

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 139 (Calvert County Delegation)
Commerce and Government Matters

**Calvert County - Board of County Commissioners - Tax Exempt Private Activity
Bonds**

This bill authorizes the Calvert County Commissioners to charge a fee for the issuance of tax exempt private activity bonds. The fees must be dedicated to the county's Economic Development Loan Fund.

Fiscal Summary

State Effect: None.

Local Effect: Calvert County revenues and expenditures could increase by an indeterminate amount.

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

Fiscal Analysis

Local Effect: If Calvert County imposes an issuance fee on tax exempt private activity bonds, revenues could increase depending upon the amount of bonds and the amount of the fee. For example, a fee of 0.5% on a \$10 million bond issue would generate \$50,000 for the county. Over the past decade, the county has issued these types of bonds on three different occasions. In 1995 the county issued \$44 million in new tax exempt private activity bonds for a retirement community. The other two issues were in the form of refunding bonds. In 1993 the county issued \$47 million in refunding bonds for the power plant and in 1987 the county issued \$7 million for an inn.

Since the fees collected on these bonds would be dedicated to the county's Economic Development Loan Fund, expenditures could increase by a similar amount as the county uses these funds on economic development programs.

Small Business Effect: Small businesses that have tax exempt private activity bonds issued on their behalf would experience an increase in costs due to the imposition of the issuance fee. At the same time, small businesses could benefit to the extent that they receive grants or loans from the county's Economic Development Loan Fund. These grants or loans would be partially funded by the proceeds from the issuance fees. Although the impact cannot be determined at this time, it would be minimal.

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

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