

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 889 (St. Mary's County Delegation)  
Environment and Transportation

Budget and Taxation

---

St. Mary's County - Metropolitan Commission Bonds - Extension of Maximum  
Maturity Date

---

This bill extends, from 30 to 40 years, the maximum term for which the St. Mary's County Metropolitan Commission may issue bonds.

---

Fiscal Summary

**State Effect:** None.

**Local Effect:** The bill is not expected to materially affect local operations or finances in St. Mary's County.

**Small Business Effect:** None.

---

Analysis

**Current Law:** The St. Mary's County Metropolitan Commission, upon the approval of the St. Mary's County Commissioners, is authorized to periodically issue bonds, upon the full faith and credit of St. Mary's County, for the purpose of providing funds for the design, construction, establishment, purchase, or condemnation of water supply and sewerage systems in any of the county's sanitary districts. The maximum term for which the metropolitan commission may issue bonds is 30 years. The total issue of bonds may not exceed 25% of the total value of the property assessed for county taxation purposes within all of the sanitary districts in which public water or sewer facilities are located.

**Background:** The St. Mary's County Metropolitan Commission was established by the General Assembly in 1957 as a quasi-governmental, nonprofit body, to supply water and

sewer service to St. Mary's County. It has been providing water and sewer service since 1964. The metropolitan commission is authorized to issue tax-free general obligation bonds on the full faith and credit of St. Mary's County for capital improvements.

The total principal balance of the metropolitan commission's long-term bonds payable was \$21,489,377 as of June 30, 2015.

**Local Fiscal Effect:** The St. Mary's County Metropolitan Commission does not believe the extension of the maximum allowable bond repayment terms from 30 to 40 years provided by the bill will have any negative impact. The bill may serve to reduce user charges by virtue of the fact that a longer repayment term on a specific debt would reduce the metropolitan commission's annual debt service obligation on that debt. However, the metropolitan commission is uncertain how frequently a longer 40-year repayment term would be made available by its lending sources, if at all. While a specific fiscal estimate cannot be determined, it is anticipated that the bill does not materially impact St. Mary's County finances.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 997 (Senator Waugh) - Budget and Taxation.

**Information Source(s):** St. Mary's County Metropolitan Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2016  
min/hlb

---

Analysis by: Trevor S. Owen

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