

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 631

(Harford County Senators)

Budget and Taxation

Harford County - Infrastructure and Facilities Capital Project Authority

This bill authorizes Harford County to establish, by local law, an Infrastructure and Facilities Capital Project Authority for developing educational projects, parks and recreation projects, public safety projects, transportation projects, cultural arts facilities, and utility facilities in the county.

Fiscal Summary

State Effect: None.

Local Effect: Harford County expenditures increase by up to \$500,000 in FY 2010 for start-up expenses. Revenues will increase by an equal amount as the amount must be repaid by the authority.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Harford County may establish, by local law, an Infrastructure and Facilities Capital Project Authority for the purpose of owning, leasing, planning, designing, constructing, reconstructing, improving, repaving, renovating, rehabilitating, equipping, furnishing, maintaining, acquiring, disposing of, demolishing, and operating educational projects, parks and recreation projects, public safety projects, transportation projects, cultural arts facilities, and utility facilities. Of the property it acquires, the authority may pledge, mortgage, encumber, sell, lease, transfer, or convey any interest in it to the county or to any person.

The authority is authorized to borrow money and issue negotiable revenue bonds, certificates, or other evidence of indebtedness or obligations and to secure payment of such bonds with all or any part of the revenues, rentals, and receipts of the authority. The authority may also authorize the issuance of revenue bonds on behalf of the county for the public purposes of the county. The authority can issue bonds at negotiated or competitive sale with a maximum term to maturity of 40 years for water and sewer bonds and 30 years for all other purposes. Each bond issued may not be considered a debt or a pledge of the faith and credit of the State or a political subdivision of the State and is payable solely from development or project revenues. The authority may also enter into a payment in lieu of tax, for payment of a stated sum, with the State, county, or local jurisdiction. At the dissolution of the authority, all property financed by the proceeds of any bonds issued by the authority revert to the county.

The county executive and county council may advance up to \$500,000 in general funds to the authority to defray expenses for investigation, engineering, and architectural studies, opinions, and compensation for its employees before the sale of bonds of the authority. Funds advanced from the general fund must be repaid either through the normal course of business, or from the sale of revenue bonds, whichever occurs first.

The authority has seven voting members appointed by the county executive with advice and consent of the county council and the Harford County Senate and House Delegation to the General Assembly. The authority must meet at least nine times each year and hold at least one public hearing for each project proposed by the authority. The bill provides for proper public notice for each meeting and appointment and election of members.

The authority must prepare an annual operating budget and capital budget. The capital budget and program must include a plan of proposed projects, including the means for financing such projects for the current and the next five fiscal years. The authority must prepare an annual audit and make the report available.

Current Law: Chapter 95 of 2005 authorized Howard County to create a revenue authority for the purpose of financing or operating cultural, recreational (excluding golf courses), and parking facilities.

The Prince George's County Revenue Authority was established to streamline procurement, land acquisition, and land disposition processes; to provide staff expertise in land development, economic development, and capital financing and facilities maintenance; and to finance revenue bonds for government and public/private development partnerships.

The General Assembly has granted 11 counties (Anne Arundel, Calvert, Cecil, Charles, Garrett, Harford, Howard, Prince George's, St. Mary's, Washington, and Wicomico) and

Baltimore City broad authority to create special taxing districts and to levy *ad valorem* taxes and issue bonds and other obligations for purposes of financing infrastructure improvements. The types of infrastructure improvements authorized include storm drainage systems, water and sewer systems, roads, lighting, parking, parks and recreational facilities, libraries, schools, transit facilities, and solid waste facilities. In Prince George's County, this authority has been expanded to include levying hotel rental taxes and financing the cost for the construction, renovation, and maintenance of convention, conference, and visitors' centers. The General Assembly granted this power to Harford County through Chapter 456 of 2008.

Background: The Prince George's County Revenue Authority manages three parking garages and five commuter parking lots, maintains 300 parking meters in Upper Marlboro and Mt. Rainier, enforces parking at around 20,000 parking spaces throughout the county, and processes parking fines. It also leases the property at the Boulevard at the Capital Center, a 70-acre mixed use development.

Local Fiscal Effect: Harford County expenditures increase by \$500,000 in fiscal 2010 to provide start-up costs for the Infrastructure and Facilities Capital Project Authority. These expenses will be repaid to the county in the normal course of business or out of the first proceeds of the sale of revenue bonds.

Small Business Effect: Meaningful benefit to small businesses in areas where a revenue authority may undertake infrastructure and other capital improvements.

Additional Information

Prior Introductions: None.

Cross File: HB 1185 (Harford County Delegation) - Appropriations.

Information Source(s): Department of Business and Economic Development, Harford County, State Treasurer's Office, Department of Legislative Services

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