

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 719 (Chairman, Budget and Taxation Committee)  
(Departmental - University of Maryland System)

Budget and Taxation

Referred to Appropriations

Academic Facilities Bonding Authority

This enrolled departmental bill authorizes the University of Maryland System to sell a total of \$40,000,000 of Academic Facilities Bonds, \$23,500,000 of which is to be used for the construction of the Maryland Center for the Performing Arts, University of Maryland College Park (Prince George’s County), and \$16,500,000 of which is to be used for capital facilities renewal projects at several academic facilities within the University of Maryland System.

It is the intent of the General Assembly that no more than \$30 million in bonds be approved for academic facilities in the University of Maryland System in fiscal 1998.

The bill is effective June 1, 1996.

Fiscal Summary

**State Effect:** The University of Maryland System would receive a total of \$40 million in bond proceeds for the construction of the Center for the Performing Arts and for capital facilities renewal projects at several campuses within the system. The system’s debt service expenditures would be as follows:

|                       |              |
|-----------------------|--------------|
| FOR 20 YEARS AT 6.04% |              |
| ANNUAL DEBT SERVICE:  | \$ 3,498,715 |
| TOTAL INTEREST:       | \$29,974,302 |

**Local Effect:** None.

**Small Business Effect:** A small business impact statement was not provided by the University of Maryland System in time for inclusion in this fiscal note. A revised fiscal note will be issued when the department's assessment becomes available.

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## Fiscal Analysis

**State Revenues:** The \$40 million in bond proceeds from the sale of the bonds would be revenue for the University of Maryland System to use for the construction of the Maryland Center for the Performing Arts at College Park, and for various capital facilities renewal projects at several campuses within the University of Maryland System.

**State Expenditures:** The University of Maryland System's Auxiliary and Academic Facilities Bonding Authority presently has an AA credit rating and, as of June 30, 1995, had \$515,365,375 of debt outstanding against a total authorization of \$647,304,260. The interest rate for AA rated bonds with an average life for 20 years is 6.04%. The system's annual debt service costs for 20 years on these bonds would be \$3,500,000. These bonds are not State debt. The bill does not increase the total amount of debt the University of Maryland System is authorized to have outstanding at any one time.

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**Information Source(s):** University of Maryland System, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 27, 1996  
ncs Revised - Senate Third Reader - March 27, 1996  
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