

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1338
Appropriations

(Delegate Beitzel)

Budget and Taxation

Garrett County - Public Facilities Bonds

This bill authorizes the Garrett County Commissioners to issue up to \$21.0 million in general obligation bonds for the construction, improvement, or development of public facilities and any cost incurred by the county in connection with the projects. Bonds issued will be tax-exempt in Maryland with the term of maturity not exceeding 30 years.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: None.

Local Effect: Garrett County would receive up to \$21.0 million in bond proceeds. County debt service expenditures could increase by an estimated \$1.6 million annually over a 20-year period.

Small Business Effect: None.

Analysis

Background: Garrett County indicates that funds issued under this authority will be used for long-term public facilities. Funding amounts for each project have not yet been determined. According to the Garrett County budget for fiscal 2008, proposed capital expenditures in fiscal 2009 include funding for public safety facilities, public works facilities, an animal control adoption center, roads, and improvements at an industrial park.

Local Fiscal Effect: Garrett County revenues could increase by up to \$21.0 million from bond proceeds. Annual debt service costs for the bonds could total approximately \$1.6 million. 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 deviate from this assumption, expenditures would adjust accordingly.

At the end of fiscal 2006, Garrett County had approximately \$38.6 million in outstanding debt, which represents approximately 1.3% of the county's assessable base. County debt per capita is approximately \$1,292. The county currently has an AAA rating from Standard and Poor's and an Aaa credit rating from Moody's Investors Service, which are MBIA insured for specific projects.

Additional Information

Prior Introductions: None.

Cross File: SB 754 (Senator Edwards) – Budget and Taxation.

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

Fiscal Note History: First Reader - February 22, 2008
ncs/hlb Revised - House Third Reader - March 24, 2008

Analysis by: Erik P. Timme

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