SB 886

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 886 (Senator Colburn)
Budget and Taxation

Caroline County - Community Development Authorities

This bill authorizes the Caroline County Commissioners to create community development authorities to finance various infrastructure improvement projects. To finance such projects, the county may issue bonds and other debt obligations. The county may levy ad valorem or special taxes or fees to pay the debt service costs on these bonds. Before the county commissioners may designate an area within a municipality as a community development authority, the municipality's officials must consent.

The bill is effective July 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Potential indeterminate revenue and expenditure increase for Caroline County as discussed below.

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

Fiscal Analysis

Bill Summary: This bill authorizes the Caroline County Commissioners to create community development authorities to provide for various infrastructure improvements.

In order to finance these projects, the county may issue bonds and other debt obligations. The debt service costs on these bonds would be covered by ad valorem or special taxes or fees. Before issuing bonds, the county must receive a request from both (1) the owners of at least two-thirds of the assessed valuation of the real property located within the community development authority; and (2) at least two-thirds of the owners of the real property located within the community development authority provided that multiple owners of a single parcel of land are treated as one owner and a single owner of multiple parcels is treated as one owner. In addition, the county must designate by resolution the area(s) as a community development authority, adopt a resolution creating a special fund for the authority, and provide for the levy of an ad valorem or community development tax or fee. The county must also hold a public hearing before these matters are officially approved by the county commissioners.

A community development authority is terminated when all the bonds are fully retired. Any money remaining in a special fund must be paid to the county's general fund or applied to another use as approved by the county commissioners.

Local Effect: To the extent that Caroline County creates community development authorities, revenues and expenditures would increase depending upon the scope of the infrastructure projects and the amount of bonds issued by the county. At this time, the increase cannot be reliably estimated. However, any increase in debt service costs would be fully offset by ad valorem or special taxes or fees.

Any costs associated with holding public hearings on proposed community development authorities would be minimal, and could be absorbed within the county's existing resources.

Small Business Effect: If community development authorities are established, small businesses in the county could benefit from the infrastructure improvements undertaken by the authorities. These improvements could increase the number of people visiting the particular areas, and lead to more exposure of the businesses. However, businesses in these districts could experience higher costs due to ad valorem or special taxes or fees.

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

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