

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 794  
Appropriations

(Washington County Delegation)

Budget and Taxation

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**Washington County - Public Facilities Bonds**

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This bill authorizes the Washington County Commissioners to issue up to \$75 million in general obligation bonds for the construction and improvement of public facilities in Washington County.

The bill also requires the Washington County Commissioners to report to members of the General Assembly representing the county by January 1, 2005 on plans to implement a county land preservation program and landowner equity program including goals for financial support and number of acres preserved.

The bill takes effect June 1, 2004.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Washington County could receive up to \$75 million in bond proceeds for capital projects. County debt service expenditures would increase by an estimated \$1.5 million annually for each \$18.75 million in bonds issued (\$6.0 million annually for all \$75 million).

**Small Business Effect:** Minimal.

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## Analysis

**Background:** Washington County advises that the \$75 million would be used for public facilities in the county's Capital Improvement Plan (\$50 million), an airport runway extension (\$20 million), and land preservation purposes (\$5 million).

Washington County last sought approval for bonding authority in 1999; Chapter 110 of 1999 authorized the county to issue up to \$50 million in general obligation bonds for capital projects.

**Local Fiscal Effect:** Washington County revenues would increase by up to \$75 million due to the bond proceeds. The county advises that all the bonds would be issued over four years beginning in fiscal 2005. For the purpose of estimating the fiscal impact of issuing the bonds, the Department of Legislative Services assumes that Washington County would issue the \$75 million in bonds in equal installments over the next four fiscal years: \$18.75 million each in fiscal 2005, 2006, 2007, and 2008. Accordingly, annual debt service costs for the bonds would be \$1.5 million in fiscal 2005 and \$6.0 million in fiscal 2008. These estimates are based on an annual interest rate of 4.88% and a 20-year term for each issue.

As of June 30, 2003, Washington County had approximately \$148.6 million in outstanding debt which represents approximately 2.3% of the county's assessable base. The statewide average is approximately 3.1%. The county currently has an A+ credit rating from Standard and Poor's, and an A1 credit rating from Moody's Investors Service.

**Additional Comments:** One cent on Washington County's property tax rate yields approximately \$804,638 in fiscal 2005. Accordingly, an annual \$1.5 million expenditure increase for debt service on an issue of \$18.75 million in bonds is equivalent to a 1.9 cent increase in the county's property tax rate. A \$6.0 million expenditure increase for debt service on the issue of \$75 million in bonds is equivalent to a 7.4 cent increase in the county's property tax rate.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Washington County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2004  
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