

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

**FISCAL AND POLICY NOTE**

Senate Bill 517  
Budget and Taxation

(Cecil County Senators)

Appropriations

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**Cecil County - Public Facilities Bonds**

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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.

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**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.

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**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.

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**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>
<b>Total</b>	<b>\$28,100,000</b>

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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.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 623 (Cecil County Delegation) – Appropriations.

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

**Fiscal Note History:** First Reader - February 20, 2005  
ncs/hlb

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