

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 429
Appropriations

(St. Mary's County Delegation)

Budget and Taxation

St. Mary's County - Capital Revolving Financial Fund for Fire Fighting
Equipment and Facilities

This bill increases by \$2 million the maximum amount of general obligation bonds that St. Mary's County may issue for the St. Mary's County Capital Revolving Financial Fund for Fire Fighting Equipment and Facilities.

Fiscal Summary

State Effect: None.

Local Effect: St. Mary's County Capital Revolving Financial Fund for Fire Fighting Equipment and Facilities would receive \$2 million in bond proceeds. County debt service expenditures could increase by an estimated \$153,000 annually over a 20-year period.

Small Business Effect: None.

Analysis

Current Law: St. Mary's County is authorized to issue up to \$3 million in general obligation bonds for the St. Mary's County Capital Revolving Financial Fund for Fire Fighting Equipment and Facilities.

Background: The purpose of the fund is to provide low interest loans to volunteer fire, ambulance, and rescue departments that are members in good standing of the St. Mary's County Fire Board or the St. Mary's County Ambulance and Rescue Association. The

loans may be used to: (1) finance the purchase of fire fighting equipment; and (2) finance land acquisition and construction costs.

At the end of fiscal 2005, St. Mary's County had \$113.1 million in outstanding general obligation bonds, which represents approximately 1.8% of the county's fiscal 2005 total assessable base (\$6.2 billion). County debt per capita is approximately \$1,192. The fiscal 2006 bond rating for St. Mary's County was AA- from Standard and Poor's, Aa3 from Moody's, and AA from Fitch.

Local Fiscal Effect: St. Mary's County revenues could increase by up to \$2 million due to bond proceeds. Annual debt service costs for the bonds would total approximately \$153,000. This estimate is based on a 4.61% interest rate and a 20-year term of maturity.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 9, 2006
ncs/hlb

Analysis by: Joshua A. Watters

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