



SB 1061- St. Mary's County - Transfer Tax - Sunset Extension

DATE: March 3, 2020

St. Mary's County is requesting to revise Chapter 138 of the St. Mary's Code that imposes a sunset date of July 1, 2020 on the imposition of transfer taxes so that the sunset date is October 1, 2024. Transfer taxes form a critical non-debt component of the capital plan. Loss of this revenue stream has an annual impact of approximately \$6.8 million on the annual capital program. The Commissioners of St. Mary's County have maintained low debt ratios by being able to use transfer taxes to fund capital projects, in addition to other local sources such as impact fees, dedicated recordation tax, pay-go and bonds.

Annually, over a \$1 million of the transfer tax is used for land preservation (helping to maximize the State allocation). Additionally, in the FY 2021 to FY 2025 capital plan, as part of the FY2021 request, transfer taxes are used to fund:

- *Facility projects: \$5.9 million for a variety of projects, including major repair and minor renovations to County facilities – including \$100,000 to the F & R Revolving Loan Fund
- *Roads Projects: \$18.6 million, including Roadway & Safety Improvements, Retrofit Sidewalk Program and Water Quality & Nutrient Removal
- *Parks Projects: \$1 million for Recreation Facilities & Parks Improvements
- *School Projects: \$2.4 million, Building Infrastructure Critical & Programmatic and Relocatables for Various Sites

Transfer taxes are often used for those capital needs that do not lend themselves to bond financing and are often the local match to state or federal funds. Absent transfer taxes, the County would need to sell general obligation bonds in order to fund the equivalent of these sources for the necessary capital projects. Over a 4-year period, that would have increased the amount of debt by approximately \$34 million, with an annual debt service costs of \$2.2 million.

An extension is needed to be able to plan for the capital needs of the County. The full capital budget for FY2021 request and the capital plan for FY2022 to FY2025, as detailed in the attached chart.

Continued ability to assess transfer taxes allows the County to avoid approximately \$34 million in general obligation bonds that would otherwise need to be sold in order to fund necessary capital projects. The annual operating impact of *not* extending the transfer tax would be to add \$2.2 million annually to the operating budget for the equivalent debt.

I request a favorable report on Senate Bill 1061 for St. Mary's County.


L. Jeannett Cudmore, Chief Financial Officer

St. Mary's County Government

SUMMARY - Transfer Tax
Capital Improvement Projects - FY2021 to FY2026

FOR 2020 LEGISLATION

	FY21	FY22	FY23	FY24	FY25
CAPITAL PROJECT	X-fer Tax	X-fer Tax	X-fer Tax	X-fer Tax	X-fer Tax
PUBLIC FACILITIES					
Airport Improvements	319,600	915,500	75,000	0	0
Building Maintenance & Repair - Critical	440,000	443,000	418,000	435,000	400,000
Building Maintenance & Repair - Program	415,000	425,000	375,000	415,000	410,000
Fire & Rescue Revolving Loan Fund	0	0	100,000	0	0
Parking and Site Improvements	195,000	60,000	60,000	60,000	0
Total Public Facilities	1,369,600	1,843,500	1,028,000	910,000	810,000
HIGHWAYS					
Culvert Replacement & Repair	0	0	585,000	525,000	525,000
Johnson Farm Pond Road	0	0	0	0	0
Retrofit Sidewalk Program	255,483	1,088,378	767,500	210,000	200,000
Roadway & Safety Improvements	1,981,604	1,075,000	2,363,346	2,802,346	3,708,346
Southampton Neighborhood Revitalization	60,000	0	0	0	0
Street Lighting & Streetscape Improvements	255,000	60,000	0	0	0
Water Quality & Nutrient Removal	400,000	450,000	360,000	380,000	600,000
Total Highways	2,952,087	2,673,378	4,075,846	3,917,346	5,033,346
LAND CONSERVATION					
Agriculture Land Preservation Programs	743,333	346,679	346,679	346,679	346,679
Rural Legacy Program	1,050,000	750,000	750,000	750,000	750,000
Urban Legacy Program	0	0	0	0	0
Total Land Conservation	1,793,333	1,096,679	1,096,679	1,096,679	1,096,679
RECREATION & PARKS					
Recreation Facilities & Parks Improvements	0	300,000	285,000	275,000	180,000
Total Parks Acquisition /Development	0	300,000	285,000	275,000	180,000
MARINE					
St. Jerome's Creek Jetties	59,075	71,600	0	0	0
St. Patrick's Creek Maintenance Dredge	100,000	0	0	0	0
Total Marine	159,075	71,600	0	0	0
PUBLIC SCHOOLS					
Building Infrastructure - Critical	0	0	264,000	90,000	0
Building Infrastructure - Programmatic	0	469,968	210,000	147,000	0
Chopticon HS HVAC Systemic Renovation	0	0	0	125,000	0
Great Mills HS - Partial Roof Replacement	42,000	0	0	0	0
Green Holly Ele School-Roof/HVAC Systemic	0	0	59,000	0	0
Lexington Park Ele School - Roof Replace	0	0	0	0	0
Piney Point Ele School-HVAC System	0	40,000	0	0	0
Relocatables for Various Sites	385,000	385,000	0	0	0
Ridge Ele School-HVAC System Renovation	0	0	0	0	0
School Capacity Study K-12	175,000	0	0	0	0
Town Creek Ele School - HVAC Systemic	24,000	0	0	0	0
	0	0	0	0	0
Total Public Schools	626,000	894,968	533,000	362,000	0
TOTAL	6,900,095	6,880,125	7,018,525	6,561,025	7,120,025