

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

House Bill 1263 (Chairman, Appropriations Committee)
 (Departmental – University System of Maryland)
 Appropriations Budget and Taxation

Academic Facilities Bonding Authority

This departmental bill increases the bonding authority of the University System of Maryland from \$850 million to \$875 million to finance capital improvements projects specified in the bill.

Fiscal Summary

State Effect: Academic revenues for the University System of Maryland (USM) would increase by \$25 million. USM debt service expenditures would increase by an estimated \$2.2 million annually.

(\$ in millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Higher Ed Rev.	\$25.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	2.2	2.2	2.2	2.2	2.2
Net Effect	\$22.8	(\$2.2)	(\$2.2)	(\$2.2)	(\$2.2)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

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 submitted when USM's assessment becomes available.

Analysis

Current Law: The bonding authority of USM is limited to \$850 million.

Background: The Capital Debt Affordability Committee recommended a fiscal 2002 limit of \$25 million in new academic revenue debt for USM. This is the same amount authorized for fiscal 2001. The Spending Affordability Committee concurred with this recommendation.

The projects USM plans on financing with revenue from the bond sales are listed below.

- University of Maryland, Baltimore: Howard Hall renovation; façade and window upgrades; HVAC upgrades and replacements; and elevator upgrades.
- University of Maryland, College Park: library and building renovations; and various infrastructure improvements.
- University of Maryland Eastern Shore: social science, education, and health science building construction; Student Development Center conversion; and sewer system upgrade.
- Bowie State University: storage and inventory center upgrade; Martin Luther King Communications Arts Center roof replacement; and Henry Administration Building ceiling system replacement.
- Towson University: campus roadways resurfacing; electrical transfer switches, roof systems, and elevator equipment replacement; and masonry repair.
- Frostburg State University: Upper Quadrangle site improvements.
- Coppin State College: roofing systems replacement and repair; building repairs; parking lot improvements; and HVAC system improvements.
- Salisbury State University: campus signage.
- University of Maryland Baltimore County: University Center conversion; and electrical distribution repairs and upgrades.
- University of Maryland Center for Environmental Sciences: seawater system repairs; and parking lot installation.
- University System of Maryland office: emergency projects.

State Fiscal Effect: Revenues will increase by up to \$25 million in fiscal 2002 due to bond proceeds. USM currently has an AA credit rating and assumes a 6% interest rate in estimating \$2.2 million in annual debt service on the 20-year bonds.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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