

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 931  
Appropriations

(Cecil County Delegation)

Budget and Taxation

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**Cecil County - Public Facilities Bond Bill**

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This bill authorizes the Cecil County Commissioners to issue up to \$13.6 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, 2009.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Cecil County receives up to \$13.6 million in bond proceeds. County debt service expenditures increase by an estimated \$1.0 million annually over a 20-year period.

**Small Business Effect:** None.

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**Analysis**

**Background:** Chapter 261 of 2008 authorized Cecil County to issue up to \$5.0 million in public facilities bonds, of which the county has \$3.6 million in remaining authority. In addition, Chapter 633 of 2007 and Chapter 838 of 2006 authorized the county to issue up to \$31.4 million and \$36.1 million in public facilities bonds, respectively. **Exhibit 1** shows the type of projects for which bond proceeds will be used, as advised by the county.

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**Exhibit 1**  
**Cecil County Public Facilities Projects**  
**Calendar 2009**

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
School Construction	\$1,936,000
College Phys. Ed. Addition/Renovation	751,000
Jail Renovation	5,549,000
Roads and Bridges	5,698,000
<b>Total</b>	<b>\$13,934,000</b>

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**Local Fiscal Effect:** Cecil County revenues increase by up to \$13.6 million from bond proceeds. Annual debt service costs for the bonds could total approximately \$1.0 million. This estimate is based on a 4.67% 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 adjust accordingly.

During fiscal 2008, Cecil County general obligation debt increased from \$138.7 million to \$164.2 million. The county's fiscal 2008 debt ratios are 1.59% of assessable base and \$1,281 per capita. This is an increase from the fiscal 2007 debt ratio of 1.50% of assessable base and \$1,154 per capita. The county maintains a bond rating of Aa3 from Moody's Investors Service and a Standard and Poor's rating of AA-.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 484 (Senators Pipkin and Jacobs) - Budget and Taxation.

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

**Fiscal Note History:** First Reader - March 12, 2009  
ncs/mwc

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