

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 598 (Chair, Appropriations Committee)(By Request - Departmental - University System of Maryland)

Appropriations

Budget and Taxation

Academic Facilities Bonding Authority

This departmental bill authorizes the use of \$27.0 million in academic facilities bonds for the purpose of financing construction, renovation, and renewal projects at University System of Maryland (USM) buildings and campuses.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: Academic bond revenues and expenditures increase by \$27.0 million in FY 2010. The revenues and expenditures are included in the Governor’s proposed FY 2010 *Capital Improvement Program*. Higher education expenditures increase by an estimated \$2.2 million annually beginning in FY 2011 to pay debt service on the revenue bonds.

(\$ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Bond Rev.	\$27.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	\$0	\$2.2	\$2.2	\$2.2	\$2.2
Bond Exp.	\$27.0	\$0	\$0	\$0	\$0
Net Effect	\$0	(\$2.2)	(\$2.2)	(\$2.2)	(\$2.2)

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

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by USM in time for inclusion in this fiscal note. A revised fiscal note will be submitted when USM’s assessment becomes available.

Analysis

Current Law: USM must gain legislative approval to use academic revenue bond (ARB) proceeds for certain capital improvements projects at academic facilities.

Background: The maximum aggregate principal amount of bonds that USM may issue was increased from \$1.025 billion to \$1.050 billion by Chapter 415 of 2006. This bill does not affect the cap on bond principal; it only authorizes the issuance of bonds within the existing limit for specific capital projects.

The Governor's fiscal 2010 *Capital Improvement Program* proposes \$27.0 million in ARBs, including \$17.0 million for facilities renewal projects budgeted within the USM system office; \$9.0 million for the new Fine and Performing Arts Building at Bowie State University; and \$1.0 million for the new College of Liberal Arts Complex at Towson University.

State Fiscal Effect: Bond revenues and expenditures at USM increase by \$27.0 million in fiscal 2010. The revenues and expenditures are included in the proposed fiscal 2010 capital budget. Beginning in fiscal 2011, higher education expenditures to pay debt service on the revenue bonds increase by an estimated \$2.2 million annually for 20 years.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of General Services, Maryland State Treasurer's Office, University System of Maryland, Department of Legislative Services

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ncs/rhh

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