

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 555

(Carroll County Senators)

Budget and Taxation

Appropriations

Carroll County - Public Facilities Bonds

This bill authorizes the Carroll County Commissioners to issue up to \$20.0 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, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Carroll County receives up to \$20.0 million in bond proceeds. County debt service expenditures increase by an estimated \$1.4 million annually over a 20-year period.

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. Carroll County is one of seven counties that still operate under the commission form of government.

Background: Since 2004, Carroll County has received authorization by the General Assembly to issue up to \$451.0 million in general obligation bonds for public facilities,

as shown in **Exhibit 1**. **Exhibit 2** shows the planned capital projects in Carroll County for fiscal 2015.

Exhibit 1
Bond Authorizations for Carroll County

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2004	Ch. 140	\$31.0 million
2005	Ch. 480	35.0 million
2006	Ch. 75	52.0 million
2007	Ch. 58	80.0 million
2008	Ch. 217	120.0 million
2009	Ch. 601	42.0 million
2010	Ch. 636	35.0 million
2011	Ch. 117	16.0 million
2013	Ch. 63	40.0 million
10-year Total		\$451.0 million

Local Fiscal Effect: Carroll County revenues increase by up to \$20.0 million from bond proceeds. Annual debt service costs for the bonds total approximately \$1.4 million. This estimate is based on a 3.84% 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, debt service expenditures would adjust accordingly.

At the end of fiscal 2012, Carroll County had approximately \$350.4 million in total outstanding debt, which represents approximately 1.8% of the county's assessable base and \$2,095 on a per capita basis. The county currently has an AA+ credit rating from Standard and Poor's, an Aa1 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 on page 117 of the *Overview of Maryland Local Governments* report. A copy of the report can be found at http://dls.state.md.us/data/polanasubare/polanasubare_intmatnpubadm/polanasubare_intmatnpubadm_annrep/2014-Overview-of-Maryland-Local-Governments.pdf#page=130.

Exhibit 2
Carroll County Bond Authorization Request
Fiscal 2015

<u>Project Description</u>	<u>FY 2015 Bonds</u>
Public Schools	
Career and Technology Center Roof Replacement	\$151,000
Manchester Elementary HVAC Replacement	1,836,000
Manchester Elementary Roof Replacement	577,000
Mechanicsville Roof Replacement	719,000
Total Public Schools	\$3,283,000
Conservation and Open Space	
Agricultural Land – Maryland Ag Land Preservation Program	\$1,333,300
Environmental Compliance	37,500
Water Development	650,000
Watershed Assessment and Improvement (NPDES)	2,410,800
Total Conservation and Open Space	\$4,431,600
Public Works	
Gorsuch Road Relocation	\$1,000,000
Pavement Management Program	9,112,400
Small Drainage Structures	179,000
Cape Horn Road Over Unnamed Stream Bridge Project	129,000
Total Public Works	\$10,420,400
General Government	
Carroll Community College – Systemic Renovations	\$50,000
County Building System Renovations	675,000
Total General Government	\$725,000
Enterprise Funds	
Septage Facility Improvements	\$640,000
Airport Runway Extension	500,000
Total Enterprise Funds	\$1,140,000
Grand Total	\$20,000,000

Source: Carroll County Government

Additional Information

Prior Introductions: None.

Cross File: HB 545 (Carroll County Delegation) - Appropriations.

Information Source(s): Carroll County, Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2014
ncs/hlb

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