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***STATE OF MARYLAND***

***COMMISSION  
ON  
STATE DEBT***

***Report to the Board of Public Works  
April 9, 2026***

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Commission on State Debt

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Board of Public Works

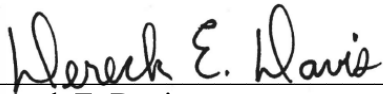
*Table of Contents*

	<i>Page</i>
<i>Recommendation of Tax Rate for Fiscal Year 2027</i> .....	1
<i>Report</i> .....	2
 <i>Schedules:</i>	
<b>Schedule A</b> Projected General Obligation Bonds Outstanding as of June 30, 2026 and June 30, 2027 .....	5
<b>Schedule B</b> Bonds Authorized but Unissued as of June 30, 2026 .....	6
<b>Schedule C</b> Annuity Bond Fund Projection, Fiscal Years 2025-2031 .....	7
<b>Schedule D</b> History of Property Tax Rates and General Fund Appropriations .....	8

April 9, 2026

TO THE MEMBERS OF THE BOARD OF PUBLIC WORKS:

In accordance with Executive Order 01.01.1980.06, the Commission on State Debt recommends to the Board of Public Works that the State property tax rate for fiscal year 2027 be 11.2 cents (\$0.112) per \$100 of assessed value of real property other than that of public utilities and 28.0 cents (\$0.28) per \$100 of assessed value of real property of public utilities.



Dereck E. Davis  
State Treasurer, Chair

On behalf of the voting members of the Commission on State Debt:

Brooke E. Lierman  
Comptroller of the Treasury

Yaakov (Jake) Weissmann  
Secretary, Department of Budget and Management

Jaclyn Hartman  
Assistant Secretary of Transportation Investments, Department of Transportation

Robert Yeager  
Director, Department of Assessments & Taxation

Helene T. Grady  
Public Member

# 2026 REPORT OF THE COMMISSION ON STATE DEBT

## **Charge of the Commission**

Executive Order 01.01.1980.06 created the Commission on State Debt as an advisory group to recommend to the Board of Public Works on an annual basis a State property tax rate sufficient to meet debt service requirements on outstanding general obligation bonds during the next fiscal year.

## **General Obligation Bonds**

General obligation bonds are authorized and issued to provide funds for:

- General construction and capital improvements to State-owned facilities, including institutions of higher education;
- Grants to local educational authorities for construction and capital improvements to public schools; and
- Financial assistance in the form of loans or grants to local governments and the private sector for individual capital projects such as water quality improvements, jails and detention facilities, community colleges, economic development, community health facilities, historic preservation, private higher education, and other community projects.

## **Sources of Debt Service Funds**

Several sources provide funds for general obligation debt service in addition to the State property tax:

- (1) Under certain loan enabling acts, the State uses bond proceeds to make loans to local governments, private non-profit organizations, and other private entities. Under the terms of the loans, repayments are required and are credited to the Annuity Bond Fund. Some loan repayments, such as repayments of loans for sewerage facilities and hospitals, extend over a period of up to 40 years, exceeding the fifteen-year life of the bonds;
- (2) Periodically, grantees remit proceeds from the sale of capital assets;
- (3) The State has historically deposited premiums from the sale of general obligation bonds into the Annuity Bond Fund to be used for the payment of debt service. However, in the 2021 session, the General Assembly amended Section 8-132 of the State Finance and Procurement Article to permit premium to be used to pay for capital projects;

- (4) From fiscal year 1972 through fiscal year 2003 and in fiscal year 2008 the State appropriated general funds to support debt service. General fund appropriations have been made annually since fiscal year 2014.
- (5) Beginning in fiscal year 2010, and continuing through fiscal year 2013, the State issued approximately \$720.0 million of taxable general obligation bonds with an interest subsidy from the US Treasury; and
- (6) Chapter 419 Acts of 2009 authorized \$70.0 million in bond funds for the Department of Natural Resource's Program Open Space (POS) land acquisition program and the use of property transfer tax revenue to pay principal and interest on these POS bonds. This authorization was issued in July 2010 in the 2010 Second Series and transfer taxes were credited to the Annuity Bond Fund beginning in fiscal year 2011.

