

**Department of Legislative Services**  
Maryland General Assembly  
2017 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 473

(Calvert County Senators)

Budget and Taxation

Appropriations

---

**Calvert County - Bonding Authority**

---

This bill authorizes the Calvert County Commissioners to issue up to \$17.62 million in general obligation bonds for the acquisition, construction, improvement, or renovation of public buildings, facilities, and public works projects. The date of maturity of the bonds cannot exceed 30 years.

The bill takes effect June 1, 2017.

---

**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Calvert County receives up to \$17.62 million in bond proceeds. County debt service expenditures increase by an estimated \$1.35 million annually.

**Small Business Effect:** None.

---

**Analysis**

**Current Law:** Commission counties do not have the legislative power to create debt; General Assembly authorization is required before any bonds can be sold. Calvert County is one of six counties that still operates under the commission form of government.

**Background:** Since 2007, Calvert County has received authorization by the General Assembly to issue up to \$212.4 million in general obligation bonds for public facilities, as shown in **Exhibit 1**. **Exhibit 2** shows the planned capital projects in Calvert County for fiscal 2018.

---

**Exhibit 1**  
**Bond Authorizations for Calvert County**

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2007	Ch. 597	\$53.110 million
2008	Ch. 77	8.895 million
2009	Ch. 381	19.025 million
2010	Ch. 135	11.275 million
2011	Ch. 150	12.325 million
2013	Ch. 56	33.810 million
2014	Ch. 43	12.650 million
2015	Ch. 27	51.925 million
2016	Ch. 182	9.410 million
<b>Total</b>		<b>\$212.425 million</b>

---

**Exhibit 2**  
**Calvert County Bond Authorization Request**  
**Fiscal 2018**

<u>Project</u>	<u>Requested Bond Authority</u>	<u>Bond Duration</u>
Prince Frederick Volunteer Fire Department & Rescue Squad – Building Replacements	\$9,319,000	15 years
Fire and Rescue Apparatus	2,127,000	15 years
Dowell Road Widening	1,467,800	15 years
Calvert Pines Senior Center	903,000	15 years
Alternate 911 Dispatch Center Relocation	712,200	15 years
Issuance Costs	91,000	15 years
<i>Subtotal 15 Years</i>	<i>\$14,620,000</i>	
Solomon’s Well #3	2,200,000	25 years
Prince Frederick Boulevard Water Main	800,000	25 years
<i>Subtotal 25 Years</i>	<i>\$3,000,000</i>	
<b>Total</b>	<b>\$17,620,000</b>	

---

**Local Fiscal Effect:** Calvert County revenues increase by up to \$17.62 million from bond proceeds. Annual debt service costs for the bonds total approximately \$1,180,600 for bonds issued with a 15-year term of maturity and by an additional \$170,500 for bonds issued with a 25-year term of maturity. This estimate is based on a 2.63% interest rate and 2.99% interest rate, respectively. To the extent that the bond issuance, interest rates, or terms of maturity deviate from this assumption, debt service expenditures would adjust accordingly.

At the end of fiscal 2015, Calvert County had approximately \$135.9 million in total outstanding debt, which represents approximately 1.1% of the county's assessable base and \$1,501 on a per capita basis. The county currently has an AAA credit rating from Standard and Poor's, an Aaa credit rating from Moody's Investors Service, and an AAA credit rating from Fitch Ratings.

Information on local debt measures for Maryland counties and Baltimore City can be found in Chapter 9 of the [Overview of Maryland Local Governments](#) report. A copy of the report can be found on the Department of Legislative Services website.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1439 (Calvert County Delegation) – Appropriations.

**Information Source(s):** Calvert County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2017  
md/hlb Third Reader - March 7, 2017

---

Analysis by: Trevor S. Owen

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510