

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 797 (Senators Derr and Ferguson)
(Frederick County Senators)

Budget and Taxation

Frederick County - Public Facilities Bonds

This bill authorizes the Frederick County Commissioners to issue up to \$40.5 million in general obligation bonds to finance public facility projects. The maturity date on such bonds cannot exceed 30 years. The bill is effective June 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Frederick County would receive up to \$40.5 million in bond proceeds for public facilities projects. County debt service expenditures could increase by an estimated \$3.9 million annually.

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

Fiscal Analysis

Local Effect: Frederick County revenues could increase by up to \$40.5 million due to the bond proceeds. As of June 30, 1995, the county had \$170.6 million in outstanding debt. The county currently has an AA-/Aa credit rating. The interest rate for Aa rated 15-year bonds is estimated to be 5.20%. Assuming the county issues \$40.5 million in bonds, the county's annual debt service costs on these bonds would be \$3.9 million. One cent on the county's property tax yields approximately \$438,953 in fiscal 1998. As a result, this expenditure increase is equivalent to \$0.0887 on the county's property tax rate.

Small Business Effect: This bill authorizes Frederick County to issue up to \$40.5 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): Frederick County, Department of Fiscal Services

Fiscal Note History: First Reader - February 27, 1997

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