

**Department of Legislative Services
Maryland General Assembly
2005 Session**

FISCAL AND POLICY NOTE

House Bill 491
Appropriations

(Calvert County Delegation)

Budget and Taxation

Calvert County - Public Facilities Bonds

This bill authorizes the County Commissioners of Calvert County to issue up to \$21,670,000 in general obligation bonds for the acquisition, construction, improvement, or renovation of public buildings and facilities. The date of maturity of the bonds cannot exceed 30 years.

The bill is effective June 1, 2005.

Fiscal Summary

State Effect: None.

Local Effect: Calvert County would receive up to approximately \$21.7 million in bond proceeds for capital projects. County debt service expenditures could increase by an estimated \$1.6 million annually over a 20-year period, assuming a 4.5% interest rate.

Small Business Effect: Potential minimal.

Analysis

Background: Funds derived from bonds issued under this authority will be used for long-term public facilities, including the Prince Frederick Library, the College of Southern Maryland, the Dunkirk District Park development, as well as for roads and county maintenance facilities. **Exhibit 1** shows the projects included in the \$21.7 million bond issue and their individual costs.

Exhibit 1
General Obligation Bond Funding for Capital Improvement Projects

<u>Project</u>	<u>Cost</u>
College of Southern Maryland	\$205,000
Prince Frederick Library	3,100,000
Dunkirk District Park	1,283,000
Southern Connector Road	10,000,000
Dowell Road	5,840,000
Facility Maintenance Facility	670,000
Highway Maintenance Facility	272,000
Issuance Costs	<u>300,000</u>
Total	\$21,670,000

Chapter 50 of 2002 authorized Calvert County to issue up to \$25.7 million in public facilities bonds. Additionally, Chapters 34 of 2003 and 367 of 2004 authorized the county to issue \$7.3 million and \$5.1 million respectively in public facilities bonds. In fiscal 2004, the county retired \$5,141,946 in general obligation bond principal.

Local Fiscal Effect: Calvert County revenues could increase by up to \$21.7 million due to bond proceeds. Annual debt service costs for the bonds would total approximately \$1.6 million. This estimate is based on a 4.5% interest rate and a 20-year term of maturity.

At the end of fiscal 2004, Calvert County had approximately \$81.9 million in outstanding general obligation debt, which represents approximately 1.1% of the county's assessable base. County debt per capita is approximately \$974. While Calvert County does not have a debt cap, the county advises that they do have debt affordability guides, such as keeping the ratio of debt to assessable base below 4.5% and having less than \$1,500 of debt per capita. Additionally, the county tries to keep debt service below 9.5% of general fund revenue. For fiscal 2004, debt service (\$8.0 million) comprised 5.4% of general fund revenue (\$148.7 million). The county currently has an AA rating from Standard and Poor's, an Aa2 credit rating from Moody's Investors Service, and an AA rating from Fitch Ratings.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 9, 2005
n/hlb

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