

Department of Legislative Services
2010 Session

FISCAL AND POLICY NOTE

House Bill 307
Appropriations

(Cecil County Delegation)

Budget and Taxation

Cecil County - Public Facilities Bond Bill

This bill authorizes the Cecil County Commissioners to issue up to \$11.3 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, 2010.

Fiscal Summary

State Effect: None.

Local Effect: Cecil County receives up to \$11.3 million in bond proceeds. County debt service expenditures increase by an estimated \$818,100 annually over a 20-year period.

Small Business Effect: None.

Analysis

Background: Chapter 266 of 2009 authorized Cecil County to issue up to \$13.6 million in public facilities bonds, of which the county has \$3.0 million in remaining authority. Chapter 261 of 2008 authorized Cecil County to issue up to \$5.0 million in public facilities bonds. 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 2010

<u>Purpose</u>	<u>Amount</u>
School Construction	\$1,236,000
Jail Renovation	4,703,000
DES Tower – Sylmar	515,000
Roads and Bridges	4,550,000
Total	\$11,004,000

Local Fiscal Effect: Cecil County revenues increase by up to \$11.3 million from bond proceeds. Annual debt service costs for the bonds could total approximately \$818,100. This estimate is based on a 3.95% 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.

In June 2009 the county issued \$27.7 million in general obligation bonds and at the end of fiscal 2009 the county had \$147.5 million in outstanding general obligation debt. While the county has no statutory debt limit, two common ratios are used to measure the county's debt capacity. The county's fiscal 2009 debt as a percentage of assessable base is 1.59% and debt per capita is \$1,477. In fiscal 2008, the county's debt as a percentage of assessable base was 1.59% while debt per capita was \$1,281. The county maintains a bond rating of Aa3 from Moody's Investors Service and a Standard and Poor's rating of AA (increased from AA- in fiscal 2008).

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 3, 2010
a/hlb

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