

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1260 (Chairman, Appropriations Committee)
(Departmental - University of Maryland System)
Appropriations

Academic Facilities Bonding Authority

This departmental bill authorizes the University of Maryland System to sell a total of \$30.0 million of Academic Facilities Bonds, \$18.1 million of which is to be used for property acquisition, capital equipment, and renovation projects at several academic facilities within the University of Maryland System, and \$11.9 million of which is to be used for capital facilities renewal projects at several academic facilities within the University of Maryland System.

The bill is effective June 1, 1997.

Fiscal Summary

State Effect: The University of Maryland System would receive a total of \$30.0 million in bond proceeds for property acquisition, capital equipment, and renovation projects and for capital facilities renewal projects at several campuses within the system. The system's debt service expenditures would be as follows:

FOR 20 YEARS AT 6.0%	
ANNUAL DEBT SERVICE:	\$2.6 million
TOTAL INTEREST:	\$22.0 million

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by the University of Maryland System in time for inclusion in this fiscal note. A revised fiscal note will be issued when the department's assessment becomes available.

Fiscal Analysis

State Revenues: The \$30 million in bond proceeds from the sale of the bonds would be revenue for the University of Maryland System to use for property acquisition, capital equipment, and renovation projects and various capital facilities renewal projects at several campuses within the University of Maryland System.

State Expenditures: The University of Maryland System's Auxiliary and Academic Facilities Bonding Authority presently has an AA credit rating and, as of June 30, 1996, had \$503.1 million of debt outstanding against a total authorization of \$647.3 million. The interest rate for AA rated bonds with an average life for 20 years is 6.0%. The system's annual debt service costs for 20 years on these bonds would be \$2.6 million. These bonds are not State debt. The bill does not increase the total amount of debt the University of Maryland System is authorized to have outstanding at any one time. The University of Maryland System's Auxiliary and Academic Facilities Bonding Authority has sufficient capacity within the \$647.3 million authorization cap to issue \$30 million in academic debt. Chapter 520 of the Laws of 1996 set a \$30.0 million limit on the amount of new academic revenue bonds for fiscal 1998.

Information Source(s): University of Maryland System, Department of Fiscal Services

Fiscal Note History: First Reader - February 27, 1997

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