

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 280
Appropriations

(Carroll County Delegation)

Budget and Taxation

Carroll County - Public Facilities Bonds

This bill authorizes the Carroll County Commissioners to issue up to \$16.0 million in general obligation bonds for the acquisition, alteration, construction, improvement, or renovation of public buildings, facilities, and specified public works projects, and loans to volunteer fire departments. The date of maturity of the bonds cannot exceed 30 years.

The bill takes effect June 1, 2011.

Fiscal Summary

State Effect: None.

Local Effect: Carroll County receives up to \$16.0 million in bond proceeds. County debt service expenditures increase by an estimated \$1.2 million annually over a 20-year period.

Small Business Effect: None.

Analysis

Current Law: Commission counties do not have the legislative power to create debt; General Assembly authorization is required before any bonds can be sold. Carroll County is one of eight counties that still operate under the commission form of government.

Background: In recent years, Carroll County received authorization by the General Assembly to issue up to \$364.0 million in general obligation bonds for public facilities (**Exhibit 1**). The planned project areas for which bond proceeds would be used under

this bill is depicted in **Exhibit 2**, a detailed listing by project area is provided in **Exhibit 3**. The total amount of projects shown will be reduced to \$16 million as the proposed county budget becomes finalized.

Exhibit 1
Bond Authorizations for Carroll County
(\$ in Million)

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2005	Ch. 480	\$35.0
2006	Ch. 75	52.0
2007	Ch. 58	80.0
2008	Ch. 217	120.0
2009	Ch. 601	42.0
2010	Ch. 636	35.0
6-year Total		\$364.0

Exhibit 2
Carroll County Public Facilities Bonds
2011 Session

<u>Purpose</u>	<u>Amount</u>
Conservation and Open Space	\$10,480,000
Public Works	8,685,000
Public Schools	2,100,000
General Government	735,000
Total	\$22,000,000

Source: Carroll County Government

Local Fiscal Effect: Carroll County revenues increase by up to \$16.0 million from bond proceeds. Annual debt service costs for the bonds total approximately \$1.2 million. This estimate is based on a 4.83% interest rate and a 20-year term of maturity. To the extent that the bond issuance, interest rate, or term of maturity deviate from this assumption, expenditures would adjust accordingly.

At the end of fiscal 2010, Carroll County had approximately \$350.6 million in total general obligation debt outstanding, which represented an increase of \$41.3 million over the prior year. The outstanding debt represented 1.6% of the county's assessable base and \$2,061 on a per capita basis. In fiscal 2010, the county was assigned a AA+ rating by Standard and Poor's, and has an Aa1 credit rating from Moody's Investors Service, and an AAA rating from Fitch Ratings.

Additional Information

Prior Introductions: None.

Cross File: SB 463 (Carroll County Senators) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 10, 2011
mm/hlb

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Exhibit 3
Bond Authorization Request for the 2011 Session

Public Schools

Charles Carroll Elementary Heat Plant Conversion	\$1,150,000
Freedom Elementary Heat Plant Conversion	205,000
Freedom Elementary Roof Replacement	670,000
William Winchester Elementary Roof Replacement	<u>75,000</u>
	\$2,100,000

Conservation and Open Space

Agricultural Land – Maryland Ag Land Preservation Program	\$1,330,000
Environmental Compliance	100,000
Patapsco Road Watershed Project	405,000
Storm Water Facility Reconstruction	1,115,000
Water Development	5,500,000
Watershed Assessment and Improvement (NPDES)	<u>2,030,000</u>
	\$10,480,000

Public Works - Roads

Low Volume Road Improvements	\$1,320,000
Neighborhood Overlays	1,685,000
Overlays	4,700,000
Small Drainage Structures	<u>70,000</u>
	\$7,775,000

Public Works - Bridges

Shepherd's Mill over Little Pipe Creek	\$750,000
White Rock Road over Piney Run	<u>160,000</u>
	\$910,000

General Government

County Building Systemic Renovations	\$500,000
Library – Mount Airy Branch Improvements	<u>235,000</u>
	\$735,000

Grand Total **\$22,000,000**

Source: Carroll County Government