### **General Obligation Bonds Outstanding**

The amount of general obligation bonds issued, redeemed, and outstanding for fiscal years 2026 and 2027 is shown on Schedule A (page 5). General obligation bonds outstanding are projected to total \$9.7 billion on June 30, 2026. The State is expected to issue approximately \$800 million in general obligation bonds in fiscal year 2026, with slightly more than \$1.0 billion in general obligation bonds redeemed throughout the year.

General obligation bonds outstanding are projected to total \$9.9 billion on June 30, 2027. In fiscal year 2027, general obligation bond issuances are expected to total \$1.2 billion and general obligation bond redemptions are estimated to total \$1.0 billion.

### **General Obligation Bonds Authorized But Unissued**

Bonds are not issued immediately following an authorization but rather are issued as funds are required to make payment on authorized capital projects. The amount authorized but unissued is allocated and dedicated to the specified projects authorized. Schedule B (page 6) estimates total unissued authorizations of general obligation bonds on June 30, 2026. General obligation bonds authorized but unissued are projected to total \$5.6 billion on June 30, 2026. This amount includes nearly \$1.8 billion in net new authorizations approved during the 2026 session of the Maryland General Assembly and effective on June 1, 2026 to support the fiscal year 2027 capital budget.

### **Annuity Bond Fund**

Debt service for general obligation bonds is paid from the Annuity Bond Fund. Schedule C (page 7), making certain assumptions regarding future bond issuances, interest rates, and increasing property tax income, forecasts the health of the Annuity Bond Fund through fiscal 2031 under the assumption that the current rate of 11.2 cents per \$100 of assessed value on real property and 28.0 cents per \$100 of assessed value on operating real property of public utilities is maintained. The fiscal 2027 budget provides a general fund appropriation of \$177.7 million consistent with this assumption. Despite assumed growth in property tax revenue collections, general fund appropriations will be

required in each year of the forecasted period. No premium generated is included in the estimates for fiscal years 2028 - 2031 because premium is volatile and difficult to project.

### **History of Property Tax Rates**

#### ***Property Tax Rates***

Between fiscal years 1983 through 2001, the property tax rate on real property was 21 cents per \$100 of assessed valuation. Also, during this time period, real property was assessed at only 40% of full cash value. In fiscal year 2002, the assessment process was reformed to become more transparent and real property began to be assessed at 100% of full cash value. The rate was, therefore, adjusted to 8.4 cents per \$100 of valuation (8.4 cents is 40% of 21.0 cents so there was no change to the overall tax burden). Tax rates increased to 13.2 cents per \$100 of assessed valuation in fiscal years 2004 – 2006. In fiscal year 2007, the rate was reduced to 11.2 cents per \$100 of assessed valuation and has remained at that reduced level since that time. Schedule D (page 8) provides the property tax rates for fiscal years 2003 – 2026 and the recommended rate for fiscal year 2027.

### **Recommendation**

The Commission on State Debt recommends to the Board of Public Works a state property tax rate of 11.2 cents per \$100 of assessed value on real property and 28.0 cents per \$100 of assessed value on operating real property of public utilities for fiscal year 2027.

**SCHEDULE A**  
**PROJECTED GENERAL OBLIGATION BONDS**  
**OUTSTANDING**  
**JUNE 30, 2026 AND JUNE 30, 2027**

	<b>Bonds Outstanding</b>
<b>Bonds Outstanding - June 30, 2025</b>	<b>\$ 9,954,098,928</b>
Projected Issuance Fiscal Year 2026 <sup>*(a)</sup>	800,000,000
Redeemed Fiscal Year 2026	(1,023,491,466)
Refunded Fiscal Year 2026*	0
 <b>Bonds Outstanding - June 30, 2026</b>	 <b>9,730,607,462</b>
Projected Issuance Fiscal Year 2027 <sup>*(b)</sup>	1,200,000,000
Redeemed Fiscal Year 2027	(1,040,898,466)
 <b>Bonds Outstanding - June 30, 2027</b>	 <b><u><u>\$ 9,889,708,996</u></u></b>

