

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

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

Senate Bill 176

(Senator Pugh, *et al.*)

Budget and Taxation

Appropriations

**Education - Baltimore City Community College - Academic Facility Bonds**

This bill increases the bonding authority of Baltimore City Community College (BCCC) by \$50 million, from \$15 million to \$65 million. The bill also authorizes BCCC to issue bonds for academic facilities rather than only auxiliary facilities. The Capital Debt Affordability Committee is required to include its estimate of the amount of new bonds for academic facilities that may be prudently authorized for BCCC in its annual report.

The bill takes effect July 1, 2009.

**Fiscal Summary**

**State Effect:** Bond revenues and expenditures increase by up to \$50 million in FY 2010 if all the additional bonding authority is used. Higher education expenditures increase by an estimated \$2.5 million in FY 2011 and 2012 to pay interest on the additional bonds and by \$5.3 million annually for 13 years to retire the debt.

(\$ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Bond Rev.	\$50.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	\$0	\$2.5	\$2.5	\$5.3	\$5.3
Bond Exp.	\$50.0	\$0	\$0	\$0	\$0
Net Effect	\$0	(\$2.5)	(\$2.5)	(\$5.3)	(\$5.3)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** The aggregate principal amount of bonds issued by BCCC may not exceed \$15 million. BCCC is only authorized to issue bonds for auxiliary facilities.

Annually, by September 10, the Capital Debt Affordability Committee submits a report to the Governor and the General Assembly on its estimate of the amount of new State debt that may be prudently authorized for the next fiscal year. The estimate must include new bonds for academic facilities that prudently may be authorized in the aggregate for the next fiscal year by the University System of Maryland, Morgan State University, and St. Mary's College of Maryland.

**Background:** BCCC has tentative plans to acquire property to expand the Liberty Campus; to acquire property to establish a campus on the east side of Baltimore; and to construct academic and auxiliary facilities on those sites. The fiscal 2010 budget for BCCC includes \$1.5 million for land acquisition.

**State Fiscal Effect:** Academic and auxiliary bond revenues and expenditures for BCCC increase by up to \$50 million in fiscal 2010. Assuming the full amount of the bonding authority is used immediately and a 15-year term at an interest rate of 5%, BCCC debt service expenditures increase by \$2.5 million in fiscal 2011 and 2012 to pay interest only and \$5.3 million annually for 13 years beginning in fiscal 2013 to retire the debt. BCCC is a State-operated community college that receives State funding through a statutory formula based on State funding of select public four-year universities. The additional cost for debt service payments would be funded through BCCC's existing revenue sources. State funds would not increase as a result of this bill.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** HB 402 (Delegate Robinson, *et al.*) - Appropriations.

**Information Source(s):** Baltimore City Community College, Department of Budget and Management, Department of General Services, Maryland Higher Education Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2009  
mcp/rhh Revised - Enrolled Bill - May 20, 2009

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