



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations

September 29, 2021

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Senior Legislative Budget and Policy Analyst

FROM: Malcolm Moody - *MM*
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-062-2021 – Refunding Bonds – National Harbor

CB-062-2021 (*Proposed by the Chair by request of the County Executive*)

Assigned to Committee of the Whole (COW)

AN ACT CONCERNING THE ISSUANCE AND SALE OF SPECIAL OBLIGATION BONDS for the purpose of providing that special obligation bonds may be issued from time to time under the provisions of this Act, Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Tax Increment Act"), Section 10-269 of the Prince George's County Code, as amended and Section 21-501 through Section 21-523 of the Local Government Article of the Annotated Code of Maryland, as amended (collectively, the "Special Taxing District Act") and CR-25-2004 of the County Council of Prince George's County, Maryland (the "Formation Resolution") in an amount not to exceed the aggregate principal amount of Fifty Million Dollars (\$50,000,000) in order for the County to refund the outstanding aggregate principal amount of Prince George's County, Maryland Special Obligation Bonds (National Harbor Project) Series 2004 (the "2004 Bonds") . . .

Fiscal Summary

Direct Impact:

Expenditures: Reduced debt service expenditures estimated at \$10.3 million.

Revenues: None.

Indirect Impact:

None.

Legislative Summary:

CB-062-2021, proposed by the Chair at the request of the County Executive was presented on September 14, 2021 and referred to the Committee of the Whole (COW). The purpose of this Bill is to authorize the refinancing of the Prince George's County (the "County"), Maryland Special Obligation Bonds (National Harbor Project) Series 2004.

Resource Personnel:

Stephen J. McGibbon, Director, Office of Finance
Ron Halper, Debt Manager, Office of Finance

Background/Current Law:

Under the authority of CB-023-2004, the County issued Special Obligation Bonds to assist in facilitating the financing for public infrastructure improvements constructed in the National Harbor Development District and the National Harbor Special Taxing District,¹ related to the development of retail, commercial and office facilities located therein. CB-023-2004 provided, among other things, that that bonds issued pursuant to its authority may be refunded by bonds issued under the Tax Increment Financing Act² and/or the Special Taxing District Act.³

¹ The National Harbor Development District and National Harbor Special Taxing District were created by [CR-25-2004](#).

² Title 12, Subtitle 2 of the Economic Development Article of the Annotated Code of Maryland, as amended.

³ Title 21, Subtitle 5 of the Local Government Article of the Annotated Code of Maryland, as amended.

Discussion/Policy Analysis:

CB-062-2021 would authorize the issuance of Special Obligation Bonds to refinance the Series 2004 Bonds under the authority reserved in the initial authorization Act, CB-023-2004. In doing so under current favorable bond market conditions, the County will realize debt service savings.

Fiscal Impact:

Direct Impact

Enactment of CB-062-2021 will likely result in debt service savings estimated by the Office of \$10.3 million under current market conditions, using the County's annual appropriation provision as a backup security provision. This value expressed as a percentage would result in a refunding efficiency of 22.6%. Generally, minimum savings for a refinancing is generally agreed to be between 2% and 3%, and savings at 5% or higher are considered economically compelling.

Indirect Impact

Enactment of CB-062-2021 is not likely to have an indirect fiscal impact.

Appropriated in the Current Fiscal Year Budget

No.

Effective Date of Proposed Legislation:

The proposed legislation shall take effect forty-five (45) calendar days after it becomes law.
Staff

If you require additional information, or have questions about this fiscal impact statement, please call me.