual's Maryland adjusted gross income, but not less than $1,500 or more than $2,250 in the case of most individual returns, and not less than $3,000 or more than $4,500 in the case of a joint return or an individual return of a head of household or surviving spouse. The maximum deduction amounts were increased marginally to the above amounts as a result of the 2018 legislation. This same legislation also indexed the deduction limits beyond tax year 2018 to the cost of living as defined in the Internal Revenue Code.

In addition to the above, each county and Baltimore City must levy a local income tax at the rate of at least 1% but not more than 3.2% of the individual's Maryland taxable income. There is a growing number of credits available against the income taxes, including a refundable earned income credit. An accounting of available credits, in addition to other tax expenditures, is provided in the biannual Tax Expenditure Report from the Department of Budget and Management. An additional tax on the income of non-residents is imposed in the amount of the lowest county income tax rate in effect (currently 1.75%). The latest version of the Tax Expenditure Report is publicly available on the Department of Budget and Management's website, at https://dbm.maryland.gov/budget/Documents/operbudget/FY2020TaxExpenditureReport.pdf.

Corporations (domestic and foreign), including financial institutions and utilities, pay tax on the portion of net taxable income allocable to the State. Maryland is a "separate entity" reporting state, meaning that each corporate entity files a return for its own activities; the entities are not combined to form a single economic entity or in a manner similar to a federal affiliated filing. Generally, income has been apportioned according to a three-factor apportionment formula using sales, property, and payroll, where the sales factor is double-weighted. Legislation from the 2018 legislative session phases in a single sales formula used to apportion income to the State for the corporate income tax over a five-year period beginning in tax year 2018. By tax year 2022, all corporations subject to the corporate income tax, with an exception for specified worldwide headquartered companies, must allocate to Maryland modified income using an apportionment formula in which that income is multiplied by 100% of the sales factor. Manufacturing corporations already apportion their income based on sales only and certain other industries use apportionment formulas that more accurately reflect their in-state activity. Corporate taxpayers are required to add to income any payments made for interest or intangibles to a related company and any payments made as dividends by "captive" real estate investment trusts, in order to prevent out-of-state subsidiaries from sheltering income from the Maryland corporate income tax. The coporate tax rate in effect since tax year 2008 is 8.25%.

Sales and Use Taxes. The State imposes a 6% sales and use tax on a retail sale or use of most tangible personal property in the State and certain enumerated services (including custom telephone, detective and building cleaning services among others); most services are exempt. The sales and use tax rate on alcohol purchases is 9%. Among the exemptions from the sales and use tax are sales of food for consumption off the premises by a vendor who operates a substantial grocery or market business at the same location, medicines, medical supplies and medical aids, agricultural equipment and supplies, manufacturing and research and development equipment and supplies, tangible personal property used in a production activity, residential utilities and fuel, motor vehicles and vessels subject to excise taxes, and sales to nonprofit charitable, educational or religious organizations to enable the organizations to carry on their exempt activities. The Supreme Court recently ruled, in South Dakota v. Wayfair Inc., that the states may require remote sellers to collect and remit sales tax to the locality in which the customer resides. Following the ruling, the Comptroller issued regulations that enabled the State to collect sales tax from remote sellers.

Property Taxes. Generally, all real property in the State is assessed at full cash value once every three years, with any increase in full cash value arising from the assessment phased in over the ensuing three taxable years in equal installments. Any decrease in the full cash value is recognized in full in the next taxable year and held constant for the remaining two taxable years. Certain farm, marshland, woodland, country club, and planned development property is assessed under special valuation techniques while public utility property is assessed at fair market value determined by reference to both income and property values.

The State imposes a tax at a rate expressed per $100 of assessed value on all real property subject to taxation. The State property tax rate was set at 11.2 cents in 2007 and has been maintained at that constant level. Properties exempt from the State property tax include public property and property owned by certain nonprofit organizations for their designated purposes. The Homestead Property Tax Credit limits to 10% the maximum annual increase in assessments for owner-occupied principal residences that are subject to the State property tax. Revenues from the State property tax are credited to the Annuity Bond Fund and used to service general obligation debt.

Each of the counties and Baltimore City levies its own property tax at rates established by them, as do most incorporated municipalities. Tangible personal property and commercial and manufacturing inventory of businesses is assessed at fair market value determined from annual reports filed with the State Department of Assessments and Taxation. There is no State personal property tax but nineteen counties levy a tax on business personal property. See also, "STATE DEMOGRAPHIC AND ECONOMIC DATA – Assessed Value of Property."

Lottery Revenues. The State currently operates 10 major lottery games: three- and four-digit games drawn twice daily; a five-number Maryland-only lotto-type game drawn daily; an 18-number, three-line lotto-type game drawn twice a week; three multi-state six-number lotto-type games (Mega Millions, Powerball, and Cash4Life) drawn twice a week; Keno and Racetrax, both terminal games; and various instant ticket games. Lottery tickets are sold by licensed agents under the supervision of the Maryland Lottery and Gaming Control Agency. In fiscal year 2017, the allocation of gross sales was 61.9% to prizes, 10.9% to administrative costs and agents' commissions, and 27.2% to State revenues. Except for administrative costs and relatively small distributions to the Maryland Stadium Authority and Veteran's Trust Fund, the State revenues are credited to the General Fund. In addition, since fiscal year 2016, $20.0 million has been distributed annually to the Baltimore City Public School Construction Financing Fund. This $20.0 million annual distribution will continue for as long as related Baltimore City Public School Construction Bonds are outstanding.

Casino Gaming Revenues. The Maryland Constitution permits a maximum of 16,500 video lottery terminals (VLT) at six locations, in Cecil County, Worcester County, Anne Arundel County, Allegany County, Baltimore City, and Prince George's County. Video lottery operation licensees are authorized to operate table games. The distributive share of VLT revenues to the Education Trust Fund (ETF) varies by casino and by year. For fiscal year 2018, 38.4% of VLT revenues was distributed to the ETF, down from 40.8% in fiscal year 2017. For table games, the distribution of revenues is 80.0% to the video lottery operation licensee, 15.0% to the Education Trust Fund, and 5.0% for grants to impacted local governments.

In addition, the expanded gaming legislation contained certain provisions not subject to referendum, including: the issuance of licenses to qualifying veterans organizations in certain counties for instant ticket lottery machines; and transitioning VLT ownership from the State to VLT licensees. Legislation from 2017 allows VLT licensees who pay out more money than was bet through VLTs or table games on a given day to subtract the loss from the proceeds of a following day. In 2018, ballot question 1, which passed overwhelmingly, amended the constitution of Maryland to require that revenues from VLT operation and other commercial gaming be dedicated as supplemental funding (above statutory minimums) for pre-K through 12 public education in the following amounts: $125 million in FY 2020, $250 million in FY 2021, $375 million in 2022, and 100% of gaming revenues for FY 2023 and beyond.

The following tables provide a summary of the ongoing revenue distribution of Maryland's casino gaming program:

Total Revenue Generated by the Video Lottery
Fiscal Years 2018-2020
($ in millions)

	2018 Actual	2019 Estimate (a)	2020 Estimate (a)
Revenue Distribution (b)			
Education Trust Fund	$401.8	$438.7	$430.1
Facility License Owners	491.0	518.0	542.2
Racing Purses/Bred Funds	61.2	64.5	65.6
Local Impact Grants	56.8	59.8	60.8
Racetrack Renewal	10.0	10.6	10.7
Lottery Operations	10.5	11.0	11.2
General Fund	15.3	0.0	0.0
Total (c)	$1,046.7	$1,102.6	$1,120.6

(a) The 2019 and 2020 Estimates are based on December 12, 2018 revenue estimates from the Board of Revenue Estimates.
(b) The share for each of the funds is statutory, varies across facilities, and may change at certain milestones (e.g. opening of Prince George's Video Lottery facility).
(c) Totals may not sum due to rounding.

Total Revenue Generated by the Table Games
Fiscal Years 2018-2020
($ in millions)

	2018 Actual	2019 Estimate (a)	2020 Estimate (a)
Revenue Distribution (b)			
Education Trust Fund	$94.8	$99.3	$98.7
Facility License Owners	505.8	529.4	526.4
Local Impact Grants	31.6	33.1	32.9
Total (c)	$632.3	$661.8	$658.0

(a) The 2019 and 2020 Estimates are based on December 12, 2018 revenue estimates from the Board of Revenue Estimates.
(b) The share for each of the funds is statutory, varies across facilities, and may change at certain milestones (e.g. opening of Prince George's Video Lottery facility).
(c) Totals may not sum due to rounding.

The distribution of revenue will be used for the following purposes:

Education Trust Fund: To provide funding for public elementary and secondary education, through continuation of the funding and formulas established under the Bridge to Excellence in Public Schools Act. In addition to the ongoing operational revenues above, the Education Trust Fund also receives all related miscellaneous revenue, including casino license fees and account interest. Miscellaneous amounts are typically small unless there is revenue from licensing fees.

Facility License Owners: To reimburse the owners of the casino gaming facilities for operation of the facilities.

Racing Purses/Bred Funds: To supplement funding for racing purses and to assist the horse breeding industry.

Local Impact Grants: To provide assistance to local governments to be used for improvements primarily in the communities in the immediate proximity to the video lottery facilities.

Racetrack Renewal: To make funds available for capital construction and improvements to the holders of a racetrack license.

Lottery Operations: To reimburse the State Lottery and Gaming Control Commission for the costs of regulating the operation of casino gaming in Maryland.

Public Service Company Franchise Taxes. The State imposes a franchise tax at the rate of 2% on the gross receipts from operations of public service companies engaged in the telephone business or in the transmission, distribution or delivery of electricity or natural gas in Maryland. In addition, a franchise tax of 0.062 cents for each kilowatt hour of electricity delivered for final consumption in Maryland, and of 0.402 cents for each therm of natural gas delivered for final consumption in Maryland, is imposed on each public service company engaged in the transmission, distribution or delivery of electricity or natural gas in Maryland. Public service companies subject to the tax on kilowatt hours of electricity and therms of natural gas are entitled to credits with respect to deliveries of such products to certain industrial customers.

Insurance Taxes. Insurance companies, including health maintenance organizations, are taxed at the rate of 2% on all new and renewal gross direct premiums (after certain deductions) allocable to the State.

Motor Vehicle Fuel and Titling Taxes and Registration Fees. The State imposes a per gallon excise tax at the wholesale level. Prior to July 2013, the rates were as follows: 23.5 cents for gasoline and motor fuels; 24.25 cents for special fuel other than aviation and turbine fuel; and 7 cents on aviation and turbine fuel. In the 2013 Legislative Session, the static excise tax rates for gasoline and special fuel were replaced by a two-part rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years.

The first component is an annual adjustment to the aforementioned base excise tax rates on each July 1st, beginning July 1, 2013. The base rates are indexed to the Consumer Price Index, compounding with each adjustment, and the annual increase may not be greater than 8%. The second component is the product of multiplying 5% by the prior year’s average daily retail price (less federal and State motor fuel excise taxes) for regular gasoline. The effective rates, beginning July 1, 2018, are 35.30 cents and 36.05 cents for gasoline and special fuels, respectively.

There is an excise tax imposed upon the issuance of original and subsequent certificates of title to motor vehicles at the rate of 6% of the fair market value of the vehicle, with an allowance for 100% of the value of a trade-in (prior to January 1, 2008, the excise tax rate was 5% and there was no trade-in allowance). The State requires a registration fee on all motor vehicles that ranges from $2.50 to $1,838 per vehicle depending on the size and type of vehicle. Registration fees are generally imposed for two years at the time of titling or at the time registration is renewed. There are several classes of vehicles, and fees vary within a class depending on the size of the vehicle. For example, the registration fee for passenger cars (Class A) ranges from $135 to $187 depending on the weight of the vehicle. An annual surcharge of $17.00 is included in most registration fees and is dedicated to the statewide Emergency Medical Services System.

Transfer Taxes. The State imposes a tax upon the recordation of instruments conveying title to real or personal property and conveying leasehold interests in real property. These are special fund revenues, although in some fiscal years all or a portion of these revenues were transferred to the General Fund. In fiscal years 2013, 2014, 2015, 2016, 2017, and 2018 a total of $96.9 million, $89.2 million, $144.2 million, $115.4 million, $62.8 million, and $46.0 million in transfer taxes, respectively, were transferred to the General Fund. The fiscal year 2018 transfer is the last transfer under current law. Legislation enacted in the 2009 Session also requires that transfer taxes must first be used to pay principal and interest due on certain general obligation bonds issued for Maryland Program Open Space.

Tobacco Taxes. Effective January 1, 2008, the State imposed a tax at the rate of $2.00 per pack of 20 cigarettes and 15% of the wholesale price of other tobacco products (the prior rate of tax for cigarettes was $1.00 per pack). All cigarette packs in retailers’ and wholesalers’ inventories on January 1, 2008 were subject to a floor tax of $1.00 per pack. In the First Special Session of 2012, the tax on other tobacco products was increased to 70% of the wholesale price for cigars other than premium cigars and 30% for all other tobacco products. A floor tax on all other tobacco products in inventory on July 1, 2012 was also levied.

Estate and Inheritance Taxes. The State’s inheritance tax rate is 10% (bequests to direct relations and siblings are exempt). The State also imposes an estate tax and a generation-skipping transfer tax. These taxes were initially designed to capture the maximum revenue possible without imposing an additional tax burden on estates through a credit against the federal taxes. For State estate tax purposes, the unified credit is fixed at $345,000, which effectively exempts $1.0 million from the estate tax. In the First Special Session of 2012, legislation was enacted that exempts up to $5.0 million of qualified agricultural property for decedents dying after December 31, 2012, although the estate tax will be recaptured if, within ten years of the decedent’s death, the property ceases to be used for agricultural purposes. In the 2014 Legislative Session, an increase in the amount that can be excluded for Maryland estate tax purposes is phased in over five years beginning with decedents dying in calendar year 2015. The amount that can be excluded under the estate tax increased to (1) $1.5 million for a decedent dying in calendar 2015; (2) $2.0 million for a decedent dying in calendar 2016; (3) $3.0 million for a decedent dying in calendar 2017; and (4) $4.0 million for a decedent dying in calendar 2018. Beginning on January 1, 2019, the State exclusion amount equals $5.0 million.

Alcoholic Beverage Taxes. There is a tax at the rate of $1.50 per gallon on all alcoholic beverages, except beer and wine, sold or delivered by a manufacturer or wholesaler to any retail dealer in the State. Taxes at the rates of 40 cents per gallon of wine and 9 cents per gallon of beer are imposed on the sale or delivery of those beverages by a manufacturer to a wholesale or retail dealer in the State. In addition, as noted above, the sales and use tax rate on retail alcoholic purchases was increased from 6% to 9% effective July 1, 2011.

Bay Restoration Fee. Through fiscal year 2012, all users of sewerage and septic systems in the State were charged a mandatory fee of $30 per year (or $30 per "equivalent dwelling unit"). During the 2012 Legislative Session, the fee was increased from $30 per year to $60 per year for most users, effective July 1, 2012. Revenues from users of sewerage and septic systems are pledged, to the extent necessary, as security for Bay Restoration Revenue Bonds issued by the Maryland Water Quality Financing Administration, the proceeds of which will be applied primarily to provide grant funds to upgrade wastewater treatment plants with enhanced nutrient removal technology.

Other Revenues. Exclusive of the proceeds of bond issues, approximately 51.1% of State revenues in fiscal year 2018 were received from sources other than taxes and lottery receipts. The largest component (29.6% of total revenues) was received from the federal government for highway and transit reimbursements; reimbursements and grants for health care programs; categorical and matching aid for public assistance, social services, and employment security; aid for public education; and miscellaneous grants-in-aid to State agencies. In addition to federal funds, the State receives revenues from court fines and costs; patient payments for services in State hospitals; interest on invested funds; and tuition fees paid to institutions of higher education. The State also receives revenues from operations of the Maryland Transit Administration, the Maryland Port Administration, and the Maryland Aviation Administration, which are paid into the Transportation Trust Fund.

Revenue Estimates. The State's revenue estimates are based upon projections by the Board of Revenue Estimates, composed of the Comptroller, the Treasurer, and the Secretary of Budget and Management. The Board studies the findings and recommendations of the Bureau of Revenue Estimates, a statutory State agency administratively under the Comptroller, that reviews the findings and recommendations of other agencies responsible for economic monitoring and revenue administration, and reports the estimates of revenue to the Governor for submission to the General Assembly in connection with the budget.

In its report issued each December, the Board of Revenue Estimates presents revised revenue estimates for the current fiscal year (based upon current economic factors and legislative changes), and revenue estimates for the next succeeding fiscal year, upon which that fiscal year's budget is based. The revised estimate for the current year is made seven months before the end of that fiscal year, while the budget estimate for the next succeeding fiscal year is made 19 months before the end of that fiscal year. The estimates are reviewed in March, prior to final action on the budget by the General Assembly, and any appropriate adjustments to the estimates are made at that time. The following table shows the accuracy of General Fund revenue estimates for the fiscal years 2014 through 2018.

Historic General Fund Revenue Estimates and Actual Collections
($ in millions)

Fiscal Year	Actual Collections	Original Estimate Amount	Original Estimate % (a)	Final Estimate Amount	Final Estimate % (a)
2014	$15,106.2	$15,351.2	98.4%	$15,133.5	99.8%
2015	15,922.6	16,005.3	98.5	15,708.4	101.4
2016	16,198.0	16,245.2	98.8	16,448.1	98.5
2017	16,698.7	17,081.9	97.8	16,608.4	100.5
2018	17,372.5	17,058.5	101.8	17,019.1	102.1

(a) Actual collections as a percentage of estimates.
Note: Estimated and actual collections exclude transfers and other actions appearing in APPENDIX C, page C-3 as extraordinary transfers and revenues.

State Property Tax Revenue Estimates

Receipts from the State property tax, all of which are devoted to debt service on general obligation bonds and which provided approximately 69.1% of revenues available for general obligation bond debt service payment in fiscal year 2018 (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – General Obligation Bonds"), are credited to a separate account known as the Annuity Bond Fund. The Board of Public Works is required annually to fix the property tax rate by May 1, after the end of the regular Legislative Session, in an amount sufficient to pay all debt service for the ensuing fiscal year on general obligation bonds after taking account of the amounts and sources of funds provided in the budget for that fiscal year, which begins July 1. The Commission on State Debt (consisting of the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, the Director of the State Department of Assessments and Taxation, and one individual appointed by the Governor and not otherwise affiliated with State government) makes an original estimate approximately three months before July 1 of the year to which the property tax rate will apply and a revised estimate approximately nine months after that date. The following table portrays the accuracy of estimates of State property tax revenue in fiscal years 2014 through 2018.

State Property Tax Revenue Estimates
($ in millions)

Fiscal Year	Property Tax Rate (a)	Actual Collections	Original Estimate Amount	Original Estimate % (b)	Final Estimate Amount	Final Estimate % (b)
2014..........	11.2	$724.8	$719.9	100.68%	$717.5	101.01%
2015..........	11.2	730.7	722.0	101.20	725.8	100.67
2016..........	11.2	749.7	740.8	101.20	749.6	100.01
2017..........	11.2	775.2	774.6	100.08	779.9	99.40
2018..........	11.2	800.8	799.9	100.11	807.8	99.13

(a) The property tax rate is in cents per $100 of assessed valuation.
(b) Actual collections as a percentage of estimates.

State Revenue Impact of the Tax Cuts and Jobs Act of 2017

The President of the United States signed into law H.R.1 of the 115th Congress; the Tax Cuts and Jobs Act of 2017 (TCJA) on December 22, 2017. The TCJA will impact State revenues in myriad manners; notably, the direct impact on federal taxes for Maryland residents, the flow-through of changed federal provisions to Maryland's existing tax code, the dynamic impacts that may occur for taxpayer income structures, and the macroeconomic impacts from the tax cuts and increased federal deficits. The Bureau of Revenue Estimates (the "Bureau") has performed a detailed study, The 60 Day Report, on those impacts that is publicly available on the Comptroller's website, at http://comptroller.marylandtaxes.gov/Media_Services/wp-content/upLoads/1-25-18_BRE_Tax_Plan_Report.pdf. The Study's focus is the personal income tax; additional estimates were produced for the corporate income tax, sales and use tax, and lottery. The estimated changes in revenues are factored into the current Board of Revenue Estimates' forecast.

The Study finds that, until several provisions expire at the end of 2025, the federal tax changes will result in a net federal tax cut for Maryland residents of $2.7 billion per tax year. Maryland tax law is coupled to federal tax law in many manners, largely through shared definitions of income, exemptions, and deductions. Under current State law, the Study finds that taxpayers would owe approximately $440 million more per year for the State and local income tax, of which, roughly 63% or $276 million would be State general funds. With regard to dynamic taxpayer behavior, tremendous uncertainty exists. Many business provisions of the TCJA remain uncertain, generally awaiting regulation and possibly federal administrative jurisprudence. Additionally, the business community highlights uncertainty for the tenure of these new policies in a heightened time of partisan politics.

State Expenditures and Services

State expenditures and services for capital and operating programs include a typical range of direct governmental services and activities, as well as State support and aid to local governmental units, primarily in the area of education.

Public Education. The agencies administering public education spend the largest portion of State revenue. In the fiscal year 2020 Budget, public education accounts for 44.8% of General Fund appropriations and 33.2% of all appropriations.

Elementary and Secondary Education. The school boards of the 23 counties and Baltimore City are responsible for much of the administration of public elementary and secondary schools, including charter schools. There are no special, separate school districts in Maryland. The State supports the elementary and secondary education programs of the counties and Baltimore City through a number of aid programs. The major programs are described as follows: (1) under a formula equalized for ability to pay and based on wealth and enrollment factors, the State distributes aid to the local school systems for current expenses; (2) for personnel in local public schools, the State pays directly its share of the employer's portion of the State Retirement and Pension System contributions; and (3) the State also distributes aid based on the number of students receiving free or reduced price meals, under various components of the Students with Disabilities Aid Program, and for pupil transportation. In addition to these major programs, the State Department of Education provides aid for food service, and various educational activities and, through the State Department of Education's Interagency Fund, distributes funds to address the service needs of children at risk.

Higher Education. The public higher education system consists of the University System of Maryland and Morgan State University, each governed by its respective Board of Regents; St. Mary's College of Maryland, governed by its own Board of Trustees; Baltimore City Community College, a State institution governed by its Board of Trustees; and 15 community colleges, each governed by a local or regional Board of Trustees.

The Maryland Higher Education Commission is responsible for developing a statewide plan for higher education, approving mission statements, setting funding guidelines and administering State aid to local community colleges, aid to private colleges and universities, and student financial aid programs.

The State finances the State universities and colleges principally with State General Fund revenues. In addition, the State finances a share of the cost of the locally owned two-year community colleges. State financial assistance is primarily in the form of general purpose formula grants. The State also makes grants to eligible private institutions of higher education under a formula based on State support for State four-year universities and colleges. The higher education share of fiscal year 2019 expenditures for all funds is 13.9% and is projected to be 13.7% of the proposed fiscal year 2020 Budget.

The following table presents the trends of enrollment (expressed in full-time equivalent students) at the State universities and colleges and the local community colleges for the fiscal years shown.

Enrollment (full-time equivalent students)
State Universities and Colleges

Fiscal Year	State Four-Year Institutions	Community Colleges	Total
2015……………………………………………	131,915	103,447	235,362
2016……………………………………………	135,370	98,852	234,222
2017……………………………………………	139,099	95,965	235,064
2018 ……….………………………………..	140,970	92,465	233,435
2019 estimate…………………………………..	144,008	89,760	233,768
2020 estimate…………………………………..	146,716	91,555	238,271

Health. The Department of Health has general responsibility for public health in the State and provides direct services through 11 health facilities, finances medical services to the indigent, and aids local health departments on a matching formula basis. For fiscal year 2019, $14.4 billion is budgeted for the Department of Health, including $8.1 billion in federal funds, $4.9 billion in State general funds and $1.3 billion in State special funds.

The Department's largest expenditure is for the medical assistance (Medicaid) program under which the State makes payments to vendors providing health services to eligible low-income individuals and families. For fiscal year 2019, the budget provided for nearly 1.4 million Medical Assistance and the Maryland Children's Health Program (MCHP) enrollees and funding of $11.46 billion. The majority of these expenditures were for services for which the State recovered approximately a 50% match from the federal government. For fiscal year 2020, the budget provides for 1.4 million Medical Assistance and MCHP enrollees and funding of $11.5 billion.

The hospitals operated by the Department of Health provide care for individuals with behavioral health conditions, developmental disabilities, and chronic illness. In recent years the State has expanded programs to provide services within the community as an alternative to institutionalization in State facilities.

Transportation. Transportation is the third largest category of State expenditures. The Department of Transportation is responsible for most of the State's various transportation facilities and for developing and maintaining a State master plan for transportation. It administers the State highway system; operates a mass transit system in the Baltimore region; assists mass transit in the Washington, D.C. region; operates and assists commuter rail systems and certain critical freight railroads; operates two airports, including Baltimore/Washington International Thurgood Marshall Airport ("BWI Marshall"); operates State-owned port facilities, primarily in Baltimore Harbor; and administers the licensing and regulation of motor vehicle drivers and dealers, as well as motor vehicles. For the fiscal year 2020 budget, the transportation budget totals $5.4 billion; on the same basis, for fiscal year 2019, $5.21 billion was budgeted. See "STATE FINANCES – Transportation Trust Fund" with respect to the principal revenues and expenditures related to the Department of Transportation.

The Maryland Transportation Authority ("MDTA") of which the Secretary of Transportation is Chairman, is responsible for the administration of the various toll revenue facilities, which consist of bridges over the Susquehanna, Patapsco, and Potomac Rivers and the Chesapeake Bay; two tunnels under the Baltimore Harbor; the John F. Kennedy Memorial Highway (including the Interstate 95 Express Toll Lanes); the Intercounty Connector; and other transportation facilities. The MDTA's financial transactions are accounted for in a separate special revenue fund and are not included in the Transportation Trust Fund.

Human Services. The Department of Human Services administers State and federal programs relating to child welfare, foster care, public assistance, family investment services, adult services, energy assistance, legal services, child support enforcement, and work opportunity assistance for adults receiving public assistance. For fiscal year 2019, including the Department of Housing and Community Development, Maryland Commission on Civil Rights, and the Governor's Office for Children, and the Department of Human Services, $2.9 billion was budgeted for human services, including $630.3 million in State general funds. For fiscal year 2020, approximately $2.8 billion is budgeted, including $633.0 million in State general funds.

Public assistance programs include Temporary Cash Assistance ("TCA"), Supplemental Nutrition Assistance Program ("SNAP"), assistance to disabled citizens, and several emergency assistance programs. The largest categories of programs are TCA, in which the State/federal government shares vary depending upon the areas to which the State directs its maintenance of effort, and food stamps (SNAP), which are 100% federal funds. The Department of Human Services also provides a broad range of social services to the indigent and other eligible persons under both federal-State and State-only programs.

Public Safety and Correctional Services, State Police, Juvenile Services and Governor's Office of Crime Control and Prevention. The Departments of Public Safety and Correctional Services, State Police, and Juvenile Services, include correctional agencies and institutions, parole units, the Maryland State Police, services and facilities for adjudicated youth, and related activities. The Governor's Office of Crime Control and Prevention administers federal and State grant programs focusing on crime control and prevention. For fiscal year 2019, approximately $2.2 billion was budgeted for these departments, of which $1.9 billion is from State general funds. For fiscal year 2020, approximately $2.3 billion is budgeted for these departments, of which $1.9 billion is from State general funds.

Other Expenditures and Services. The State has numerous other operating units, including the judicial system; financial and revenue administration; labor, licensing and regulation; planning, budgetary activity and personnel administration; natural resources and recreation; commerce; environment; and others, all of which account for approximately 8.8% of total expenditures for fiscal year 2019 and 10.4% of the fiscal year 2020 General Fund Budget. These account for 9.1% of the proposed fiscal year 2020 total expenditures and 10.9% of the 2020 General Fund Budget. In addition, general obligation bond debt service accounts for approximately 1.5% of the fiscal year 2020 General Fund appropriation and 2.9% of the fiscal year 2020 Total Fund appropriation. Debt service accounted for 2.9% of the total expenditures for fiscal year 2019 and 2.9% fo fiscal year 2020.

State Reserve Fund

The State Reserve Fund is currently composed of four accounts: the Revenue Stabilization Account, which is established to retain State revenues for future needs and to reduce the need for future tax increases; the Dedicated Purpose Account, which is established to retain appropriations for major multi-year expenditures and to meet contingency requirements; the Economic Development Opportunities Program Account, which is to be used for extraordinary economic development opportunities as a supplement to existing programs; and the Catastrophic Event Account, which is to be used to respond quickly to a natural disaster or other catastrophic event that cannot be managed within existing appropriations. All interest earned on the State Reserve Fund is credited to the Revenue Stabilization Account.

The Governor is required to include in each annual budget bill an appropriation of $100.0 million if the balance in the Revenue Stabilization Account is less than 3.0% of estimated General Fund revenues. If the balance in the Account is at least 3.0% of estimated General Fund revenues but less than 7.5% of estimated General Fund revenues, the Governor is required to include an appropriation to the Account of $50.0 million or the amount necessary to bring the balance of the Account to above 7.5%, whichever is less. Maryland law defines estimated General Fund revenues as those stated in the annual report of the Board of Revenue Estimates submitted to the Governor.

For fiscal year 2020, the Governor is required to include an appropriation to the State Retirement System equal to half of the unappropriated General Fund balance in excess of $10.0 million up to $50.0 million. For fiscal years 2018 and 2019, the General Assembly passed legislation removing the requirement to pay this supplemental $50 million; it is included in the fiscal year 2020 Governor's proposed budget. Legislation passed during the 2017 Legislative Session requires that beginning in fiscal 2021, one-quarter of the unappropriated general fund surplus above $10.0 million be appropriated to the Postretirement Health Benefits Trust Fund and another quarter be appropriated to the State Retirement System. Each of these appropriations is capped at $25.0 million. Any remaining unappropriated general funds above those distributions are appropriated to the Revenue Stabilization Account.

