

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 1329 (Chairman, Appropriations Committee)
 (By Request – Departmental – University System of Maryland)
 Appropriations Budget and Taxation

Academic Facilities Bonding Authority

This departmental bill authorizes the use of \$25.0 million in academic facilities bonds for the purpose of financing specific construction, renovation, and renewal projects at University System of Maryland (USM) buildings and campuses.

The bill takes effect June 1, 2005.

Fiscal Summary

State Effect: Academic bond revenues and expenditures would increase by \$25.0 million in FY 2006. Higher education expenditures would increase by an estimated \$2.2 million annually beginning in FY 2006 to pay the debt service on the bonds.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Bond Rev.	\$25.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	2.2	2.2	2.2	2.2	2.2
Bond Exp.	25.0	0	0	0	0
Net Effect	(\$2.2)	(\$2.2)	(\$2.2)	(\$2.2)	(\$2.2)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by USM in time for inclusion in this fiscal note. A revised fiscal note will be submitted when USM's assessment becomes available.

Analysis

Current Law: USM must gain legislative approval to use bond proceeds for certain capital improvements projects.

Background: The maximum aggregate principal amount of bonds that USM may issue was increased from \$975 million to \$1.025 billion by Chapter 533 of 2004. This bill does not affect the cap on bond principal; it only authorizes the issuance of bonds within the existing limit for specific capital projects. The fiscal 2006 Capital Improvement Program includes \$25 million in academic revenue bonds.

Bill Summary: The projects enumerated in the bill are summarized below.

- *Bowie State University:* interior architectural improvements; minor renovations; and campus security upgrades.
- *Coppin State University:* roofing systems replacement and improvements; building and grounds improvements and upgrades; and heating, ventilation, and air conditioning (HVAC) system improvements.
- *Frostburg State University:* storm sewer extensions.
- *Salisbury State University:* building interior improvements; and site development.
- *Towson University:* HVAC system renovations and improvements; and central steam plant upgrades.
- *Universities at Shady Grove:* educational center construction.
- *University of Baltimore:* chiller replacement; and minor renovations.
- *University of Maryland Baltimore County:* classroom and laboratory renovations; roof replacements; electrical distribution and mechanical systems improvements; and building conversions.
- *University of Maryland, Baltimore:* dental school building construction; façade and window upgrades; elevator upgrades; and fire alarm upgrades.
- *University of Maryland Center for Environmental Sciences:* internal wiring upgrades; and roof replacements and upgrades.
- *University of Maryland, College Park:* building interior improvements; teaching facilities and research/laboratories facilities improvements; and various infrastructure improvements.
- *University of Maryland Eastern Shore:* road, water, and sanitary line upgrades.
- *University System of Maryland office:* emergency projects.

State Fiscal Effect: Academic bond revenues and expenditures for USM would increase by \$25.0 million in fiscal 2006. USM estimates that annual debt service on the bonds would be \$2.2 million. Debt service payments would be made over the next 20 fiscal years.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University System of Maryland, Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2005
n/rhh

Analysis by: Mark W. Collins

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