

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 515
Budget and Taxation

(Senator Pipkin)

Appropriations

Cecil County - Public Facilities Bonds

This bill authorizes the Cecil County Commissioners to issue up to \$36.1 million in general obligation bonds for the construction or improvement of public facilities 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.

Fiscal Summary

State Effect: None.

Local Effect: Cecil County would receive up to \$36.1 million in bond proceeds. County debt service expenditures could increase by an estimated \$2.8 million annually over a 20-year period.

Small Business Effect: Potential minimal.

Analysis

Background: 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. Chapter 388 of 2005 authorized Cecil County to issue up to \$28.1 million in public facilities bonds. **Exhibit 1** shows the tentative project areas for which bond proceeds could be used, as advised by the county.

Exhibit 1
Cecil County Public Facilities Bonds
Fiscal 2007

<u>Purpose</u>	<u>Amount</u>
Board of Education	\$23,054,940
Public Libraries	2,106,781
Cecil County Sheriff	350,000
General Government	7,000,000
Emergency Services	419,300
Public Works – Roads & Bridges	3,173,110
Total	\$36,104,131

Local Fiscal Effect: Cecil County revenues could increase by up to \$36.1 million due to bond proceeds. Annual debt service costs for the bonds could total approximately \$2.8 million. The estimate is based on a 4.61% 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.

At the end of fiscal 2005, Cecil County had approximately \$94 million in total bonded debt (including \$74.4 million for governmental activities and \$19.6 million for business-type activities). Two common analytical measures of local debt capacity are debt as a percent of assessable base and debt per capita. Total bonded debt as a percent of assessable base for Cecil County is 1.5%, and debt per capita is \$985. The county maintains an AA- rating from Standard and Poor's and an A1 rating from Moody's.

Additional Information

Prior Introductions: None.

Cross File: HB 838 (Cecil County Delegation) – Appropriations.

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

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

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