

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 477

(Frederick County Delegation)

Environmental Matters

Education, Health, and Environmental
Affairs

Frederick County - Community Development Authorities

This bill authorizes the Frederick County Commissioners to create community development authorities, levy ad valorem or special taxes and fees, and issue bonds and other obligations throughout Frederick County.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Frederick County could realize an increase in revenues due to the collection of special taxes and bond proceeds, and an increase in expenditures due to the financing of infrastructure improvements and debt service. The net fiscal impact would be minimal since revenues from the community development authorities would be used to fund these expenditures.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Frederick County Commissioners' authority to create a community development authority, levy ad valorem or special taxes and fees, and issue bonds and other obligations is limited to specified defined areas in the county.

Background: The purpose of a community development authority is to provide financing, refinancing, or reimbursement for the cost of design, construction, establishment, extension, alteration, or acquisition of infrastructure improvements, including: adequate storm drainage systems, sewers, water systems, roads, bridges, sidewalks, lighting, parking, parks and recreations facilities, museums and cultural facilities, libraries, and other necessary infrastructure improvements. The county commissioners may borrow money by issuing and selling bonds for any of these purposes, if a request is made by both the owners of at least two-thirds of the assessed valuation of the real property located within the community development authority, and at least two-thirds of the owners of the real property located within the community development authority under certain provisions.

Local Fiscal Effect: To the extent that Frederick County creates community development authorities and finances infrastructure improvements, expenditures would increase. To the extent that the county issues bonds as a result of this authority, debt service expenditures could increase. The county could offset the costs of these infrastructure improvements and debt service through the imposition of ad valorem or special taxes, as well as bond proceeds from the community development authorities. To the extent that the county imposes these taxes or issues bonds, revenues would increase.

The county advises that there potentially could be administrative costs in creating and administering the community development authorities. The county, however, is unable to quantify the impact of this administrative cost, as it would depend on the type of projects the community development would undertake, as well as whether it would require the services of attorneys and planners. To the extent that there are administrative costs, the county advises that it would charge the community development authority an annual fee. For example, the county advises that it currently charges one of its community development authorities \$12,000 annually to offset administrative costs.

Small Business Effect: To the extent that the creation of community development authorities allows Frederick County to finance infrastructure improvement projects, small businesses contracting with the county to design and construct the improvements could benefit. If the focus of the community development is on commercial property and the private sector is one of the expected beneficiaries of any improvements, there could be a potential positive impact of these community development authorities on small businesses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Frederick County, Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2006
ncs/hlb

Analysis by: Joshua A. Watters

Direct Inquiries to:
(410) 946-5510
(301) 970-5510