

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 97
Appropriations

(St. Mary's County Delegation)

Budget and Taxation

St. Mary's County - Public Facilities Bond

This bill authorizes the St. Mary's County Commissioners to issue up to \$33.0 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, 2020.**

Fiscal Summary

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

Local Effect: St. Mary's County receives up to \$33.0 million in bond proceeds. County debt service expenditures increase by an estimated \$2.0 million annually over a 20-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. 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 \$145.9 million in general obligation bonds for public facilities, as shown in **Exhibit 1**. **Exhibit 2** shows the planned capital projects in St. Mary's County.

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
2019	Ch. 180	30.0
Total		\$145.9

Local Fiscal Effect: St. Mary's County revenues increase by up to \$33.0 million from bond proceeds. Annual debt service costs for the bonds total approximately \$2.0 million. This estimate is based on a 2.08% 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 2018, St. Mary's County had approximately \$172.1 million in total outstanding debt, which represents approximately 1.4% of the county's assessable base and \$1,531 on a per capita basis. The county currently has an AA+ rating from Standard & Poor's, an Aa1 credit rating from Moody's Investors Service, and an AA+ rating from Fitch Ratings.

Exhibit 2
St. Mary's County Bond Authorization Request
Fiscal 2021

<u>Project Description</u>	<u>FY 2021 Bonds</u>
Public Facilities	
Adult Detention Center Upgrades, Housing and Medical Units	\$6,526,500
Salt Storage Facility Replacement	2,558,200
Airport Improvements	1,405,900
Total Public Facilities	\$10,490,600
Highways	
Asphalt Overlay	\$2,634,896
Culvert Replacement and Repair	1,573,700
Total Highways	\$4,208,596
Parks and Recreation	
Multi-purpose Synthetic/Turf Fields	\$3,805,000
Recreation Facilities and Park Improvements	1,425,500
Sports Complex	2,668,750
Total Parks and Recreation	\$7,899,250
Public Schools	
Building Infrastructure – Critical	\$1,183,000
Dynard Elementary School – Roof/HVAC Replacement and Emergency Power	2,831,554
Green Holly Elementary School – Switch Gear and HVAC Replacement	2,797,000
Safety and Security Projects	3,590,000
Total Public Schools	\$10,401,554
Grand Total	\$33,000,000

HVAC: heating, ventilation, and air conditioning

Source: St. Mary's County Government

Additional Information

Prior Introductions: None.

Designated Cross File: SB 261 (Senator Bailey) - Budget and Taxation.

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

Fiscal Note History: First Reader - January 23, 2020
mr/hlb Third Reader - March 16, 2020

Analysis by: Trevor S. Owen

Direct Inquiries to:
(410) 946-5510
(301) 970-5510