

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 623
Appropriations

(Calvert County Delegation)

Budget and Taxation

Calvert County - Local Debt Bonding Authority

This bill authorizes the Calvert County Commissioners to issue up to \$10.32 million in general obligation (GO) 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, 2019.**

Fiscal Summary

State Effect: None.

Local Effect: Calvert County receives up to \$10.32 million in bond proceeds. County debt service expenditures increase by an estimated \$754,500 annually.

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

Background: Since 2009, Calvert County has received authorization by the General Assembly to issue up to \$218.0 million in GO bonds for public facilities, as shown in **Exhibit 1. Exhibit 2** shows the planned capital projects in Calvert County for fiscal 2020.

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

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
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
2018	Ch. 117	50.000
Total		\$218.040

Exhibit 2
Calvert County Bond Authorization Request
2019 Session

<u>Project</u>	<u>Requested Bond Authority</u>	<u>Bond Duration</u>
Solomons Land Purchase – New Fire House	\$1,000,000	15 years
Little Cove Point Road Curve Repair	2,000,000	15 years
St. Leonard Road Widening	4,500,000	15 years
<i>Subtotal 15 Years</i>	<i>\$7,500,000</i>	
WWTP Biosolid Handling Replacement Equipment	\$1,600,000	25 years
Headworks Pump Station Pump Replacement and HVAC Upgrade	1,070,000	25 years
<i>Subtotal 25 Years</i>	<i>\$2,670,000</i>	
Total	\$10,170,000	

HVAC: heating, ventilation, and air conditioning
WWTP: wastewater treatment plant

Local Fiscal Effect: Calvert County revenues increase by up to \$10.32 million from bond proceeds. Annual debt service costs total approximately \$603,100 for bonds issued with a 15-year term of maturity and \$151,400 for bonds issued with a 25-year term of maturity. This estimate is based on a 2.57% interest rate and 2.97% 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 2017, Calvert County had approximately \$136.8 million in total outstanding debt, which represents approximately 1.1% of the county's assessable base and \$1,502 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.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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