

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 674 (Senators Amoss and Baker)
(Cecil County Senators)

Budget and Taxation

Cecil County - Public School and Community College Bonds

This bill authorizes the Cecil County Commissioners to issue up to \$5 million in general obligation bonds to finance the costs of projects for public school facilities and Cecil County Community College. The maturity date of such bonds cannot exceed 15 years.

The bill is effective June 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Cecil County would receive up to \$5 million in bond proceeds for public school facilities and community college projects. County debt service expenditures would increase by a maximum of \$0.5 million annually.

Small Business Effect: Minimal effect on small businesses as discussed below.

Fiscal Analysis

Local Effect: Cecil County revenues could increase by up to \$5 million due to the bond proceeds. As of June 30, 1995, the county had \$46.1 million in outstanding debt. The county currently has an A+/A credit rating. The interest rate for A rated 15-year bonds is estimated to be 5.5%. Assuming the county issues \$5 million in bonds, the county's annual debt service costs on these bonds would be \$0.5 million. One cent on the county's property tax yields approximately \$177,741 in fiscal 1998. As a result, this expenditure increase is equivalent to \$0.0276 on the county's property tax rate.

Small Business Effect: This bill authorizes Cecil County to issue up to \$5 million in general

obligation bonds. It will allow the county to continue funding capital improvements. To the extent that small construction businesses bid on county contracts, they will continue to benefit from the county's capital spending.

Information Source(s): Cecil County, Department of Fiscal Services

Fiscal Note History: First Reader - March 3, 1997
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Analysis by: Thomas Himler
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710