

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 998

(Chair, Budget and Taxation Committee)(By Request -
Departmental - University System of Maryland)

Budget and Taxation

Appropriations

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, 2014.

Fiscal Summary

State Effect: Revenues and expenditures from bond proceeds increase by \$32.0 million in FY 2015. The revenues and expenditures are included in the Governor's proposed FY 2015 *Capital Improvement Program* (CIP). Higher education expenditures increase by an estimated \$2.7 million annually beginning in FY 2016 to pay debt service on the revenue bonds.

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
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 in time for inclusion in this fiscal and policy note. A revised fiscal and policy 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 improvement 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 2015 CIP proposes \$32.0 million in ARBs annually in fiscal 2015 through 2019. The 2011 Capital Debt Affordability Committee final report approved a \$5.0 million annual increase in USM ARB authorizations from \$27.0 million to \$32.0 million beginning in fiscal 2013. The proposed fiscal 2015 capital budget includes \$32.0 million in ARBs: \$17.0 million for facilities renewal projects budgeted within the USM system office; and \$10.0 million for the H.J. Patterson Wing 1 renovation 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 2015. The revenues and expenditures are included in the Governor's proposed fiscal 2015 capital budget. Beginning in fiscal 2016, 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: HB 821 (Chair, Appropriations Committee)(By Request - Departmental - University System of Maryland) - Appropriations.

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

Fiscal Note History: First Reader - March 3, 2014
ncs/rhh

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