In 2017, legislation was enacted to address the volatility inherent to revenue estimates. The legislation was the result of recommendations made by a workgroup made up of experts from both the Legislative and Executive branches of State government. It requires that beginning in fiscal 2020, the Revenue Stabilization Account shall receive a share of nonwithholding general fund revenues above a cap that is based on the 10-year average nonwithholding revenues' share of total general funds. The Budget Reconciliation and Financing Act of 2018 allowed for this legislation to be phased in with caps on nonwithholding revenue of 0.5% of general funds in fiscal year 2020, 1.0% in fiscal year 2021, and 2.0% in fiscal year 2022. In years when nonwithholding income exceeds the 10-year average, revenues allocable to the Revenue Stabilization Account are reduced. At the end of the fiscal year, excess funds are first used to offset any general fund revenue shortfall. If there is no shortfall, the Comptroller is required to credit excess funds to the Revenue Stabilization Account if that fund's balance is less than 6% of estimated general fund revenues. Once the Revenue Stabilization Account balance reaches 6% of estimated general fund revenues, 50% of any excess funds are credited to the Revenue Stabilization Account (until the balance equals at least 10% of estimated general fund revenues), and the other 50% is credited to a newly created Fiscal Responsibility Fund, which the Governor must use to provide PAYGO appropriations for public school, community college, and four-year higher education projects. In fiscal year 2020, the cap reduced estimated revenues by $93.6 million. The Maryland General Assembly is currently considering legislative action that would reduce the fiscal year 2020 cap to 0.25% with any remaining volatility revenue that is collected dedicated to funding a one-time bonus for certain State employees in fiscal year 2021.

In the past, withdrawals that do not result in a Revenue Stabilization Account balance below 5% of estimated General Fund revenues required authorization by an act of the General Assembly other than the State budget bill. In fiscal year 2019 and beyond withdrawals that do not result in a balance below 5% may be authorized in the State budget. Withdrawals that result in a Revenue Stabilization Account balance below 5% of estimated General Fund revenues still must be authorized by an act of the General Assembly other than the State Budget Bill.

The following table presents the balances of the State Reserve Fund for the fiscal years ended June 30, 2016 through June 30, 2018, and the estimates for the fiscal years ending on June 30, 2019, and June 30, 2020.

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State Reserve Fund
Fiscal Years 2016–2020
($ in millions)

Fiscal Year	Revenue Stabilization Account	Other Accounts	Total State Reserve Fund	Revenue Stabilization Account as a % of General Fund Revenue
	Balance at Fiscal Year End			
2016	$832.4	$38.2	$870.6	5.1%
2017	832.5	28.9	861.3	5.0
2018[(a)]	856.9	21.7	878.6	5.0
2019[(b)] (estimate)	881.9	24.5	906.4	4.9
2020[(b)] (estimate)	1,210.5	32.3	1,242.8	6.5

*Totals may not add due to rounding.

(a) In the proposed budget, the Revenue Stabilization Account balance as a percentage of General Fund revenue as stated in the annual report of the Board of Revenue Estimates enacted fiscal year 2019 equaled 5.0%. Subsequently, revenue write-ups related to the Tax Cut and Jobs Act of 2017 brought reserves slightly below 5.0% prior to the enactment of the fiscal year 2020 budget.

(b) Figures are as of the introduction of the Governor's proposed budget on January 18, 2019.

Fiscal Year 2014-2018 GAAP General Fund Results of Operations

The GAAP General Fund is that fund from which all general costs of State government are paid and to which taxes and other revenues not specifically directed by law to be deposited in separate funds are recorded in accordance with Generally Accepted Accounting Principles ("GAAP"). The following table presents the comparative statement of revenues, expenditures, and changes in fund balances in the GAAP General Fund for fiscal years ended June 30, 2014 through June 30, 2018.

GAAP General Fund Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years 2014-2018
($ in thousands)

	2014	2015	2016	2017	2018
Revenues (a):					
Income taxes	$8,743,986	$9,418,584	$9,832,668	$9,786,505	$10.740.942
Sales and use taxes	4,196,314	4,410,080	4,504,417	4,609,782	4,716,515
Other taxes	1,678,552	1,737,057	1,794,271	1,788,424	1,826,222
Other licenses and fees	607,785	641,478	646,622	604,004	561,410
Charges for services	1,740,718	1,562,196	1,581,096	1,538,017	1,506,729
Interest and other investment income	106,866	61,938	51,608	(63,033)	(44,267)
Federal revenue	8,983,031	10,188,633	10,269,176	10,992,657	10,903,198
Other	396,472	373,876	473,942	542,086	393,458
Total revenues	26,453,724	28,393,844	29,153,800	29,798,442	30,604,207
Expenditures (a):					
General government	832,136	853,446	882,947	873,014	909,097
Health	11,160,187	12,007,975	12,206,406	13,334,642	13,483,142
Education	9,007,495	9,394,548	9,464,748	9,717,075	9,787,350
Human Services	2,542,075	2,543,937	2,501,100	2,391,286	2,324,795
Public Safety	1,888,200	1,972,570	1,983,864	2,076,945	1,989,791
Judicial	638,115	689,975	715,230	740,041	742,851
Labor, licensing and regulation	319,814	322,158	315,758	334,642	364,276
Natural resources and recreation	186,486	232,514	236,959	306,062	353,728
Housing and community development	292,494	266,912	282,414	319,809	327,564
Environment	96,901	107,103	108,548	108,702	102,623
Agriculture	87,110	75,226	69,105	71,000	82,600
Commerce	103,253	100,030	83,389	106,959	100,377
Intergovernmental	355,307	364,409	378,907	412,329	392,939
Total expenditures	27,509,573	28,930,802	29,229,375	30,792,506	30,961,133
Excess (deficiency) of revenues over expenditures	(1,055,849)	(536,958)	(75,575)	(994,064)	(356,926)
Other sources (uses) of financial resources:					
Capital leases	167,717	3,676	8,144	9,900	15,034
Transfers in	1,069,971	1,117,818	1,180,508	1,224,862	1,357,120
Transfers out	(401,750)	(439,907)	(600,578)	(678,964)	(640,454)
Net other sources (uses) of financial resources	835,938	681,587	588,074	555,798	731,700
Net change in fund balances	(219,911)	144,629	512,499	(438,267)	374,774
Fund balances at the beginning of the year	1,359,235	1,139,325	1,283,953	1,796,452	1,358,186
Fund balances, June 30	$1,139,325	$1,283,953	$1,796,452	$1,358,186	$1,732,960
Fund balance as % of revenues	4.3%	4.5%	6.2%	4.6%	5.7%

(a) The budgetary system's principal departures from the modified accrual basis, i.e. GAAP, are with the classification of the State's budgetary funds and the timing of certain revenues and expenditures. See APPENDIX A – "COMPREHENSIVE ANNUAL FINANCIAL REPORT."

General Fund 2019 Budget

2019 Budget. The General Assembly enacted the fiscal year 2019 Budget (the "2019 Budget") on March 27, 2018. The 2019 Budget included $17.9 billion in General Fund spending. The three largest categories of expenditure were: (1) $7.8 billion in aid to local governments from general funds, including $7.0 billion for K-12 education; (2) $5.0 billion to support public health services in the Department of Health, including $3.4 billion for the Medicaid Program; and (3) $1.6 billion for the State Retirement and Pension System.

The 2019 Budget also included a $3.3 net million appropriation to the Revenue Stabilization Account. The balance in the Revenue Stabilization Account on June 30, 2019 is estimated to equal $881.9 million, or 4.9% of General Fund revenues as estimated by the Board of Revenue Estimates in December 2018.

The 2019 Budget included $1.6 billion in State funding for the State Retirement and Pension System (SRPS). For years 2017-2020, the Governor is required to deposit half of the unappropriated General Fund balance in excess of $10.0 million up to $50.0 million for the State Retirement and Pension System. For fiscal year 2019, the General Assembly approved a deferral to this policy. See "STATE FINANCES – Maryland State Retirement and Pension System – Funding Policies."

The 2019 Budget funded debt service on the State's general obligation bonds with $286.0 million in general funds, $1.0 billion in special funds primarily from State property tax revenues, and $12.8 million in federal funds reflecting the interest subsidy on current outstanding ARRA Bonds[a]. The State also received a $80.1 million bond premium from the August 2018 general obligation bond sale, of which $55.0 million was restricted by the legislature for PAYGO. The projected amount of State property tax revenues reflects a property tax rate of 11.2 cents (per $100 of taxable assessed value), a rate unchanged from fiscal year 2018.

Pursuant to Section 7-213 of the State Finance and Procurement Article of the Annotated Code of Maryland, the Governor may, with the approval of the Board of Public Works, reduce by not more than 25% any appropriation that he may deem unnecessary, except appropriations for the payment of interest and the retirement of State debt, the legislature, the public schools, the judiciary, and certain salaries. See "STATE FINANCES – Budgetary System."

On September 24, 2018, the Board of Revenue Estimates reported that general fund revenues in fiscal year 2018 had exceeded estimates by $339.3 million, and for fiscal year 2019 general fund revenue estimates increased by $325.2 million. These adjustments stemmed primarily from changes to the federal tax code.

On December 12, 2018, the Board of Revenue Estimates reduced its estimate for general fund Revenues in fiscal year 2019 by $18.4 million, and for fiscal year 2020 by $55.3 million. These changes were driven by income shifting from fiscal year 2018 to fiscal year 2019 for possible tax planning purposes, as well as from reduced sales tax estimates.

The proposed fiscal year 2020 Budget includes deficiency appropriations for the fiscal year 2019 of $53.0 million. It also assumes $35.0 million in reversions.

Based on the events and actions discussed above, it was estimated at the time the Governor's fiscal year 2020 proposed budget was submitted that the General Fund balance on a budgetary basis at June 30, 2019 would be $805.5 million.

On March 7, 2019, the Board of Revenue Estimates wrote down its fiscal year 2019 forecast by $138.0 million.

On March 14, 2019, the Maryland House of Delegates passed its modifications to the Governor's proposed fiscal year 2020 budget. Among other actions, it withdraws $46.4 million of surplus funds in the fiscal year 2019 appropriations for Medicaid, the Department of Public Safety and Correctional Services, the Developmental Disabilities Administration, the State Department of Education, and the Sunny Day Fund.

On March 14, 2019, the Senate Budget and Taxation Committee completed its own fiscal year 2020 budget plan using the House plan as a blueprint; actions affecting fiscal year 2019 were similar to the House plan. The Committee's plan will now move to the full Senate for a vote, expected to occur no later than March 22, 2019, after which the House and Senate will go to conference committee to craft a final budget bill.

Under the House plan, the General Fund balance on a budgetary basis at June 30, 2019 would be $716.9 million; under the Budget and Taxation Committee's plan it would be $725.1 million.

General Fund 2020 Budget

2020 Budget. The Governor proposed the fiscal year 2020 Budget (the "2020 Budget") on January 18, 2019. The 2020 Budget includes $19.5 billion in General Fund spending. The three largest categories of expenditures were: (1) $8.2 billion in aid to local governments from general funds, including $7.3 billion for education; (2) $5.1 billion to support public health services in the Department of Health, including $3.3 billion for the Medicaid Program; and (3) and $1.8 billion for the State Retirement and Pension System.

The 2020 Budget includes a $443.8 million appropriation to the Revenue Stabilization Account. The balance in the Revenue Stabilization Account at June 30, 2020 is estimated to equal $1.2 billion, or 6.5% of General Fund revenues, as estimated by the Board of Revenue Estimates in December 2018.

The 2020 Budget includes nearly $1.8 billion in State funding for the State Retirement and Pension System (SRPS), and the Budget includes actuarial funding of the System. The 2020 Budget also includes an additional supplemental contribution to the SRPS of $125 million. See "STATE FINANCES – Maryland State Retirement and Pension System – Funding Policies."

The 2020 Budget funds debt service on the State's general obligation bonds with $287.0 million in general funds, $1.0 billion in special funds, primarily from State property tax revenues, and $11.5 million in federal funds reflecting the interest subsidy on current outstanding ARRA Bonds. The projected amount of State property tax revenues reflects a property tax rate of 11.2 cents (per $100 of taxable assessed value), a rate unchanged from fiscal year 2019.

Based on the events and actions discussed above, it was estimated at the time the Governor's fiscal year 2020 proposed budget was submitted that the General Fund balance on a budgetary basis on June 30, 2020 would be $105.5 million.

On March 7, 2019, the Board of Revenue Estimates wrote down its fiscal year 2020 forecast by $130.5 million. Subsequently, the Maryland House of Delegates and Maryland State Senate began debating modifications to the Governor's proposed budget that would fund legislative priorities and ensure that the closing fiscal year 2020 General Fund balance exceeded $100.0 million, as recommended by the Spending Affordability Committee in December 2018.

On March 14, 2019, the Maryland House of Delegates passed its fiscal year 2020 budget plan. Among other items, it funds an additional $284.0 million for K-12 education spending, primarily by using $200.0 million set aside from fiscal year 2019 revenues for this purpose and $65.0 million in Education Trust Fund revenues which were required to be dedicated to K-12 spending by the Constitutional amendment approved by voters in 2018; redirects $90.0 million of the $443.8 million Rainy Day Fund appropriation to PAYGO public school construction; eliminates the $50.0 million pension sweeper for fiscal year 2020 only and uses the funds to add an additional $37.0 million for PAYGO public school construction as well as $13.0 million for strategic demolition in Baltimore City; and reduces the fiscal year 2020 volatility cap to 0.25%, with any remaining volatility revenue that is collected dedicated to funding a one-time bonus for certain State employees in fiscal year 2021. As passed by the House, the General Fund balance on a budgetary basis at June 30, 2020, would be $120.1 million and the Rainy Day Fund balance would be $1.1 billion.

On March 14, 2019, the Senate Budget and Taxation Committee completed its work on the budget using the House plan as a blueprint. It reduced new K-12 education spending by $95.0 million and reduced the transfer from the Rainy Day fund for public school construction by $50.5 million compared to the House plan. The remainder of the Committee's spending plan is similar to the House plan. The Committee's plan now moves to the full Senate for a vote, expected to occur no later than March 22, 2019, after which the House and Senate will form a conference committee to craft a final budget bill. As passed by the Senate Budget and Taxation Committee, the General Fund balance on a budgetary basis at June 30, 2020, would be $107.8 million and the Rainy Day Fund balance would be $1.2 billion.

General Fund Outlook

As with all future projections, the information in this section is based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future as new information becomes available. The Department of Budget and Management forecasts a range from a budget surplus of $105.0 million to structural budget deficits of $1.8 billion for fiscal years 2020 through 2024. In addition, Senate Bill 1122, enacted in 2018, created a ballot initiative which will significantly increase general fund spending on K-12 education which was approved by voters in November 2018. These increases will be phased in over time, with an estimated impact of $125.0 million in fiscal year 2020 increasing to

$532.1 million by fiscal year 2023. The Governor must submit and the Legislature must enact a balanced budget. See "STATE FINANCES – Budgetary System."

General Fund Revenues and Appropriations — Budgetary Basis
Fiscal Years 2018-2020
($ in millions)

	2018 Actual	2019 Estimate (a)	2020 Estimate (a)
General Fund Revenues			
Income Taxes	$10,328.2	$11,160.7	$11,492.1
Sales and Use Taxes	4,645.8	4,863.1	5,026.4
Lottery	534.6	544.5	535.2
Franchises, Excises, Licenses, Fees	1,802.6	1,701.6	1,662.2
Adjustments / Extraordinary Items	61.4	(150.2)	(84.6)
Total*	$17,372.5	$18,119.6	$18,631.3
General Fund Appropriations			
Public Education	$8,063.1	$8,254.7	$8,691.5
Human Services	624.0	630.3	633.0
Health	4,669.1	4,963.5	5,155.8
Public Safety, State Police, Juvenile Services, and Governor's Office of Crime Control and Prevention	1,835.8	1,911.7	1,940.1
Capital Funding	0.0	31.1	172.9
State Reserve Fund – Revenue Stabilization & Dedicated Purpose Accounts	10.0	24.3	550.2
Debt Service – GO Bonds	259.6	286.0	287.0
Administrative and Other	1,618.5	1,825.3	2,096.4
Total*	$17,080.1	$17,927.0	$19,526.9

*Totals may not add due to rounding.

(a) Estimated revenues include revenues estimated by the Board of Revenue Estimates in December 2018 and revenue adjustments incorporated in the fiscal year 2020 Budget. Subsequently, on March 7, 2019, the Board of Revenue Estimates wrote down its forecast by $138.0 million in fiscal year 2019 and $130.5 million in fiscal year 2020. Estimated appropriations are based on the Governor's proposed fiscal year 2020 budget. The Maryland General Assembly is currently debating modifications to the Governor's proposed budget, including adjustments to account for the revenue revisions. See "STATE FINANCES – General Fund 2019 Budget" and "– General Fund 2020 Budget."

General Fund Balance — Budgetary Basis
Fiscal Years 2018-2020
($ in millions)

	2018 Actual	2019 Estimate (a)	2020 Estimate (a)
Balance Beginning of Year	$258.5	$589.6	$805.5
Increases:			
Revenues	17,372.5	18,119.6	18,631.3
Reimbursements from Tax Credit Reserves	25.6	23.3	37.5
Transfer from other funds	13.1	0.0	158.0
	17,411.2	18,142.9	18,826.8
Decreases:			
Appropriations	17,169.1	17,962.0	19,561.9
Reversions/Reductions	(89.0)	(35.0)	(35.0)
	17,080.1	17,927.0	19,526.9
Balance End of Year* (b)	$589.6	$805.5	$105.5

*Totals may not add due to rounding.

(a) Estimated revenues include revenues estimated by the Board of Revenue Estimates in December 2018 and revenue adjustments incorporated in the fiscal year 2020 Budget. Subsequently, on March 7, 2019, the Board of Revenue Estimates wrote down its forecast by $138.0 million in fiscal year 2019 and $130.5 million in fiscal year 2020. Estimated appropriations are based on the Governor's proposed fiscal year 2020 budget. The Maryland General Assembly is currently debating modifications to the Governor's proposed budget, including adjustments to account for the revenue revisions. See "STATE FINANCES – General Fund 2019 Budget" and "– General Fund 2020 Budget."

(b) Fund balance does not include amounts reserved for the State Reserve Fund or encumbrances. See "STATE FINANCES – State Reserve Fund."

Interim General Fund Revenues and Expenditures

The State does not issue, nor does it have procedures in effect that provide interim financial statements; however, the Office of the Comptroller has compiled the following summary data with respect to the revenues of the General Fund for the six months ended December 31, 2017 and ended December 31, 2018. The General Fund is that fund from which all general costs of State government are paid and to which taxes and other revenues not specifically directed by law to be deposited in separate funds are recorded. Approximately 39.2% of revenues were accounted for in the General Fund in fiscal year 2018, and it is currently estimated that the General Fund will account for 40.0% of all revenues in fiscal year 2019. The presentation of this data does not purport to be, and should not be construed as, an interim Statement of General Fund Revenues, Expenditures, and Surplus; however, adjustments have been made to present the revenues on a basis reasonably comparable to the table of operating revenues included in the section "STATE FINANCES – State Revenues" presented elsewhere in this Official Statement.

General Fund Revenues. The following presents a summary of General Fund revenues on a budgetary basis by major categories for the six months ended December 31, 2017 and2018.

General Fund Revenues
($ in millions)

	Six Months Ended December 31			
	Fiscal Year 2018		Fiscal Year 2019	
	Amount	% of FY Actual Revenues (a)	Amount	% of FY Estimated Revenues (a)
Income Taxes (b)	$4,047.9	39.2%	$4,268.0	38.2%
Sales and Use Taxes (b)	1,920.6	41.3	1,997.9	41.1
Property, Franchise, Excise Taxes (c) .	570.7	44.0	526.1	43.8
Sundry Fees, Licenses, Charges, Etc. ..	509.5	45.0	400.0	38.3
Federal..	3.8	6.4	3.6	6.7
Totals *...	$7,052.6	40.6%	$7,195.7	41.5%

*Totals may not add due to rounding.

(a) For the first six months of fiscal year 2018, represents the percentage of actual revenues for the full fiscal year; for the first six months of fiscal year 2019, represents the percentage of revenues as estimated by the Board of Revenues Estimates on December 12, 2018.

(b) Income taxes and sales and use taxes reflect amounts actually received from July through December, excluding amounts received in that period allocable to the preceding fiscal year.

(c) These revenues include existing transfer tax revenue whose distribution has been altered across several legislative sessions to provide various distributions to the General Fund.

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General Fund Expenditures. The following presents a summary of General Fund expenditures on a budgetary basis by major category for the six months ended December 31, 2017 and 2018 (see note (a)):

General Fund Expenditures
($ in millions)

	Six Months Ended December 31			
	Fiscal Year 2018		Fiscal Year 2019	
	Amount	% of FY Actual Expenditures (b)	Amount	% of FY Budget Expenditures (c)
Public Education	$4,242.9	52.3%	$4,309.9	52.9%
Human Services	283.4	46.6	202.5	33.5
Public Health	1,763.9	38.1	2,942.3	59.4
Public Safety	776.7	45.1	794.2	44.5
Administrative & Other	860.3	50.0	941.1	48.3
State Reserve Fund	0	0.0	6.0	24.6
Debt Service (d)	259.6	100.0	286.0	100.0
Totals*	$8,186.8	48.0%	$9,482.0	52.9%

* Totals may not add due to rounding.

(a) The State's accounting procedures do not require recording encumbrances (i.e., commitments evidenced by purchase orders or contracts) for financial reporting purposes except at the end of each fiscal year. Accordingly, no amounts of encumbrances have been recorded for the six months ended December 31, 2017 and 2018. At June 30, 2017 and 2018, General Fund encumbrances charged to expenditures for the fiscal years ended totaled $163.6 million and $170.6 million, respectively. The Office of the Comptroller has no reason to believe that the current patterns of commitments are not in conformity with historical practices. See APPENDIX A, Notes 1 and 2 of Notes to Financial Statements and Notes to Required Supplementary Information as to certain changes, accrual methods, and practices affecting the presentation of expenditures.

(b) Represents the percentage of actual expenditures for the full fiscal year.

(c) Represents the percentage of current budget expenditures.

(d) Debt Service totaling $259.6 million and $286.0 million were appropriated in the General Fund and transferred to the Annuity Bond Fund in Fiscal Years 2018 and 2019, respectively.

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Fiscal Year 2014-2018 General Fund Budget vs. Actual

The following statement presents a comparison of budget versus actual revenues, expenditures and encumbrances and changes in fund balance in the State's General Fund using the budgetary basis of accounting for each of the past five fiscal years ended June 30.

Statutory General Fund Comparative Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balance Budget and Actual Fiscal Years 2014 to 2018 ($ in thousands)

	2014		2015		2016		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
Income taxes	$8,659,864	$8,534,982	$8,935,977	$9,123,466	$9,456,914	$9,392,050	$10,134,354	$9,862,303	$10,223,292	$10,328,177
Sales and use taxes	4,123,351	4,143,174	4,334,793	4,350,726	4,544,507	4,444,481	4,601,449	4,539,320	4,727,127	4,645,756
Other taxes	1,186,296	1,137,274	1,281,196	1,146,919	1,209,818	1,154,267	1,136,076	1,147,778	1,103,093	1,232,018
Licenses and fees	199,818	197,743	200,313	203,116	185,752	185,231	187,217	202,368	176.807	164,962
Charges for services	290,401	266,956	31,6047	230,403	298,828	213,339	297,978	204,050	293,858	228,611
Interest and other investment income	15,000	29,838	20,361	19,659	31,199	24,692	20,000	39,388	35,000	45,700
Other	629,172	707,429	603,204	771,801	596,235	737,553	623,134	778,584	609,825	671,057
Total revenues (a)	15,103,902	15,017,396	15,691,891	15,846,090	16,323,253	16,151,613	17,000,208	16,773,791	17,169,002	17,316,281
Expenditures and encumbrances by major function:										
Payments of revenue to civil divisions of the State	155,467	155,467	155,467	155,397	157,479	157,479	180,150	179,150	166,484	166,483
Legislative	79,142	78,353	82,328	82,328	84,510	84,510	89,156	89,155	89,334	89,334
Judicial review and legal	519,059	516,212	545,726	541,469	575,783	573,305	612,083	609,958	612,612	610,870
Executive and administrative control	271,252	269,452	246,705	245,156	256,137	237,068	234,183	229,276	238,594	235,214
Financial and revenue administration	274,389	265,544	267,314	255,999	224,082	214,991	231,691	224,775	225,405	220,128
Budget and management	55,981	50,360	56,069	54,129	89,614	88,860	83,979	82,763	80,141	78,950
General services	61,637	61,637	61,107	61,007	64,706	64,706	70,444	69,854	66,402	66,137
Natural resources and recreation	49,585	49,415	72,993	72,868	56,921	56,152	60,339	59,943	60,069	59,748
Agriculture	26,917	26,707	26,986	26,676	27,326	27,117	30,003	29,905	32,131	32,037
Health and hospitals	4,068,751	4,060,596	4,096,299	4,078,389	4,239,764	3,977,845	4,435,390	4,390,610	4,675,547	4,669,099
Human services	657,042	652,142	620,413	620,343	625,447	612,331	648,932	648,832	613,378	610,170
Labor, licensing and regulation	42,898	42,711	44,441	44,360	45,236	44,196	45,468	43,910	47,371	46,338
Public safety and correctional services	1,142,875	1,137,521	1,174,320	1,162,630	1,228,110	1,197,881	1,243,040	1,229,941	1,198,696	1,193,413
Public education	7,473,436	7,468,095	7,733,540	7,729,917	7,918,990	7,886,979	8,060,390	8,044,991	8,157,167	8,142,973
Housing and community development	8,710	8,680	10,061	10,061	20,382	20,352	57,995	57,519	11,846	11,845
Business and economic development	84,624	83,290	90,664	90,551	91,813	91,670	108,930	108,444	103,669	103,520
Environment	36,795	36,568	33,235	33,212	32,750	32,117	40,504	29,885	28,869	28,869
Juvenile services	276,800	275,597	276,957	274,769	279,087	269,774	272,372	269,985	266,386	257,998
State police	228,140	226,204	245,228	245,219	256,984	256,965	284,002	283,701	276,733	276,322
Loan Accounts	83,000	83,000	140,000	140,000	252,400	252,400	259,395	259,395	259,649	259,649
State reserve fund	55,256	55,256	14,785	14,785	113,935	92,500	240,336	160,377	10,000	10,000
Reversions:										
Current year reversions	(30,000)	-	(30,000)	-	(30,000)	-	(30,000)	-	(30,000)	
Prior year reversions	-	(64,299)	-	(28,656)	-	(82,932)	-	(43,471)		(92,792)
Total expenditures and encumbrances	15,621,756	15,538,508	15,964,638	15,910,609	16,611,471	16,156,281	17,258,782	17,058,898	17,190,483	17,076,305
Changes in encumbrances during fiscal year	-	(8416)	-	6,164	-	(33,270)	-	(28,887)		(7,056)
Total expenditures	15,621,756	15,530,092	15,964,638	15,916,773	16,611,471	16,123,011	17,258,782	17,030,011	17,190,483	17,069,249
Excess of revenues over (under) expenditures	(517,854)	(512,696)	(272,747)	(70,683)	(288,218)	28,602	(258,574)	(256,220)	(21,481)	247,032
Other sources (uses) of financial resources:										
Transfers in (out)	-	219,106	-	245,612	-	159,293	-	149,304		113,175
Excess of revenues over (under) expenditures and other sources of financial resources	(517,854)	(293,590)	(272,747)	174,929	(288,218)	187,895	(258,574)	(106,916)	(21,481)	360,207
Fund balances at the beginning of the year	1,321,279	1,321,279	1,027,689	1,027,689	1,202,618	1,202,618	1,390,513	1,390,513	1,283,597	1,283,597
Fund balances, June 30 (b)	$803,425	$1.027,689	$754,942	$1,202,618	$914,400	$1,390,513	$1,131,939	$1,283,597	$1,262,116	$1,643,804

(a) This amount differs from the total General Fund revenues noted in the "General Fund Revenues and Appropriations – Budgetary Basis" schedule due to the different treatment of transfers, including the transfer of revenues from the State Reserve Fund.

(b) Includes balances for the State Reserve Fund and encumbrances.

Cigarette Restitution Fund

All payments received by the State related to the tobacco settlement are to be deposited into the Cigarette Restitution Fund ("CRF"), which can only be spent through appropriations in the annual State budget. At least 50% of the appropriations must be for: the reduction of tobacco use by minors; implementation of the agriculture plan adopted by the Tri-County Council for Southern Maryland; public and school education campaigns to decrease tobacco use; smoking cessation programs; enforcement of laws regarding tobacco sales; support for programs that expand access to health care for the uninsured; primary health care in rural areas and those targeted by tobacco companies; prevention, treatment, and research, including capital projects, concerning cancer, heart disease, lung disease, and tobacco use and control; and substance abuse treatment and prevention programs. Thirty percent of appropriations funded by the CRF must be for the Medicaid program. The remainder of the CRF may be appropriated for any public purpose. Maryland law provides a framework for two of the primary uses of the CRF by creating and outlining two specific programs: the Tobacco Use Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program.

The special fund appropriations of the CRF are limited to the available proceeds of the tobacco settlement. In its budgetary process, the State has made various revenue assumptions; in the event the anticipated revenues or funds are less than the State expects, the appropriations cannot be fully expended. The fiscal year 2018 budget, as amended, included $61.8 million in CRF support for the Medicaid program. Net expenditures from the CRF were $173.2 million in fiscal year 2018 and are estimated to total $158.4 million in fiscal year 2019. The fiscal year 2020 budget includes $165.8 million in net expenditures from the CRF.

Local Income Tax Reserve Account

Each county and Baltimore City is required by State law to levy an income tax on individuals residing within their boundaries on the last day of the taxable year. The Comptroller collects the local income tax on behalf of the local jurisdictions. When received, local income tax revenue collected by the Comptroller becomes a liability of the State as either revenue owed to the local jurisdiction or as an income tax refund owed to individual taxpayers.

Under Maryland law, the State is required to distribute a significant portion of the local income tax collected to local jurisdictions prior to receipt of individual income tax returns. Taxpayers are permitted to file an amended return up to three years after the due date for filing of each year's income tax return. To offset amounts that will be due as refunds to individual taxpayers, the State maintains a Local Income Tax Reserve Account that is funded with local income tax receipts collected by the Comptroller and not yet distributed to the local jurisdictions. As a result of the holdback of reserve funds to provide for estimated income tax refunds to individuals, local jurisdictions do not receive the full distribution of local income tax revenue until nearly four years following the receipt of income tax payments.

Over the past 10 years, multiple bills were signed into law which impacted the balance in the Local Income Tax Reserve Account. In total, transfers and advanced distributions to local jurisdictions have reduced the balance by approximately $1.7 billion. Transfers to the General Fund which have not been repaid total $1.3 billion. These have resulted in a negative unassigned fund balance of $507.4 million as of June 30, 2018. Annual re-payments of $33.3 million from the State to the Local Reserve Account are scheduled for fiscal years 2021 through 2026 for a total repayment of $200.0 million. During the 2015 legislative session, an additional transfer of $100 million from the Local Reserve Account to the General Fund was authorized in fiscal year 2015. To date, $40 million of that transfer has been repaid with the remainder to be repaid in $10 million increments in fiscal years 2020-2025. An additional $21.8 million receivable was established as the result of a five year audit undertaken by the Comptroller's Office to determine whether or not tax returns had been coded to the proper local jurisdiction. The audit found that 99.9% of the local revenue had been allocated correctly; under-allocated local governments received $21.8 million upon audit completion and those that were over-allocated were scheduled to repay the account over a ten year period beginning in fiscal year 2024, however, 2017 legislation eliminated the repayment of excess local tax distributions.

