

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 400

(Carroll County Senators)

Budget and Taxation

Appropriations

Carroll County - Public Facilities Bonds

This bill authorizes the Carroll County Commissioners to issue up to \$52 million in general obligation bonds for the acquisition, construction, improvement, or renovation of public buildings, facilities, and public works projects. In addition, the bond proceeds can be used to make loans to volunteer fire departments, to finance the payment of contributions to the Carroll County Pension Plan, other post-employment benefits, and to finance contributions to the length of service award program for members of volunteer fire departments in the county. The date of maturity of the bonds cannot exceed 30 years.

The bill takes effect June 1, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Carroll County would receive up to \$52 million in bond proceeds. County debt service expenditures could increase by an estimated \$4 million annually over a 20-year period.

Small Business Effect: Potential minimal.

Analysis

Background: Chapter 488 of 2002 authorized the Carroll County Commissioners to issue up to \$22.6 million in public facilities bonds. Additionally, Chapter 28 of 2003 and Chapter 140 of 2004 authorized the county commissioners to issue up to \$23 million and

\$31 million in public facilities bonds, respectively. Chapter 480 of 2005 authorized the Carroll County Commissioners to issue up to \$35 million in public facilities bonds. **Exhibit 1** shows the planned project areas for which bond proceeds would be used, as advised by the county.

Exhibit 1
Carroll County Public Facilities Bonds
Fiscal 2007

<u>Project</u>	<u>Amount</u>
General Government	\$17,203,534
Public Works	4,895,000
Public Schools	17,456,200
Conservation and Open Space	6,081,500
Enterprise Funds – Airport	4,321,450
Enterprise Funds – Utilities	1,182,112
Total	\$51,139,796

Local Fiscal Effect: Carroll County revenues could increase by up to \$52 million due to bond proceeds. Annual debt service costs for the bonds would total approximately \$4 million. The estimate assumes a 4.53% interest rate and a 20-year term of maturity. To the extent that the bond issuance, interest rate, or term of maturity deviates from this assumption, expenditures would adjust accordingly.

According to the county's fiscal 2005 *Comprehensive Annual Financial Report*, at the end of fiscal 2005, Carroll County had approximately \$230.5 million in total general bonded debt (including governmental and business-type activities), which represents approximately 1.9% of the county's fiscal 2005 total assessable base. County debt per capita is approximately \$1,387. The county has an AA bond rating from Standard and Poor's, an AA+ from Fitch, and an Aa2 from Moody's.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Carroll County, Maryland State Treasurer's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2006
ncs/hlb

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