

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1271 (Chairman, Rules and Executive Nominations Committee)
(Departmental - University System of Maryland)

Appropriations

Academic Facilities Bonding Authority

This departmental bill increases the total bonding authority for the University System of Maryland (USM) from \$750 million to \$850 million. The bill also authorizes USM to sell a total of \$25 million of academic facilities bonds to finance the acquisition, development, and improvement of specified academic facilities.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: USM would receive a total of \$25 million in bond proceeds for capital projects. USM's debt service cost would be approximately \$2.18 million each year.

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by USM in time for inclusion in this fiscal note. A revised fiscal note will be issued when the department's assessment becomes available.

Analysis

Current Law: USM's bonding authority is limited to \$750 million.

Background: The Capital Debt Affordability Committee has recommended a fiscal 2001

limit of \$25 million in academic revenue debt for the University System of Maryland. This is the same amount authorized for fiscal 2000. The Spending Affordability Committee concurred with this recommendation.

State Revenues: The \$25 million in bond proceeds would be revenue for USM to use for academic facilities projects.

State Expenditures: USM's Auxiliary and Academic Facilities Bonding Authority has an AA credit rating and currently has approximately \$644.5 million of debt outstanding against a total authorization of \$750 million. An additional \$150 million will be needed to finish pending projects. The annual debt service costs for 20 years at 6% on the bonds authorized by this bill would be approximately \$2.18 million.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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cm/jr

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