

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 698 (Senator Colburn)
Budget and Taxation

Dorchester County - Public School Capital Improvement Bonds

This bill authorizes the Dorchester County Commissioners to issue up to \$3.2 million in general obligation bonds for public school capital improvements. The maturity date of such bonds may not exceed 30 years. The bill is effective June 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Dorchester County would receive up to \$3.2 million in bond proceeds for public school capital improvement projects. County debt service expenditures would increase by a maximum of \$0.3 million annually.

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

Fiscal Analysis

Local Effect: Dorchester County revenues could increase by up to \$3.2 million due to the bond proceeds. As of June 30, 1995, the county had \$21.9 million in outstanding debt. The county currently has an A credit rating. The interest rate for A rated 15-year bonds is estimated to be 5.5%. Assuming the county issues \$3.2 million in bonds, the county's annual debt service costs on these bonds would be \$0.3 million. One cent on the county's property tax yields approximately \$65,440 in fiscal 1998. As a result, this expenditure increase is equivalent to \$0.0479 on the county's property tax rate.

Small Business Effect: This bill authorizes Dorchester County to issue up to \$3.2 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): Dorchester County, Department of Fiscal Services

Fiscal Note History: First Reader - February 11, 1997

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