On May 18, 2015, the U.S. Supreme Court decided the Maryland State Comptroller of the Treasury v. Brian Wynne case. As a result of this decision, through December 2018, $244.4 million in local income tax refunds have been paid to Maryland taxpayers for tax years prior to 2014. Legislation was passed in the 2015 General Assembly session, authorized the Comptroller to pay the refunds due as a result of the Wynne decision, plus accrued interest, from the Local Income Tax Reserve Account. The Comptroller began processing and disbursing these refunds in July 2015. Under this legislation, the Comptroller had the authority to withhold the amount owed to individual taxpayers as a result of the Wynne decision from the Local Income Tax Reserve Account to the affected local jurisdictions from quarterly income tax distributions in nine equal installments beginning in fiscal year 2017. Legislation passed in the 2016 General Assembly session extends the reimbursement period to forty quarterly distributions beginning in fiscal year 2019. In the 2018 Session, legislation passed that further extended the start of repayment until fiscal year 2021. Since repayment is anticipated, the Office of the Comptroller does not expect any impact to the unassigned fund balance.

State Unemployment Insurance Trust Fund

The Maryland Unemployment Insurance Trust Fund (the "Fund"), provides funding for unemployment benefits in the State. The Fund pays up to 26 weeks of benefits for Marylanders who lose jobs through no fault of their own**.** Extended benefits beyond the first 26 weeks are paid for by federal funds. In fiscal year 2018, the Fund received approximately $480.2 million in annual contributions from employers while paying out approximately $443.1 million in regular, annual state unemployment benefits (excluding benefits paid entirely by the federal government.) The Fund balance was $1.2 billion as of December 31, 2018.

Transportation Trust Fund

The Transportation Trust Fund ("TTF"), administered by the Department of Transportation, is the largest of the special funds and consolidates into a single fund substantially all fiscal resources dedicated to transportation (excluding the Maryland Transportation Authority) including the excise taxes on motor vehicle fuel and motor vehicle titles, a portion of the sales and use tax on short-term vehicle rentals, a portion of the corporate income tax, wharfage and landing fees, and fare box revenues. As of July 1, 2013, the static excise tax rates for gasoline and special fuel were replaced by a two prong rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years. See "STATE FINANCES – State Revenues." All expenditures of the Department of Transportation are made from the TTF. In addition, the various categories of transportation bonds are serviced from the TTF, and the particular taxes and other designated revenues are both dedicated to the payment of such indebtedness and constitute the sole sources to which holders of transportation bonds legally may look for repayment.

Amounts in the TTF do not revert to the General Fund if unexpended at the end of the fiscal year; however, from time to time, the General Assembly has enacted legislation requiring that certain unpledged revenue in the TTF be delivered to the General Fund. Legislation also has provided for the subsequent re-transfers of such funds from the General Fund to the TTF within five years of the transfer. An amendment to the State Constitution was adopted in November 2014 by a statewide referendum vote to further restrict use of the TTF funds to debt service on bonds and any lawful purpose related to the State's transportation system unless the Governor declares a fiscal emergency exists and three-fifths of all elected members of the General Assembly concurs.

The following table shows a condensed summary of the fund balances of the Department of Transportation for each of the past five fiscal years ended June 30.

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Department of Transportation Fund Balances
Fiscal Years 2014-2018
($ in thousands)

	2014	2015	2016	2017	2018
Revenues	$3,890,784	$4,049,561	$4,170,716	$4,490,955	$4,407,888
Expenditures	4,192,914	4,487,894	4,746,329	5,142,879	5,240,698
Excess (deficiency) of revenues over expenditures	(302,130)	(438,333)	(575,613)	(651,924)	(832,810)
Net other sources (uses) of financial resources	360,811	427,128	342,822	737,021	643,348
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	58,681	(11,205)	(232,791)	85,097	(189,462)
Fund balance, July 1	308,789	367,470	356,265	123,474	208,571
Fund balance, June 30	$367,470	$356,265	$123,474	$208,571	$19,109

Note: The Department of Transportation Special Revenue and Debt Service Funds account for substantially all of the financial activities of the Transportation Trust Fund. The Maryland Transportation Authority ("MDTA") is not part of the Transportation Trust Fund. The above summary was prepared from the audited financial statements of the Department of Transportation which are prepared in accordance with Generally Accepted Accounting Principles.

Investment of State Funds

State statute provides that the investment of unexpended or surplus money over which the Treasurer has custody, which includes both general funds and special funds, is generally limited to: (1) U.S. Treasury obligations; (2) obligation of certain United States agencies or instrumentalities (collectively, "Agencies"); (3) obligations of certain supranational issuers denominated in United States dollars and eligible to be sold in the United States; (4) repurchase agreements collateralized in an amount not less than 102% of principal by U.S. Treasuries or Agencies; and (5) bankers' acceptances, money market mutual funds and commercial paper (limited to 10% of total investments), all only with the highest rating; and (6) the Maryland Local Government Investment Pool ("MLGIP").

Investment Portfolio Distribution
(par value)

	January 31, 2018	January 31, 2019
U.S. Treasuries	$126,198,000	$77,630,000
Agencies	4,694,785,000	4,465,467,000
Supranational Issuers	1,269,070,000	1,319,070,000
Repurchase Agreements	2,137,872,643	2,534,271,105
Banker's, MMMF & CP	48,075,872	103,154,756
MLGIP	408,673,510	455,936,601
Total*	$8,684,675,024	$8,955,529,462
Weighted Average Maturity in Days	818	646

* Totals may not add due to rounding.

Investments in U.S. Treasuries and Agencies were 51% of the portfolio on January 31, 2019, while supranational issuers were 15% and repurchase agreements were 28%. The monthly weighted average portfolio interest rate was 1.51% for January 31, 2018 compared to 1.94% for January 31, 2019. The Federal Open Market Committee raised rates 0.25% on March 22, 2018, June 14, 2018, September 27, 2018 and December 20, 2018. The current Federal Fund Rate Range is 2.25% - 2.50%[1].

Maryland State Retirement and Pension System

Introduction. The actuarial information provided in this section has been provided to the Maryland State Retirement and Pension System ("System") by the System's Actuary, Gabriel Roeder Smith & Company ("GRS"), which was retained by the Board of Trustees of the System pursuant to statute. As with all actuarial valuations and future projections, the actuarial valuations are based on actuarial assumptions that have been presented by the actuary and adopted by the Board. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on the future experience of the System.

Plan Description. The System was established in accordance with Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits in a defined benefit plan to State employees, teachers, police, judges, legislators and employees of participating governmental units. The System is administered by a 15-member Board of Trustees that has the authority to invest and reinvest the System's assets. The Board of Trustees is obligated to hold the assets of the System for the exclusive purposes of providing benefits to participants and for reasonable expenses of administration.

The Board of Trustees pays all benefits and expenses of the various plans in the System from the accumulation fund[2], annuity savings fund[3], and expense fund established for each plan. As additional security, if needed, the State is obligated to annually pay into the System at least an amount that, when combined with the System's accumulation funds, is sufficient to provide the allowances and other benefits payable under each plan during that fiscal year.

The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The "State Pool" consists of State agencies, boards of education, community colleges and libraries (the "State Pool"). The "Municipal Pool" consists of the participating governmental units that elect to join the System (the "Municipal Pool"). For actuarial valuation and funding purposes, neither pool shares in each other's actuarial liabilities. Municipal Pool participants cost-share in the liabilities of only the Municipal Pool, which receives a separate annual actuarial valuation in order to determine the funding levels and actuarial liabilities of the Municipal Pool. The Municipal Pool covers employees of over 150 political subdivisions and other entities within the State.

For actuarial valuation and funding purposes, the State Pool comprises five distinct systems: Teachers' Retirement and Pension Systems (the "Teachers' Combined Systems"), Employees' Retirement and Pension Systems (the "Employees' Combined Systems"), State Police Retirement System, Judges' Retirement System, and Law Enforcement Officers' Pension System. As of June 30, 2018, the State's membership in the System included 166,762 active members, 45,533 vested former members, and 141,739 retirees and beneficiaries. Together, the Teachers' Combined Systems and the Employees' Combined Systems account for 98% of membership in the State Pool. In fiscal year 2018, State retirees and beneficiaries within the State Pool received benefit payments totaling $3.5 billion, with an average benefit of $24,804.

Plan Benefits Pre- and Post-Reform. During the 2011 Legislative Session, pension reform legislation was proposed by the Governor and enacted by the General Assembly to ensure the long-term sustainability of the System's defined benefit structure and the affordability of the State's contribution in future years (the "2011 Pension Reforms").

The 2011 Pension Reforms increased employee contributions from 5% to 7% of annual earnable compensation, decreased annual cost of living adjustments on benefits earned on or after July 1, 2011 for certain participants from a 3% cap to a 2.5% cap and linked the cap to the System's achievement of assumed annual return on investments. The cap is 2.5% if the assumed annual return is met or exceeded and 1% if the assumed return is not met. For most employees who become a member of the System after July 1, 2011, the 2011 Pension Reforms establish the pension benefit multiplier at 1.5% rather than 1.8%, calculate Average Final Compensation based on the five highest consecutive years of service rather than three years, allow vesting after 10 years of eligible service rather than five years, and establish more stringent requirements for early and full service retirement. Similar reforms were enacted for several of the systems in the State Pool.

Assumptions. By law, employer contribution rates are established by annual actuarial valuations using the individual entry age normal cost method and actuarial assumptions adopted by the Board of Trustees. Assets are valued for funding purposes by recognizing investment gains and losses over a five-year period. Each year's investment gain or loss is amortized on a straight-line basis over five years. The final actuarial value of assets is limited to not more than 120% or less than 80% of the market value of assets.

[1]Source -https://www.federalreserve.gov/monetarypolicy/openmarket.htm
[2]The accumulation fund consists of employer contributions, interest on System assets, and retired members' previous contributions.
[3]The annuity savings fund consists of member contributions and statutory regular interest on members' accumulated contributions.

At its July 2017 meeting, the System's Board of Trustees adopted a revision to the economic assumptions for the System. The Board of Trustees voted to incrementally lower the assumed rate of return from 7.55% to 7.45% and the price inflation assumption from 2.7% to 2.6% over the next two years.

Based on the Actuary's actuarial experience study for fiscal years 2010 to 2014, the Board of Trustees adopted the following demographic assumptions:

- Retirement Rates: Decrease to overall rates based on experience.
- Withdrawal Rates: Maintain the service-based rates for the first 10 years of service and age-based rates thereafter.
- Mortality Rates: Change from the RP-2000 Mortality Tables, Combined Healthy Participant Mortality Table, with set-backs that vary by sex and system to the RP 2014 mortality tables with generational mortality improvements based on the MP-2014 2-dimensional mortality scale released by the Society of Actuaries (SOA) in which mortality rates are projected to improve based on birth year.
- Disability Rates: Decrease current disability rates for most systems and adjust the rates between ordinary and accidental disability to reflect observed experience.

An actuarial experience study for fiscal years 2015 to 2018 is planned for completion in May, 2019 at which time the Board of Trustees will consider adjustment to current demographic and economic assumptions.

Investments Allocations and Returns. The target asset allocation is set by the Board of Trustees, with no legal limits imposed by the General Assembly. The actual allocation takes into account that private market investments are made gradually in order to prudently reach the target level over multiple years. Amounts not yet invested in private markets are currently allocated to public equity and fixed income.

Asset Allocation

	Actual Allocation as of 12/31/2018	**Long-Term Target Allocation**
Total Growth Equity	49.2%	50.0%
Rate Sensitive	19.6	19.0
Real Assets	13.2	14.0
Credit	7.7	9.0
Absolute Return	8.1	8.0
Multi Asset	1.4	0.0
Cash and Cash Equitization	0.8	0.0
Total*	100.0%	100.0%

*Totals may not add due to rounding.

The historical rates of return on the System's investments are (as of December 31, 2018, unaudited):

	1 year	3 year	5 year	10 year	20 year	25 year
Annualized Returns (gross of fees)	-1.43%	6.47%	5.11%	8.42%	5.20%	6.48%

The System's rate of return on its investment portfolio was 8.06% for the fiscal year ending June 30, 2018.

Funding Policies. The employer contribution rate for the Law Enforcement Officers' Pension System, State Police Retirement System, and the Judges' Retirement System is equal to the sum of the normal contribution and the accrued liability contribution. Prior to July 1, 2013, the State's employer contribution to the Teachers' Combined Systems and Employees' Combined Systems was determined by the System's actuary under a modified corridor funding method. This method effectively maintained the contribution rate in effect for the Teachers' Combined Systems and Employees' Combined Systems during the preceding fiscal year (as adjusted for any legislative changes in the benefit structure) as long as such plans remain between 90 percent and 110 percent funded. If either plan fell below 90 percent funded (i.e., below the corridor), then the contribution rate in effect for the subsequent fiscal year would be the rate in effect for the preceding fiscal year plus 20 percent of the difference between the current fiscal year full funding rate and the prior fiscal year contribution rate.

Conversely, if either system exceeded 110 percent funded (i.e., above the corridor), then the contribution rate in effect for the subsequent fiscal year would be the rate in effect for the preceding fiscal year minus 20 percent of the difference between the current fiscal year full funding rate and the prior fiscal year contribution rate.

In the 2013 Legislative Session, the General Assembly enacted legislation to phase out the modified corridor funding method for the Teachers' Combined Systems and Employees' Combined Systems over 10 years, and change the System's amortization policy so that unfunded pension liabilities will be amortized over a 25-year closed period. However, during the 2015 Legislative Session, the General Assembly enacted legislation that fully eliminated the corridor funding method for the Teachers' Combined Systems and Employees' Combined Systems beginning with fiscal year 2017. The legislation was effective on July 1, 2015 and was reflected in the System's fiscal year 2015 valuation, which determined the employer contribution rates for fiscal year 2017. Under Governmental Accounting Standard Board ("GASB") Statement No. 67, these, and all future contributions will be based upon the Actuarially Determined Employer Contribution ("ADEC").

The 2011 Pension Reforms also provided that the State's contributions to each system shall include an additional amount reflecting the difference between the State's required contribution under the corridor funding method for that fiscal year and the amount that would have been required had the 2011 Pension Reforms not been enacted ("supplemental contribution"). The following table reflects the supplemental payments that have been received through fiscal year 2019, and are expected to be received in fiscal year 2020:

In addition to the supplemental payments, during the 2015 legislative session, the General Assembly authorized a "pension sweeper" amendment as part of budget legislation that allowed for an additional State contribution to the System equal to one-half of any unappropriated General Fund balance in excess of $10.0 million, up to a maximum of $50 million annually, from fiscal year 2017 through fiscal year 2020. During the 2016 legislative session, the General Assembly included an additional voluntary contribution to the System for fiscal year 2017 only, of $25.0 million above the ADEC, the supplemental payments, and the contribution from the sweeper amendment. Therefore, the System received additional contributions totaling $150 million during fiscal year 2017 from the supplemental payment, sweeper amendment, and additional voluntary contribution.

During the 2017 legislative session, the legislature repealed the pension sweeper for fiscal year 2018 only, but modified it so that (1) it will not terminate in 2020, but continue until the later of either the fund reaching 85% funded, or when the legislature determines it to be no longer needed, and (2) beginning with the fiscal year 2021 budget, the System will receive one-quarter of any unappropriated General Fund balance in excess of $10.0 million, up to a maximum of $25 million. In addition, the 2017 modification to the amendment provided that the Postretirement Health Benefits Trust Fund would receive one-quarter of any unappropriated General Fund balance in excess of $10.0 million, also up to a maximum of $25 million. Any remaining unappropriated general funds above these distributions are appropriated to the Revenue Stabilization Account. During the 2018 legislative session, the Maryland General Assembly approved a waiver of the pension sweeper for fiscal year 2019. The following table reflects the supplemental and pension sweeper payments that have been received through fiscal year 2019, and are expected to be received in fiscal year 2020:

Supplemental Payments
Received from the State
(in millions)

Fiscal Year	**Voluntary Contributions**	**Pension Sweeper**
FY 2013	$190.8	$0.0
FY 2014	100.0	0.0
FY 2015	100.0	0.0
FY 2016	75.0	0.0
FY 2017	100.0	50.0
FY 2018	75.0	0.0
FY 2019	75.0	0.0
FY 2020 (estimated)	75.0	50.0 (a)

a) The Governor's proposed fiscal year 2020 budget included the statutorily required $50 million pension sweeper contribution. Subsequently, both the Maryland House of Delegates and the Senate Budget and Taxation Committee have proposed eliminating the requirement for fiscal year 2020 and redirecting the funds to other priorities.

Projected Impact of 2011 Pension Reforms, and Subsequent Changes to Actuarial Assumption Changes, Funding Policy Reforms, and Supplemental Funding Policy on Funded Ratios of State Pool

Valuation Year (as of June 30)	Based on 6/30/2011 Valuation (a)	Based on 6/30/2018 Valuation (b)
2021	81.3%	73.5%
2023	85.2	75.9
2025	89.4	78.4
2027	94.1	81.0
2030	101.9	85.2
2031	107.9	86.7
2037	123.4	96.4
2039	N/A	100.0

(a) Based on previous corridor funding policy for the Teachers' Combined Systems and Employees' Combined Systems.
(b) Reflects the 2015 legislative action that eliminated the modified corridor policy, as well as the 2015 legislative action to alter the supplemental contribution policy established by the 2011 pension reforms (see above for description of 2013, 2014, 2015 and 2017 legislative actions).

Employer Contribution. In fiscal year 2018, the State paid the full ADEC and contributed a total of $1.9 billion. In the First Special Session of 2012, the General Assembly enacted legislation that requires local school boards to pay a portion of the fiscal year 2013 actuarially determined normal cost of local teachers' retirement. For the first three fiscal years, the payment increased until fiscal year 2016 when the local school boards began paying 100% of the fiscal year 2013 normal cost. Beginning in fiscal year 2017, the local school boards paid 100% of the local teachers' normal cost as determined by the most recent valuation of the System. County governments are required to increase education funding by the additional pension costs during the phase in period.

The Department of Budget and Management estimates that the General Fund portion of the employer contribution represents 7.6% of the fiscal year 2019 General Fund budget. This percentage is anticipated to be at 7.3% in fiscal year 2020, and is then projected to maintain at about that level through fiscal year 2023. The following table presents estimates of the employer contribution relative to the General Fund budget in fiscal years 2019 through 2023. These projections reflect the sharing of local teachers' retirement costs with county governments as discussed above. The projections also reflect the changes to the State's funding policy made during the 2013 Legislative Session (phasing out the corridor funding method over a 10-year period and changing the System's amortization policy affecting the fiscal year 2013 valuation and the fiscal year 2015 budget) as described in "Funding Policies." They reflect changes to the State's supplemental contribution made during the 2014 Legislative Session which lowered that amount to $100 million in fiscal year 2014 and fiscal year 2015 and raised it by $50 million increments starting in fiscal year 2016 until it reached $300.0 million in fiscal year 2019. They reflect further changes made to the State's funding policy during the 2015 Legislative Session to fully phase out the corridor funding method as of fiscal year 2017, but reduce the supplemental contribution to $75 million annually until the system reaches 85% funded. An additional supplemental contribution is required, equaling one-half of any unappropriated General Fund balance in excess of $10.0 million be paid to the pension fund, up to a maximum of $50.0 million annually. Finally they reflect 2017 legislation that passed eliminating the requirement for the fiscal year 2018 $50.0 million supplemental contribution, as well as 2018 legislation enacted extending the exemption from this requirement through fiscal year 2019.

Further legislation passed during the 2017 Legislative Session requires that beginning in fiscal 2021, one-quarter of the unappropriated General Fund surplus above $10.0 million be appropriated to the Postretirement Health Benefits Trust Fund and another quarter be appropriated to the State Retirement and Pension fund. Each of these appropriations is capped at $25.0 million. Any remaining unappropriated general funds above those distributions are appropriated to the Revenue Stabilization Account.

As with all future projections, the data in the following table are based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on future experience.

Projected Employer Contributions as a Percent of the General Fund Budget

	Employer Contributions		
Fiscal Year	**State Employees**	**Local Teachers**	**Total***
2019	2.8%	4.4%	7.3%
2020	2.7	4.4	7.1
2021	2.7	4.4	7.1
2022	2.7	4.5	7.1
2023	2.6	4.3	6.9

* Totals may not add due to rounding.

Funded Status. As reported in the System's annual Actuarial Valuation Report, the funded status of each plan in the "State Pool" as of June 30, 2018 was as follows:

Funded Status of the Plans within the "State Pool" Portion of the Maryland State Retirement and Pension System ($ in thousands) As of June 30, 2018

Plan	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members) (a)	UAAL as a Percent of Payroll % (a)
Teachers' Retirement and Pension System	$42,739,562	$31,945,910	74.75%	$10,793,652	$6,941,097	155.5%
Employees' Retirement and Pension System	20,395,461	13,509,959	65.75	6,985,502	3,165,588	220.7
State Police Retirement System	2,250,699	1,468,641	65.25	782,058	100,325	779.5
Judges' Retirement System	556,746	477,006	85.68	79,740	47,498	167.9
Law Enforcement Officers' Pension System	1,092,701	695,529	63.65	397,172	107,729	368.7
Total of All Plans *	$67,035,169	$47,997,045	71.60%	$19,038,124	$10,362,237	183.7%

(a) The Covered Payroll and UAAL as a Percentage of Payroll results reported in the System's Actuarial Valuation Report were calculated using actual payroll data and differ slightly from the calculations shown in the State's Financial Statements which were calculated using projected payroll rather than actual payroll data.
* Totals may not add due to rounding.

The following table presents information regarding the unfunded actuarial accrued liability of the System, including both the State Pool and the Municipal Pool for the years 2009 to 2018 as of June 30 valuation dates, derived from a report by the System's Actuary.

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Historical Funding Progress
Maryland State Retirement and Pension System (a)
Actuarial Value of Assets
($ in thousands)

Valuation Date June 30	Actuarial Accrued Liability (AAL)	Actuarial Value Of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll %
2009(b) ..	$52,729,171	$34,284,569	65.0%	$18,444,603	$10,714,241	172.2%
2010	54,085,081	34,688,346	64.1	19,396,735	10,657,944	182.0
2011	55,917,543	36,177,656	64.7	19,739,887	10,478,800	188.4
2012	57,869,145	37,248,401	64.4	20,620,745	10,336,537	199.5
2013	60,060,091	39,350,970	65.5	20,709,122	10,477,544	197.6
2014	62,610,193	42,996,957	68.7	19,613,237	10,803,632	181.5
2015	66,281,781	46,170,624	69.7	20,111,157	11,063,961	181.7
2016	67,781,924	47,803,679	70.5	19,978,245	11,155,924	179.1
2017	69,986,576	50,250,465	71.8	19,736,110	11,418,973	172.8
2018	72,574,689	52,586,528	72.5	19,988,161	11,566,220	172.8

(a) Includes both the State Pool and the Municipal Pool accrued liabilities.
(b) The Actuary's revaluation of the State's fiscal year 2009 contribution resulted in a recommended increase of $87.7 million. Due to timing of the recommendation, however, this amount was not included in the fiscal year 2009 Budget. It was included in the June 30, 2009 valuation and began to be amortized as a portion of the UAAL on July 1, 2010.

The following table presents information regarding the Asset Market Values of the System, including both the State Pool and the Municipal Pool, for the years 2009 to 2018 as of June 30 valuation dates, derived from a report by the System's Actuary.

Historical Market Value of Assets
Maryland State Retirement and Pension System (a)
($ in thousands)

Valuation Date, June 30	Market Value of Assets	Valuation Date, June 30	Market Value of Assets
2009	$28,570,474	2014	$45,363,217
2010	31,923,637	2015	45,789,840
2011	37,592,752	2016	45,365,926
2012	37,178,726	2017	48,987,183
2013	40,363,217	2018	51,827,233

(a) Includes both the State Pool and the Municipal Pool.

As of December 31, 2018, the System's market value of assets was $51.7 billion (unaudited).

Beginning in fiscal year 2015, Statement No. 68 of the Governmental Accounting Standards Board required changes to the State's pension accounting and reporting. The net pension liability (NPL) defined by the pronouncement, similar to the unfunded actuarial accrued liability, is reported as a liability on the government-wide statement of net position. It is a present value measure of benefits to be provided based on the employees' past service, and accordingly, recognizes the entire net pension expense, regardless of when this expense will be funded. It replaced the Net Pension Obligation (NPO) previously reported as a liability. The NPO was the cumulative difference between required contributions to the pension plans to meet obligations as they came due and actual contributions, and therefore, measured the funding obligation only.

For the State Retirement and Pension System, a cost-sharing multiple-employer system, all cost-sharing employers are required to recognize a liability for their proportionate share of the NPL. In Maryland, the State funds the unfunded actuarial accrued liability applicable to local teachers' service, and therefore, the State records the NPL for the teachers' plan as a non-employer contributing entity.

For fiscal year 2018, the State's contribution to the System was $1.9 billion, and the total contribution to the System was $2.0 billion. The NPL for the System was calculated as $21.0 billion as of June 30, 2018 of which the State's share has been estimated to be $19.7 billion.

For a more detailed discussion of the System, see APPENDIX A, Note 15 to the Financial Statements and Required Supplementary Information. A copy of the System's Actuarial Valuation Report as of June 30, 2018 may be obtained online at http://www.sra.state.md.us/actuarial-valuation-reports.

Other Retirement Programs

In addition to the principal retirement programs administered by the Board of Trustees, the Maryland Transit Administration of the Department of Transportation provides pension benefits to its employees for the three unions it recognizes and for former union members promoted to management positions (the "MTA Plan"). All other management employees hired after April 30, 1970 are members of the State Employees' Retirement or Pension Systems. All three active union contracts include a provision requiring union employees to contribute 2% of their gross pay to the MTA Plan.

The MTA Plan provides retirement, death and disability benefits and is funded in compliance with collective bargaining agreements. Employees hired after July 1, 2016 are vested after ten years of service. All employees before July 1, 2016, vesting varies based on each bargaining agreement. Employee retirement benefits are based on years of service times an annual benefit multiplier of 1.7% of final average compensation. Generally, full service retirement benefits are based on 30 years of service and age 52 or attainment of age 65 with five years of service.

The annual contribution to the MTA Plan is based upon a report of the consulting actuary (Bolton Partners Inc.). For fiscal year 2018, the Department of Transportation's contribution to the system was $41.0 million, and the total contribution was 44.3 million, which included employee contributions of approximately $3.3 million to the plan. The Department's MTA fiscal year 2019 budget provides approximately $45.0 million (which includes employee contributions of approximately $3.4 million) for the plan. The State has estimated the MTA's fiscal year 2018 allocation of the NPL to be $973.3 million.

As of July 1, 2018, membership in the MTA Plan included 2,638 active members, 521 vested former members, and 1,933 retirees and beneficiaries. The total pension liability is based upon the July 1, 2018 evaluation data and assumption determined by the consulting actuary and rolled forward to June 30, 2019:

Funded Status of the MTA Plan
as of July 1, 2018
($ in thousands)

Actuarial Accrued Liability(AAL)	Actuarial Value Of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll%
$735,810	$316,454	43.0%	$419,356	$148,445	282.5%

For a more detailed discussion of the MTA Plan, see http://www.mdot.maryland.gov/Office_of_Finance/index.html.

Other Post-Employment Benefits

State Employee and Retiree Health and Welfare Benefits Program. Retired State employees and their eligible dependents meeting certain qualifications may participate, on a subsidized basis, in the State Employee and Retiree Health and Welfare Benefits Program (the "Program"). As of June 30, 2018, the Program membership included 78,557 active employees, 3,132 vested former employees and 72,216 retirees and beneficiaries. The Program assesses a charge to retirees for post-employment health care benefits that is based on health care insurance charges for active employees. For the six months ended December 31, 2018, retiree program members contributed $52.9 million and the State contributed $167.8 million for retiree health care benefits.

The State has adopt the GASB Statement No. 75 ("GASB 75") which supersedes GASB 45 and addresses how state and local governments should account for and report costs and obligations related to post-employment health care and other post-employment non-pension benefits ("OPEB") effective for fiscal year ending June 30, 2018. GASB 75 generally requires that the annual cost of OPEB and the related obligations and commitments be accounted for and reported in essentially the same manner as pensions under GASB 68. Annual OPEB costs typically will be based on actuarially determined amounts that, if paid on an ongoing basis, would provide sufficient resources to pay benefits as they come due.

The provisions of GASB 75 do not prescribe methods for funding OPEB plans, nor do they require governments to fund their OPEB plans. GASB 75 does, however, establish additional disclosure requirements for employers contributing to OPEB plans. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Disclosure and required supplementary information requirements about defined benefit OPEB also are required regardless of whether or not the plan is administered through a qualifying trust.

Under GASB 75, the Net OPEB Liability is reported as a liability on the State's financial statements. The Net OPEB Liability is the difference between the Total OPEB Liability (the actuarial present value of all future projected benefit payments attributable to service prior to the measurement date) and the Fiduciary Net Position (market value of assets).

The State's annual OPEB expense is calculated as change in Net OPEB Liability over the measurement period, with deferred recognition of certain aspects of the change in liability, including investment gains/losses, demographic gains/losses, and changes in actuarial assumptions. Unrecognized amounts are reported as deferred inflows and/or deferred outflows of resources related to OPEB until they are recognized in the annual OPEB expense.

2011 Employee and Retiree Health Benefits Reforms. The 2012 Budget implemented changes to employee and retiree prescription drug and health benefits (the "2011 Health Benefit Reforms") that decreased the State's projection of OPEB liability from $15.9 billion prior to the 2011 Health Benefit Reforms to $9.2 billion after the 2011 Health Benefit Reforms, and decreased the corresponding State projection of ADEC under GASB 45 from $1.22 billion to $704.4 million. The 2011 Health Benefit Reforms increased employee and retiree prescription drug copayments and increased retiree premium payments and out of pocket maximums. For new employees hired after June 30, 2011, 10 years of service rather than 5 years is required for eligibility for retiree health benefits, and 25 years of service rather than 16 years is required in order to receive a full State subsidy. Under current law, effective January 1, 2019, State prescription drug benefits would be discontinued for certain retirees and those retirees would be required to enroll in Medicare Part D after the Part D coverage gap is phased out. However, following litigation brought by State retirees, an injunction has been issued forbidding the discontinuation of the prescription drug benefits for those retirees until the litigation is resolved. In addition, legislation has been introduced in the General Assembly that would restore the prescription drug benefit for those retirees. It is unclear at this time how that legislation, if passed, will impact the State's budget and OPEB liabilities.

