

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 680

(Cecil County Senators)

Budget and Taxation

Appropriations

Cecil County - Public Facilities Bonds

This bill authorizes the Cecil County Commissioners to issue up to \$31,405,000 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, 2007.

Fiscal Summary

State Effect: None.

Local Effect: Cecil County would receive up to \$31.4 million in bond proceeds. County debt service expenditures could increase by an estimated \$2.4 million annually over a 20-year period.

Small Business Effect: Potential minimal.

Analysis

Background: Chapter 10 of 2004 and Chapter 388 of 2005 authorized Cecil County to issue up to \$9.0 million and \$28.1 million, respectively, in public facilities bonds. Chapter 193 of 2006 authorized the county to issue up to \$36.1 million. **Exhibit 1** shows the project areas for which bond proceeds would be used, as advised by the county.

Exhibit 1
Cecil County Approved Capital Improvement Projects
Fiscal 2008

| <u>Project</u> | <u>Amount</u> |
|--|-------------------------|
| School Construction | \$19,467,192 |
| Bainbridge Center | 470,610 |
| Jail Renovation | 2,000,000 |
| Landfill Expansion | 6,000,000 |
| Roads and Bridges | 9,308,700 |
| Courthouse Renovation | 650,000 |
| New Office Building | <u>2,886,747</u> |
| Subtotal | \$40,783,249 |
| Chapter 193 of 2006 Remaining Bond Authorization | <u>9,380,000</u> |
| Total | \$31,403,249 |

Local Fiscal Effect: Cecil County revenues could increase by up to \$31.4 million from bond proceeds. Annual debt service costs for the bonds could total approximately \$2.4 million. The estimate is based on a 4.42% interest rate and a 20-year term of maturity. To the extent that the bond issuance, interest rate, or term of maturity deviate from this assumption, expenditures would adjust accordingly.

At the end of fiscal 2006, Cecil County had approximately \$115.3 million in outstanding general obligation bonds. While the county does not have a statutory debt limit, two common analytical measures of local debt capacity are debt as a percentage of assessable base and debt per capita. Total obligation bonded debt as a percentage of assessable base for Cecil County is 1.7%, and debt per capita is \$1,179. The county maintains an AA-rating from Standard and Poor's and an A1 rating from Moody's Investors Service.

Additional Information

Prior Introductions: None.

Cross File: None designated, although HB 915 is identical.

Information Source(s): Cecil County, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2007
ncs/hlb

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