

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 358
Appropriations

(St. Mary's County Delegation)

Budget and Taxation

St. Mary's County - Public Facility Bonds

This bill authorizes the St. Mary's County Commissioners to issue up to \$30.0 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, 2019.**

Fiscal Summary

State Effect: None. The bill only affects local government operations.

Local Effect: St. Mary's County anticipates the general obligation bonds authorized by the bill will not be issued until FY 2022; therefore, revenues increase by up to \$30.0 million from bond proceeds in FY 2022. County debt service expenditures increase by an estimated \$2.0 million annually over a 20-year period beginning in FY 2022.

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. St. Mary's County is one of six counties that still operates under the commission form of government.

Background: Since 2008, St. Mary's County has received authorization by the General Assembly to issue up to \$115.9 million in general obligation bonds for public facilities, as shown in **Exhibit 1**.

Exhibit 1
Bond Authorizations for St. Mary's County
(\$ in Millions)

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2008	Ch. 78	\$35.0
2013	Ch. 96	30.0
2017	Ch. 427	26.3
2018	Ch. 109	24.6
Total		\$115.9

Exhibit 2 shows the planned capital projects in St. Mary's County. St. Mary's County estimates that the county will still have approximately \$6.9 million in remaining bond authority from Chapter 109 of 2018, which will also be applied toward these planned capital projects.

Local Fiscal Effect: St. Mary's County anticipates the general obligation bonds authorized by the bill will not be issued until fiscal 2022; therefore, revenues increase by up to \$30.0 million from bond proceeds in fiscal 2022. Annual debt service costs for the bonds total approximately \$2.0 million beginning in fiscal 2022. This estimate is based on a 3.04% 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 2017, St. Mary's County had approximately \$181.0 million in total outstanding debt, which represents approximately 1.5% of the county's assessable base and \$1,618 on a per capita basis. The county currently has an AA+ rating from Standard and Poor's, an Aa1 credit rating from Moody's Investors Service, and an AA+ 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.

Exhibit 2
St. Mary's County Bond Authorization Request
2019 Session

<u>Project Description</u>	<u>Amount</u>
Adult Detention Center Upgrades	\$5,504,079
Charlotte Hall Farmer's Market Relocation	1,651,650
Building Services Maintenance	590,000
Radio System Upgrades	2,625,000
Emergency Center Upgrade	170,000
Patuxent Park Neighborhood Preservation	6,000,000
Regional Water Quality & Nutrient Removal	1,830,501
Bridge/Culvert Replacement & Repair	202,643
Neighborhood Drainage Rehabilitation	590,000
Mt. Wolf Roundabout	523,106
South Shangri La Drive	100,000
FDR Boulevard Extended	300,000
Asphalt Overlay	4,530,000
Southampton Neighborhood Revitalization	725,220
Clements Convenience Center Improvements	80,000
St. Clements Island Museum Renovations	485,250
Three Notch Trail – Phase Seven	700,000
Recreation Facility & Park Improvements	1,762,000
Chaptico Park – Phased Development	1,100,000
Lexington Manor Passive Park	350,000
Sports Complex	370,000
Shannon Farm Property	150,000
Park Hall Elementary School – Partial Roof/HVAC Replacement & Sewer Lift Station	811,000
Hollywood ES – Partial Roof/HVAC Replacement/Emergency Power	642,000
Green Holly Elementary School – Partial Roof Replacement	1,000,000
Dynard ES Roof/HVAC Replacement & Emergency Power	421,554
Great Mills High School – Partial Roof Replacement	1,558,000
Building Infrastructure – Programmatic	225,000
Building Infrastructure – Critical	177,000
School Safety Actions	1,396,000
Green Holly Elementary School – Switch Gear & HVAC	348,000
Total Cost of Projects	\$36,918,003
Less: Estimated Remaining Existing Authority from Chapter 109 of 2018	6,918,003
Total Estimated Bond Authority Required	\$30,000,000

ES: elementary school

HVAC: heating, ventilation, and air conditioning

Source: St. Mary's County Government

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): St. Mary's County; Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2019
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