

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 331
Appropriations

(St. Mary's County Delegation)

Budget and Taxation

St. Mary's County - Public Facility Bonds

This bill authorizes the St. Mary's County Commissioners to issue up to \$24.6 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, 2018.**

Fiscal Summary

State Effect: None.

Local Effect: St. Mary's County anticipates the general obligation bonds authorized by the bill will not be issued until FY 2021; therefore, revenues increase by up to \$24.6 million from bond proceeds in FY 2021. County debt service expenditures increase by an estimated \$1.6 million annually over a 20-year period beginning in FY 2021.

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. St. Mary's County is one of six counties that still operates under the commission form of government.

Background: Since 2008, St. Mary's County has received authorization by the General Assembly to issue up to \$91.3 million in general obligation bonds for public facilities, as shown in **Exhibit 1**.

Exhibit 1
Bond Authorizations for St. Mary's County
(\$ in Millions)

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2008	Ch. 78	\$35.0
2013	Ch. 96	30.0
2017	Ch. 427	26.3
Total		\$91.3

Exhibit 2 shows the planned capital projects in St. Mary's County. St. Mary's County estimates that the county will still have approximately \$6.5 million in remaining bond authority from Chapter 427 of 2017, which will also be applied toward these planned capital projects.

Local Fiscal Effect: St. Mary's County anticipates the general obligation bonds authorized by the bill will not be issued until fiscal 2021; therefore, revenues increase by up to \$24.6 million from bond proceeds in fiscal 2021. Annual debt service costs for the bonds total approximately \$1.6 million beginning in fiscal 2021. This estimate is based on a 2.63% 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 would adjust accordingly.

At the end of fiscal 2016, St. Mary's County had approximately \$171.8 million in total outstanding debt, which represents approximately 1.4% of the county's assessable base and \$1,539 on a per capita basis. The county currently has an AA+ rating from Standard and Poor's, an Aa2 credit rating from Moody's Investors Service, and an AA+ 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.

Exhibit 2
St. Mary's County Bond Authorization Request
2018 Session

<u>Project Description</u>	<u>Amount</u>
Adult Detention Center	\$238,500
Northern Senior Center – Addition	892,000
Health Department Renovations	282,000
Salt Storage Facility	50,000
Patuxent Neighborhood Preservation	5,644,000
Bridge/Culvert Replacement Repair	370,000
Retrofit Sidewalk Program	280,000
FDR Boulevard Extended	11,697,278
Asphalt Overlay	3,224,875
Mattapany Road	250,000
Essex South Drive Rehabilitation	100,000
St. Jerome Creek Jetties	130,000
St. Clement's Island Museum Renovations	101,500
Snow Hill Park	150,000
Three Notch Trail – Phase Seven	454,000
Recreation Facility and Park Improvements	1,209,000
Sports Complex	70,000
Shannon Farm Property	75,000
Park Hall ES – Partial Roof/HVAC Replacement & Sewer Lift Station	2,148,000
Hollywood ES – Partial Roof/HVAC Replacement & Emergency Power	2,165,000
Green Holly ES – Partial Roof Replacement	153,000
Dynard ES –Roof/HVAC Replacement & Emergency Power	265,000
BOE Building Infrastructure – Programmatic	436,000
BOE Building Infrastructure – Critical	564,000
Green Holly ES – Switch Gear & HVAC	125,000
Total Cost of Projects	\$31,074,153
Less: Estimated Remaining Existing Authority from Chapter 427 of 2017	6,474,153
Total Estimated Bond Authority Required	\$24,600,000

BOE: Board of Education

ES: elementary school

HVAC: heating, ventilation, and air conditioning

Source: St. Mary's County Government

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): St. Mary's County; Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2018
nb/hlb Third Reader - March 20, 2018

Analysis by: Trevor S. Owen

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