

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 623
Appropriations

(Cecil County Delegation)

Budget and Taxation

Cecil County - Public Facilities Bonds

This bill authorizes the County Commissioners of Cecil County to issue up to \$28.1 million in general obligation bonds for the construction, improvement, or renovation of public capital projects as well as any cost incurred by the county in connection with the 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: Cecil County would receive up to \$28.1 million in bond proceeds for capital projects. County debt service expenditures could increase by an estimated \$2.2 million annually over a 20-year period.

Small Business Effect: Potential minimal.

Analysis

Background: Cecil County advises that funds derived from bonds issued under this authority would be used for capital improvements to public schools, libraries, community colleges, emergency services, sheriff's department, roads and bridges, and facilities management. **Exhibit 1** shows the planned allocation of general obligation bonds for capital improvement projects in Cecil County.

Exhibit 1
General Obligation Bond Funding for Capital Improvement Projects

<u>Capital Improvement Project</u>	<u>Cost</u>
Board of Education	\$16,275,000
Cecil County Community College	800,000
Cecil County Libraries	2,945,000
Emergency Services	2,556,000
Cecil County Sheriff	400,000
Roads and Bridges	4,882,000
Facilities Management	<u>242,000</u>
Total	\$28,100,000

Chapter 365 of 2002 authorized Cecil County to issue up to \$5 million in public facilities bonds. Additionally, Chapter 43 of 2003 and Chapter 10 of 2004 authorized the county to issue up to \$11.5 million and \$9.025 million, respectively, in public facilities bonds.

Local Fiscal Effect: Cecil County revenues could increase by up to \$28.1 million due to bond proceeds. Annual debt service costs for the bonds could total approximately \$2.2 million. The estimate is based on a 4.75% interest rate and a 20-year term of maturity, assuming all bonds are issued the first year.

At the end of fiscal 2004, Cecil County had approximately \$86 million in bonded debt. While there is no aggregate limit to the amount of indebtedness for Cecil County, two common analytical measures of local debt capacity are debt as a percent of assessable base and debt per capita. Debt as a percent of assessable base for Cecil County is 1.4%, and debt per capita is \$927. The county maintains an A1 rating from Moody's Investor Service and an AA- rating from Standard and Poor's.

Additional Information

Prior Introductions: None.

Cross File: SB 517 (Cecil County Senators) – Budget and Taxation.

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

Fiscal Note History: First Reader - February 18, 2005
ncs/hlb

Analysis by: Joshua A. Watters

Direct Inquiries to:
(410) 946-5510
(301) 970-5510