OPEB Projections. As of June 30, 2018, the actuary's Total OPEB Liability was $12.5 billion, and the Fiduciary Net Position was $306.7 million, resulting in a Net OPEB Liability ("NOL") of $11.1 billion. The discount rate used was an unblended pay-go rate of 3.58%. The ratio of the Fiduciary Net Position to the Total OPEB Liability was 2.69%. The covered payroll (annual payroll of active employees covered under the Program) was $5.1 billion, and the ratio of the NOL to the covered payroll was 216.88%.

The following table from the Actuarial Valuation Reports as of June 30, 2018, prepared by the State's actuary, shows the components of the State's annual OPEB expense, the contribution to the Program and the State's Net OPEB Liability for fiscal year 2019.

State Employee and Retiree Health and Welfare Benefits Program
Annual OPEB Expense and Net OPEB Liability
Fiscal Year 2018-2019
Projections as of June 30, 2018
($ in millions)

Reporting Date under GASB 75	June 30, 2018	June 30, 2019
Measurement Date under GASB 75	June 30, 2017	June 30, 2018
Net OPEB Liability	$12,500.0	$11,085.2
Deferred inflows of resources related to OPEB	0.0	1,464.2
Deferred outflows of resources related to OPEB	0.0	0.0
Net Liabilities Relating to OPEB	**$12,500.0**	**$12,549.4**
Net OPEB Expense	N/A	$575.9
Less: Contributions made	N/A	(526.5)
Net Change in Liabilities Relating to OPEB	**N/A**	**$49.4**

The State's General Fund has historically contributed approximately 60% of the annual pay-as-you-go costs of other post-employment benefits, with special and federal funds contributing the balance. Chapter 355 of the 2007 Laws of

Maryland created the Postretirement Health Benefits Trust Fund (the "Trust Fund") as an irrevocable trust. Funds of the Trust Fund will be used to assist in financing the State's post-retirement health insurance subsidy. For the three months ended September, 2017, the State did not allocate any funds to the Trust Fund. The net assets held in trust for post-retirement health benefits as of June 30, 2017 were $306.7 million. This balance also reflects the activity for investment earnings and administrative expenses during the period.

Maryland Transit Administration. The MTA provides a retiree health care benefits plan (the "MTA OPEB") to all employees who are members of the MTA plan, except for transfers from union to management positions who are required to enroll in the State Employee and Retiree Health and Welfare benefits program described above. The annual funding of the MTA OPEB is based upon a report of the consulting actuary (Bolton Partners, Inc.). The MTA OPEB is an unfunded pay-as-you-go plan. The MTA does not currently have a separate fund set aside to pay healthcare costs.

As of June 30, 2017, for fiscal year 2018, the net OPEB liability was $833.3 million.

Maryland Transit Administration Pension Plan OPEB
Annual OPEB Cost and Net OPEB Obligation
Fiscal Year 2018
($ in millions)

Balance as of June 30, 2016 for FY 2017	$886.6
Changes for the Year:	
Service Cost	47.9
Interest	25.1
Changes of Benefit Terms	0
Experience Losses/(Gains)	0
Trust Contribution - Employer	(13.2)
Net Investment Income	0
Changes in Assumptions	(113.9)
Benefits Payments (net of retiree contributions)	0.0
Administrative Expense	0.8
Net Changes	(53.3)
Balance as of June 30, 2017 for FY 2018	$833.3

Note: Numbers may not add due to rounding

For a more detailed discussion of the MTA OPEB, see Appendix A, Note 16 to the State's 2018 Comprehensive Annual Financial Report.

Labor Management Relations

As of December 31, 2018, the State had approximately 109,100 employees.

States are exempt from the provisions of the National Labor Relations Act; thus, State employees may engage in collective bargaining only if specifically authorized. Since 1999, collective bargaining has been available to eligible State employees. Eligible State employees are assigned to one of nine bargaining units. These bargaining units are represented by six certified exclusive bargaining representatives that are entitled to negotiate with the Governor or his designee(s) regarding wages, hours, and terms and conditions of employment on behalf of bargaining unit employees. The negotiating parties execute a memorandum of understanding (MOU) of not less than 1 year or more than 3 years duration that incorporates all matters of agreement. Matters of agreement that require legislative approval or the appropriation of funds are subject to the approval of the General Assembly. Additionally, State employees may join employee associations, and the State permits the deduction of dues from employees' salaries for these associations. In December of 2017, State negotiated agreements with all six certified exclusive bargaining representatives. These agreements provide for a 2% cost of living adjustment on January 1, 2019, a $500 bonus and another 0.5% cost of living adjustment on April 1, 2019. The proposed budget for fiscal year 2020 includes an additional 3.0% cost of living adjustment effective July 1, 2019.

In addition to State employees, in 2001 collective bargaining was extended similarly to approximately 10,000 employees of the University System of Maryland, St. Mary's College of Maryland, Morgan State University, and Baltimore City Community College. Eligible employees of these entities are assigned to one of three bargaining units at each of 15 campus locations, and are represented by a total of three certified exclusive bargaining representatives. Collectively, approximately 1,050 employees of these higher education institutions pay dues to four employee associations, including the three certified exclusive bargaining representatives.

Collective bargaining was extended in 2012 to eligible State employees of the Office of the Comptroller, Maryland Transportation Authority, State Retirement Agency and Maryland State Department of Education. Since that date, approximately 750 additional employees have been extended collective bargaining.

Public school teachers throughout the State are not State employees but are employed and otherwise paid by the local school boards of education. The State, however, pays partial retirement benefit contributions on behalf of those employees. Teachers have been authorized by statute to form and participate in employee organizations for the purpose of representation on all matters relating to salaries, wages, hours, and other working conditions. Similar laws have been enacted to cover employees of Baltimore City and some counties.

The employees of the public community colleges and the public libraries are not State employees; the State, however, pays each employer's share of the retirement contribution.

Aid to Local Government

The State provides substantial assistance to local governments through a variety of direct and indirect assistance programs. Cash assistance is provided to support, among other local expenditures, community colleges, basic current expenses of elementary and secondary schools, pupil transportation, road construction and maintenance, the education of students with disabilities, local health departments, and local police departments. In addition to cash grants, the State has contributed directly to retirement for local teachers and librarians. Beginning in fiscal year 2013, State retirement contributions for local teachers and librarians reflect a lower State obligation pursuant to legislation enacted during the 2012 Legislative Session that allows for sharing costs with local jurisdictions. The State also has paid directly a major share of the debt service on bonds issued to pay for the construction of local elementary and secondary schools, community colleges, and water treatment facilities. Further, the State has assumed the non-federal share of the costs of providing medical assistance, income maintenance payments, and social services for the needy. In the transportation area, the State operates the mass transit program in the Baltimore area and provides grant assistance for the Maryland portion of the Washington metropolitan area transit system.

The following table presents a summary of major State financial support for fiscal years 2016 through 2018, and the estimates for 2019 and 2020 fiscal years. Federal funds are generally excluded except for State Fiscal Stabilization Funds for Education authorized by ARRA.

Major State Financial Support to Local Governments
Fiscal Years 2016–2020
($ in millions)

	2016	2017	2018	2019 Estimated	2020 Estimated
Education	$6,505	$6,649	$6,759	$6,966	$7,328
Transportation	183	207	220	242	262
Health	46	49	49	53	55
Environment	23	27	41	59	63
Public Safety	119	127	131	133	140
Other	216	308	294	303	311
Total *	$7,093	$7,367	$7,494	$7,755	$8,159

* Totals may not add due to rounding.

STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM

The State issues general obligation bonds, to the payment of which the State ad valorem property tax is pledged, for capital improvements and for various State-sponsored projects. In addition, the Maryland Department of Transportation issues for transportation purposes its limited, special obligation bonds payable primarily from specific, fixed-rate excise taxes and other revenues related mainly to highway use. The State and certain of its agencies also have entered into a variety of lease-purchase agreements to finance the acquisition of capital assets. These lease agreements specify that payments thereunder are subject to annual appropriation by the General Assembly.

At least since the end of the Civil War, the State has paid the principal of and interest on its general obligation bonds when due. There is no general debt limit imposed by the State Constitution or public general laws. Although the State has the authority to make short-term borrowings in anticipation of taxes and other receipts up to a maximum of $100.0 million, the State has not issued short-term tax anticipation notes or made any other similar short-term borrowings for cash flow purposes.

Tax-Supported Debt Outstanding

The aggregate principal amount of outstanding bonded indebtedness of the State as of December 31, 2018 is as follows:

Tax-Supported Debt Outstanding
($ in millions)

	Outstanding at December 31, 2018	As Adjusted For This Sale
General Obligation Bonds (a)	$9,454.4	$9,944.4
Consolidated Transportation Bonds (b)	3,488.8	3,488.8
Maryland Stadium Authority Bonds and Leases (c)	75.3	75.3
Capital Leases (d)	122.6	122.6
GARVEE Bonds (e)	129.7	129.7
Bay Restoration Revenue Bonds (e)	273.6	273.6
Net Tax-Supported Debt	$13,544.4	$14,034.4

(a) As of December 31, 2018 the authorized but unissued amounts before and after giving effect to the sale of the Bonds were $1.9 billion and $1.4 billion, respectively. This amount includes approximately $87.5 million of outstanding qualified zone academy bonds which are privately placed. See also APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES."
(b) See "Department of Transportation Debt."
(c) See "Maryland Stadium Authority Lease Revenue Debt Outstanding."
(d) See "Lease and Conditional Purchase Financings."
(e) See "Other Tax-Supported Debt."

The above table excludes local debt as well as revenue and enterprise debt, all of which are not State tax- supported debt. (For further information on Revenue and Enterprise Debt see "MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS" and APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – Revenue and Enterprise Financings.")

General Obligation Bonds

General obligation bonds are authorized and issued primarily to provide funds for State-owned capital improvements, including institutions of higher education, and the construction of locally owned public schools. General obligation bonds also have been issued to fund local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for repayable loans or outright grants to private, nonprofit, cultural, or educational institutions. In the fiscal year 2020 capital program, 36% of new general obligation bond authorizations represented financing of State-owned capital facilities, 59% represented financing capital improvements owned by local government units, including public school construction, and 5% represented financing of capital improvements owned by non-profit or other private entities.

Dedication of State Property Tax to General Obligation Debt. The State Constitution prohibits the contracting of State debt unless the debt is authorized by a law levying an annual tax or taxes sufficient to pay the debt service within 15 years and prohibiting the repeal of the tax or taxes or their use for another purpose until the debt is paid. As a uniform practice, each separate enabling act that authorizes the issuance of general obligation bonds for a given object or purpose has specifically levied and directed the collection of a State ad valorem property tax on all taxable property in the State. The Board of Public Works is directed by law to fix by May 1 of each year the property tax rate necessary to produce revenue sufficient for the debt service requirements of the next fiscal year, which begins July 1, but the taxes so levied need not be collected if or to the extent that funds sufficient for debt service requirements in the next fiscal year have been appropriated in the annual budget. Accordingly, the Board, in annually fixing the rate of property tax after the end of the regular Legislative Session in April, takes account of appropriations of general and other funds for debt service.

From fiscal year 1972 through fiscal year 2003, general funds were appropriated to the State Department of Education for payment of debt service for public school construction debt. Other general obligation bonds were serviced to a lesser degree (prior to fiscal year 2014) from general funds as well as from the State property tax and other special and federal funds. As a result, although all the enabling acts commit the State property tax to the service of general obligation debt, and all amounts collected from such tax are applied to that purpose, it had been the normal practice to devote a significant amount of general fund revenue to general obligation debt service.

General Fund Revenue Dedicated to General Obligation Debt Service

Fiscal Year	General Fund Subsidy (million)
2014	$83.0
2015	140.0
2016	252.4
2017	259.4
2018	259.6
2019 (appropriated)	286.0
2020 (estimated)	287.0

In fiscal year 2018, the sources of current revenue of the Annuity Bond Fund, from which debt service on all general obligation debt was paid, were the State property tax (69.1%), premium from bond sales (10.8%), general funds (18.6%), and federal subsidies for ARRA Bonds and other revenues (0.8%). For fiscal year 2019, the sources of current revenues are the State property tax (71.2%), premium from bond sales (6.8%), general funds (20.5%), and federal subsidies for ARRA Bonds and other revenues (0.8%).

Department of Transportation Debt

Consolidated Transportation Bonds are limited obligations issued by the State Department of Transportation (the "Department"), the principal of which must be paid within 15 years from the date of issue, for highway, port, transit, rail, or aviation facilities or any combination of such facilities. The law limits the outstanding aggregate principal amount of these bonds to $4.5 billion. Current law also provides that the General Assembly may establish in the budget for any fiscal year a maximum outstanding aggregate amount of these bonds as of June 30 of the fiscal year that is less than $4.5 billion. For fiscal year 2019, the limit is $3.4 billion. As of December 31, 2018, the principal amount of outstanding bonds was $3.5 billion. There will be principal payments made prior to June 30, 2019 on Consolidated Transportation Bonds such that the aggregate amount of debt outstanding will not exceed the maximum aggregate amount allowed.

Debt service on Consolidated Transportation Bonds is payable from those portions of the excise tax on each gallon of motor vehicle fuel and the motor vehicle titling tax, sales and use tax on short-term vehicle rentals, and the corporate income tax as are credited to the Department after distribution to the General Fund and political subdivisions, plus all departmental operating revenues and receipts. In addition, beginning July 1, 2013, the static excise tax rates for gasoline and special fuel were replaced by a two-prong rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years. See "STATE FINANCES- State Revenues." Pursuant to the 2011 Act, the Department no longer receives a portion of the State's general sales and use tax; however the Department's former share of that tax remains pledged to Consolidated Transportation Bonds issued prior to July 1, 2011. The holders of the Consolidated Transportation Bonds are not entitled to look to other sources for payment. The Department has covenanted with the holders of outstanding Consolidated Transportation Bonds not to issue additional bonds unless certain revenue adequacy tests are met.

In the 2014 Legislative Session, the General Assembly authorized the Department, by resolution of the Secretary of the Department, to borrow funds to finance the costs of transportation facilities through the issuance of revenue-backed bonds so long as the payment of debt service on such bonds is not supported directly or indirectly by State tax revenues pledged to meet debt service on the Department's Consolidated Transportation Bonds. Prior to enactment of this legislation, the Department had relied on the Maryland Transportation Authority or the Maryland Economic Development Corporation to be conduit issuers for these types of revenue-backed bonds.

Nontraditional Debt. During the 2018 Legislative Session, the General Assembly established a maximum outstanding principal amount of $874.7 million as of June 30, 2019, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a consolidated transportation bond or Grant Anticipation Revenue Vehicle ("GARVEE") Bond. Such debt includes but is not limited to: Certificates of Participation (documented by conditional purchase agreements) ("COPs"), debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by Maryland Economic Development Corporation ("MEDCO") or any other third party on behalf of the Department. As of December 31, 2018, the Department's nontraditional debt outstanding was $876.6 million. In addition, the Department sold $23.5 million COPs on March 6, 2019 with an anticipated close date of March 27, 2019, to finance shuttle buses for the use at BWI Marshall airport. There will be principal payments made prior to June 30, 2019 on nontraditional debt outstanding such that the aggregate amount of nontraditional debt outstanding will not exceed the maximum aggregate amount of outstanding nontraditional debt allowed as of June 30, 2019. See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – State Tax-Supported Lease and Conditional Purchase Financings" and "– Revenue and Enterprise Financings" for nontraditional debt of the Department.

Maryland Stadium Authority Bonds

The Maryland Stadium Authority (the "Authority") was created in 1986 as an instrumentality of the State responsible for financing and directing the acquisition and construction of professional sports facilities in Maryland. Since then, the Authority's responsibility has been extended to include convention centers in Baltimore City and Ocean City, a conference center in Montgomery County, and the Hippodrome Theater, Camden Station Renovation in Baltimore City and Baltimore City Public Schools. On December 31, 2018, the principal amount of tax-supported outstanding bonds and capital leases of the Authority was $75.3 million. See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – Maryland Stadium Authority" for a summary of outstanding debt and interest rate exchange agreements of the Authority and descriptions of the Authority's projects.

The Authority issued its first series of tax-exempt revenue bonds for the Baltimore City Public Schools project on April 20, 2016. The par amount of the first series was $320.0 million, with a final maturity of 2046. A portion of the $320.0 million in par amount was allocated to the Community Revitalization Act ("CRA").

The Authority issued its second series of tax-exempt revenue bonds for Baltimore City Public Schools projects on February 7, 2018. The par amount of the second series was $426.4 million with a final maturity of 2047.

Lease and Conditional Purchase Financings

The State has financed and expects to continue to finance the construction and acquisition of various facilities and equipment through conditional purchase, sale-leaseback, and similar transactions. As of December 31, 2018 the total tax-supported capital leases and conditional purchase financing outstanding was $299.4 million. See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – State Tax-Supported Lease and Conditional Purchase Financings" for details of the total tax-supported capital leases outstanding. All of the tax-supported lease payments under these arrangements are subject to annual appropriation by the General Assembly. In the event that appropriations are not made, the State may not be held contractually liable for the payments. These transactions generally are subject to approval by the Board of Public Works.

On December 8, 2011, MEDCO issued $170.9 million in Lease Revenue Bonds to finance the Public Health Lab for use by the Department of Health, in Baltimore City, Maryland. In January 2011, the State sold $40.9 million of certificates of participation ("COPs") to finance the acquisition of video lottery terminals for VLT facilities. These certificates were defeased on March 12, 2015. Local government agencies or other lessors have also issued revenue bonds or sold COPs to finance facilities such as the multi-agency office buildings in St. Mary's County and district court facilities in Prince George's County. MEDCO issued lease revenue bonds in the amount of $36.0 million in June 2002, which were partially refunded in May 2010, to finance the construction of a new headquarters building for the Department of Transportation. In July 2005, the MDTA issued lease revenue bonds in the amount of $23.8 million to finance the costs of a parking facility project for the Annapolis State Office Complex, operated by the Maryland Department of General Services ("DGS"). These bonds were refunded and redeemed in August 2015 through the issuance of an $18.0 million lease revenue refunding bond to a financial institution by a direct bank loan. Lease revenue payable by DGS is pledged for the repayment of the refunding bond.

The State Treasurer's Office consolidates equipment lease-purchases authorized in the budget into periodic lease-purchase agreements for all executive agencies. The State also has a lease-purchase program to provide financing for energy conservation projects at State facilities. Lease payments are made from the agencies' annual utility appropriations from the savings achieved through the implementation of energy performance contracts.

Other Tax-Supported Debt

Bay Restoration Revenue Bonds. During the 2004 Legislative Session, the Maryland General Assembly created the Bay Restoration Fund to be managed by the Water Quality Financing Administration of the Maryland Department of the Environment ("Administration"). Through fiscal year 2012, the Bay Restoration Fund received a mandatory fee of $30 per year per equivalent dwelling unit from users of sewerage systems in the State, as well as $30 per year from septic system users. The Bay Restoration Fund sewer fee generated $54.5 million in revenue (cash basis) during fiscal year 2012. During the 2012 Legislative Session, the fee was increased from $30 per year to $60 per year for most users, effective July 1, 2012. The sewer fee revenues are projected at approximately $110.0 million per year. The sewer fee revenues are pledged, to the extent necessary, as security for Bay Restoration Revenue Bonds issued by the Administration, the proceeds of which will be applied primarily to provide grant funds to upgrade wastewater treatment plants with enhanced nutrient removal technology. The first $50.0 million of Bay Restoration Fund Revenue Bonds were issued on June 25, 2008, followed by another $100.0 million on April 19, 2014 and $180.0 million in November 2015. As of December 31, 2018, the principal amount of outstanding Bay Restoration Revenue Bonds was $273.6 million.

GARVEE Bonds. The MDTA was authorized to issue GARVEE bonds in an amount not to exceed $750.0 million, with a maximum maturity of 12 years. In 2005, the General Assembly authorized funding for the Intercounty Connector highway project to be built in Montgomery and Prince George's Counties. MDTA issued the first series of GARVEE bonds in June 2007 in the amount of $325.0 million, and issued the second and final series of GARVEE bonds, to provide project financing, in December 2008 in the amount of $425.0 million. In March 2019, the Series 2008 GARVEE bonds were refunded and redeemed for debt service savings through the issuance of a $48.9 million refunding bond. The Series 2019 GARVEE refunding bond was issued to a financial institution by a direct bank loan. Debt service is paid from a portion of Maryland's federal highway aid, but in the event such federal aid is insufficient to pay the principal and interest on the GARVEE bonds when due, the taxes levied under Section 3-215 of the Transportation Article of the Annotated Code of Maryland, subject to certain limitations, are pledged to the payment of the GARVEE bonds. However, the lien of the pledge supporting the GARVEE bonds is subordinate to the lien of the pledge of such taxes to the payment of debt service on consolidated transportation bonds. As of December 31, 2018, the principal amount of outstanding GARVEE Bonds was $129.7 million. However, $80.8 million of 2008 and 2017 GARVEE bonds matured on March 1, 2019.

Debt Data

The following tables present, at fiscal year-end, various data showing: (1) the trend of outstanding general obligation debt, its relationship to assessed value of property, personal income, and population, and the trend of general obligation debt service and its relationship to revenues; (2) the trend of outstanding general obligation, transportation, and other State tax-supported debt and debt service and their relationships to the same factors; and (3) the total combined tax-supported debt of the State and debt of Baltimore City and all of the counties, towns, and special taxing districts within Maryland, and various relationships of such local combined debt to the assessed value of property, population and personal income. While the State is not obligated for local unit debt, the combined State and local unit debt ratios demonstrate the total State and local debt obligations relative to statewide assessed values, population and personal income, for general comparison with other states' debt levels.

The Capital Debt Affordability Committee ("CDAC") annually reports ratios for tax-supported debt outstanding compared to personal income and tax-supported debt service compared to revenues. Debt outstanding, personal income, debt service, revenues and population in the following tables are all as reported in the 2018 CDAC report. Because some of the numbers used in the CDAC report are preliminary, they may not agree with more recent figures reported elsewhere in this Official Statement.

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General Obligation Bond Ratios
($ in millions except per capita amounts)

	End of Fiscal Years				
	2014	**2015**	**2016**	**2017**	**2018**
General Obligation Bonds (a).........	$8,362	$8,677	$9,465	$9,334	$9,479
% Change (b).................................	4.4%	3.8%	9.1%	-1.4%	1.6%
Assessed Value (c).........................	$642,572	$669,162	$694,112	$718,707	$744,895
Debt Ratio (d)................................	1.3%	1.3%	1.4%	1.3%	1.3%
Population (e)................................	5,989	6,006	6,016	6,052	6,043
Per Capita Debt	$1,396	$1,445	$1,573	$1,542	$1,569
Personal Income (f)........................	$331,860	$337,174	$348,570	$360,251	$368,258
Debt Ratio (d)................................	2.5%	2.6%	2.7%	2.6%	2.6%
General Obligation Debt Service ...	$981	$1,027	$1,121	$1,183	$1,233
Revenues (g)..................................	$16,354	$17,197	$17,567	$18,035	$19,053
Debt Service Ratio (d)	6.0%	6.0%	6.4%	6.6%	6.5%

Combined State and Local Unit Debt Ratios
($ in millions except per capita amounts)

	2014	**2015**	**2016**	**2017**	**2018**
Outstanding Debt (a)					
State Tax-Supported Debt..................	$11,152	$11,560	$12,543	$12,724	$13,105
Local Debt (i)	21,052	22,162	22,908	24,092(j)	25,231(j)
Total Combined Debt*.......................	$32,192	$33,839	$35,284	$36,361	$38,336
Assessed Value (c)	$642,572	$669,162	$694,112	$718,640	$744,895
Debt Ratio (d)....................................	5.0%	5.0%	5.1%	5.1%	5.1%
Population (e)....................................	5,989	6,006	6,016	6,052	6,043
Per Capita Debt	$5,375	$5,634	$5,968	$6,008	$6,344
Personal Income (f)	$331,860	$337,174	$348,570	$360,251	$368,258
Debt Ratio (d)....................................	9.7%	10.0%	10.1%	10.1%	10.4%

* Totals may not add due to rounding.

(a) Shows amount of debt outstanding at the end of fiscal years shown (June 30) less amounts advance refunded and net of any sinking funds. Local debt includes the debt of Baltimore City, counties, towns, and special districts. Local debt data are derived from compilations by the Department of Legislative Services of data reported by the local units as required by statute.
(b) Shows the percentage of increase or decrease of the dollar values from the preceding year's amount.
(c) Amounts for full value are stated as of January 1, the date assessments are made final for the fiscal year beginning the next July 1.
(d) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(e) Population is stated in thousands.
(f) Personal income is for the calendar year ended December 31 of the year shown. The 2014 figures are estimates.
(g) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, and Education Trust Fund.
(h) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, Education Trust Fund, transportation revenues, lottery revenues transferred to the Stadium Authority, federal capital highway revenues and bay restoration fees.
(i) Includes outstanding debt of component units.
(j) Estimate.

Combined General Obligation, Transportation and Other State Tax-Supported Debt Ratios
($ in millions except per capita amounts)

	End of Fiscal Years				
	2014	**2015**	**2016**	**2017**	**2018**
Outstanding					
General Obligation Bonds (a)	$8,362	$8,677	$9,465	$9,334	$9,479
Transportation Bonds:					
Consolidated Transportation	1,813	2,020	2,146	2,578	2,912
Capital Leases	259	238	225	217	208
Stadium Authority..................................	169	145	125	104	101
GARVEE Bonds	416	349	280	207	130
Bay Restoration Revenue Bonds............	133	130	302	293	274
Total State Tax-Supported Debt*...........	$11,152	$11,560	$12,543	$12,733	$13,105
Assessed Value (c).................................	$642,572	$669,162	$694,112	$718,640	$744,895
Debt Ratio (d)..	1.6%	1.7%	1.7%	1.8%	1.8%
Population (e)..	5,989	6,006	6,016	6,052	6,043
Per Capita Debt.......................................	$1,862	$1,925	$2,085	$2,104	$2,169
Personal Income (f).................................	$331,860	$337,174	$348,570	$360,251	$368,258
Debt Ratio (d)..	3.4%	3.4%	3.6%	3.5%	3.6%
Debt Service..	$1,348	$1,425	$1,549	$1,663	$1,749
Revenues (h)..	$19,662	$20,703	$21,299	$21,084	$22,902
Debt Service Ratio (d)............................	6.9%	6.9%	7.3%	7.5%	7.6%

* Totals may not add due to rounding.
(a) Shows amount of debt outstanding at the end of fiscal years shown (June 30) less amounts advance refunded and net of any sinking funds. Local debt includes the debt of Baltimore City, counties, towns, and special districts. Local debt data are derived from compilations by the Department of Legislative Services of data reported by the local units as required by statute.
(b) Shows the percentage of increase or decrease of the dollar values from the preceding year's amount.
(c) Amounts for full value are stated as of January 1, the date assessments are made final for the fiscal year beginning the next July 1.
(d) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(e) Population is stated in thousands.
(f) Personal income is for the calendar year ended December 31 of the year shown. The 2014 figures are estimates.
(g) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, and Education Trust Fund.
(h) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, Education Trust Fund, transportation revenues, lottery revenues transferred to the Stadium Authority, federal capital highway revenues and bay restoration fees.
(i) Includes outstanding debt of component units.

See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – General Obligation Bonds" for: (1) amounts of the outstanding general obligation bonds of the State at each fiscal year end for the period 2012 through 2018; and (2) for the annual debt service requirements on all outstanding general obligation bonds of the State for future fiscal years.

Capital Programs

General obligation debt is one of several sources of funds used to finance capital assets of the State and to provide State capital grants and repayable loans to local governments and the private sector (see "STATE TAX- SUPPORTED DEBT AND CAPITAL PROGRAM – General Obligation Bonds"). Other types of debt incurred by the State and its units to finance various capital facilities and programs include bonds issued by the Department of Transportation (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Department of Transportation Bonds"), bonds issued by the Maryland Stadium Authority (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Maryland Stadium Authority Bonds") and capital leases for the acquisition of property and equipment (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Lease and Conditional Purchase Financings").

The State has also funded capital projects through current operating revenues and receipts. For example, the Department of Transportation funds roads, bridges, and other transportation facilities from current revenues from dedicated sources; and the Department of Natural Resources constructs waterway improvements, shore erosion and land development projects, purchases land for recreational and conservation purposes, and provides capital grants to local governments from revenues in its operating budget. Furthermore, some operating budgets have included general funds for projects normally eligible for funding by general obligation bonds.

The General Assembly annually enacts a Maryland Consolidated Capital Bond Loan appropriating funds for the various capital programs to be funded through the sale of State general obligation bonds. Once authorized, the projects are implemented by various State agencies, generally under the supervision of the Board of Public Works. Project expenditures are accounted for in the Capital Projects Fund. General obligation bonds are issued as cash is needed to meet project requirements. General obligation bond proceeds are credited to the State and Local Facilities Loan Fund, and cash is transferred to fund capital project expenditures, as needed. For each fiscal year from 2015 through 2019, the following table sets forth the amount of bonds authorized, issued, cancelled, and retired; the cumulative amount of general obligation bonds outstanding; and the cumulative amount of bonds authorized but unissued.

Bonds Authorized, Issued, Cancelled and Retired ($ in thousands)[(a)]

	Activity during Fiscal Year						Status at Fiscal Year End	
		Issued			Principal			
Fiscal Year	Authorized (b)	New	Refunding	Authorizations Cancelled	Redeemed	Refunded	Outstanding*	Authorized but Unissued*
2015	$1,047,625	$1,022,625	$1,015,075	$3,694	$658,368	$1,064,465	$8,677,214	$2,559,720
2016	1,001,680	1,540,625	-	3,307	752,554	-	9,465,285	2,017,467
2017	1,069,823	679,680	465,685	1,345	786,140	490,305	9,334,205	2,406,265
2018	1,075,000	1,079,823	785,340	2,300	835,446	884,515	9,479,407	2,399,142
2019 (c)......	-	510,000	-	943	534,978	-	9,454,429	1,913,199

* Totals may not add due to rounding.
(a) Per the Comptroller's Office.
(b) Amounts shown represent authorizations that become effective in the fiscal year indicated. The normal effective date is June 1, which is in the same fiscal year as the session of the General Assembly enacting the authorization; however, some authorizations are not effective until July 1, which is the first day of the following fiscal year.
(c) As of December 31, 2018.

The following table reflects activity and ending balances in the Capital Projects Fund on a budgetary basis.

