

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 484

(Senators Pipkin and Jacobs)

Budget and Taxation

Appropriations

Cecil County - Public Facilities Bond Bill

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.

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 annually over a 20-year period.

Small Business Effect: None.

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.

Exhibit 1
Cecil County Public Facilities Projects
Calendar 2009

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

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-.

Additional Information

Prior Introductions: None.

Cross File: Although HB 931 is identified as a cross file the bills are not identical.

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

Fiscal Note History: First Reader - February 20, 2009
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