

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

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 225  
Appropriations

(Calvert County Delegation)

Budget and Taxation

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**Calvert County - Public Facilities Bonds**

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This bill authorizes the Calvert County Commissioners to issue up to \$19,025,000 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:** Calvert County receives up to \$19.0 million in bond proceeds. County debt service expenditures increase by an estimated \$1.7 million annually over a 15-year period.

**Small Business Effect:** None.

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**Analysis**

**Background:** Chapter 77 of 2008 authorized Calvert County to issue up to \$8,895,000 in public facilities bonds. In addition, Chapters 597 of 2007 and 105 of 2006 authorized the county to issue up to \$53.1 million and \$26.1 million in public facilities bonds, respectively. **Exhibit 1** shows the projects for which the county has currently planned appropriations.

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**Exhibit 1**  
**Calvert County Public Facilities Bonds**  
**Calendar 2009**

<u>Purpose</u>	<u>Amount</u>
Roads	\$7,503,500
Aquatic Center	4,863,501
Calvert Middle School	7,147,000
Detention Center – Work Release	3,035,380
Land Bank	1,000,000
Stafford Road Waterline	330,000
Route 231/Williams Road Intersection	1,100,000
Insurance Costs	140,000
<b>Total</b>	<b>\$25,119,381</b>

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During fiscal 2008, Calvert County general obligation debt increased from \$118.3 million to \$129.5 million. While the county does not have a legal debt limit, it does have debt affordability guidelines, such as keeping the ratio of debt to assessable base below 4.5% and having less than \$1,500 of debt per capita. Moreover, the county tries to keep debt service below 9.5% of general fund revenue. For fiscal 2008, debt service (\$14.8 million) comprised 7.2% of general fund revenue (\$206.4 million). The county's fiscal 2008 debt ratios are 1.1% of assessable base and \$1,444 per capita. In April 2008, the county had its credit rating upgraded by Standard & Poor's from an "AA" rating to an "AA+". The county currently has an Aa2 credit rating from Moody's Investors Service, and an AA+ rating from Fitch Ratings.

**Local Fiscal Effect:** Calvert County revenues increase by up to \$19.0 million from bond proceeds. Annual debt service costs for the bonds could total approximately \$1.7 million. This estimate is based on a 4.15% interest rate and a 15-year term of maturity. To the extent that the bond issuance, interest rate, or term of maturity deviate from this assumption, expenditures adjust accordingly.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 6, 2009  
mlm/mwc Revised - House Third Reader - March 23, 2009

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