Capital Projects Fund ($ in thousands)

Fiscal Year	Beginning Balance	Bond Proceeds (a)	Other (b)	General Fund Appropriation	Project Expenditures	Ending Balance*
2015......................	$268,054	$1,041,386	$198	$1,100	$1,130,105	$180,633
2016	180,633	1,588,984	6,827	15,000	1,229,521	561,923
2017	561,923	679,498	86,342		1,103,925	223,838
2018	223,838	1,079,765	145,454		1,038,855	410,202
2019 (c)	410,202	510,000	45,456		619,621	346,037

* Totals may not add due to rounding.
(a) Includes premiums on the sale of bonds used to pay underwriter's discount and costs of issuance, net of amounts used to pay refunded bonds.
(b) Consists primarily of State property transfer tax revenues and other transfers in (out).
(c) As of December 31, 2018.

The proposed capital budget for fiscal year 2020 authorizes the creation of $1.1 billion in general obligation bond debt. In fiscal year 2020, $326.1 million in general obligation bonds is provided to improve public schools throughout the State, and $387.1 million in general obligation bond funding is provided for new construction of and improvements to state owned facilities. The proposed fiscal year 2020 capital budget also includes $3.5 million in general obligation bond funding towards a Non-Public Aging Schools Program. The capital budget includes an additional $383.3 million to address other capital needs, including Chesapeake Bay restoration, community college facilities, affordable housing, hospital improvements and other important community facilities.

The State's proposed five-year Capital Improvement Program for fiscal years 2020 through 2024 includes $5.5 billion in general obligation bond sale revenue. This includes the Governor's proposed capital improvement program for fiscal year 2020 through 2024 published in January 2019. The State's anticipated capital needs for these fiscal years, included in the January 2019 capital improvement plan, that are to be funded through general obligation bond sales, total $2.4 billion for State-owned facilities, $1.6 billion to improve public schools throughout the State and $1.5 billion for other capital needs. The funded amount, by year, is outlined in the following table.

Governor's Capital Improvement Program

Fiscal Year	State-Owned Facilities	Public School Improvements	Other Capital Needs
		(millions)	
2020	$387.1	$326.1	$376.0
2021	469.3	326.1	299.6
2022	481.7	326.1	291.2
2023	498.8	326.1	290.1
2024	524.5	326.1	274.4
Total	**$2,361.4**	**$1,630.5**	**$1,531.3**

Capital Debt Affordability Committee

The General Assembly created a Capital Debt Affordability Committee (the "CDAC"), the members of which are the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, and one person appointed by the Governor. The Chairs of the Capital Budget Subcommittees of the Senate Budget and Taxation Committee and the House Appropriations Committee participate as non-voting members. The CDAC is required to submit to the Governor by October 1 of each year an estimate of the maximum amount of new general obligation debt that prudently may be authorized. Although the CDAC's responsibilities are advisory only, the Governor is required to give due consideration to the CDAC's finding in preparing a preliminary allocation of new general obligation debt authorizations for the next fiscal year.

As part of its process, the CDAC reviews all tax-supported debt, including general obligation debt, Consolidated Transportation Bonds issued by the Department of Transportation, tax-supported bonds issued by the Maryland Stadium Authority, State tax-supported capital lease transactions, GARVEE Bonds and Bay Restoration Revenue Bonds. The CDAC's most recent report, from October 2018, recommended to the Governor and the General Assembly to limit new general obligation bond authorizations to $995.0 million for fiscal year 2020. The Committee stated that the 2018 recommendation be under $1.0 billion and within the adopted affordability benchmarks of 8% debt service to revenues and 4% debt outstanding to personal income.

The following table compares the CDAC's recommendations for general obligation bond authorizations with the authorizations enacted by the General Assembly during each of the last five sessions.

CDAC's Recommendations for Bond Authorizations
($ in thousands)

General Assembly Session	For Fiscal Year	CDAC Recommendations (A)	Total New Bond Authorizations (a) (B)	General Assembly Deauthorizations of Prior Years' Bond Authorizations (C)	Net Bond Authorizations (B) - (C)	Difference (B) - (C) - (A)
2015	2016	$1,170,000	$1,063,670	$18,670	$1,045,000	($125,000)
2016	2017	995,000	1,005,072	10,072	995,000	0
2017	2018	995,000	1,089,383	24,383	1,065,000	70,000
2018	2019	995,000	1,091,179	16,179	1,075,000	80,000
2019*	2020	995,000	n/a	n/a	n/a	n/a

*as proposed

Total sales of general obligation bonds during the five fiscal years 2015 through 2019 follows:

Total Sales of General Obligation Bonds
Fiscal Years 2015-2019
($ in thousands)

	2015	**2016**	**2017**	**2018**	**2019***
General Construction	$526,918	$882,227	$372,312	$664,973	$304,037
State Public School Construction	353,430	394,903	289,784	399,210	166,969
Other	142,277	263,495	17,584	15,640	38,994
Total	$1,022,625	$1,540,625	$679,680	$1,079,823	$510,000
Refunding....................................	$1,015,075	$0	$465,685	$785,340	$0

*as of December 31, 2018

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MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS

Certain other units of the State government are authorized to borrow money under legislation that expressly provides that the loan obligations shall not be deemed to constitute a debt or a pledge of the faith and credit of the State. The Community Development Administration of the Department of Housing and Community Development, higher education institutions (including the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College), the Maryland Transportation Authority, the Maryland Water Quality Financing Administration, the Maryland Environmental Service and the Maryland Department of Transportation have issued and have outstanding bonds of this type. The principal of and interest on bonds issued by these bodies are payable solely from various sources, principally fees generated from use of the facilities or enterprises financed by the bonds. Outstanding revenue and enterprise debt of these State units, together with their non-State tax-supported lease and conditional purchase financings, amounted to approximately $5.89 billion on December 31, 2018. See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – Revenue and Enterprise Financings" for a summary of outstanding Revenue and Enterprise Financings.

The Department of Budget and Management is required to report annually on the levels of debt issued and outstanding by certain State agencies and to recommend annual debt issuance amounts for those agencies. The Governor may establish the amounts of such debt to be issued during the fiscal year, which amounts may be amended by the Governor.

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STATE DEMOGRAPHIC AND ECONOMIC DATA

Introduction

The following selected economic, social, and employment data may be relevant in evaluating the economic and financial condition of the State; however, this information is not intended to provide all relevant data necessary for a complete evaluation of the State's economic and financial condition.

Maryland is located on the East Coast in the South Atlantic Census Region, and is bordered by Delaware, Pennsylvania, West Virginia, Virginia, and the District of Columbia. Maryland encompasses 12,193 square miles. Ranking 42 among the 50 states in size, Maryland's land area (exclusive of inland waterways and the 1,726 square miles of the Chesapeake Bay) is 9,844 square miles.

Population

According to the 2010 Census, Maryland's population on April 1 of that year was 5,773,552, an increase of 9.0% from the 2000 Census. Maryland's population is concentrated in urban areas. In 2017, the eleven counties and Baltimore City located in the Baltimore-Washington region contained 50.1% of the State's land area and 87.3% of its population. The 2017 population for the Baltimore Metropolitan Statistical Areas was estimated at 2,808,175 and for the Maryland portion of the Washington Metropolitan Statistical Areas, 2,474,790. Overall, Maryland's population per square mile was 612 in 2017. The following table presents estimated population of Maryland and the United States from 2009 - 2018.

Population

	Maryland		United States	
Year	Population	Change	Population	Change
2009	5,730,388	0.8%	306,771,529	0.9%
2010	5,773,552	0.8	308,745,531	0.6
2011	5,838,991	1.1	311,580,009	0.9
2012	5,887,072	0.8	313,874,218	0.7
2013	5,923,704	0.6	316,057,727	0.7
2014	5,958,165	0.6	318,386,421	0.7
2015	5,986,717	0.5	320,742,673	0.7
2016	6,004,692	0.3	323,071,342	0.7
2017	6,024,891	0.3	325,147,121	0.6
2018	6,042,718	0.3	327,167,434	0.6

Source: U.S. Department of Commerce, Bureau of the Census.
Note: Figures are estimates for July 1 of each year.

In addition to population growth, the age distribution of the population has a significant impact on the economy and State revenues. Essentially, realized and expected changes to the age distribution of the population will result in subdued productivity and labor force growth compared to economic expansions of the recent past. Primarily this is due to the fact that the age distribution of the labor force is skewed more towards younger and older workers than in the past, and middle age workers are the most productive and with highest earning on average. In March, 2018, the Bureau of Revenue Estimates released a report titled The Impact of Age Demographics on Maryland's Economic and Tax Revenue Outlook. This report may be obtained online at the following link: http://finances.marylandtaxes.gov/static_files/revenue/BRE_reports/FY_2018/BRE%20Report%20on%20Age%20Demographics.pdf. For 2016, the most recent year for which data is available, the populations of Maryland and the United States were distributed by age as follows:

Age Distribution 2017

Age	Maryland	United States
Under 5 years	6.1%	6.1%
5 through 19 years	18.8	19.1
20 to 44 years	32.9	33.3
45 to 64 years	27.3	25.9
65 years and over	14.9	15.6
	100.0%*	100.0%*

Source: U.S. Department of Commerce, Bureau of the Census.
* Totals may not add due to rounding.

Personal Income

Maryland residents received approximately $368.3 billion in personal income in 2017. Maryland's total personal income increased at a rate of 4.1%, just below the national increase of 4.4%. Per capita income remained significantly above the national average in 2017: $60,847 in Maryland compared with the national average of $51,640. In 2017, Maryland's per capita personal income ranked fifth highest in the nation. Per capita income varies across the State, with the highest incomes in the Washington and Baltimore regions. The table below shows trends in per capita personal income in Maryland and the United States.

Per Capita Personal Income Trends

Year	Maryland	Change	United States	Change	Maryland Ranking
2008	$49,307	3.9%	$40,904	2.7%	4
2009	48,609	-1.4	39,284	-4.0	4
2010	49,862	2.6	40,545	3.2	4
2011	52,229	4.7	42,727	5.4	4
2012	53,320	2.1	44,582	4.3	7
2013	52,792	-1.0	44,826	0.5	7
2014	54,431	3.1	47,025	4.9	8
2015	56,877	4.5	48,940	4.1	7
2016	58,738	3.3	49,831	1.8	5
2017	60,847	3.6	51,640	3.6	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
Note: Rankings do not include the District of Columbia.

Maryland is more reliant on the service and government sectors than the nation as a whole, while the manufacturing sector is much less significant than it is nationwide. As one of the wealthier states, a greater share of personal income is derived from dividends, interest and rent, and a lesser share comes from transfer payments. In 2017, the sources of personal income in the State and the comparable sources of personal income for the nation were as follows:

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Sources of Personal Income
2017
($ in millions)

		Percentage of Personal Income Before Residence Adjustment	
	Maryland	**Maryland**	**United States**
Mining, forestry, fishing	$276	0.1%	0.9%
Construction	16,836	4.9	4.3
Manufacturing	10,669	3.1	6.5
Trade, transportation & utilities	29,740	8.6	10.7
Information services	8,061	2.3	2.5
Finance, insurance & real estate	27,372	7.9	6.8
Professional & business services	47,087	13.7	12.2
Educational & health services	32,294	9.4	9.1
Leisure & hospitality services	11,007	3.2	3.3
Other services	8,923	2.6	2.6
Government			
Federal, civilian	25,826	7.5	2.0
Military	4,026	1.2	0.8
State & local	28,634	8.3	8.6
Farm income	438	0.1	0.4
Earnings by place of work	251,188	72.9	70.7
Less:			
Personal contributions for social insurance	(27,176)	(7.9)	(7.7)
Plus:			
Dividends, Interest and Rent	70,024	20.3	20.0
Transfer Payments	50,568	14.7	17.0
Personal income before residence adjustment	344,605	100.0%*	100.0%*
Residence adjustment	23,654		
Total Personal Income	$ 368,258*		

* Totals may not add due to rounding.
Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Quarterly Personal Income, Series SQ5N).
Note: Total personal income is reported by place of residence; however, income by industry is shown by place of work. The residence adjustment accounts for Maryland residents who work outside the State.

Between 2012 and 2017, total personal income in Maryland has grown 3.2% annually, compared to a national growth rate of 3.7%. During this period, wage and salary income, roughly half of total personal income, has grown at a lower rate in Maryland than nationally. Investment income (income derived from dividends, interest, and rent) also did not keep pace with the nation as a whole. However, proprietors' income and transfer payments grew faster in Maryland than the nation. The difference in growth of the residence adjustment income earned by residents who work outside of Maryland or the nation is not very meaningful, because the residence adjustment is 6.4% of Maryland personal income, but less than two basis points of national personal income.

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Average Annual Growth of Personal Income Components
(2012 through 2017)

	Maryland	United States
Wages and Salaries	3.0%	4.1%
Supplements to Wages and Salaries	3.5	3.6
Proprietors' Income	5.3	2.1
Contributions for Social Insurance	5.5	6.4
Residence Adjustment	0.6	-3.0
Dividends, Interest, and Rent	3.5	4.6
Transfer Payments	4.4	3.9
Total Personal Income	3.2	3.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Annual Personal Income, Series A04).
Note: Total personal income is reported by place of residence; however income by industry is shown by place of work. The residence adjustment accounts for Maryland residents who work outside the State.

While Maryland remains significantly wealthier than the nation as a whole, it should be noted that most of the comparison period in the above table reflects the recovery from the Great Recession. Employment and personal income declined at a lesser rate in Maryland during the depths of the recession. The slower post-recession trajectory for Maryland's principal income measures may be partially a function of the lesser rate of decline; coming out of a deeper trough, the nation as a whole would require higher income and employment growth than Maryland in order to reach potential GDP. Maryland's slower post-recession trajectory also likely reflects the economic hurdles faced during that time frame. Relative to the nation as a whole, Maryland's economy has been disproportionately affected by federal budget uncertainty, federal austerity or sequestration, and higher income tax rates.

More recent economic indicators suggest that the economic drag has lifted for the time being. Since 2015, per capita personal income has grown at a rate greater than or equal to the nation as a whole. GDP growth tells a similar story, as Maryland's growth has been consistent with the nation following the worst of the sequester impacts. Looking forward, there is considerable federal policy uncertainty. Depending on the impact of the policy proposals that may be or have been enacted, Maryland's growth could be negatively, positively, or insignificantly impacted. While recently imposed trade barriers will increase costs for all consumers, Maryland's relatively high wealth and small manufacturing sector likely mean a smaller impact for the State compared to the nation.

Annual Personal Income and Wages and Salaries Growth

	Personal Income		Wages and Salaries	
	Maryland	United States	Maryland	United States
2008	4.5%	3.6%	2.3%	2.2%
2009	-0.6	-3.1	-0.9	-4.4
2010	3.6	4.1	2.2	2.0
2011	5.7	6.2	3.6	4.0
2012	2.9	5.1	3.1	4.6
2013	-0.3	1.3	0.9	2.7
2014	3.8	5.7	3.4	5.1
2015	5.0	4.9	4.6	5.1
2016	3.7	2.6	2.9	2.9
2017	4.1	4.4	3.5	4.6

Source: U.S. Bureau of Economic Analysis.

Employment

Maryland's labor force totaled 3.2 million in 2018, including agricultural and nonagricultural employment, the unemployed, the self-employed and residents who commute to jobs in other states. The government, retail trade, and services sectors (notably professional and business, and educational and health) are the leading areas of employment in the State. In contrast to the nation as a whole, considerably more people in Maryland are employed in the federal government and service sectors and fewer in manufacturing, as shown in the following table:

Distribution of Employment
2018

	Maryland	United States
Construction & mining	6.0%	5.3%
Manufacturing	3.9	8.5
Trade, transportation & utilities	17.1	18.7
Information services	1.3	1.9
Financial activities	5.1	5.8
Professional & business services	16.6	14.1
Educational & health services	17.2	15.9
Leisure & hospitality services	10.2	11.0
Other services	4.2	3.9
Government		
Federal	5.3	1.9
State & local	13.0	13.1
Total	100.0%*	100.0%*

Source: U.S. Department of Labor, Bureau of Labor Statistics.
*Totals may not add due to rounding.

Average Annual Employment Growth
(2013 through 2018)

	Maryland	United States
Construction & mining	2.2%	3.5%
Manufacturing	0.0	1.1
Trade, transportation & utilities	0.8	1.5
Information services	-1.6	0.4
Financial activities	-0.6	1.7
Professional & business services	1.8	2.5
Educational & health services	2.2	2.3
Leisure & hospitality services	1.9	2.8
Other services	0.7	1.3
Government		
Federal	0.0	0.2
State & local	0.0	0.5
Total Non-agricultural Employment	1.1	1.8

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Historical annual employment growth in Maryland's five largest sectors is shown in the table below. Maryland's five largest sectors represented 79.4% of total employment in 2018. As is often the case, government employment in Maryland acted as a stabilizing factor during the recession, but has at times held back overall job growth during the following expansion. For example, federal government employment in Maryland and Washington, DC began to decline in 2017. More recently however, it appears the decline has halted. Pushing in the other direction, federal government purchases of inputs from the private sector increased 10.0% year over year to the second quarter of 2018, the fastest rate of increase since early 2010.

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Annual Employment Growth
Maryland's Five Largest Employment Sectors

	Total Government	Trade, Transportation, & Utilities	Educational & Health Services	Professional & Business Services	Leisure & Hospitality Services	Total MD Employment	Total US Employment
2009	1.2	-5.4	2.7	-3.5	-2.4	-2.9	-4.3
2010	1.4	-0.4	1.7	1.0	-0.3	-0.2	-0.7
2011	0.5	1.4	1.9	3.1	1.6	1.0	1.2
2012	-0.3	1.4	2.4	2.7	4.6	1.2	1.7
2013	0.0	0.3	1.4	1.8	4.0	0.9	1.6
2014	-0.3	1.0	1.2	1.5	2.5	0.9	1.9
2015	0.3	1.6	2.4	1.8	2.8	1.5	2.1
2016	0.0	0.9	2.0	2.0	2.1	1.2	1.8
2017	0.3	0.0	2.6	0.9	2.0	1.0	1.6
2018	-0.4	0.6	2.5	2.6	0.0	0.8	1.6

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Recent employment trends in Maryland are shown in the following table. Maryland's annual unemployment rate in 2018 was higher than the nation as a whole for the first time since state-level records began 42 years ago.

Employment Trends

Year	Unemployment Rate in Maryland	Unemployment Rate in the United States	Growth in Maryland Labor Force	Growth in United States Labor Force
2009	7.0%	9.3%	1.0%	-0.1%
2010	7.7	9.6	1.3	-0.2
2011	7.3	8.9	0.7	-0.2
2012	7.0	8.1	0.7	0.9
2013	6.6	7.4	0.3	0.3
2014	5.8	6.2	0.0	0.3
2015	5.1	5.3	0.7	0.8
2016	4.4	4.9	0.9	1.3
2017	4.1	4.4	1.3	0.7
2018	4.2	3.9	0.3	1.1

Source: Maryland Department of Labor, Licensing and Regulation.
Note: In December 2018, the unemployment rate was 3.9% in both Maryland and the United States.

Federal Government Shutdown

As noted above, Maryland is impacted by the federal government to a greater degree than perhaps any other state, both in terms of employment and economic output. In addition to federal government jobs located within Maryland, many federal government jobs in Washington, DC are held by Maryland residents. Adjusting for commuting patterns, it is estimated that between 230,000 and 245,000 direct federal jobs were held by Maryland residents in 2018. The State's W2 data shows that around 10% of Maryland households had at least one member who received wages from the federal government. Based on a list of funded and unfunded agencies published in Governing.com, it is estimated around 90,000 Marylanders were furloughed or working without pay during the most recent shutdown. Unfortunately, the federal government does not know how many contractors it employs. Estimates by Paul Light of New York University give a ratio of 1.81 contractors for each direct federal employee in 2015, the most recent year available. Direct federal employees receive back-pay whereas it is not known what arrangements contractors have beyond the fact that they do not receive pay from the federal government for hours they did not work.

For direct federal workers, the bi-weekly, or per paycheck, wage loss to Maryland residents is estimated to be $408 million, which translates to $57.5 million in income tax withholding collections. Using data from the Bureau of Labor Statistics Consumer Expenditure Survey as well as Maryland's own tax data, it is estimated that the typical bi-weekly wages of these workers supports around $51 million in taxable consumption, which translates to $3.1 million in sales and use tax collections. Because direct federal employees were paid eventually, some amount of the decrease in consumption was simply delayed rather than foregone. It is important to note that these figures are for direct federal workers only.

Educational Levels

Maryland's workforce is more highly educated than that of the rest of the United States as a whole. As of 2017, the most recent year for which data are available, the percentage of the population (25 years and over) with a bachelor's degree or higher is 39.7% compared to 32.0% for the nation as a whole. Maryland ranks third in the nation in the percentage of its population over 25 with a graduate or professional degree. The percentage of the population with a high school diploma or higher is 89.9% in Maryland compared to 88.0% for the nation as a whole. Maryland's high levels of educational attainment partially explain higher median and average wages in Maryland compared to the nation as a whole. The State's educated labor force facilitates the growth of the professional services and information services sectors.

Educational Attainment of Population 25 Years and Over in 2016

	Maryland	United States
Less than High School	10.1%	12.0%
High School Diploma	24.5	27.1
Some College	18.9	20.4
Associate's Degree	6.8	8.5
Bachelor's Degree	21.3	19.7
Graduate or Professional Degree	18.3	12.3

Source: U.S. Department of Commerce, Census Bureau (American Community Survey).

Assessed Value of Property

Maryland levies a State tax on real property, revenues from which are credited to the Annuity Bond Fund to pay debt service. Through fiscal year 2003 the rate was 8.4 cents per $100 of assessment (21 cents on utility operating property). In fiscal year 2004 the rate was increased to 13.2 cents per $100 of assessment (33 cents on utility operating property). For fiscal years 2007 through 2018 the tax rate has been 11.2 cents per $100 of assessment (28 cents on utility operating property).

Shown below is the assessed value for State purposes of real property as determined by the State Department of Assessments and Taxation. All real property is assessed at full cash value once every three years, with any increase in full cash value phased in over the ensuing three taxable years in equal installments. Any decrease in the full cash value is recognized in full in the next taxable year and held constant for the remaining two taxable years.

Assessed Values of Real Estate
($ in thousands)

Fiscal Year	Real Property	Utility Operating Real Property	Total	Change in Assessed Values
2008	$616,526,923	$1,105,319	$617,632,242	17.2%
2009	706,403,763	1,086,209	707,489,972	14.5
2010	750,498,802	1,069,237	751,568,039	6.2
2011	733,884,066	708,090	734,592,156	-2.3
2012	682,650,240	793,154	683,443,394	-7.0
2013	651,655,464	714,633	652,370,097	-4.5
2014	642,571,751	737,924	643,309,675	-1.4
2015	669,161,466	786,889	669,948,355	4.1
2016	694,111,984	838,059	694,950,043	3.7
2017	718,640,142	889,156	719,529,298	3.5
2018	744,894,989	906,939	745,801,928	3.7
2019	765,259,987	830,780	766,090,767	2.7

Source: State Department of Assessments and Taxation, January 2018.

Note: See also, "STATE FINANCES – State Revenues, Property Taxes and State Property Tax Revenue Estimates."

Residential Real Estate

Residential real estate is particularly important in terms of State borrowing as State property tax revenue is dedicated to paying off principal and interest on general obligation bonds. Since the housing price trough in 2011, median prices have increased for six of the seven years to 2018. Notably, the median price in 2018 is 6.2% less than its 2006 peak and sales volume in 2017 is 21.2% below its 2005 peak. Of course, a return to prior peaks was not expected in the short run in the absence of a housing bubble.

In 2017, the value of all residential unit permits issued increased by 2.9%, while the total number of residential building permits decreased by 4.8%. In 2018, the average monthly active inventory of units for sale decreased 5.5% to 21,106, under half of the peak level of 2008. That follows a 12.9% decrease in active inventory in 2017. Unit sales for 2018 decreased 4.9%, the first decline since 2011, while the median unit price rose 2.9%. The recent decrease in supply and increase in price suggests that the inventory of foreclosures has essentially cleared and is no longer restraining price growth. Indeed, as of the third quarter of 2018, the percentage of loans in foreclosure in Maryland continues to decline and is below levels observed in the late 1990s and early 2000s. On the other hand, recent federal tax changes are expected to decrease the portion of taxpayers who itemize deductions, which will result in fewer people receiving the home mortgage interest deduction. Given historically low interest rates however, the impact may be slight.

Another relevant issue concerning real estate values, and thus property tax revenue, is climate change. Climate change is expected to result in higher sea levels, threatening coastal property. The State's Atlantic coastline is rather short relative to other East Coast states. Assateague Island, a protected barrier island, makes up the majority of Maryland's Atlantic coastline, leaving just over nine miles of developed coastline. However, as noted earlier, the State's boundaries encompass 1,726 square miles of the Chesapeake Bay (the "Bay"), the nation's largest estuary. The Bay coastline faces the twin problems of rising sea levels and subsiding land, owing to geological factors relating to the creation of the Bay and the composition of the soil. Contemporary flood risk and past instances of flooding would clearly reduce the relative value of a property. But economic theory holds that market participants are forward looking as well and price in their expectations of the future. Recent research confirms this tendency for properties that are expected to only be threatened by sea level rise several decades into the future. According to one paper, such homes already sell for an average discount of 6.6% compared to observably identical unexposed properties. The pricing in of future expectations means adjustment will be gradual rather than sudden. It is important to note that coastal properties are still more valuable than non-coastal properties on average and are expected to remain so because owners value the access to coastal amenities they provide.

Aggregate Value of and Building Permits Issued
for Residential Construction in Maryland

Year	Value of Construction in Current Dollars ($ in millions)	Change	Number of Permits Issued	Change
2008	$2,229.7	-40.8%	$13,018	-29.9%
2009	2,089.0	-6.3	11,123	-14.6
2010	1,951.9	-6.6	11,931	7.3
2011	2,204.6	12.9	13,481	13.0
2012	2,409.9	9.3	15,217	12.9
2013	2,811.2	16.7	17,918	17.7
2014	2,889.2	2.8	16,331	-8.9
2015	3,080.6	6.6	17,057	4.4
2016	3,166.8	2.8	17,044	-0.1
2017	3,257.3	2.9	16,224	-4.8

Source: U.S. Department of Commerce, Bureau of the Census.

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Home Sales and Median Home Price

Year	Unit Home Sales	Change	Median Home Price	Change
2009	49,526	11.3%	$257,114	-9.9%
2010	54,416	9.9	245,166	-4.6
2011	51,253	-5.8	228,081	-7.0
2012	54,148	5.6	243,909	6.9
2013	61,191	13.0	257,596	5.6
2014	62,804	2.6	260,112	1.0
2015	73,014	16.3	258,239	-0.7
2016	80,045	9.6	267,928	3.8
2017	82,851	3.5	280,086	4.5
2018	78,762	-4.9	288,347	2.9

Source: Maryland Association of Realtors.

Taxable Retail Sales

Taxable retail sales growth slowed significantly as budget sequestration, the fiscal cliff of 2012, and the expiration of the federal payroll tax reduction weighed on income growth and confidence. Fiscal years 2014 to 2016 saw improvement, though the acceleration was largely attributable to strong vehicle sales. Fiscal years 2015 onward also include sales tax collections from internet retailer Amazon. A slowdown in vehicle sales growth compared to prior years has contributed to a decline in the overall growth rate of 1.5% in fiscal year 2018. Taxable retail sales, like retail sales generally, have been subdued compared to past expansions and are expected to remain so. The recent Supreme Court decision, South Dakota v. Wayfair Inc., allows states to require that remote sellers collect and remit sales tax to the locality in which the customer resides. This ruling will lead to higher sales tax collections in the State; the Bureau of Revenue Estimates expects the revenue impact to grow to around $110 million by FY 2021 and then grow by around 4% annually thereafter.

The following table illustrates the change in taxable sales for fiscal years 2009 through 2018.

Taxable Retail Sales in Maryland
(includes automobile sales)
($ in thousands)

Fiscal Year	Taxable Retail Sales	Change
2009	$72,413,624	-9.6%
2010	71,521,298	-1.2
2011	74,479,247	4.1
2012	76,758,835	3.1
2013	78,254,027	1.9
2014	80,415,065	2.8
2015	84,825,062	5.5
2016	87,778,479	3.5
2017	89,627,253	2.1
2018	90,937,146	1.5

Source: Comptroller of the Treasury, Bureau of Revenue Estimates.
Note: Includes sales and use tax base and motor vehicle excise tax base.

Other Economic Factors

The Port of Baltimore. As one of the largest ports on the East Coast by tonnage, in 2017 the Port of Baltimore handled 38.4 million tons of foreign commerce cargo valued at $53.9 billion. This represented a 20.8% increase in tons from 2016 and an increase in value of 7.9%. Owned by the State but operated by a private entity (Ports America), the Port has capitalized on the widening of the Panama Canal,which permits longer and wider ships to pass. Baltimore is one of a few East Coast ports to have the berth depths and cranes to handle such ships. There is the possibility of a negative impact resulting from an increase in global trade barriers. However, East Coast ports do proportionately more trade with Europe than China, so are less affected by recent tariff increases than West Coast ports. Furthermore, the port benefits from trade regardless of the direction goods move. While trade barriers will make some goods more expensive to import, the overall trade balance is determined by the savings rates of the trading partners involved. When the US has negative savings, it is by definition importing more than it exports (spending more than it earns), and vice versa. Federal policies to date have resulted in higher federal borrowing. If not canceled out by an increase in private savings, these policies will increase the overall trade deficit through higher imports, regardless of the tariff rates on certain goods. Indeed the trade deficit has recently gotten larger. The port conceivably benefits from that increased demand for imports.

Biotechnology. Maryland is well-positioned in the front ranks of the biotechnology field. The State's concentration of higher education and research institutions, particularly medical schools, a thriving pharmaceuticals industry and one of the most highly educated workforces in the country have created growth opportunities for the biotechnology companies that have located or started up here. Further, the State currently offers a biotechnology investment incentive tax credit for investments in qualified Maryland biotechnology companies. The State also provides seed and early-stage equity funding for biotechnology companies through the Maryland Venture Fund. In addition, there are more than 20 business incubators located throughout the State, providing support for the development of biotechnology enterprises.

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LEGAL MATTERS

Legality of the Bonds

The legality of the issuance of the Bonds offered by this Official Statement will be passed upon by the Honorable Brian E. Frosh, Attorney General of Maryland, and by Ballard Spahr LLP, Baltimore, MD, Bond Counsel. However, Bond Counsel will rely upon the opinions of the Attorney General addressed to Bond Counsel with respect to the validity of the specified State loans or installments thereof represented by the Bonds and as to compliance with State law. Delivery of the Bonds is conditioned upon delivery by the Attorney General and Bond Counsel of unqualified opinions substantially in the respective forms set forth in APPENDIX D.

Litigation and Other Matters

The State and its units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Except as noted below, the legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse effect on the State's financial position.

