

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 434 (Senator Hafer)
Budget and Taxation

Garrett County - Purchase of Real Property - Financing

This bill authorizes the Garrett County Commissioners to enter into a financing agreement to purchase real property for any public purpose, and to secure the financing through a mortgage or other instrument. Debt under these agreements may not exceed \$500,000 at any time, nor extend beyond 20 years. Any agreement must reserve the county's right to repay the debt at any time, without penalties. In order to pay the debt service costs on such real property, the county must levy ad valorem taxes on all property. The bill is effective July 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Indeterminate. To the extent that Garrett County enters into financing agreements to purchase real property, revenues and expenditures would be affected. The impact would depend upon the amount financed, the interest rate, and the debt repayment schedule. Revenues would also increase due to an ad valorem tax in an amount equal to the debt service costs on these financing agreements.

Small Business Effect: Minimal. To the extent that the county's financing agreements are made with small financial institutions, such small businesses could benefit. If small businesses in Garrett County had to pay ad valorem property taxes, their costs would increase by an indeterminate amount.

Information Source(s): Garrett County, Department of Fiscal Services

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