\* Preliminary, subject to change

<sup>(a)</sup> Projected Bond Issuance in Fiscal Year 2026:

	June-26 - <u>\$800,000,000</u>	
	<u>\$800,000,000</u>	2026 First Series

<sup>(b)</sup> Projected Bond Issuances in Fiscal Year 2027:

	September-26 - \$600,000,000	2027 First Series
	March-27 - <u>\$600,000,000</u>	2027 Second Series
	<u>\$1,200,000,000</u>	

**SCHEDULE B**  
**GENERAL OBLIGATION BONDS AUTHORIZED**  
**BUT UNISSUED**  
**JUNE 30, 2026 – PROJECTED**

	<b>Bonds Authorized but Unissued</b>
<b>Bonds Authorized but Unissued - June 30, 2025</b>	<b>\$ 4,693,595,186</b>
Issued Fiscal Year 2026 (projected new money bonds)	(800,000,000)
Cancelled Fiscal Year 2026 <sup>(a)</sup>	(244,853)
Net New Authorizations Effective June 1, 2026 <sup>(b)</sup>	1,750,000,000
 <b>Bonds Authorized but Unissued - June 30, 2026</b>	 <b>\$ 5,643,350,333</b>

<sup>(a)</sup> As of March 31, 2026  
 Authorizations have been cancelled as a result of the following:  
 Section 8-128 of the State Finance and Procurement Article

<sup>(b)</sup> MCCBL of 2026	
New General Obligation Bond Authorizations	\$ 1,847,099,000
De-authorizations of prior authorizations	\$ (97,099,000)
	\$ 1,750,000,000

## SCHEDULE C - Effect of Tax Rate on Annuity Bond Fund

	FISCAL YEARS						
	2025	2026	2027	2028	2029	2030	2031
	Actual	Estimated	<b>MAINTAIN THE RATE AT \$1.12 per \$100 of ASSESSED VALUATION (A)</b>				
<b>Beginning Balance</b>	\$ 419,911,899	\$ 239,202,611	\$ 108,268,874	\$ 51,182,365	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Total Property Tax Collections (B)	\$ 1,041,452,121	\$ 1,124,159,544	\$ 1,183,648,060	\$ 1,198,699,955	\$ 1,222,673,954	\$ 1,247,127,433	\$ 1,272,069,982
General Fund Appropriation	\$ 397,100,000	\$ 154,700,000	\$ 177,693,158	\$ 272,258,712	\$ 326,737,504	\$ 392,873,450	\$ 448,220,457
Bond Sale Premium (C)	\$ 86,804,708	\$ 80,000,000	\$ 80,000,000	\$ -	\$ -	\$ -	\$ -
Federal Subsidy for ARRA Bonds (D)	\$ 4,051,249	\$ 2,418,326	\$ 823,736	\$ 201,066	\$ -	\$ -	\$ -
Transfer Tax (E)	\$ 6,985,606	\$ 1,654,047	\$ -	\$ -	\$ -	\$ -	\$ -
Other Cash Receipts (F)	\$ 5,491,068	\$ 2,110,000	\$ 2,110,000	\$ 2,110,000	\$ 2,110,000	\$ 2,110,000	\$ 2,110,000
Capital Projects (G)	\$ (219,000,000)	\$ (89,813,869)	\$ (5,000,000)	\$ -	\$ -	\$ -	\$ -
Debt Service (H)	\$ (1,503,594,040)	\$ (1,406,161,785)	\$ (1,496,361,463)	\$ (1,522,452,098)	\$ (1,551,521,458)	\$ (1,642,110,883)	\$ (1,722,400,439)
<b>Ending Balance (I)</b>	<b>\$ 239,202,611</b>	<b>\$ 108,268,874</b>	<b>\$ 51,182,365</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>

**THESE ARE PROJECTIONS AS OF APRIL 9, 2026. ALL ESTIMATES FROM 2026 THROUGH 2031 CAN AND WILL CHANGE.**

**THE PROJECTIONS ARE DEPENDENT ON EACH OF THE FOLLOWING VARIABLES: PROPERTY VALUES, COLLECTIONS, BOND PREMIUM AND INTEREST RATES.**

