

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

House Bill 1181  
Appropriations

(Calvert County Delegation)

Budget and Taxation

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**Calvert County - Public Facilities Bonds**

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This bill authorizes the Calvert County Commissioners to issue up to \$26.1 million in general obligation bonds for the construction, improvement, or development of public facilities 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 takes effect June 1, 2006.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Calvert County would receive up to \$26.1 million in bond proceeds. County debt service expenditures could increase by an estimated \$2 million annually over a 20-year period.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Background:** Chapter 50 of 2002 authorized Calvert County to issue up to \$25.7 million in public facilities bonds. Additionally, Chapters 34 of 2003 and 367 of 2004 authorized the county to issue \$7.26 million and \$5.1 million respectively in public facilities bonds. Chapter 54 of 2005 authorized the county to issue up to \$21.67 million.

**Exhibit 1** shows the projects for which the county has currently planned appropriation, as advised by the county.

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**Exhibit 1**  
**Calvert County Public Facilities Bonds**  
**Fiscal 2007**

<u>Purpose</u>	<u>Amount</u>
Southern Connector Road	\$3,274,993
Prince Frederick Loop Road	4,316,259
Dowell Newtown Road	750,000
Huntington High School Construction	1,076,440
Fleet Maintenance Facility	243,000
College of Southern Maryland	200,000
Highway Maintenance Facility	515,000
Prince Frederick Library Equipment	550,000
Bond Issuance Costs	<u>149,308</u>
<b>Total</b>	<b>\$11,075,000</b>

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**Local Fiscal Effect:** Calvert County revenues could increase by up to \$26.1 million due to bond proceeds. Annual debt service costs for the bonds would total approximately \$2.0 million. This estimate is based on 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, Calvert County had approximately \$103.5 million in total outstanding general bonded debt (including \$88.0 million in governmental activities and \$15.5 million in business-type activities), which represents approximately 1.4% of the county's assessable base. County total bonded debt per capita is approximately \$1,197. While Calvert County does not have a legal debt limit, the county advises that they do have debt affordability guidelines, such as keeping the ratio of debt to assessable base below 4.5% and having less than \$1,500 of debt per capita. Additionally, the county tries to keep debt service below 9.5% of general fund revenue. For fiscal 2005, debt service (\$10.2 million) comprised 5.9% of general fund revenue (\$170.9 million). The county currently has an AA rating from Standard and Poor's, an Aa2 credit rating from Moody's Investors Service, and an AA+ rating from Fitch Ratings.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 23, 2006  
ncs/hlb

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