Coalition for Equity & Excellence in Md. Higher Educ., et al. v. Ehrlich, et al. In this case, originally filed in state court on October 13, 2006, and subsequently removed to federal court, the plaintiffs assert various claims for injunctive and declaratory relief alleging a failure to desegregate Maryland's historically black colleges and universities ("HBCUs") in violation of the Equal Protection Clause and Title VI of the Civil Rights Act of 1964, as well as noncompliance with an agreement between the State and the Office of Civil Rights of the U.S. Department of Education. The court granted partial summary judgment in favor of the State on all but three of the plaintiffs' claims. Following a six-week trial that began on January 3, 2012, the court heard closing arguments on October 29, 2012, and issued a ruling as to liability on October 7, 2013. The court found for the defendants on claims relating to operational funding and missions, but found for the plaintiffs on the issue of unnecessary program duplication. The Court proposed "to defer entry of judgment pending mediation or further proceedings if necessary to establish an appropriate remedy." Since the October 2013 ruling, the parties have been in mediation. On May 4, 2015, the defendants filed a motion to certify an interlocutory appeal of the liability finding under 42 U.S.C. § 1292(b), along with a request to stay further district court proceedings pending the outcome of the appeal. On May 5, 2015, the plaintiff's filed a motion for entry of an order adopting an extensive list of remedies. At the request of the defendants, the court extended indefinitely the time for the defendants' response to the plaintiff's remedial proposal, pending the court's ruling on the motion to certify an interlocutory appeal. The Court granted the motion to certify interlocutory appeal in the summer of 2015. The defendants' then filed a permission to appeal in the 4th Circuit for the Court to grant interlocutory review under 28 U.S.C. § 1292(b). On July 29, 2015 the permission to appeal was denied. Defendants filed a report and remedial proposal on November 20, 2015. On December 7, 2015, plaintiffs filed an opposition to defendant's motion for leave to designate supplement witnesses regarding remedies as well as a response to defendants' report and remedial proposals. On February 2, 2016, an order was entered denying plaintiff's motion for judgment and granting defendant's motion for leave to designate supplemental witnesses. Trial was held from January 9, 2017 to February 22, 2017. The court heard closing arguments on June 8, 2017. On November 8, 2017, the Court ordered that the defendants are permanently enjoined and restrained from maintaining vestiges of the prior de jure system of segregation in the form of unnecessary program duplication in the public higher education system in the State of Maryland. A Special Master will be appointed to develop a Remedial Plan and to monitor the implementation of the terms and obligations of the Remedial Order. On November 21, 2017, Plaintiffs filed a motion for attorneys' fees and expenses and on December 6, 2017 the Defendants filed a motion to alter or amend judgment, all of which are pending before the Court. On December 8, 2017, the Defendants appealed to the United States Court of Appeals for the Fourth Circuit. On February 6, 2018, the district court stayed its order pending that appeal. Cross-appeals are now pending in the United State Court of Appeals for the Fourth Circuit, and an oral argument was held on December 11, 2018. On January 2, 2019, following oral argument, the Fourth Circuit ordered the parties to engage in mediation, which must be concluded by April 30, 2019, absent leave of court. Substantial appropriations for programs and related enhancements at the HBCUs may be needed to implement any remedial action.

TAX MATTERS

Federal Tax Exemption

In General. In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the First Series Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the First Series Bonds, assuming the accuracy of the certifications of the State and continuing compliance by the State with the requirements of the Code. Interest on the First Series Bonds is exempt from the individual federal alternative minimum tax. Bond Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Original Issue Premium. The First Series Bonds being offered at a premium ("original issue premium") equal generally to the excess of their public offering price over their principal amount are referred to herein as the "Premium Bonds". For federal income tax purposes, original issue premium is amortizable periodically over the term of a First Series Bond through reductions in the holder's tax basis for the First Series Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

Information Reporting and Backup Withholding. A person making payments of tax-exempt interest to a bondholder is generally required to make an information report of the payments to the Internal Revenue Service and to perform "backup withholding" from the interest if the bondholder does not provide an IRS Form W-9 to the payor. "Backup withholding" means that the payor withholds tax from the interest payments at the backup withholding rate, currently 24%. Form W-9 states the bondholder's taxpayer identification number or basis of exemption from backup withholding.

If a holder purchasing a First Series Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding from the interest on such Bond.

If backup withholding occurs, it does not affect the excludability of the interest on the First Series Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Tax Exemption - State of Maryland Taxation

In the opinion of the Attorney General and of Bond Counsel, under existing law of the State of Maryland, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in the sale or exchange thereof, will be exempt from taxation within the State of Maryland by the State or by any of its political subdivisions, municipal corporations, or public agencies; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied or assessed directly on the Bonds, their transfer, or the income therefrom.

General

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

SALE AT COMPETITIVE BIDDING – FIRST SERIES BONDS

The First Series Bonds were offered by the State for sale by competitive bidding on Tuesday, March 26, 2019, in accordance with the Official Notice of Sale set forth in APPENDIX E.

The interest rates shown on the inside cover page of this Official Statement are the interest rates per annum payable by the State resulting from the award of the First Series Bonds at competitive bidding. The yields or prices shown on the inside cover pages of this Official Statement for Bonds were furnished by the successful bidders for the First Series Bonds. All other information concerning the nature and terms of any reoffering of these Bonds should be obtained from the successful bidders for the First Series Bonds and not from the State.

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OTHER INFORMATION

Report of Independent Public Accountants

The Basic Financial Statements of the State of Maryland for the year ended June 30, 2018, included in the section APPENDIX A – "FINANCIAL STATEMENTS" of this Official Statement have been audited by SB & Company, LLC, independent certified public accountants, as stated in their report appearing therein.

Financial Advisor

Public Resources Advisory Group of New York, NY, is serving as financial advisor to the State for the sale and delivery of the Bonds. Public Resources Advisory Group is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiable instruments.

Ratings

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings have given the Bonds ratings of Aaa, AAA, and AAA, respectively. An explanation of the significance of a particular rating may be obtained from the rating agency furnishing it. The State furnished to the rating agencies the information contained in a preliminary form of this Official Statement and other information. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies, and assumptions. It should be noted that the ratings may be changed at any time and that no assurance can be given that the ratings will not be revised downward or withdrawn by any or all rating agencies, if in the judgment of any or all, circumstances should warrant such actions. Any downward revision or withdrawal of any of the ratings could have an adverse effect on market prices for the Bonds.

The complete rating reports for the State of Maryland referenced above are available at: http://www.treasurer.state.md.us/debtmanagement/rating-agency-reports.aspx

Continuing Disclosure

In order to enable the successful bidders for the Bonds to comply with the requirements of paragraph (b)(5) of the Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, the Board of Public Works will execute and deliver, on or before the date of issuance and delivery of the Bonds, a Continuing Disclosure Agreement, the form of which is attached as APPENDIX F. Potential purchasers should note that certain of the events listed in Section 4(a) of the Continuing Disclosure Agreement have been included for purposes of compliance with Rule 15c2-12 but are not relevant for the Bonds, specifically those events relating to debt service reserves, credit enhancements and liquidity providers, and property or other collateral. As of July 1, 2009, the State files its secondary market disclosures with service established by the Municipal Securities Rulemaking Board known as the Electronic Municipal Market Access ("EMMA") system.

The State has complied in all material respects with its obligations under its existing Continuing Disclosure Agreements executed pursuant to Rule 15c2-12(b)(5) during the last five years.

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Official Statement

This Official Statement has been approved and authorized by the Board of Public Works of Maryland for use in connection with the sale of the Bonds representing the State and Local Facilities Loan of 2019, First Series. The Underwriters and the successful bidders will each be furnished without cost with a sufficient quantity as may be reasonably requested of this Official Statement and of any amendment or supplement that may be issued.

The Board of Public Works has been advised by Ballard Spahr LLP, Baltimore, MD, as Bond Counsel in connection with the issuance of the Bonds. See APPENDIX D to this Official Statement for the forms of the opinions of the Attorney General and Ballard Spahr LLP, Baltimore, MD, to be rendered at the time of delivery of the Bonds. The statement under "LEGAL MATTERS – Litigation" has been passed upon by the Honorable Brian E. Frosh, Attorney General of Maryland, and as to legal conclusions, is stated upon the authority of the Attorney General.

The Official Notice of Sale for the Bonds, attached as APPENDIX E to this Official Statement, set forth the terms and conditions of the public sale and delivery of and payment for the Bonds. Reference is particularly made to the Official Notice of Sale for statements of the legal opinions as to the validity of the Bonds, the legal opinions and other certifications relating to the accuracy and completeness, in all material respects, of the Official Statement, and the other signed documents to be delivered to the successful bidders for the Bonds at or prior to closing as a condition to the bidders' obligations to accept delivery of and to pay for the Bonds.

BOARD OF PUBLIC WORKS OF MARYLAND

/s/ Boyd Rutherford
BOYD RUTHERFORD
Lieutenant Governor

/s/ Peter Franchot
PETER FRANCHOT
Comptroller

/s/ Nancy K. Kopp
NANCY K. KOPP
Treasurer

Annapolis, Maryland
March 26, 2019

APPENDIX A

FINANCIAL AND ACCOUNTING SYSTEM

The financial statements and other financial data contained in this Official Statement have been prepared by the Office of the Comptroller. The financial statements and notes thereto contained on pages A-8 through A-112 have been prepared in accordance with accounting principles generally accepted in the United States and, with respect to the Basic Financial Statements for the year ended June 30, 2018, have been audited by SB & Company, LLC, independent certified public accountants, whose report thereon is included in this Official Statement on pages A-8 to A-10. Pagination references within the body of the financial statements in the CAFR refer to the pages in the CAFR.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its comprehensive annual financial reports for fiscal years 1980 through 2017. In order to be awarded a Certificate of Achievement, a governmental unit must publish a comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In accordance with generally accepted accounting principles, these basic financial statements include Management's Discussion and Analysis, which provides a narrative overview and analysis of the State's financial activities. Furthermore, they include government-wide financial statements, (i.e., the statement of net position and the statement of activities), which provide both short-term and long-term information about the State's financial position. The statement of activities demonstrates the degree to which the direct expenses of a given function of the State's activities are offset by its program revenues. These statements provide statewide financial information distinguished between governmental activities, business-type activities and component units. Included with these statements are reconciliations between the entity-wide statements, prepared on the full accrual basis, and the fund level statements prepared on the modified accrual basis. In addition, there are reconciliations between the fund level and budgetary statements. Detailed information on these accounting policies is provided in the Management's Discussion and Analysis section and in Note 1 of the "Notes to the Financial Statements."

State statutes require an audit of every unit of State government, including the Office of the Comptroller, by the Legislative Auditor at least every four years or more as determined by the Legislative Auditor. The Legislative Auditor is required to be, and is, a certified public accountant. The Legislative Auditor conducts fiscal, compliance, and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits usually are not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

The State maintains accounts on a budgetary basis for each program within an agency, and places strong reliance upon the checks, balances, and controls inherent in the constitutional budgetary system. Under constitutional and statutory requirements, a balanced State Budget must be adopted each year, and expenditures may not be made in excess of appropriations. Agencies must report on an object and program basis to the Office of the Comptroller which, in turn, reports to the Department of Budget and Management, which monitors compliance with the Budget. See "STATE FINANCES – Budgetary System." In addition, for year-end reporting purposes, the State converts its financial statements prepared on a budgetary basis to financial statements prepared in accordance with generally accepted accounting principles.

Although the accounts maintained by the State on a budgetary basis conform in many respects to accounting principles generally accepted in the United States, there are certain departures from these principles that are dictated by statutory requirements and historical practices. The principal departures are the classification of the State's principal funds and the timing of recognition of certain revenues, expenditures, and expenses.

The State's accounting system is maintained by the Comptroller in compliance with State law and in accordance with the State's budgetary funds. In addition to the accounting systems maintained by the Comptroller, certain individual agencies that are not subject to the State Budget maintain accounting systems that permit financial reporting on the basis of generally accepted accounting principles.

For the purpose of reporting its financial activities in accordance with generally accepted accounting principles, at the fund level the State records its activities in Governmental, Proprietary, and Fiduciary Fund types. See Note 1 to "Notes to the Financial Statements." On a budgetary basis, the State reports its financial activities in the General, Special, Federal, Annuity Bond (Debt Service), Capital Projects, and Higher Education, Current Unrestricted and Current Restricted Funds.

The *General Fund* is the fund in which all general transactions of the State are recorded unless otherwise directed by law to be included in another fund. The General Fund includes most of the governmental operating assets, liabilities, revenues, and expenditures. To the extent that the Budget enacted by the General Assembly uses an estimated fund balance at the end of the current fiscal year, in establishing the Budget for the next succeeding year, that amount of General Fund balance existing at June 30 of the current fiscal year is recorded as designated to supplement the new year's Budget. See "STATE FINANCES – Budgetary System."

The *Annuity Bond Fund* (Debt Service Fund) is used to account for all payments of debt service on general obligation bonds.

The *Capital Projects Fund is* a group of accounts, each set up for a particular legislated authorization. The proceeds of general obligation bonds, the transfers from the General Fund, and the expenditures of the funds obtained thereby (which are almost entirely for capital projects) are accounted for in each of the accounts.

The *Federal Funds* are used to account for most grants from the federal government.

The *Special Funds* include the transportation activities of the State, including related indebtedness, except for federal transportation grants, which are accounted for in Federal Funds. In addition to the transportation activities, transactions related to dedicated funds, such as fishery and wildlife funds and shared taxes, are recorded in Special Funds.

The *Higher Education, Current Unrestricted and Current Restricted Funds* are used to account for higher education activities. Higher Education, Current Unrestricted and Current Restricted Funds include all revenues used or available for carrying out the current operations of the State's universities and colleges.

Under budgetary reporting, revenues generally are recognized when cash is received except for (i) significant self-assessed taxes, which are recorded in the period to which they apply, and (ii) federal grants, which are recorded when earned. Expenditures generally are recorded when cash is disbursed or upon the approval of encumbrances against appropriations. At the fund level under generally accepted accounting principles, revenues generally are recognized when earned, subject in certain cases to their availability to fund appropriations. Expenditures and expenses are recognized when liabilities are incurred, subject to certain modifications for interest and principal on general long-term debt, retirement costs, other post-employment benefits, compensated absences, pollution remediation, and claims and judgments. See Note 2 of "Notes to the Financial Statements" for further information concerning the significant accounting policies employed by the State in preparing its financial statements in accordance with accounting principles generally accepted in the United States.

A summary of the effects of fund structure and timing difference on the General Fund balances between the budgetary basis and generally accepted accounting principles basis for fiscal years 2017 and 2018 follows.

	(in thousands)	
	2017	**2018**
Year end fund balance on budgetary basis	$1,283,597	$1,643,804
Fund structure reclassifications	1,510,476	1,619,641
Adjustments to the budgetary accounting system:		
Cash and cash equivalents	(266,944)	70,593
Investments	(102,462)	(206,415)
Other accounts receivable	160,304	181,953
Other assets	21,626	24,741
Accounts payable and accrued liabilities	(1,049,631)	(1,521,405)
Deferred revenue	(198,780)	(79,952)
Year end fund balance on generally accepted accounting principles basis	$1,358,186	$1,732,960

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report ("CAFR") of the State, including the audited Basic Financial Statements, for the fiscal year ended June 30, 2018, has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system and is obtainable from them in accordance with their procedures. The 2018 CAFR is also posted on the Maryland State Treasurer's Office website and can be accessed at http://www.treasurer.state.md.us/media/88527/cafr2018.pdf.

The following reports, each of which are included in the 2018 CAFR and have been posted online at the web address above, are incorporated herein by reference:

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Statement of Activities

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Statement of Fund Net Position

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Notes to the Financial Statements

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Schedule of Employer Contributions for Maryland State Retirement and Pension System

Schedule of Employer Net Pension Liability for Maryland State Retirement and Pension System

Schedule of Employer Contributions for Maryland Transit Administration Pension Plan

Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan

Schedule of Employers Net Pension Liability for Maryland Transit Administration Pension Plan
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SUPPLEMENTARY DEBT SCHEDULES

GENERAL OBLIGATION BONDS

General Obligation Bonds Issued and Outstanding

The following table shows the principal amounts of outstanding general obligation bonds and authorized and unissued amounts: (1) at the end of each fiscal year shown; and (2) adjusted to give the effect of the sale of the First Series Bonds.

	(in thousands)	
As of December 31	**Issued and Outstanding**	**Authorized but Unissued**
2012	$7,541,102	$2,330,440
2013	8,005,803	2,360,643
2014	8,362,347	2,538,414
2015	8,677,214	2,559,720
2016	9,465,285	2,017,467
2017	9,334,205	2,406,265
2018	9,454,429	1,913,199
Current sale	490,000	(490,000)
Refunded Debt	-	-
Pro Forma	$9,944,429	$1,423,199

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Debt Service Requirements on General Obligation Bonds

The following tables show debt service requirements for all general obligation bonds of the State for all current and future fiscal years: (1) as of February 28, 2019; and (2) after giving effect to the issuance of the Bonds. Not included is debt service on general obligation bonds for which United States government obligations sufficient to provide fully for the timely payment of principal, interest, and applicable redemption premium are being held in escrow funds.

Debt Service Requirements on General Obligation Bonds
Actual - General Obligation Bonds Outstanding
($ in thousands)

Fiscal Year	Principal	Gross Interest	Gross Debt Service	Interest Subsidy (a)	Net Debt Service
2019	$337,520	$90,189	$427,709	$(3,603)	$424,106
2020	904,346	389,622	1,293,967	(11,647)	1,282,320
2021	906,958	348,477	1,255,435	(10,873)	1,244,562
2022	920,852	305,694	1,226,546	(10,058)	1,216,488
2023	892,235	261,805	1,154,040	(8,931)	1,145,109
2024	849,404	219,994	1,069,399	(7,469)	1,061,930
2025	850,779	183,124	1,033,903	(5,518)	1,028,385
2026	761,911	147,501	909,413	(2,565)	906,848
2027	675,073	115,040	790,113	(874)	789,239
2028	597,673	89,023	686,697	(213)	686,484
2029	522,348	65,286	587,634	-	587,634
2030	448,630	44,017	492,647	-	492,647
2031	362,982	26,786	389,768	-	389,768
2032	216,754	13,134	229,888	-	229,888
2033	156,157	5,459	161,616	-	161,616
2034	50,805	1,016	51,821	-	51,821
Total *	$9,454,429	$2,306,167	$11,760,596	$(61,751)	$11,698,845

Debt Service Following Issuance of 2019 First Series Bonds
($ in thousands)

Fiscal Year	Principal	Gross Interest	Gross Debt Service	Interest Subsidy (a)	Net Debt Service
2019	$337,520	$90,189	$427,709	$(3,603)	$424,106
2020	904,346	411,141	1,315,487	(11,647)	1,303,840
2021	906,958	371,533	1,278,491	(10,873)	1,267,618
2022	948,607	328,751	1,277,358	(10,058)	1,267,300
2023	921,380	283,473	1,204,854	(8,931)	1,195,923
2024	880,004	240,206	1,120,210	(7,469)	1,112,741
2025	882,909	201,806	1,084,715	(5,518)	1,079,197
2026	795,646	164,576	960,223	(2,565)	957,658
2027	710,498	130,428	840,927	(874)	840,053
2028	634,868	102,640	737,509	(213)	737,296
2029	561,403	77,043	638,446	-	638,446
2030	489,635	53,821	543,456	-	543,456
2031	406,042	34,540	440,582	-	440,582
2032	261,964	18,735	280,699	-	280,699
2033	203,177	8,800	211,977	-	211,977
2034	99,470	2,476	101,946	-	101,946
Total*	$9,944,429	$2,520,160	$12,464,589	$(61,751))	$12,402,838

*Totals may not add due to rounding.
(a) Interest Subsidy is the original Federal Subsidy for certain qualified bonds. Due to federal budget sequestration, federal direct pay subsidies to the State for ARRA Bonds were subject to reductions since March 1, 2013.

MARYLAND STADIUM AUTHORITY

Lease Revenue Debt Outstanding as of December 31, 2018

The following table shows the lease revenue debt of the Maryland Stadium Authority outstanding as of December 31, 2018, the uses of the proceeds thereof, and the sources of repayment of the debt. Project descriptions follow.

Use of Proceeds	Source of Repayment	Principal Amount Outstanding as of December 31, 2018 ($ in thousands)
Bonds Outstanding		
Oriole Park at Camden Yards (a)	Lease Payments/ Operating Revenues	$23,905
Ravens Stadium	Lease Payments	40,325
Hippodrome Theater	Lease Payments	5,970
Montgomery County Conference Center	Lease Payments	7,900
Camden Station Renovation	Lease Payments	4,055
Capital Leases Outstanding		
Oriole Park at Camden Yards (Energy)	Operating Revenues	2,782
Ravens Stadium (Energy)	Operating Revenues	1,072
Total Debt Outstanding (a)		$86,009

(a) Total includes $10.7 million of lease revenue bonds that are not tax-supported. Therefore, the total tax-supported debt of the Maryland Stadium Authority is $75.3 million as of December 31, 2018. See “STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Tax-Supported Debt Outstanding.”

Project Descriptions

Oriole Park at Camden Yards. Currently the Maryland Stadium Authority (“Authority”) operates Oriole Park at Camden Yards, which opened in 1992. In connection with the construction of that facility, the Authority issued $155.0 million in notes and bonds. In October 1993, the Authority entered into an agreement to implement a synthetic fixed rate refinancing of the sports facility bonds using a combination of variable rate refunding obligations and forward interest rate exchange agreements. As provided under the agreements, savings of $15.5 million was paid to the Authority on April 1, 1996. In accordance with this agreement and in consideration for the prior payment of the savings, the Authority issued its $17.9 million Sports Facilities Lease Revenue Refunding Bonds Series 1998A in December 1998 to refund its outstanding Sports Facility Lease Revenue Bonds Series 1989C, and issued its $121.0 million Sports Facilities Lease Revenue Refunding Bonds Series 1999 in December 1999 to refund its Sports Facilities Lease Revenue Bonds Series 1989D.

In December 2011, the Authority terminated the 1998 synthetic fixed rate refinancing with AIG Financial Products (“AIG-FP”), which required payment of a termination fee in the amount of $19.7 million. The variable rate debt associated with the synthetic fixed rate refinancing was called and replaced with the Sports Facilities Lease Revenue Refunding Bonds Series 2011A Bonds in the amount of $31.4 million. The federally taxable proceeds of the Series 2011A Bonds were used to defease the Series 1998A Bonds, and to pay the termination fee due to AIG-FP, underwriter’s costs and issuance costs. The Authority also issued the Sports Facilities Lease Revenue Refunding Bonds Series 2011B in the amount of $62.9 million, whose tax-exempt proceeds and premium of $7.7 million were used to defease the Series 1999 Bonds. The amounts outstanding as of December 31, 2018 are $4.2 million for the Series 2011A Bonds and $9.0 million for the Series 2011B Bonds.

The Authority's notes and bonds are lease-backed revenue obligations, the payment of which is secured by, among other things, an assignment of revenues received under a lease of Oriole Park at Camden Yards from the Authority to the State. The rental payments due from the State under that lease are subject to annual appropriation by the General Assembly. Revenues to fund the lease payments are generated from a variety of sources, including in each year revenues from sports lotteries, the net operating revenues of the Authority, and $1.0 million from the City of Baltimore.

In April 2010, the Authority issued the Sports Facilities Taxable Revenue Bonds, Series 2010 Bonds, in the amount of $10.0 million. The proceeds were used for capital repairs to Oriole Park at Camden Yards and to fund a debt service reserve account. The Series 2010 Bonds matured on December 15, 2013 and were refinanced with the Sports Facilities Taxable Revenue Bonds Series 2013. The amount outstanding for the Series 2013 as of December 31, 2018 totaled $4.6 million.

In August 2011, the Authority issued the Sports Facilities Taxable Revenue Bonds, Series 2011 Bonds, in the amount of $11.1 million. The proceeds were used for capital repairs to the warehouse located at the Camden Yards Complex. The Series 2011 Bonds matured on December 15, 2014 and were refinanced with the Sports Facilities Taxable Revenue Bonds, Series 2014. The amount outstanding as of December 31, 2018 totaled $6.1 million.

On January 23, 2019, the Board of Public Works approved the issuing of revenue bonds in a principal amount not to exceed $55 million (Series 2019 Bonds), the proceeds of which will be used to finance capital improvement projects at the Camden Yards Sports Complex (2019 Capital Improvement Projects). The bonds are expected to be issued in two series and debt service will be secured by, and payable from, lease payments appropriated each year by the General Assembly (State Lease Revenues) pursuant to the terms of Master Leases and Sub-leases by and between the Authority and the State.

Annual debt service on the Authority's total bond obligations for Oriole Park at Camden Yards is $15.6 million and the amount outstanding as of December 31, 2018 totaled $23.9 million.

In November 2009, the Authority entered into a contract with Pepco Energy Services to provide $6.0 million of energy upgrades and enhancements to Oriole Park at Camden Yards and the adjoining warehouse. The Authority is financing the upgrades and enhancements under the State's Energy Performance Contract Lease-Purchase Program over 12 years. Some of the upgrades and enhancements include the replacement of a chiller and cooling tower, replacement of light fixtures and upgrades to the generator plant. The outstanding balance as of December 31, 2018 was $2.8 million.

Ravens Stadium. The Authority currently operates Ravens Stadium, which opened in 1998. In connection with the construction of that facility, the Authority sold $87.6 million in lease-backed revenue bonds on May 1, 1996 for Ravens Stadium. The proceeds from the Authority's bonds, along with cash available from State lottery proceeds, investment earnings, contributions from the Ravens and other sources were used to pay project design and construction expenses of approximately $229.0 million. The bonds are solely secured by an assignment of revenues received under a lease of the project from the Authority to the State. In June 1998, the Authority entered into an agreement to implement a synthetic fixed rate refinancing of the football lease-backed revenue bonds using a combination of variable rate refunding obligations and forward interest rate exchange agreements. As provided under the agreements, savings of $2.6 million were paid to the Authority on June 10, 1998. The Authority issued Authority Sports Facilities Lease Revenue Refunding Bonds Football Stadium Issue Series 2007 in the amount of $73.5 million of which $73.1 million was used to call the outstanding principal balance on the 1996 Series Bonds on March 1, 2007. The balance of the proceeds, $375,000, was used for closing costs. The 1996 Series Bonds were called on March 1, 2007 in accordance with the swap agreement. The Authority's debt service is $6.5 million annually. The bonds outstanding as of December 31, 2018 totaled $40.3 million.

In November 2009, the Authority entered into a contract with Pepco Energy Services to provide energy upgrades and enhancements to Ravens Stadium. The energy upgrades and enhancements will cost approximately $2.5 million. The Authority is financing the upgrades and enhancements under the State's Energy Performance Contract Lease-Purchase Program over 12 years. The outstanding balance as of December 31, 2018 was $1.1 million.

Hippodrome Theater. In July 2002, the Authority issued $20.3 million in taxable lease-backed revenue bonds in connection with the renovation and construction of the Hippodrome Theater as part of Baltimore City's West Side Development. The cost of renovating the theater was $63.0 million and was financed by various public and private sources. The Authority does not have any operating risk for the project which was completed in February 2004.

In July 2012, the Authority issued the Taxable Lease Revenue Refunding Bonds, Series 2012 in the amount of $14.1 million. The Authority used $13.7 million to call the Taxable Lease-Backed Revenue Bonds, Series 2002 and the balance was used for transactional costs. The annual debt service on the Taxable Lease Revenue Refunding Bonds, Series 2012 is approximately $1.6 million annually. The bonds outstanding as of December 31, 2018 totaled $6.0 million.

Montgomery County Conference Center. In January 2003, the Authority issued $23.2 million in lease-backed revenue bonds in connection with the construction of a conference center in Montgomery County. The conference center is adjacent and physically connected to a Marriott Hotel, which has been privately financed. The center cost $33.5 million and was financed through a combination of funding from Montgomery County and the Authority. The Authority does not have any operating risk.

In November 2012, the Authority refinanced the final 10 years of maturities on the lease-backed revenue bonds, Series 2003 totaling $15.0 million. The Authority issued the Lease Revenue Refunding Bonds, Series 2012 in the amount of $12.9 million generating $2.9 million in premium with $15.6 million being used to call the Series 2003 Bonds, in June 2013 and the balance used for transactional costs. The annual debt service on the Series 2012 Bonds is approximately $1.6 million annually. The amount outstanding as of December 31, 2018 totaled $7.9 million.

Camden Station Renovation. In February 2004, the Authority issued $8.7 million in taxable lease-backed revenue bonds in connection with the renovation of the historic Camden Station located at the Camden Yards Complex in Baltimore, Maryland. The cost of the renovation was $8.0 million. To date, lease payments have not been sufficient to cover debt service on the bonds and the shortfall has been subsidized by the Authority. The average annual debt service for these bonds is $0.8 million. Bonds outstanding as of December 31, 2018 totaled $4.1 million.

Baltimore City Public Schools. In April 2016, the Authority issued $320.0 million in tax-exempt revenue bonds in connection with the replacement and renovation of 11 Baltimore City Public Schools. This is the inaugural series of bonds with the proceeds going towards the overall cost of approximately $531.2 million. The security pledge for the bonds are three revenue sources, $20.0 million each, from the City of Baltimore, Baltimore City Public Schools and Lottery revenues from the State of Maryland for a total of $60 million annually. The transaction generated approximately $66.0 million in premium that will be used for project costs. The annual debt service is approximately $20.8 million. Bonds outstanding as of December 31, 2018 totaled $310.0 million.

In February 2018, the Authority issued the second series of tax-exempt revenues bonds in connection with the replacement and renovation of Baltimore City Public Schools. The par amount of the second series was $426.44 million. The proceeds will be used to complete all but one of the first 11 schools with the balance being used for the replacement and renovation of an additional 17 schools. The security pledge for the bonds is the same as the first series. The transaction generated about $70.0 million in premium that will be used for the project costs. The annual debt service is approximately $27.3 million. Bonds outstanding as of December 31, 2018 totaled $418.8 million.

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State Tax-Supported Lease and Conditional Purchase Financings

Lease and Conditional Purchase Financings Outstanding as of December 31, 2018

The following table shows, by State agency, State tax-supported capital lease and conditional purchase financings, the facilities financed, and the principal amount outstanding at December 31, 2018.

State Agency	Facilities Financed	Principal Amount Outstanding as of December 31, 2018 ($ in thousands)
Department of Transportation	Headquarters office building	$10,095
Department of General Services	Hilton Street Facility	0
	Prince George's County Justice Center	13,279
Department of Health	Public Health Lab	136,645
Various State Agencies	Energy performance projects	109,302[1]
Various State Agencies	Communications, data processing, and other equipment	13,283
Maryland Transportation Authority	State office parking facility	16,750
Total		$299,354

[1]This includes all Energy Performance Contract ("EPC") lease financings. As of December 31, 2018, $63.0 million of the outstanding EPC lease financings had guaranteed energy savings equal to or greater than corresponding lease debt service. The Capital Debt Affordability Committee ("CDAC") does not include such EPC lease financings in the calculation of total tax-supported debt outstanding.

