

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1116 (Chair, Appropriations Committee)
 (By Request – Departmental – University System of Maryland)
 Appropriations Budget and Taxation

Academic Facilities Bonding Authority

This departmental bill authorizes the use of \$30.0 million in academic facilities bonds to finance specific construction, renovation, and renewal projects at University System of Maryland (USM) institutions. The bill also authorizes USM to use previously authorized academic revenue bond funds for the construction, rather than the planning, of a college of liberal arts complex at Towson University.

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: Academic bond revenues and expenditures would increase by \$30.0 million in FY 2008. Higher education expenditures would increase by an estimated \$2.4 million annually beginning in FY 2009 to pay debt service on the bonds.

(\$ in millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Bond Rev.	\$30.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	0	2.4	2.4	2.4	2.4
Bond Exp.	30.0	0	0	0	0
Net Effect	\$0	(\$2.4)	(\$2.4)	(\$2.4)	(\$2.4)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by USM in time for inclusion in this fiscal note. A revised fiscal note will be submitted when USM's assessment becomes available.

Analysis

Bill Summary: The construction of a new physical education complex at Coppin State University will be funded with \$15 million of the \$30 million proposed in the bill. In addition, \$15 million in bonds would be issued for facilities renewal projects at USM institutions.

Current Law: USM must gain legislative approval to use academic revenue bond proceeds for certain capital improvements projects. Last year, the use of bond funds for the planning of a college of liberal arts complex at Towson University was approved.

Background: The maximum aggregate principal amount of bonds that USM may issue is \$1.05 billion. This bill does not affect the cap on bond principal; it only authorizes the issuance of bonds within the existing limit for specific capital projects. The fiscal 2008 Capital Improvement Program includes \$30 million in academic revenue bonds for USM.

State Fiscal Effect: Bond revenues and expenditures at USM would increase by \$30 million in fiscal 2008. The revenues and expenditures are included in the proposed fiscal 2008 capital budget. Beginning in fiscal 2009, higher education expenditures to pay debt service on the revenue bonds would increase by an estimated \$2.4 million annually for 20 years.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University System of Maryland, Department of Legislative Services

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