

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 793

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

Appropriations

Budget and Taxation

University System of Maryland - Academic Facilities Bonding Authority

This departmental bill authorizes the use of \$30.0 million in academic facilities bonds for the purpose of financing and refinancing construction, renovation, and renewal projects at University System of Maryland (USM) buildings and campuses. **The bill takes effect June 1, 2025.**

Fiscal Summary

State Effect: No likely effect in FY 2025. Revenues and expenditures from bond proceeds increase by \$30.0 million in FY 2026. The revenues and expenditures are included in the FY 2026 *Capital Improvement Program* (CIP) as introduced. Higher education expenditures increase by an estimated \$2.5 million annually, beginning in FY 2027, to pay debt service on the revenue bonds.

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Bond Rev.	\$30.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	\$0	\$2.5	\$2.5	\$2.5	\$2.5
Bond Exp.	\$30.0	\$0	\$0	\$0	\$0
Net Effect	\$0.0	(\$2.5)	(\$2.5)	(\$2.5)	(\$2.5)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: USM has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Current Law/Background: USM must gain legislative approval to use academic revenue bond (ARB) proceeds for certain capital improvement projects at academic facilities.

The maximum aggregate principal amount of bonds that USM may issue was increased by \$300.0 million, from \$1.4 billion to \$1.7 billion, by Chapter 233 of 2022. 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 fiscal 2026 CIP as introduced](#) proposes \$30.0 million in ARBs in fiscal 2026 and \$30.0 million each year from fiscal 2027 through 2030. The proposed amount of debt is consistent with the Capital Debt Affordability Committee recommendation for fiscal 2026.

State Fiscal Effect: USM revenues and expenditures from bond proceeds increase by \$30.0 million in fiscal 2026. The revenues and expenditures are included in the fiscal 2026 capital budget as introduced. Beginning in fiscal 2027, USM expenditures to pay debt service on the ARBs increase by an estimated \$2.5 million annually for 20 years. USM advises that total annual debt service does not increase overall since at least an equal amount of previously authorized debt will be retired. However, DLS advises that, absent the bill, annual debt service payments by USM would decrease as outstanding debt is retired unless new debt is authorized. Thus, debt service costs increase due to the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - March 10, 2025
caw/ljm Third Reader - April 3, 2025

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: University System of Maryland - Academic Facilities Bonding Authority

BILL NUMBER: HB 793

PREPARED BY: Samantha Norris, University System of Maryland

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill authorizes the issuance of debt for ongoing capital and facilities renewal construction projects. Projects are authorized by the State and BPW.