

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 458

(Calvert County Senators)

Budget and Taxation

Appropriations

Calvert County - Public Facilities Bonds

This bill authorizes the Calvert County Commissioners to issue up to \$33.81 million in general obligation bonds for the acquisition, construction, improvement, or renovation of public buildings, facilities, and public works projects. The date of maturity of the bonds cannot exceed 30 years.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: None.

Local Effect: Calvert County receives up to \$33.81 million in bond proceeds. County debt service expenditures increase by an estimated \$2.5 million annually over a 15-year period and by \$116,500 over a 25-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. Calvert County is one of seven counties that still operate under the commission form of government.

Background: Since 2000, Calvert County has received authorization by the General Assembly to issue up to \$174.3 million in general obligation bonds for public facilities,

as shown in **Exhibit 1**. **Exhibit 2** shows the planned capital projects in Calvert County for fiscal 2014.

Exhibit 1
Bond Authorizations for Calvert County

<u>Session</u>	<u>Chapter Number</u>	<u>Bill Number</u>	<u>Authorized Amount</u>
2000	Ch. 178	HB 1262	\$9.500 million
2003	Ch. 34	HB 175	7.260 million
2004	Ch. 367	HB 699	5.100 million
2005	Ch. 54	HB 491	21.670 million
2006	Ch. 105	HB 1181	26.100 million
2007	Ch. 597	HB 286	53.110 million
2008	Ch. 77	HB 467	8.895 million
2009	Ch. 381	HB 225	19.025 million
2010	Ch. 135	HB 149	11.275 million
2011	Ch. 150	HB 1016	12.325 million
10-year Total			\$174.26 million

Local Fiscal Effect: Calvert County revenues increase by up to \$33.81 million from bond proceeds. Annual debt service costs for the bonds total approximately \$2.5 million for bonds issued with a 15-year term of maturity and by \$116,500 for bonds issued with a 25-year term of maturity. This estimate is based on a 2.09% interest rate and 2.66% interest rate, respectively. To the extent that the bond issuance, interest rates, or terms of maturity deviate from this assumption, debt service expenditures would adjust accordingly.

At the end of fiscal 2011, Calvert County had approximately \$159.2 million in total outstanding debt, which represents approximately 1.1% of the county's assessable base and \$1,791 on a per capita basis. The county currently has an AAA credit rating from Standard and Poor's, an Aa1 credit rating from Moody's Investors Service, and an AAA credit rating from Fitch Ratings.

Exhibit 2
Calvert County Bond Authorization Request
Fiscal 2014

<u>Project</u>	<u>Requested Bond Authority</u>	<u>Bond Duration</u>
800 MHz Digital Communications Upgrade & Channel Expansion	\$21,641,400	15 years
800MHz System Expansion – 6th Tower	2,687,900	15 years
Skipjack Road – MD 231	2,570,000	15 years
Williams Road/CSM Improvements	4,650,000	15 years
Issuance Costs	135,000	15 years
<i>Subtotal 15 Years</i>	<i>\$31,684,300</i>	
Appeal Convenience Center – Waterline Extension	484,000	25 years
Paris Oaks Pump Station Rehab	1,030,000	25 years
St. Leonard Well and Storage	603,000	25 years
Issuance Costs	8,700	25 years
<i>Subtotal 25 Years</i>	<i>\$2,125,700</i>	
Total	\$33,810,000	

Additional Information

Prior Introductions: None.

Cross File: HB 802 (Calvert County Delegation) - Appropriations.

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

Fiscal Note History: First Reader - February 22, 2013
ncs/hlb

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