- (A) Rate is projected at 11.2 cents (\$0.112) per \$100 of assessed value of real property other than that of public utilities and 28 cents (\$0.28) per \$100 of assessed value of real property of public utilities. This has been the rate since fiscal year 2007.
- (B) For fiscal years 2026 - 2027, property tax collections are calculated from estimates of assessable base provided by SDAT on March 31, 2026. For fiscal year 2028-2031, an estimate of 2.0% annual growth in collections is assumed.
- (C) Bond premiums are volatile and difficult to forecast so no premium is assumed for fiscal years 2028 - 2031. Fiscal 2026 and 2027 estimates are based on the amount authorized in the fiscal 2027 budget.
- (D) Federal Subsidies from US Treasury are for Build America Bonds, Qualified School Construction Bonds, and certain Qualified Zone Academy Bonds.
- (E) A portion of the Transfer Tax covers debt service for \$70 million of Program Open Space Bonds authorized in 2009 and issued in 2010.
- (F) Other cash receipts include interest and penalties on property taxes, loan repayments and miscellaneous receipts.
- (G) Capital projects anticipated to be funded with bond premium at the time of authorization.
- (H) Debt service is based on the amount authorized for fiscal year 2027 and authorizations projected in the Governor's Capital Improvement Plan for fiscal years 2028 - 2031, applying the issuance assumptions recommended by the 2025 Spending Affordability Committee.
- (I) Ending balance for fiscal years 2025 - 2027 include bond premium held in reserve for future capitalized interest payments.

**SCHEDULE D**  
**COMMISSION ON STATE DEBT**

**HISTORY OF PROPERTY TAX RATES AND**  
**GENERAL FUND APPROPRIATIONS**

<b>Real Property Tax Rates</b>			<b>General Fund Appropriations</b>	
per \$100 of assessed valuation				
<b>Fiscal Year</b>	<b>Other Than Utilities</b>	<b>Public Utilities</b>	<b>Fiscal Year</b>	<b>Amount</b>
2003	8.4 cents	21.0 cents	2003	\$ 90,500,000
2004	13.2 cents	33.0 cents	2004	-
2005	13.2 cents	33.0 cents	2005	-
2006	13.2 cents	33.0 cents	2006	-
2007	11.2 cents	28.0 cents	2007	-
2008	11.2 cents	28.0 cents	2008	\$29,349,121
2009	11.2 cents	28.0 cents	2009	-
2010	11.2 cents	28.0 cents	2010	-
2011	11.2 cents	28.0 cents	2011	-
2012	11.2 cents	28.0 cents	2012	-
2013	11.2 cents	28.0 cents	2013	-
2014	11.2 cents	28.0 cents	2014	\$83,000,000
2015	11.2 cents	28.0 cents	2015	\$140,000,000
2016	11.2 cents	28.0 cents	2016	\$252,400,000
2017	11.2 cents	28.0 cents	2017	\$259,395,129
2018	11.2 cents	28.0 cents	2018	\$259,648,777
2019	11.2 cents	28.0 cents	2019	\$286,000,000
2020	11.2 cents	28.0 cents	2020	\$287,000,000
2021	11.2 cents	28.0 cents	2021	\$131,000,000
2022	11.2 cents	28.0 cents	2022	\$260,000,000
2023 <sup>(1)</sup>	11.2 cents	28.0 cents	2023	\$430,000,000
2024	11.2 cents	28.0 cents	2024	\$425,100,000
2025 <sup>(2)</sup>	11.2 cents	28.0 cents	2025	\$376,100,000
2026	11.2 cents	28.0 cents	2026	\$154,700,000
2027 <sup>(3)</sup>	11.2 cents	28.0 cents	2027	\$177,693,158

<sup>(1)</sup> General Fund appropriation excludes \$219.0 million in general funds deposited into the Annuity Bond Fund for projects authorized in fiscal 2023.

<sup>(2)</sup> General Fund appropriation excludes \$21.0 million in general funds deposited into the Annuity Bond Fund for projects authorized in fiscal 2024.

<sup>(3)</sup> Reflects the rates as recommended by the Commission on State Debt to the Board of Public Works.