

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 886

(Senator Middleton)

Budget and Taxation

Appropriations

Charles County - New School Capacity Construction Bonds - Limitation

This bill repeals the \$100 million limit on 10-year new school capacity construction bonds that Charles County may issue.

Fiscal Summary

State Effect: None.

Local Effect: Charles County bond revenues and debt service expenditures would increase if the bill results in increased county bond issuances.

Small Business Effect: Minimal.

Analysis

Current Law: The Charles County Commissioners may borrow not more than \$100 million by issuing 10-year new school capacity construction bonds on the full faith and credit of the county. The funds generated by the bonds must be used to provide additional school capacity.

Background: With the aid of local school systems, the Public School Construction Program and the Maryland State Department of Education conducted a comprehensive survey of public school facilities for the Task Force to Study Public School Facilities. The survey identified \$178.4 million in school renovation and construction needs in Charles County, 87% of which (\$154.1 million) was related to school capacity needs. The task force also recommended a new State and local shared cost formula. Charles

County's State share under the formula is 70%, five percentage points higher than it was under the old formula. The county has an AA bond rating.

Local Fiscal Effect: To date, Charles County has issued \$48.5 million in 10-year new school capacity construction bonds and has committed to an additional \$7.0 million. The county advises that the school system's five-year plan includes an additional \$72 million in requests for new school capacity. If the county exceeds the \$100 million cap, bond revenues and debt service expenditures would increase accordingly.

Additional Information

Prior Introductions: None.

Cross File: HB 1506 (Charles County Delegation) – Appropriations.

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

Fiscal Note History: First Reader - March 22, 2005
n/rhh

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