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REVENUE AND ENTERPRISE FINANCINGS

Revenue and Enterprise Financings Outstanding as of December 31, 2018[(a)]

The following table shows, by issuing agency, certain revenue and enterprise non-tax-supported debt outstanding as of December 31, 2018, the facilities financed, and the sources of repayment of the debt.

Agency	Facilities Financed	Source of Repayment	Principal Amount Outstanding as of December 31, 2018 ($ in thousands)
Higher Education (b)			
University System of Maryland	Academic facilities, Student Housing, parking facilities, and equipment	Tuition and auxiliary enterprise facilities revenues	$1,146,935
	Communication, data processing, and other equipment	Operating revenues	25,408
Morgan State University	Student housing	Student fees	5,695
	Student Center/Stadium/Fine Art and Boiler	Student fees and MHEC (c)	21,290
St. Mary's College of Maryland	Student housing/ campus center and athletic facility	Academic fees and auxiliary facilities fees	25,760
Community Development Administration of the Department of Housing and Community Development	Mortgage and construction loans	Mortgage repayments and sales	2,285,902
	Loans to local governments for infrastructure projects	Loan repayments	189,635
Maryland Environmental Service	Landfill projects	Tipping fees	25,972
	Equipment	Operating revenues	2,426
Maryland Transportation Authority	Bridges, tunnels, and highways	Tolls	1,552,813
	Parking garage at BWI	Parking revenues	125,515
	Car rental facility	Customer facility charges	81,080
	Improvements at BWI Airport	Passenger facility charges	181,425
	WMATA Metrorail parking facility	Lease rental payments	20,685
Maryland Water Quality Financing Administration	Loans to local governments for water pollution control facilities	Loan repayments	20,320
Maryland Department of Transportation			
Maryland Aviation Administration	BWI renovations, de-icing ramp	Lease revenues	10,110
	BWI Piers A&B (d)	Airline rentals and concession revenues	136,455
Maryland Transit Administration	MARC rail station parking garage	Parking revenues	7,030
Maryland Port Administration	Warehouse Facility South Locust Point Terminal (e)	Lease revenues	11,855
Total			$5,890,356

(a) The table does not include (i) debt of certain authorities that, under criteria prescribed by the Governmental Accounting Standards Board, are not considered State entities for financial reporting purposes including debt described in this Appendix B under "Maryland Stadium Authority" or (ii) debt for which United States government obligations sufficient to provide fully for the timely payment of principal, interest, and applicable redemption premium are being held in escrow funds.

(b) As of December 31, 2018, the outstanding capital leases financed by the State Treasurer's Office (including capitalized interest) for University System of Maryland, Morgan State University, and St. Mary's College of Maryland were $13.5 million, $0.59 million, and $0.44 million, respectively.

(c) In September 2012, Morgan State University issued $29,230,000 Academic Fees and Auxiliary Facilities Fees Revenue Refunding Bonds. Included in the 2012 Bonds is $2,675,000 for a Boiler, funded through the Maryland Higher Education Commission ("MHEC"). MHEC has included sufficient funds in its annual grants to Morgan State University to pay the debt service on these Academic Facilities Bonds.

(d) The BWI Piers A & B financing was refunded by MEDCO in October 2012.

(e) The MPA Warehouse Facility financing at the South Locust Point Terminal was refunded in December 2016.

Descriptions of Revenue and Enterprise Financings

Higher Education Institutions. Legislation limits the aggregate principal amount of revenue bonds outstanding and the present value of capital lease payments, less the amount of any reserves established therefore, for academic or auxiliary facilities; effective June 1, 2011 the limits are $1.4 billion for the University System of Maryland, $88.0 million for Morgan State University, $60.0 million for St. Mary's College of Maryland, and $65.0 million for Baltimore City Community College. As of December 31, 2018, outstanding debt and lease purchase financings of the University System of Maryland, Morgan State University, and St. Mary's College of Maryland was $1.2 billion, $41.7 million, and $26.2 million, respectively. Lease and conditional purchase financings have been used for facilities at various colleges and universities.

Community Development Administration. The Community Development Administration ("CDA"), a unit within the Department of Housing and Community Development, is responsible for housing finance and assistance programs. CDA issues bonds and notes to provide funding for various home ownership and rental housing loan programs. The debt service on CDA's revenue bonds and notes generally is paid from mortgage repayments. As of December 31, 2018, $2.3 billion of these bonds and notes were outstanding. CDA also issues bonds to provide loans to local governments for various infrastructure projects. The bonds are secured by the general obligation pledges of the participating local governments. As of December 31, 2018, $189.6 million of these bonds were outstanding.

Maryland Environmental Service. The Maryland Environmental Service ("MES") was established in 1993 to provide water supply, wastewater treatment, and waste management services to State agencies, local governments, and private entities. MES is authorized to issue revenue bonds secured by the revenue derived from its various facilities and projects. In February 2011 MES issued the Midshore II Regional Landfill Project Revenue Bonds in the amount of $18.3 million. In April 2011, the MES Water Quality Bond, Series 2011A in the amount of $2.0 million was issued in connection with the closure and capping of the Hobbs Road Landfill. In May 2014, MES issued the Midshore II Revenue Bonds 2014 Series in the amount of $4.5 million for the construction of a new cell. Repayment of the bond is derived from operating revenues of the Midshore II Landfill. MES issued $8.9 million in tax-exempt bonds in July of 2018 for the purpose of financing the cost of Midshore II Regional Landfill Project Cell #3, to improve or increase the disposal capacity of the Midshore II Landfill. Outstanding debt of MES amounted to $28.4 million as of December 31, 2018.

Maryland Transportation Authority. The Maryland Transportation Authority ("MDTA") of which the Secretary of Transportation is Chairman, is responsible for the administration of the various toll revenue facilities, which consist of bridges over the Susquehanna, Patapsco, and Potomac Rivers and the Chesapeake Bay; two tunnels under the Baltimore Harbor; the John F. Kennedy Memorial Highway (including the I-95 Express Toll Lanes); and the Intercounty Connector ("ICC"). The tolls and other revenues received from these facilities are pledged as security for revenue bonds of the MDTA issued under and secured by a second amended and restated trust agreement dated as of September 1, 2007, as further supplemented, between the MDTA and a corporate trustee. Under separate supplemental trust agreements, the MDTA issued $549.4 million of revenue bonds in December 2009, $326.4 million in July 2010, and $67.6 million in February 2012 to partially refund its 2004 Series bonds. In July 2017, MDTA issued $169.6 million of revenue refunding bonds to fully redeem the Series 2007 revenue bonds. In addition, in October 2010 the MDTA began monthly draws pursuant to a secured loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA"). The $516.0 million TIFIA loan, which provided funding for the ICC, is also evidenced by a revenue bond that was issued pursuant to a supplemental trust agreement. As of December 31, 2018, the MDTA's outstanding TIFIA loan balance had declined to $506.4 million.

In March 2002, the MDTA issued revenue bonds in the amount of $264.1 million for the construction of projects at BWI and these bonds were refunded and redeemed on April 25, 2012 through the issuance of $190.6 million of refunding bonds. Parking revenues are pledged for the repayment of the refunding bonds. In June 2002, the MDTA issued revenue bonds in the amount of $117.3 million for construction of a consolidated rental car facility at BWI. Customer facility charge revenues on rental cars are pledged for the repayment of the bonds. In December 2003, April 2012, December 2012 and December 2014, the MDTA issued revenue bonds in the amount of $69.7 million, $50.9 million, $135.5 million and $40.0 million, respectively, for the construction of additional projects at BWI. Passenger facility charge revenues are pledged for the payment of these bonds, except that the Series 2003 bonds matured and are no longer outstanding. In June 2004, the MDTA issued lease revenue bonds in the amount of $40.0 million to finance the costs of parking facilities projects at certain Metrorail stations operated by the Washington Metropolitan Area Transit Authority ("WMATA"), and these bonds were refunded and redeemed on October 8, 2014 through the issuance of $27.2 million of refunding bonds. Lease revenue payable by WMATA and other amounts from Prince George's County are pledged for the repayment of the refunding bonds.

As of December 31, 2018, $2.0 billion of the MDTA's revenue and enterprise financings were outstanding under various trust agreements, including the TIFIA loan.

Maryland Water Quality Financing Administration. The Water Quality Financing Administration in the Department of the Environment administers the Water Quality and Drinking Water Revolving Loan Funds (the "Funds"). The Funds may be used to provide loans, subsidies, and other forms of financial assistance to local government units and private entities for wastewater and drinking water projects as provided by the federal Water Pollution Control Act and the federal Safe Drinking Water Act.

The Administration is authorized to issue bonds secured by revenues of the Funds, including loan repayments, fees, federal capitalization grants, and matching State grants. As of December 31, 2018, $20.4 million of the Administration's revenue bonds were outstanding.

Units of the Maryland Department of Transportation

Revenues from the following projects financed for units of the Maryland Department of Transportation ("Department") are pledged to the payment of principal and interest on the respective bonds and certificates; therefore, these financings are also not considered to be tax-supported.

Maryland Aviation Administration ("MAA"). MAA and the Department entered into a conditional purchase agreement to provide financing for capital improvements at BWI and sold $42.8 million certificates of participation ("COPs") for various MAA projects in May 1999. The MAA Series 1999 was refunded in December 2010 for $19.6 million. As of December 31, 2018, $10.1 million of the COPs were outstanding. In addition on March 6, 2019, the Department sold 23.5 million COPs to finance the acquisition of buses for shuttle services between the main terminal and various parking sites at BWI. The anticipated close date for the COPs sale is March 27, 2019.

In April 2003, MEDCO issued lease revenue bonds in the amount of $223.7 million to finance the expansion and renovation of Piers A and B and the Terminal building at BWI. The Department records this financing as a capital lease, which is subject to annual appropriation by the General Assembly. Airline rentals and concession revenues are pledged to the payment of principal and interest on the bonds; therefore, this financing is not considered tax-supported. The MEDCO Series 2003 was refunded in October 2012. As of December 31, 2018, $136.5 million were outstanding.

Maryland Transit Administration ("MTA"). MTA and the Department entered into a conditional purchase agreement in fiscal year 2001 to provide financing to expand parking in the vicinity of BWI at the Maryland Rail Commuter BWI rail station and sold $33.0 million COPs in October 2000. The MTA Series 2000 was refunded in December 2010 for $13.1 million. As of December 31, 2018, $7.0 million of the COPs were outstanding.

Maryland Port Administration ("MPA"). The Department entered into a conditional purchase agreement in fiscal year 2006 to provide financing to construct a warehouse at the South Locust Point Terminal, and the Department sold $26.5 million Project Certificates of Participation in June 2006. The MPA Series 2006 financing was refunded in December 2016. As of December 31, 2018, $11.9 million of the COPs were outstanding.

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APPENDIX C

Supplementary Revenue Schedules

STATE OF MARYLAND

Comparison of Combined General, Special, Federal, and Higher Education Funds Revenue Estimates and Collections

The following table shows, on a net budgetary basis, a comparison between the original revenue estimate (made 19 months before the end of the fiscal year), the revised revenue estimate (made seven months before the end of the fiscal year and reviewed four months before the end of the fiscal year), and the actual revenue collections for the combined General, Special, Federal, and Higher Education Funds for the four fiscal years ended June 30.

	(in millions) Fiscal Year 2015			(in millions) Fiscal Year 2016			(in millions) Fiscal Year 2017			(in millions) Fiscal Year 2018		
	Original Estimate	**Revised Estimate**	**Actual Collections**	**Original Estimate**	**Revised Estimate**	**Actual Collections**	**Original Estimate**	**Revised Estimate**	**Actual Collections**	**Original Estimate**	**Revised Estimate**	**Actual Collections**
Income Taxes	$9,562.1	$9,159.4	$9,349.7	$9,690.2	$9,898.0	$9,646.6	$10,376.7	$9,930.5	$9,019.3	$10,434.9	$10,312.5	$10,541.0
Sales and Use Taxes...........	4,435.7	4,395.6	4,409.9	4,602.3	4,510.3	4,504.2	4,734.4	4,656.3	4,609.5	4,810.9	4,611.7	4,716.2
Motor Vehicle User Taxes, Fees	2,437.2	2,405.0	2,477.9	2,571.8	2,650.4	2,650.0	2,807.0	2,695.9	2,752.5	2,726.4	2,702.1	2,724.9
Property, Franchise, Excise Taxes.............................	2,216.6	2,294.1	2,121.7	2,171.8	2,258.9	2,171.7	2,226.2	2,199.2	2,224.9	2,240.5	2,369.0	2,279.7
Sundry Fees, Licenses, Charges	9,685.2	9,818.3	9,320.2	9,717.5	9,434.1	9,470.3	10,022.8	10,728.0	10,911.9	10,406.3	10,344.6	10,946.2
Federal	10,556.6	11,841.3	11,084.7	11,620.5	11,499.1	11,223.8	12,100.0	12,877.1	12,018.4	12,970.2	13,124.1	13,091.5
Total*	$38,893.5	$39,913.6	$38,764.3	$40,374.0	$40,250.9	$39,666.6	$42,267.0	$43,087.0	$41,536.5	$43,589.3	$43,463.9	$44,299.3

*Totals may not add due to rounding.

Notes: The estimates and actuals exclude transfers and other actions appearing on page C-3 as extraordinary transfers. Federal revenues are generally recognized to the extent related expenditures chargeable to the federal grant have been recognized.

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STATE OF MARYLAND

Comparison of General Fund Revenue Estimates and Collections

The following table shows, on a budgetary basis, a comparison between the original revenue estimate (made 19 months before the end of the fiscal year), the revised revenue estimate (made seven months before the end of the fiscal year and revised four months before the end of the fiscal year), and the actual revenue collections for the four years ended June 30.

	(in millions) Fiscal Year 2015			(in millions) Fiscal Year 2016			(in millions) Fiscal Year 2017			(in millions) Fiscal Year 2018		
	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections
Income Taxes	$8,551.0	$8,936.0	$9,123.5	$8,628.7	$9,645.8	$9,392.1	$9,273.2	$8,942.4	$9,019.3	$10,219.7	$10,104.2	$10,328.2
Sales and Use Taxes	4,365.2	4,334.8	$4,350.7	4,529.5	4,449.7	4,444.5	4,662.3	4,587.3	4,539.3	4,741.2	4,611.7	4,645.8
Motor Vehicle User Taxes, Fees	5.0	5.0	5.0	4.6	4.6	4.6	0.0	0.0	0.0	0.0	0.0	0.0
Property, Franchise, Excise Taxes	1,200.9	1,351.5	1,352.1	1,174.7	1,318.4	1,313.9	1,165.1	1,151.8	1,204.6	1,108.7	1,190.2	1,251.5
Sundry Fees, Licenses, Charges	1,830.1	1,023.0	1,030.7	1,849.1	975.0	990.9	1,927.7	1,874.0	1,878.2	1,055.2	1,063.4	1,080.6
Federal	53.1	58.1	60.5	58.6	54.7	52.1	53.6	52.9	57.3	55.6	63.8	66.4
Total *	$16,005.3	$15,708.4	$15,922.6	$16,245.2	$16,448.1	$16,198.0	$17,081.9	$16,608.4	$16,698.7	$17,180.3	$17,033.2	$17,372.5

*Totals may not add due to rounding.

Notes: The estimates and actuals exclude transfers and other actions appearing on page C-3 as extraordinary transfers. Federal revenues are generally recognized to the extent related expenditures chargeable to the federal grant have been recognized.

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STATE OF MARYLAND

Summary of Revenues by Source (a)

The following table shows, on a net budgetary basis, the trend of the operating revenues of the principal sources of funds of the State for the last four fiscal years ended June 30, and the most recent estimate for the current fiscal year ending June 30. See the footnotes to the summary table of revenues in "STATE REVENUES" for certain information essential to the evaluation of the following data.

($ in millions)

	Fiscal Year				
	2015	2016	2017	2018	Estimated 2019(a)
Income Taxes					
Individuals (b)	$8,346.1	$8,517.6	$9,019.3	$9,507.8	$10,064.6
Corporations	1,003.6	1,129.0	1,001.9	1,033.2	1,206.5
Total	9,349.74	9,646.6	10,021.2	10,541.0	11,271.1
Sales and Use Taxes	4,409.9	4,504.2	4,609.5	4,716.2	4,934.9
Motor Vehicle User Taxes, Fees					
Motor Vehicle Fuel Taxes	917.2	1,011.3	1,072.0	1,077.8	1,128.5
Motor Vehicle Registration, Fees	765.3	778.2	794.5	777.7	792.2
Motor Vehicle Titling Tax	795.5	860.4	886.0	869.3	904.0
Total	2,477.9	2,650.0	2,752.5	2,724.9	2,824.7
Property, Franchise, Excise Taxes					
Real Property Tax	734.5	745.8	775.2	806.0	834.1
Property Transfer Tax	163.5	191.8	210.1	217.9	221.9
Business Franchise Taxes	225.7	222.0	228.4	245.9	242.6
State Tobacco Tax	391.5	395.3	387.0	372.7	372.4
Tax on Insurance Companies	329.0	320.2	360.9	386.4	377.5
Tax on Distilled Spirits, Wine, Beer	31.3	31.9	32.5	32.0	32.4
Tax on Horse Racing	2.8	2.8	2.9	4.2	4.0
Death Taxes	243.4	261.9	227.9	214.4	177.4
Total	2,121.7	2,171.7	2,224.9	2,279.7	2,262.2
Sundry Fees, Licenses, Service Charges					
University and College Receipts	3,960.2	4,216.2	4,218.6	4,656.2	4,775.1
Mass Transit, Port, Aviation Income	414.3	436.6	441.4	459.9	454.1
Miscellaneous Taxes, and Other Receipts	3,190.0	2,951.7	3,097.7	3,408.4	2,777.5
Interest on Invested Funds	10.7	15.0	22.5	32.0	45.0
District Courts Fines and Fees	77.7	72.3	69.3	63.0	58.7
State Lottery Receipts	584.6	633.2	590.4	645.0	667.8
Casino Receipts (c)	1,082.8	1,145.3	1,422.6	1,681.7	1,764.3
Total	9,320.2	9,470.3	9,862.6	10,946.2	10,542.4
Federal Receipts	11,084.7	11,223.8	12,018.4	13,091.5	13,177.1
Extraordinary Transfers & Revenues (d)	-	-	47.4	-	-
Grand Total *	$38,764.3	$39,666.6	$41,536.5	$44,299.3	$45,012.4

*Totals may not add due to rounding.

(a) The estimated revenues include the General Fund estimate by the Board of Revenue Estimates in March 2019 and the general, federal and special funds authorized in the State budget as set forth in the fiscal year 2020 budget books.
(b) The State has recorded revenues from individual income taxes on a modified accrual basis.
(c) Inclusive of all State funds that benefit from casino operations, as well as facility license owner revenue.
(d) In fiscal year 2017, a $47.4 million GAAP surplus in the local income tax reserve was transferred to the General Fund.

STATE OF MARYLAND

Comparison of General Fund Revenues Collected for the First Six Months of Fiscal Year 2019

The following table compares actual cash collections for the period from July 1 to December 31 during fiscal year 2019 with collections during that same period in the previous four fiscal years. The table does not reflect current year accruals.

($ in millions)
Fiscal Years

	2015	2016	2017	2018	2019
Individual Income Tax (a)	$3,314.2	$3,490.5	$3,652.5	$3,708.0	$3,875.7
Corporate Income Tax (b)	292.1	349.1	290.5	339.9	392.3
Sales and Use Tax	1,792.6	1,852.2	1,896.3	1,920.6	1,997.9
State Lottery	328.7	347.2	317.8	349.9	269.0
Business Franchise Taxes	83.3	80.8	85.2	86.4	90.5
Tobacco Tax	179.1	178.8	177.1	173.1	169.1
Insurance Taxes and Fees	140.8	139.6	149.9	151.9	158.5
Alcoholic Beverage Taxes	13.2	13.4	13.6	13.2	13.4
Death Taxes	135.8	144.8	119.6	100.1	94.7
Clerks of Court	24.0	23.4	22.5	19.8	20.5
Motor Fuel Taxes	5.0	4.6	0.0	0.0	0.0
Transfer Tax (c)	80.3	96.4	62.8	46.0	0.0
Hospital Patient Recoveries	25.0	6.5	6.7	5.5	5.1
Interest on Investments	(1.3)	0.7	(3.3)	32.3	11.0
District Court Fees	45.2	41.2	37.1	33.5	33.1
Miscellaneous	97.0	78.6	79.0	72.4	64.9
Total*	$6,555.2	$6,847.9	$6,907.3	$7,052.6	$7,195.7

*Totals may not add due to rounding.

(a) The State has recorded revenues from individual income taxes on a modified accrual basis.

(b) The Transportation Trust Fund receives a distribution from the corporate income tax. The distribution percentage varies from year to year.

(c) These revenues include existing transfer tax revenue whose distribution was amended to provide various disbursement amounts to the General Fund across several years; see The Tax Property Article §13-209.

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STATE OF MARYLAND

General Fund Revenues
Needed to Meet Estimates During the First Six Months of Fiscal Year 2019

The following table compares: (1) the revenues needed during the period from January 1 to June 30, 2019 (including appropriate accruals), in order to meet the most recent official estimate of revenues for the 2019 fiscal year with (2) actual collections for that same period during the previous four fiscal years (including appropriate accruals).

($ in millions)
Fiscal Years

	2015	2016	2017	2018	2019
Individual Income Tax (a)	$5,031.9	$5,027.1	$5,366.8	$5,799.7	$6,188.9
Corporate Income Tax (b)	485.2	510.4	505.1	480.5	565.7
Sales and Use Tax	2,558.1	2,592.3	2,643.0	2,725.2	2,865.2
State Lottery	177.8	182.6	166.6	184.7	275.4
Business Franchise Taxes	142.4	141.2	143.2	159.6	152.0
Tobacco Tax	212.3	216.5	209.8	199.6	203.3
Insurance Taxes and Fees	175.3	147.8	178.8	234.5	219.0
Alcoholic Beverage Taxes	18.1	18.5	18.9	18.8	19.1
Death Taxes	107.7	117.1	108.4	114.3	82.7
Clerks of Court	10.4	10.8	13.6	11.9	11.4
Motor Fuel Taxes	0.0	0.0	0.0	0.0	0.0
Transfer Tax Revenues (c)	63.8	19.0	0.0	0.0	0.0
Hospital Patient Recoveries	40.1	51.0	55.5	64.3	51.1
Interest on Investments	12.0	14.3	25.8	-0.3	34.0
District Court Fees	32.5	31.1	32.2	29.5	25.6
Miscellaneous	299.7	255.6	276.3	282.1	242.9
Total *	$9,367.4	$9,350.1	$9,744.0	$10,304.5	$10,936.1

*Totals may not add due to rounding.

(a) The State has recorded revenues from individual income taxes on a modified accrual basis.

(b) The Transportation Trust Fund receives a distribution from the corporate income tax. The distribution percentage varies from year to year.

(c) These revenues include existing transfer tax revenue whose distribution was amended to provide various disbursement amounts to the General Fund across several years; see The Tax Property Article §13-209.

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FORMS OF OPINIONS OF THE ATTORNEY GENERAL OF MARYLAND AND BOND COUNSEL

Form of Opinion of the Attorney General

(Date of Delivery)

Board of Public Works
State of Maryland
Annapolis, Maryland

Ladies and Gentlemen:

This opinion is rendered with respect to the $490,000,000 aggregate principal amount of the State of Maryland General Obligation Bonds, State and Local Facilities Loan of 2019, First Series Bonds ("Bonds"). The Bonds consolidate various State loans or installments thereof authorized by their enabling acts and amendments thereto (the "Enabling Acts"), and are issued pursuant to §8-117 through 8-124, inclusive, of the State Finance and Procurement Article of the Annotated Code of the State of Maryland (2015 Replacement Volume, as amended) (the "Act" and together with the Enabling Acts, the "Acts"). The Bonds are being issued in fully registered form in denominations of $5,000 each or any integral multiple thereof, dated the date of their issuance and delivery, and bear interest and mature as set forth in the Bonds. The Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the respective Bonds.

The Bonds are being issued in accordance with the resolutions of the Board of Public Works of the State of Maryland (the "Board") adopted on March 6, 2019 and March 26, 2019 (collectively, the "Resolutions").

This Office has reviewed the Acts, the Resolutions and such other legal opinions and the originals or certified copies of such resolutions, documents, records and other proofs as we deemed pertinent.

As to questions of fact material to this opinion, without undertaking to verify the same by independent investigation, this Office has relied upon the certified proceedings of the Board and certifications by public officials. This examination has been limited to the foregoing as they exist or are in effect as of the date hereof. This opinion is limited to the matters expressly set forth herein, and I express no opinion concerning any other matters.

No opinion is expressed as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, and no opinion is expressed regarding the federal income taxation of the interest payable on the Bonds.

Based on the foregoing, I am of the opinion as of the date hereof and under existing law that:

(a) The Bonds have been duly authorized for issuance by the Board for the valid public purposes stated in the Acts.

(b) The Bonds have been lawfully issued and constitute valid and binding general obligations of the State of Maryland to the payment of which, as to both principal and interest, the full faith and credit and taxing power of the State are unconditionally pledged.

(c) By the terms of the Act, the Bonds, the transfer of the Bonds, the interest payable on the Bonds, and any income derived from the Bonds, including profit realized in the sale or exchange of the Bonds, are exempt from State or local taxes; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer, or the income therefrom.

(d) The Continuing Disclosure Agreement dated [date of delivery] executed by the Board has been duly authorized, executed and delivered by the Board and is a legal, valid and binding agreement of the State, enforceable against it in accordance with the terms thereof.

In rendering this opinion, I wish to advise you that the rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

Very truly yours,

Brian E. Frosh
Attorney General

Catherine M. Allen
Assistant Attorney General

Form of Opinion of Bond Counsel

(Date of Delivery)

Board of Public Works
State of Maryland
Annapolis, Maryland

Ladies and Gentlemen:

This opinion is rendered with respect to the $490,000,000 aggregate principal amount of the State of Maryland General Obligation Bonds, State and Local Facilities Loan of 2019, First Series Bonds (“Bonds”). The Bonds consolidate various State loans or installments thereof authorized by their enabling acts and amendments thereto, and are issued pursuant to §§8-117 through 8-124, inclusive, of the State Finance and Procurement Article of the Annotated Code of the State of Maryland (2015 Replacement Volume, as amended) (the “Act”). The Bonds are being issued in fully registered form in denominations of $5,000 each or any integral multiple thereof, dated the date of their issuance and delivery, and bear interest and mature as set forth in the Bonds. The Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the respective Bonds.

The Bonds are being issued in accordance with the resolutions of the Board of Public Works of the State of Maryland (the “Board”) adopted on March 6, 2019 and March 26, 2019 (the “Resolutions”).

The Board, on behalf of the State of Maryland, has covenanted in a Tax Compliance Certificate executed in connection with the issuance of the First Series Bonds that it will comply with the requirements of §148 of the Internal Revenue Code of 1986, as amended (the “Code”) pertaining to arbitrage bonds and stating the reasonable expectations of the Board with respect to the proceeds on the date of issue of the Bonds. Also, the Board has filed or will caused to be filed with the Internal Revenue Service reports of the issuance of the Bonds as required by §149(e) of the Code.

We have reviewed the Act, the Resolutions and such other legal opinions and the originals or certified copies of such resolutions, documents, records and other proofs as we deemed pertinent.

As to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, we have relied upon the certified proceedings of the Board and certifications by public officials. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination of the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

(a) The Bonds have been duly authorized for issuance by the Board for the valid public purposes stated in the Act.

(b) The Bonds have been lawfully issued and constitute valid and binding general obligations of the State of Maryland to the payment of which, as to both principal and interest, the full faith and credit and taxing power of the State are unconditionally pledged.

(c) By the terms of the Act, the Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in the sale or exchange thereof, will be exempt from taxation within the State of Maryland by the State or by any of its political subdivisions, municipal corporations, or public agencies; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer, or the income therefrom.

(d) Interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Board and the continuing compliance by the Board with its covenants relating to the requirements of the Code. Interest on the Bonds is exempt from the individual federal alternative minimum tax. We express no opinion regarding other federal tax consequences relating to the ownership or disposition of, or the accrual of receipt of interest on, the Bonds.

Original issue premium on a Bond issued at an issue price that exceeds its principal amount, is amortizable periodically over the term of such Bond through reductions in the holder's tax basis for such Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss.

In rendering our opinion, we wish to advise you that:

1. The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

2. We express no opinion herein as to the accuracy, adequacy or completeness of any offering material relating to the Bonds.

3. Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of the Bonds.

4. In rendering the opinions herein (excluding the opinion set forth in paragraph (d) for which the Attorney General expresses no opinion), we have relied, with permission, on the legal opinions of the Attorney General.

This opinion is addressed to, and is solely for the benefit of, the Board and may not be relied upon by any other person without our express written consent.

Very truly yours,

[to be signed by "Ballard Spahr LLP"]

OFFICIAL NOTICE OF SALE

$490,000,000*
STATE OF MARYLAND
General Obligation Bonds

State and Local Facilities Loan of 2019,
First Series Tax-Exempt Bonds

NOTICE IS HEREBY GIVEN that two separate electronic bids will be received in the manner described below, by the State of Maryland (the "State") for the purchase of two separate groups of bonds that together comprise all of the $490,000,000* State of Maryland General Obligation Bonds, State and Local Facilities Loan of 2019, First Series Tax-Exempt Bonds (the "First Series Bonds"), pursuant to resolutions of the Board of Public Works of Maryland (the "Board"). Each such group of the First Series Bonds will include different non-overlapping maturities as set forth below (respectively, "First Series Bidding Group 1 Bonds" and "First Series Bidding Group 2 Bonds" and collectively, the "Bidding Groups"). Bids for each Bidding Group will be received on:

Tuesday, March 26, 2019 (the "Sale Date")

Until 10:30 a.m. Local Annapolis, Maryland Time -- $265,040,000* First Series Bidding Group 1 Bonds

Until 11:00 a.m. Local Annapolis, Maryland Time -- $224,960,000* First Series Bidding Group 2 Bonds

(In each case, subject to postponement or cancellation in accordance with this Notice of Sale)
Electronic bids must be submitted through ***PARITY*** as described below.
No other form of bid or provider of electronic bidding services will be accepted.

The First Series Bonds are more particularly described in the Preliminary Official Statement dated March 19, 2019 relating to the First Series Bonds, (the "Preliminary Official Statement") available at the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"), www.emma.msrb.org, Ipreo's database at www.i-dealprospectus.com, and the State's website, www.treasurer.state.md.us.

