

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

House Bill 577
Appropriations

(Delegate Marriott, *et al.*)

Budget and Taxation

Education - New Baltimore City Board of School Commissioners - Bonds

This bill increases the maximum aggregate principal amount of bonds that the New Baltimore City Board of School Commissioners may issue. The increase is from \$25 million to \$75 million.

Fiscal Summary

State Effect: None.

Local Effect: Revenues for the New Baltimore City Board of School Commissioners would increase by \$25 million in FY 2003 and 2004 assuming the increased bond authorization is exercised over two fiscal years. Annual debt service expenditures for the board would increase by \$2.4 million in FY 2003 and by \$4.8 million in subsequent fiscal years.

Small Business Effect: None.

Analysis

Current Law: The New Baltimore City Board of School Commissioners may issue bonds with an aggregate principal amount of up to \$25 million.

Background: The current \$25 million bond authority of the New Baltimore City Board of School Commissioners has been used to provide Internet wiring (\$16.1 million) and other major renovations to Baltimore City public schools (\$8.9 million). If additional borrowing authority is approved, the board advises that the funds would support its

Strategic Facility Plan. The plan includes renovations that will enable high school reform initiatives to proceed and renovations that will facilitate the conversion of school buildings to accommodate students in pre-kindergarten through grade eight.

Bonds issued by the board use a State intercept. The State pays the debt service and subtracts the payments from the State education aid that is owed to the board.

Local Fiscal Effect: The New Baltimore City Board of School Commissioners advises that the increased bond authority would be exercised over two fiscal years, 2003 and 2004. Therefore, board revenues for each of the two fiscal years would increase by \$25 million. Debt service payments on the bonds would total approximately \$2.4 million in fiscal 2003 and \$4.8 million in subsequent fiscal years. This estimate is based on a 5.1% annual interest rate over 15 years, which is the financing plan provided by the school system.

Additional Information

Prior Introductions: None.

Cross File: SB 295 (Senators McFadden and Hughes) - Budget and Taxation.

Information Source(s): Maryland State Department of Education, New Baltimore City Board of School Commissioners, Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2002
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