

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 286
Appropriations

(Calvert County Delegation)

Budget and Taxation

Calvert County - Public Facilities Bonds

This bill authorizes the Calvert County Commissioners to issue up to \$53.11 million in general obligation bonds for the construction, improvement, or development of public facilities capital projects and 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: Calvert County would receive up to \$53.11 million in bond proceeds. County debt service expenditures could increase by an estimated \$4.0 million annually over a 20-year period.

Small Business Effect: Potential minimal.

Analysis

Background: Chapter 105 of 2006 authorized Calvert County to issue up to \$26.1 million in general obligation bonds. In addition, Chapter 54 of 2005 authorized the county to issue up to \$21.67 million, while Chapter 367 of 2004 authorized the county to issue \$5.1 million in public facilities bonds.

Exhibit 1 shows the projects for which the county has currently planned appropriations.

Exhibit 1
Calvert County Public Facilities Bonds

<u>Purpose</u>	<u>Amount</u>
Detention Center – Work Release	\$1,000,000
Prince Frederick Library Renovations	867,660
Storage Facility	850,000
Substance Abuse Facility	1,250,000
Southern Connector Road	11,880,000
Prince Frederick Loop Road	2,772,499
Calvert Middle School	837,080
Barstow Elementary School	2,200,000
Prince Frederick Aquatic Center / Land	7,480,000
Bond Issuance Cost	<u>147,761</u>
Total	\$29,285,000

Local Fiscal Effect: Calvert County revenues could increase by up to \$53.11 million due to bond proceeds. Annual debt service costs for the bonds would total approximately \$4.0 million for a \$53.11 million bond issuance. This estimate is based on a 4.35% 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 2006, Calvert County had approximately \$99.0 million in general obligation bonded debt, which represents approximately 1.2% of the county's assessable base and is around \$1,126 per capita. While the county does not have a legal debt limit, it advises that it does 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. Moreover, the county tries to keep debt service below 9.5% of general fund revenue. For fiscal 2006, debt service (\$11.3 million) comprised 6.2% of general fund revenue

(\$182.7 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.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 7, 2007
m/hlb

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