

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 1354  
Appropriations

(Calvert County Delegation)

Budget and Taxation

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**Calvert County - Bonding Authority**

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This bill authorizes the Calvert County Commissioners to issue up to \$50.0 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, 2018.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Calvert County receives up to \$50.0 million in bond proceeds. County debt service expenditures increase by an estimated \$3.9 million annually.

**Small Business Effect:** None.

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**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 six counties that still operates under the commission form of government.

**Background:** Since 2008, Calvert County has received authorization by the General Assembly to issue up to \$176.9 million in general obligation bonds for public facilities, as shown in **Exhibit 1**.

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**Exhibit 1**  
**Bond Authorizations for Calvert County**  
**(\$ in Millions)**

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2008	Ch. 77	\$8.895
2009	Ch. 381	19.025
2010	Ch. 135	11.275
2011	Ch. 150	12.325
2013	Ch. 56	33.810
2014	Ch. 43	12.650
2015	Ch. 27	51.925
2016	Ch. 182	9.410
2017	Ch. 80	17.620
<b>Total</b>		<b>\$176.935</b>

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Funds derived from bonds issued under this authority can be used to fund multiple capital projects in Calvert County. The county estimates a new county administration office building will require a total bonding authority of \$50,058,000.

**Local Fiscal Effect:** Calvert County revenues increase by up to \$50.0 million from bond proceeds. Annual debt service costs for the bonds total approximately \$3.9 million for bonds issued with a 15-year term of maturity. This estimate is based on a 2.26% interest rate. 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 2016, Calvert County had approximately \$121.7 million in total outstanding debt, which represents approximately 1.0% of the county's assessable base and \$1,344 on a per capita basis. The county currently has an AAA credit rating from Standard and Poor's, an Aaa credit rating from Moody's Investors Service, and an AAA credit rating from Fitch Ratings.

Information on local debt measures for Maryland counties and Baltimore City can be found in Chapter 9 of the [Overview of Maryland Local Governments](#) report. A copy of the report can be found on the Department of Legislative Services website.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 22, 2018  
mm/hlb Third Reader - March 20, 2018  
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