

**Department of Legislative Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 708 (Chairman, Budget and Taxation Committee)  
(Departmental - University System of Maryland)

Budget and Taxation

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**Academic Facilities Bonding Authority**

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This departmental bill increases the total bonding authority for the University System of Maryland from \$647.3 million to \$750 million. The bill also authorizes the University System of Maryland to sell a total of \$31.5 million of academic facilities bonds, \$17.8 million of which is to be used for property acquisition, capital equipment, and renovation projects at several academic facilities within the University System of Maryland, and \$13.7 million of which is to be used for capital facilities renewal projects at several academic facilities within the University System of Maryland.

The bill further states that it is the intent of the General Assembly that, for fiscal 2000, the University System of Maryland shall limit the amount of its request for authority to issue academic revenue bonds to no more than \$25 million.

The bill is effective June 1, 1998.

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**Fiscal Summary**

**State Effect:** The University System of Maryland would receive a total of \$31.5 million in bond proceeds for property acquisition, capital equipment, and renovation projects and for capital facilities renewal projects at several campuses within the system. The system's debt service cost would be \$2.7 million each year.

**Local Effect:** None.

**Small Business Effect:** A small business impact statement was not provided by the University System of Maryland in time for inclusion in this fiscal note. A revised fiscal note

will be issued when the department's assessment becomes available.

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## Fiscal Analysis

**State Revenues:** The \$31.5 million in bond proceeds from the sale of the bonds would be revenue for the University System of Maryland to use for property acquisition, capital equipment, and renovation projects and various capital facilities renewal projects at several campuses within the University System of Maryland.

**State Expenditures:** The University System of Maryland's Auxiliary and Academic Facilities Bonding Authority presently has an AA credit rating and, as of June 30, 1997, had \$582 million of debt outstanding against a total authorization of \$647.3 million. The interest rate for AA rated bonds with an average life of 20 years is currently approximately 6%. The system's annual debt service costs for 20 years on these bonds would be \$2.7 million, for a total interest cost of \$23.4 million.

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**Information Source(s):** University System of Maryland, Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 1998  
lc Revised - Updated Information - March 17, 1998  
Revised - Senate Third Reader - April 1, 1998  
Revised - Enrolled Bill - May 4, 1998

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Analysis by: Claire E. Rooney	Direct Inquiries to:
Reviewed by: Steve McCulloch	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710