

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 783
Appropriations

(Calvert County Delegation)

Budget and Taxation

Calvert County - Public Facilities Bond

This bill authorizes the Calvert County Commissioners to issue up to \$36.9 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, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: Calvert County receives up to \$36.9 million in bond proceeds. County debt service expenditures increase by an estimated \$2.8 million 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 2010, Calvert County has received authorization by the General Assembly to issue up to \$219.0 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 2021.

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

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
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. 115 and Ch. 117	59.665
2019	Ch. 96	10.320
Total		\$219.000

Exhibit 2
Calvert County Bond Authorization Request
2020 Session

<u>Project</u>	<u>Requested Bond Authority</u>	<u>Bond Duration</u>
Beach Elementary	\$17,806,000	15 years
Twin Beaches Library	5,243,316	15 years
Stafford Road Intersection Improvements	3,000,000	15 years
Fire and Rescue Apparatus Replacement	1,812,000	15 years
St. Leonard Fire Department and Rescue Squad Facility Replacement	12,800,000	15 years
Issuance Costs	150,000	15 years
<i>Subtotal 15 Years</i>	<i>\$40,811,316</i>	
Prince Frederick WWTP #1 Plant Upgrade	\$3,620,000	25 years
Solomons Septage Receiving Upgrade	2,450,532	25 years
<i>Subtotal 25 Years</i>	<i>\$6,070,532</i>	
Total	\$46,881,848	

WWTP: wastewater treatment plant

Local Fiscal Effect: Calvert County revenues increase by up to \$36.9 million from bond proceeds. Annual debt service costs total approximately \$2.8 million for bonds issued with a 15-year term of maturity. This estimate is based on a 1.69% 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 2018, Calvert County had approximately \$145.3 million in total outstanding debt, which represents approximately 1.1% of the county's assessable base and \$1,590 on a per capita basis. The county currently has an AAA credit rating from Standard & Poor's, an Aaa credit rating from Moody's Investors Service, and an AAA credit rating from Fitch Ratings.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 343 (Senators Bailey and Miller) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 10, 2020
mr/hlb Third Reader - March 16, 2020

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