

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 442

(Calvert County Senators)

Budget and Taxation

Appropriations

Calvert County - Public Facilities Bonds

This bill authorizes the Calvert County Commissioners to issue up to \$28.2 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, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: Calvert County receives up to \$28.2 million in bond proceeds. County debt service expenditures increase by an estimated \$2.1 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.

Local Fiscal Effect: Since 2013, Calvert County has received authorization by the General Assembly to issue up to \$258.8 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 2023.

Exhibit 1
Bond Authorizations for Calvert County
(\$ in Millions)

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2013	Ch. 56	\$33.8
2014	Ch. 43	12.7
2015	Ch. 27	51.9
2016	Ch. 182	9.4
2017	Ch. 80	17.6
2018	Ch. 115 and Ch. 117	59.7
2019	Ch. 96	10.3
2020	Ch. 326	36.9
2021	Ch. 729	26.5
Total		\$258.8

Source: Department of Legislative Services

Exhibit 2
Calvert County Bond Authorization Request
2022 Session

<u>Project</u>	<u>Requested Bond Authority</u>	<u>Bond Duration</u>
Calvert Pines Senior Center Renovations	\$1,458,000	15 years
Breezy Shoreline Restoration	2,250,000	15 years
Lower Marlboro Culvert	925,000	15 years
Solomons Volunteer Rescue Squad Fire Department	15,000,000	15 years
Storm Drainage (Piping)	7,000,000	15 years
Issuance Costs	150,000	15 years
Subtotal 15 Years	\$26,783,000	
West Prince Frederick Storage Tank	\$1,400,000	25 years
Subtotal 25 Years	\$1,400,000	
Total	\$28,183,000	

Source: Calvert County Government

Calvert County revenues increase by up to \$28.2 million from bond proceeds. Annual debt service costs total approximately \$2.0 million for bonds issued with a 15-year term of maturity and \$0.1 million for bonds issued with a 25-year term of maturity. This estimate is based on a 1.8% interest rate and 2.0% 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 2020, Calvert County had approximately \$156.3 million in total outstanding debt, which represents approximately 1.2% of the county's assessable base and \$1,687 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 the [Local Government Overview](#) report. A copy of the 2022 report is available on the Department of Legislative Services [website](#).

Additional Information

Prior Introductions: None.

Designated Cross File: HB 893 (Calvert County Delegation) - Appropriations.

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

Fiscal Note History: First Reader - February 24, 2022
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