

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 122
Appropriations

(St. Mary's County Delegation)

Budget and Taxation

St. Mary's County - Public Facilities Bonds

This bill authorizes the County Commissioners of St. Mary's County to issue up to \$20 million in general obligation bonds for the acquisition, construction, improvement, or renovation of public buildings, facilities, and public works projects. 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: St. Mary's County would receive up to \$20 million in bond proceeds for capital projects. County debt service expenditures could increase by an estimated \$1.5 million annually over a 20-year period.

Small Business Effect: Potential minimal.

Analysis

Background: St. Mary's County advises that funds derived from bonds issued under this authority will be used for long-term public facilities, including maintenance of a county office building, design and expansion of the inmate booking and processing area of the county adult detention center, and building maintenance and critical repair for a number of county buildings. Other capital projects include building a facility that will house the Naval Air Museum and Visitor's Center, the construction of a wellness center at the

Leonardtwn campus of the College of Southern Maryland, renovating the Charlotte Hall welcome center, and improvements and maintenance projects for county schools. **Exhibit 1** shows the planned allocation of general obligation bonds for capital improvement projects in St. Mary’s County for fiscal 2006 through 2008.

Exhibit 1
General Obligation Bond Funding for Capital Improvement Projects
Fiscal 2006 – 2008

<u>Capital Project</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Total</u>
Public Facilities	\$2,965,850	\$2,446,891	\$766,000	\$6,178,741
Marine	191,300	0	0	191,300
Highways	250,000	230,000	1,017,921	1,497,921
Solid Waste	185,000	205,000	0	390,000
Parks	1,560,000	0	0	1,560,000
Public Schools	<u>4,163,691</u>	<u>2,328,200</u>	<u>2,971,500</u>	<u>9,463,391</u>
Total	\$9,315,841	\$5,210,091	\$4,755,421	\$19,281,353

Chapter 145 of 2003 authorized St. Mary’s County to issue up to \$25 million in public facilities bonds. The county advises that in 2005 it will retire \$7.4 million in general obligation bonds.

Local Fiscal Effect: St. Mary’s County revenues could increase by up to \$20 million due to bond proceeds. Annual debt service costs for the bonds would total approximately \$1.5 million. This estimate is based on a 4.5% interest rate and a 20-year term of maturity.

At the end of fiscal 2004, St. Mary’s County had approximately \$111.6 million in outstanding debt, which represents approximately 1.95% of the county’s assessable base. The county has a debt limit of 2% of assessable base. County debt per capita is approximately \$1,203. The county currently has an AA- rating from Standard and Poor’s, an Aa3 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): St. Mary's County, Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2005
n/hlb

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