

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

House Bill 782

 Appropriations

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

Academic Facilities Bonding Authority

This departmental bill authorizes the use of \$32.0 million in academic facilities bonds for the purpose of financing construction, renovation, and renewal projects at the University System of Maryland (USM) buildings and campuses.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: Revenues and expenditures from bond proceeds increase by \$32.0 million in FY 2013. The revenues and expenditures are included in the Governor’s proposed FY 2013 *Capital Improvement Program* (CIP). Higher education expenditures increase by an estimated \$2.7 million annually beginning in FY 2014 to pay debt service on the revenue bonds.

(\$ in millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Bond Rev.	\$32.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	\$0	\$2.7	\$2.7	\$2.7	\$2.7
Bond Exp.	\$32.0	\$0	\$0	\$0	\$0
Net Effect	\$0	(\$2.7)	(\$2.7)	(\$2.7)	(\$2.7)

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 time for inclusion in this fiscal note. A revised fiscal note will be issued 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 by \$200.0 million, from \$1.200 billion to \$1.400 billion by Chapter 357 of 2011. 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 2013 CIP proposes \$32.0 million in ARBs annually in fiscal 2013 to 2017. The fiscal 2012 CIP projected \$27.0 million in ARBs annually. The Capital Debt Affordability Committee approved a \$5.0 million annual increase in USM ARB authorizations in its 2011 final report. The proposed fiscal 2013 capital budget includes \$32.0 million in ARBS: \$17.0 million for facilities renewal projects budgeted within the USM system office; \$10.0 million for the new Science and Technology Center at Coppin State University; and \$5.0 million for campuswide building system and infrastructure improvements at the University of Maryland, College Park.

State Fiscal Effect: USM revenues and expenditures from bond proceeds increase by \$32.0 million in fiscal 2013. The revenues and expenditures are included in the proposed fiscal 2013 capital budget. Beginning in fiscal 2014, higher education expenditures to pay debt service on the revenue bonds increase by an estimated \$2.7 million annually for 20 years.

Additional Information

Prior Introductions: None.

Cross File: SB 1036 (Chair, Budget and Taxation Committee)(By Request - Departmental - University System of Maryland) – Budget and Taxation.

Information Source(s): Department of General Services, University System of Maryland, Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2012
ncs/rhh

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