Consideration of the bids and the awards will be made by the Board on the Sale Date as set forth herein. The Board also reserves the right to make certain adjustments to the aggregate principal amount and the principal amounts of each maturity of the First Series Bonds being offered, to eliminate maturities, to change the terms of the First Series Bonds, to postpone the sale of the First Series Bonds to a later date, to offer the First Series Bonds in one or more series, or to cancel the sale of the First Series Bonds as further described herein. See "Adjustment of Amounts and Maturities" and "Change or Cancellation of Sale Date and/or Date of Delivery and/or Other Revised Terms."

THE SALE AND DELIVERY OF EACH BIDDING GROUP IS CONTINGENT UPON THE SALE AND DELIVERY OF THE OTHER BIDDING GROUP.

IF THE COMPETITIVE SALE REQUIREMENTS UNDER THE PROVISIONS OF TREASURY REGULATIONS SECTION 1.148-1(f)(3)(i), INCLUDING THE RECEIPT OF THREE BIDS, ARE NOT MET FOR EACH BIDDING GROUP OF THE FIRST SERIES BONDS, ALL BIDS WILL BE REJECTED AND THE SALE OF THE FIRST SERIES BONDS WILL BE CANCELLED.

Contact Information

STATE OF MARYLAND (ISSUER)
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PUBLIC RESOURCES ADVISORY GROUP (FINANCIAL ADVISOR)
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BALLARD SPAHR LLP (BOND COUNSEL)
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I-DEAL/PARITY® (ELECTRONIC BIDDING PLATFORM)
Client Services
Phone: (212) 849-5024
Email: parity@i-deal.com

*Preliminary, subject to change.

Bidding Parameters Table*

INTEREST		PRICING	
Dated Date:	Date of Delivery	Max. Aggregate Bid Price for each Bidding Group:	Unlimited
Anticipated Date of Delivery:	April 9, 2019		
Interest Payment Dates:	March 15 and September 15		
First Interest Payment Date:	September 15, 2019	Min. Aggregate Bid Price for each Bidding Group:	100%
Coupon Multiples:	1/8 or 1/20 of 1%		
Maximum Coupon:	5%		
Minimum Coupon:	N/A	Max. Reoffering Price (each maturity):	Unlimited
Maximum TIC:	N/A		
Maximum Difference Between Coupons:	N/A	Min. Reoffering Price (each maturity):	98.5%
No Zero Coupon may be specified			
PRINCIPAL		**PROCEDURAL**	
Optional Redemption:	First Series Bonds maturing on or before March 15, 2029 are not subject to redemption. Bonds maturing on or after March 15, 2030 are subject to redemption at par at any time on or after March 15, 2029 as a whole or in part.	Sale Date:	March 26, 2019
		Bidding Group 1 Sale Time:	10:30 a.m., Local Annapolis, Maryland Time
		Bidding Group 2 Sale Time:	11:00 a.m., Local Annapolis, Maryland Time
		Bid Submission:	Electronic bids through PARITY only
Post-bid Principal Increases Each Maturity:	N/A	All or None for each Bidding Group?	Yes
Aggregate for Each Bidding Group:	10%	Bid Award Method:	Lowest True Interest Cost (as defined herein)
Post-bid Principal Reductions Each Maturity:	N/A	Bid Confirmation:	Notification from State Treasurer
Aggregate for Each Bidding Group:	10%	Awarding of Bid:	On the Sale Date by the Board
Term Bonds:	Two or more consecutive annual principal maturities in each Bidding Group may be designated as a term bond that matures on the maturity date of the last annual principal payment of the sequence.	Good Faith Deposit Bidding Group 1:	$2,650,400
		Good Faith Deposit Bidding Group 2:	$2,249,600

SPECIAL COMMENTS

The sale and delivery of each Bidding Group is contingent upon the sale and delivery of the other Bidding Group.

If the competitive sale requirements under the provisions of Treasury Regulations Section 1.148-1(f)(3)(i), including the receipt of three bids for each bidding group, are not met, all bids will be rejected and the sale of the First Series Bonds will be cancelled.

*If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the Bidding Parameters Table of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

Bond Amortization Schedule

As set forth below, the First Series Bidding Group 1 Bonds maturing in years 2022 through 2029, inclusive, will be issued in serial or term bond form as designated by the successful bidder in its proposal, as described below. The principal of the First Series Bidding Group 1 Bonds shall be payable in installments on the dates in the following years and in the following amounts:

$265,040,000* State and Local Facilities Loan of 2019, First Series Bidding Group 1 Bonds

Maturing March 15	Principal Amount*
2022	$27,755,000
2023	29,145,000
2024	30,600,000
2025	32,130,000
2026	33,735,000
2027	35,425,000
2028	37,195,000
2029	39,055,000

As set forth below, the First Series Bidding Group 2 Bonds maturing in years 2030 through 2034, inclusive, will be issued in serial or term bond form as designated by the successful bidder in its proposal, as described below. The principal of the First Series Bidding Group 2 Bonds shall be payable in installments on the dates in the following years and in the following amounts:

$224,960,000* State and Local Facilities Loan of 2019, First Series Bidding Group 2 Bonds

Maturing March 15	Principal Amount*
2030	$41,005,000
2031	43,060,000
2032	45,210,000
2033	47,020,000
2034	48,665,000

The First Series Bonds

Security

The First Series Bonds are general obligations of the State, and its full faith and credit and taxing power are unconditionally pledged to the punctual payment of principal and interest on such Bonds when due and payable.

Use of Proceeds

The proceeds of the First Series Bonds will be applied for a variety of public purposes, including the acquisition and construction of State facilities; capital grants to local governments for public schools, community colleges, and jails and correctional facilities; and matching fund loans and grants to local governments, nonprofit institutions, and other entities for hospitals, cultural projects and other projects.

*Preliminary, subject to change

Description of the Bonds

General. The First Series Bonds will be dated as of the Date of Delivery ("Dated Date"), expected to be on or about April 9, 2019, and will be in fully registered form in denominations of $5,000 each or any integral multiple thereof.

Interest on the First Series Bonds will accrue from the Dated Date, and will be payable on September 15, 2019 and semiannually thereafter on each March 15 and September 15 until maturity or earlier redemption. The First Series Bonds will mature on March 15 of each year as specified in the Bond Amortization Schedule above.

Term Bond Option. For each Bidding Group of the First Series Bonds, bidders may designate in their proposal two or more consecutive annual principal maturities as a term bond that matures on the maturity date of the last annual principal payment of the sequence. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal maturity designated for inclusion in such term bond. There is no limitation on the number of term bonds in each Bidding Group of the First Series Bonds.

Form of Bonds. The First Series Bonds shall be issued only in fully registered form without coupons. One bond representing each maturity of the First Series Bonds in principal amount equal to the aggregate principal amount of such maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the First Series Bonds, and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the First Series Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the bonds purchased. The winning bidder, as a condition to delivery of the First Series Bonds, must consent that bond certificates will be deposited with DTC.

So long as the First Series Bonds are maintained under a book-entry only system, the Bond Registrar and Paying Agent for the First Series Bonds will be the Maryland State Treasurer (the "Treasurer") or any other Bond Registrar and Paying Agent designated by the Treasurer. All payments of the principal of and interest on the First Series Bonds shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Optional Redemption

The First Series Bonds maturing on or after March 15, 2030 are subject to redemption prior to maturity at par at any time on or after March 15, 2029 at the option of the State, as a whole or in part at any time on at least 20 days' notice and, if in part, in any order of maturity at the option of the State, at the redemption price of par, plus accrued interest, if any, to the redemption date.

Selection of Bonds for Redemption. If less than all of the redeemable First Series Bonds shall be called for redemption, the particular First Series Bonds to be redeemed shall be selected by the Paying Agent in such manner as, in its discretion, it shall determine, except that so long as DTC or its nominee is the sole registered owner of the First Series Bonds, the particular First Series Bond or portion to be redeemed shall be selected by DTC, in such manner as DTC shall determine.

Adjustment of Amounts and Maturities

Prior to Sale Date

Prior to the Sale Date, the Board may adjust the preliminary aggregate principal amount of the First Series Bonds and of each Bidding Group and the preliminary principal amount and maturity of each serial installment of the First Series Bonds and of each Bidding Group as set forth in this Official Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amounts", and collectively the "Preliminary Amounts"). In addition, if the Treasurer determines it to be in the best interests of the State, the First Series Bonds may be issued in one or more series in amount and maturities determined by the Treasurer. **ANY SUCH REVISIONS MADE PRIOR TO THE OPENING OF THE BIDS WILL BE PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 4:00 P.M., LOCAL ANNAPOLIS, MARYLAND TIME, ON THE BUSINESS DAY IMMEDIATELY PRIOR TO THE SALE DATE FOR THE BONDS.**

In the event that no such revisions are made prior to the opening of the bids, the Preliminary Amounts for each Bidding Group will constitute the Amounts. Bidders shall submit bids based on the Amounts, and the Amounts will be used to compare bids and select a winning bidder for each Bidding Group.

On Sale Date

After the opening of the bids for each Bidding Group, the Board may further adjust the Amounts of the First Series Bonds (the "Final Amounts"). In determining the Final Amounts, the Board reserves the right to reduce or increase the Aggregate Principal Amount of the First Series Bidding Group 1 Bonds up to ten percent (10%) and to reduce or increase the Aggregate Principal Amount of the First Series Bidding Group 2 Bonds up to ten percent (10%). THE SUCCESSFUL BIDDER FOR EACH BIDDING GROUP MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THE LIMITS STATED ABOVE.

The dollar amount bid by the successful bidder for each Bidding Group will be adjusted to reflect any adjustments in the aggregate principal amount of each Bidding Group of the First Series Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of the First Series Bidding Group 1 Bonds and the First Series Bidding Group 2 Bonds from the selling compensation that would have been received based on the purchase price of the winning bid for each Bidding Group and the Initial Reoffering Prices (as defined below). The interest rate specified by the successful bidder for each Bidding Group using the price at which it will re-offer the First Series Bonds of each maturity to the public (the "Initial Reoffering Prices") will not change. The Final Amounts and the adjusted purchase price for each Bidding Group of the First Series Bonds will be communicated to the successful bidder as soon as possible, but no later than 5:00 p.m. (local Annapolis, Maryland time) on the day of the sale.

Change or Cancellation of Sale Date and/or Date of Delivery and/or Other Terms

The Board may cancel or postpone the sale of the First Series Bonds prior to the Sale Date. Notice of a cancellation or postponement will be announced via the TM3 wire at *www.tm3.com*. Notice of any new date and time of sale will be announced at least 24 hours prior to the time bids are to be submitted and will specify changes in the principal amount or other features, if any.

The Board may change the scheduled delivery date, the dates of the semiannual interest payments and annual principal payments, the optional redemption date, the number of series offered or revise any other terms for the First Series Bonds by notice given in the same manner as that set forth above.

Preliminary Official Statement; Continuing Disclosure

The State has deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of certain information permitted to be omitted by said Rule. As soon as practicable after the Sale Date, the State will publish a complete final Official Statement (the "Official Statement") that will contain this information. The State agrees to deliver to each successful bidder for its receipt no later than seven business days after the Sale Date such quantities of the Official Statement as the successful bidder shall request, provided, that the State shall deliver up to 100 copies of such Official Statement without charge to each successful bidder.

The State has made certain covenants for the benefit of the holders from time to time of the First Series Bonds to provide certain continuing disclosure, in order to assist bidders for the First Series Bonds in complying with Rule 15c2-12(b)(5). Such covenants are described in the Preliminary Official Statement.

The State has complied in all material respects with its obligations under its existing Continuing Disclosure Agreements executed pursuant to Rule 15c2-12(b)(5) during the last five years.

Electronic Bidding

Bidders may only submit bids via PARITY

A prospective bidder may only bid electronically for each Bidding Group of the First Series Bonds via PARITY pursuant to this Official Notice of Sale. By submitting its bid for each Bidding Group of the First Series Bonds, a prospective bidder represents and warrants to the State that such bidder's bid for the purchase of such Bidding Group of the First Series Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of such Bidding Group of the First Series Bonds.

Additional information concerning bidding through the system may be directed to the PARITY Help Desk at (212) 849-5021.

Disclaimer. Each prospective electronic bidder shall be solely responsible to register to bid via PARITY as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the State nor PARITY shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the State nor PARITY shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The State is using PARITY as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the First Series Bonds. The State is not bound by any advice and determination of PARITY to the effect that any particular bid complies with the terms of this Official Notice of Sale and in particular the "Bid Submissions" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via PARITY are the sole responsibility of the bidders, and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters anydifficulty in registering to bid or submitting, modifying or withdrawing a bid for the First Series Bonds, such bidder should telephone PARITY New Issues Desk at (212) 849-5021 and notify the State's Treasurer's Office by facsimile at (410) 260-6057.

Electronic Bidding Procedures. Electronic bids must be submitted for the purchase of the First Series Bonds (all or none) via PARITY. Bids will be communicated electronically to the State at **10:30 a.m.** local Annapolis, Maryland time, on Tuesday, March 26, 2019, for the First Series Bidding Group 1 Bonds and at **11:00 a.m.** local Annapolis, Maryland time, on Tuesday, March 26, 2019, for the First Series Bidding Group 2 Bonds. Prior to the respective times for the bids, an eligible prospective bidder may (1) input the proposed terms of its bid via PARITY, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the respective Bidding Group of the First Series Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via PARITY to the State each bid will constitute an irrevocable offer to purchase the respective Bidding Group of the First Series Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the State, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Bid Submissions

Each bid must be in conformity with this Official Notice of Sale.

All bids must be delivered to the Board via PARITY, before **10:30 a.m.**, local Annapolis, Maryland time, on Tuesday, March 26, 2019, for the First Series Bidding Group 1 Bonds, and before **11:00 a.m.**, local Annapolis, Maryland time, on Tuesday, March 26, 2019, for the First Series Bidding Group 2 Bonds at which times they will be received by the Board. As described above, the Board reserves the right to postpone the date for receipt of bids.

By submitting a bid for a Bidding Group of the First Series Bonds, a bidder represents and warrants to the State that it has an established industry reputation for underwriting new issuances of municipal bonds.

All bids shall be for cash on delivery and shall be based on an offering to pay not less than 100% of the par value of the

First Series Bidding Group 1 Bonds and no less than 100% % of the par value of the First Series Bidding Group 2 Bonds. Each bidder shall indicate in its bid the rate of interest to be paid on each maturity. All bids for First Series Bonds of any maturity must be greater than or equal to 98.5%. Each rate of interest shall be a multiple of 1/20 or 1/8 of one percent, but all First Series Bonds of any one maturity must bear interest at the same rate. Any rate named may be repeated. A zero rate may not be named. No First Series Bonds of any one maturity shall have a coupon greater than 5.00%.

Minority Business Enterprise Participation

THE STATE STRONGLY ENCOURAGES EACH BIDDER FOR EACH BIDDING GROUP OF THE FIRST SERIES BONDS TO MAKE A GOOD FAITH EFFORT TO INCLUDE MINORITY BUSINESS ENTERPRISES IN THE SYNDICATE PURCHASING THE RESPECTIVE BIDDING GROUP OF THE FIRST SERIES BONDS. THE SUCCESSFUL BIDDERS WILL BE REQUESTED TO PROVIDE A LIST OF SYNDICATE MEMBERS WHICH IDENTIFIES THE MINORITY BUSINESS ENTERPRISE MEMBERS AND INDICATES THEIR PERCENTAGES OF PARTICIPATION.

Right of Rejection

For each Bidding Group of the First Series Bonds, the Board expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the First Series Bonds or otherwise provide for the public sale of the First Series Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of each Bidding Group of the First Series Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

Basis of Award

The sale and delivery of each Bidding Group is contingent upon the sale and delivery of the other Bidding Group.

If the competitive sale requirements under the provisions of Treasury Regulations Section 1.148-1(f)(3)(i), including the receipt of three bids, are not met, all bids will be rejected and the sale of the First Series Bonds will be cancelled.

If at least three bids for each Bidding Group of the First Series Bonds are received and the competitive sale requirements under provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the First Series Bonds) are met, each Bidding Group of the First Series Bonds will be awarded by the Board on the Sale Date to the bidder for each respective Bidding Group whose bid complies with this Official Notice of Sale and results in the lowest true interest cost ("TIC") to the State.

The lowest TIC for each Bidding Group Bonds will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the Date of Delivery of the First Series Bonds and to the aggregate amount bid for the respective Bidding Group of the First Series Bonds. If two or more responsible bidders have made bids resulting in the same lowest TIC to the State for the respective Bidding Group of the First Series Bonds, the respective Bidding Group Bonds shall be awarded to one of such bidders based upon which bid was received first.

Preliminary Award; Reoffering Prices; Final Award

As promptly as reasonably practicable after the bids are received and reviewed, but not later than **12:30 p.m.** local Annapolis, Maryland time on the Sale Date (unless bids have been postponed or the sale has been cancelled), the Treasurer will notify the apparently successful bidder for each Bidding Group of the Preliminary Award of the respective Bidding Group of the First Series Bonds. The successful bidder of each Bidding Group of the First Series Bonds shall make a bona fide public offering of all of the respective Bidding Group and shall represent to the State that such offering is in compliance with all applicable securities laws of the jurisdictions in which such Bidding Group of the First Series Bonds are offered. Within 30 minutes after being notified of the Preliminary Award of each Bidding Group of the First Series Bonds, the successful bidder of each Bidding Group shall advise the State in writing (via facsimile or e-mail transmission) to Christian Lund, Monika Conley, and Daniel Forman at clund@treasurer.state.md.us, mconley@pragadvisors.com and dforman@pragadvisors.com, respectively, of such Initial Reoffering Prices of such Bidding Group of the First Series Bonds.

The State will review the Initial Reoffering Prices for compliance with applicable securities laws prior to final confirmation of the award expected on the Sale Date**.**

The decision by the Board as to the award of each Bidding Group of the First Series Bonds will be final. Bids may not be withdrawn prior to the award.

The apparent successful bidder of each Bidding Group Bonds will also be required to wire to the State a Good Faith Deposit as further described herein. Timely notification of the Final Award of each Bidding Group Bonds is subject to the State's receipt of the Good Faith Deposit.

Reoffering Price Certification

The successful bidder of each Bidding Group Bonds must deliver to the Board at closing an "issue price" or similar certificate setting forth the reasonably expected initial reoffering price to the public of the respective Bidding Group of the First Series Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgement of the successful bidder, the Board and Bond Counsel.

Good Faith Deposits

A Good Faith Deposit in the amount of $2,650,400 is required only of the winning bidder for the First Series Bidding Group 1 Bonds; and a Good Faith Deposit in the amount of $2,249,600 is required only of the winning bidder for the First Series Bidding Group 2 Bonds.

The winning bidder for each Bidding Group of the First Series Bonds is required to submit a Good Faith Deposit as indicated above, payable to the order of the State in the form of a wire transfer in federal funds as instructed by the State's Financial Advisor, Public Resources Advisory Group. The winning bidder for each Bidding Group of the First Series Bonds shall submit the Good Faith Deposit not later than 2:00 p.m. (local Annapolis, Maryland time) on the Sale Date. The winning bidder for each Bidding Group of the First Series Bonds should provide as quickly as it is available, evidence of wire transfer by providing the State the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the respective winning bidder may be rejected and the State may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the First Series Bidding Group 1 Bonds or the sale of the First Series Bidding Group 2 Bonds to the same, respectively. If the winning bidder of the respective Bidding Group fails to comply with the Good Faith Deposit requirements as described herein, that bidder is nonetheless obligated to pay to the State the sum of $2,650,400 (for Bidding Group 1 Bonds) or $2,249,600 (for Bidding Group 2 Bonds) as liquidated damages due to the failure of the winning bidder to timely deposit the Good Faith Deposit for the respective Bidding Group of the First Series Bonds.

Submission of a bid to purchase each Bidding Group of the First Series Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement for each Bidding Group of the First Series Bonds.

The Good Faith Deposits so wired will be retained by the State until the delivery of the First Series Bonds, at which time the Good Faith Deposits will be applied against the purchase price of the First Series Bonds or the Good Faith Deposits will be retained by the State as partial liquidated damages in the event of the failure of the successful bidder of each Bidding Group to take up and pay for such Bidding Group of the First Series Bonds in compliance with the terms of this Official Notice of Sale and of its bid. No interest on the Good Faith Deposits will be paid by the State. The balance of the purchase price for each Bidding Group of the First Series Bonds must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the First Series Bonds.

Delivery and Payment

Delivery of the First Series Bonds will be made by the State to DTC in book-entry only form, in New York, New York on or about the anticipated Date of Delivery, or on or about such other date as may be agreed on by the Treasurer and the successful bidder.

At the time of delivery of the First Series Bonds, payment of the amount due for each Bidding Group of the First Series Bonds must be made by the successful bidder of such Bidding Group to the order of the State in immediately available federal funds or other funds immediately available to the State, or by such other means as may be acceptable to the Treasurer. Any expense incurred in providing immediately available funds, whether by transfer of federal funds or otherwise, shall be borne by the successful bidder for each Bidding Group of the First Series Bonds.

CUSIP Numbers; Expenses of the Bidder

It is anticipated that CUSIP numbers will be assigned to each of the First Series Bonds, but neither the failure to type or print such numbers on any of the First Series Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser(s) thereof to accept delivery of and pay for the First Series Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the First Series Bonds. The Financial Advisor will timely apply for CUSIP numbers with respect to the First Series Bonds as required by MSRB Rule G-34. Each purchaser shall be responsible for the cost of assignment of such CUSIP numbers.

All charges of DTC and all other expenses of the successful bidder(s) will be the responsibility of the successful bidder(s) for the First Series Bonds.

Tax Status, Legal Opinions, Closing Documents and No Litigation

It shall be a condition to the obligation of the successful bidder(s) to accept delivery of and pay for the First Series Bonds that, simultaneously with or before delivery and payment for the First Series Bonds, the bidder(s) without cost shall be furnished with (1) the approving opinions of the Attorney General of the State of Maryland ("Attorney General") and of Ballard Spahr LLP, Baltimore, MD, Bond Counsel, dated as of the Date of Delivery of the First Series Bonds, substantially in the respective forms included as Appendix D to the Preliminary Official Statement; (2) a certificate of the Attorney General dated as of the Date of Delivery of the First Series Bonds to the effect that there is no litigation pending or, to the best of his knowledge, threatened, that in any manner will affect the validity of the Acts under which the First Series Bonds will be issued; (3) a copy of the Official Statement relating to the First Series Bonds dated as of the Sale Date of the First Series Bonds signed in a manner permitted under Maryland law; (4) a certificate or certificates of the members of the Board to the effect that, to the best of their knowledge and belief (except for the reoffering information provided by the bidder and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed): (a) the Official Statement as of the Sale Date did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (b) between the Sale Date and the Date of Delivery of the First Series Bonds, there has been no material adverse change in the financial condition or financial affairs of the State except as may have been disclosed in or contemplated by the Official Statement as of the Sale Date; and (5) the Continuing Disclosure Agreement substantially in the form included as Appendix F to the Preliminary Official Statement.

The opinions of the Attorney General and Bond Counsel will be delivered, upon request, to the purchaser(s) of the First Series Bonds, without charge. A bidder may make the legality and validity of the First Series Bonds one of the terms of the bid by making the bid "subject to legality," or using any equivalent form of expression, which shall be deemed to refer to the opinions of the Attorney General and Bond Counsel referred to above, but no bid should purport to leave this question to the decision of the bidder or its counsel. All bids conditioned upon the approval of the bidder or its counsel, whether named or unnamed, will be treated as conditional bids and will be rejected unless the condition is waived by the bidder to the satisfaction of the Board before the award has been made.

Additional Information

This Official Notice of Sale is not a summary of the terms of the First Series Bonds. Reference is made to the Preliminary Official Statement for a further description of the First Series Bonds and the State. Prospective investors or bidders for the First Series Bonds must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement is deemed final by the State as of its date for purposes of the Rule but is subject to revision, amendment and completion in a final Official Statement. Additional information concerning the matters discussed in this Official Notice of Sale and copies of the Preliminary Official Statement may be obtained online or by request from Christian Lund, the State's Director of Debt Management, at clund@treasurer.state.md.us *or (410) 260-7920 or from Monika Conley or Daniel Forman, at, respectively,* mconley@pragadvisors.com *and* dforman@pragadvisors.com *or (212) 566-7800.*

LAWRENCE J. HOGAN, JR.
Governor

PETER FRANCHOT
Comptroller

NANCY K. KOPP
Treasurer

Constituting the Board of Public Works of the
State of Maryland

Annapolis, Maryland
March 19, 2019

Exhibit A to Notice of Sale

$--------
STATE OF MARYLAND
General Obligation Bonds

State and Local Facilities Loan of 2019,
First Series Tax-Exempt Bonds
Bidding Group --

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER], as the winning bidder (the "Purchaser"), in connection with the sale by the State of Maryland (the "Issuer") of its $------- aggregate principal amount of the State and Local Facilities Loan of 2019, First Series Tax Exempt Bonds maturing March 15 --- to March 15, ---- constituting Bidding Group – (the "Bonds"), hereby certifies as set forth below with respect to the sale of the Bonds to be issued by the Issuer.

1. ***Reasonably Expected Initial Offering Price*.**

As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public (defined below) by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities (defined below) of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. ***Defined Terms*.**

Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March --, 2019.

Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ballard Spahr LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Exhibit A to Notice of Sale

[UNDERWRITER]

By:____

Name:______________________________________

Dated: March --, 2019

SCHEDULE A

EXPECTED OFFERING PRICES

(*To be Attached*)

SCHEDULE B

COPY OF PURCHASER'S BID

(*To be Attached*)

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") dated as of [Date of Delivery] is executed and delivered by the State of Maryland (the "State") in connection with the issuance of its $490,000,000 General Obligation Bonds, State and Local Facilities Loan of 2019, First Series, consisting of First Series Tax-Exempt Bonds (the "First Series Bonds" or the "Bonds"). The Bonds are being issued pursuant to resolutions passed by the Board of Public Works (the "Board") on March 6, 2019 and March 26, 2019. The State, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the State for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The State's obligations hereunder shall be limited to those required by written undertaking pursuant to Rule 15c2-12.

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Continuing Disclosure Service**" shall mean the continuing disclosure service established by the Municipal Securities Rulemaking Board known as the Electronic Municipal Market Access ("EMMA") system.

"**Listed Events**" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"**Participating Underwriter**" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"**Rule15c2-12**" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The State shall provide to the Continuing Disclosure Service, annual financial information and operating data as set forth in Schedule A to this Disclosure Agreement, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year, commencing with the fiscal year ending June 30, 2019.

(b) The State shall provide to the Continuing Disclosure Service, annual audited financial statements for the State, such information to be made available within 275 days after the end of the State's fiscal year, commencing with the fiscal year ending June 30, 2019, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the State's fiscal year (commencing with the fiscal year ending June 30, 2019), the State will provide unaudited financial statements within said time period.

(c) Except as otherwise set forth in this paragraph (c), the presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds.

(1) The State may make changes to the presentation of the financial information required in paragraph (a) and paragraph (b) necessitated by changes in Generally Accepted Accounting Principles;

(2) The State may otherwise modify the presentation of the financial information required herein, provided that this Disclosure Agreement is amended in accordance with Section 6 hereof.

(d) If the State is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the State shall send in a timely manner a notice of such failure to the Continuing Disclosure Service.

Section 4. Reporting of Significant Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee, or the change of name of a trustee, if material;

(xv) incurrence of a financial obligation (as defined below) of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State, any of which reflect financial difficulties.

The term "financial obligation" for purposes of the foregoing paragraph means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

(b) The State shall promptly, not in excess of 10 business days after the occurrence of a Listed Event, file a notice of such occurrence with the Continuing Disclosure Service.

Section 5. Termination of Reporting Obligation.

The State's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the State may terminate its obligations under this Disclosure Agreement if and when the State no longer remains an obligated person with respect to the Bonds within the meaning of Rule 15c2-12.

Section 6. Amendment.

The State may provide further or additional assurances that will become part of the State's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the State in its discretion provided that: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State as the obligated person with respect to the Bonds, or type of business conducted; (ii) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined by counsel selected by the State that is expert in federal securities law matters. The reasons for the State agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 7. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the State chooses to include any information in any disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the State shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 8. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the State of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland or the federal law.

Section 9. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the State to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Anne Arundel County, Maryland.

Section 10. Limitation on Remedies.

The State shall be given written notice at the address set forth below of any claimed failure by the State to perform its obligations under the Disclosure Agreement, and the State shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the State shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the State shall be given to the State Treasurer, Louis L. Goldstein Treasury Building, 80 Calvert Street, Annapolis, Maryland 21401, or at such alternate address as shall be specified by the State with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

Section 11. Relationship to Bonds.

The Disclosure Agreement constitutes an undertaking by the State that is independent of the State's obligations with respect to the Bonds; any breach or default by the State under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 12. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed by the Board of Public Works on behalf of the State of Maryland as of this ___ day of April, 2019.

STATE OF MARYLAND

By: ________________________________
Lawrence J. Hogan, Jr., Governor

By: ________________________________
Peter Franchot, Comptroller

By: ________________________________
Nancy K. Kopp, Treasurer

as Members of the Board of Public
Works of the State of Maryland

SCHEDULE A

(1) Summary of Outstanding Tax-Supported Debt.

(2) Summary of State Revenues and Expenditures.

(3) Summary of General Fund Balances.

(4) Summary of State Reserve Fund.

(5) Budget for Current Fiscal Year.

(6) Description of material litigation based on the accountant's report contained in the Comprehensive Annual Financial Report.

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APPENDIX G

Book-Entry Only System

Book-Entry Only System — General. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of §17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the Paying Agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and any premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or its Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Book-Entry Only System — Miscellaneous. The information in the Section "Book-Entry Only System — General" has been obtained from DTC. The State takes no responsibility for the accuracy or completeness thereof. The State will have no responsibility or obligations to DTC Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice to the DTC Participants, or the Indirect Participants, or Beneficial Owners. The State cannot and does not give any assurance that DTC Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. The State may also decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

In the event that the Book-Entry Only System is discontinued, the Bonds in fully certificated form will be issued as fully registered bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Such Bonds will be transferable only upon the registration books kept at the principal office of the Bond Registrar, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar, and duly executed by the registered owner or a duly authorized attorney. Within a reasonable time of such surrender, the State shall cause to be issued in the name of the transferee a new registered bond or bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond surrendered and maturing on the same date and bearing interest at the same rate. The new bond or bonds shall be delivered to the transferee only after due authentication by an authorized officer of the Bond Registrar. The State may deem and treat the person in whose name a bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

In the event that the Book-Entry Only System is discontinued, the Bonds may be transferred or exchanged at the principal office of the Bond Registrar. Upon any such transfer or exchange, the State shall execute and the Bond Registrar shall authenticate and deliver a new registered bond or bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer.

The Bond Registrar shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of $5,000 which is not being called for redemption.