

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 83

(Senator Conway, *et al.*)

Budget and Taxation

Appropriations

Higher Education - Auxiliary and Academic Facilities Bond Authority - Morgan State University

This bill increases the bonding authority of Morgan State University (MSU) from \$77 million to \$88 million.

The bill takes effect June 1, 2006.

Fiscal Summary

State Effect: Bond revenues and expenditures would increase by up to \$11.0 million in FY 2007 if all the additional bonding authority is used. Higher education expenditures would increase by an estimated \$882,700 annually beginning in FY 2008 to pay debt service on the additional bonds.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Bond Rev.	\$11,000,000	\$0	\$0	\$0	\$0
Higher Ed Exp.	0	882,700	882,700	882,700	882,700
Bond Exp.	11,000,000	0	0	0	0
Net Effect	\$0	(\$882,700)	(\$882,700)	(\$882,700)	(\$882,700)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The aggregate principal amount of bonds issued by MSU may not exceed \$77 million.

Background: MSU has \$66.4 million of outstanding academic and auxiliary debt in fiscal 2006 and has tentative plans to issue an additional \$18 million of auxiliary debt in fiscal 2007 in order to pursue housing expansion opportunities. The current \$77 million statutory debt ceiling would prevent the university from moving forward with these plans.

State Fiscal Effect: Academic and auxiliary bond revenues and expenditures for MSU could increase by up to \$11 million in fiscal 2007. MSU estimates that debt service on the bonds would increase higher education expenditures by \$882,668 annually for 20 years if the full authority is used.

Additional Information

Prior Introductions: None.

Cross File: HB 332 (Delegate Jones, *et al.*) –Appropriations.

Information Source(s): Morgan State University, Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2006
mll/rhh Revised - Clarification - May 23, 2006

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