

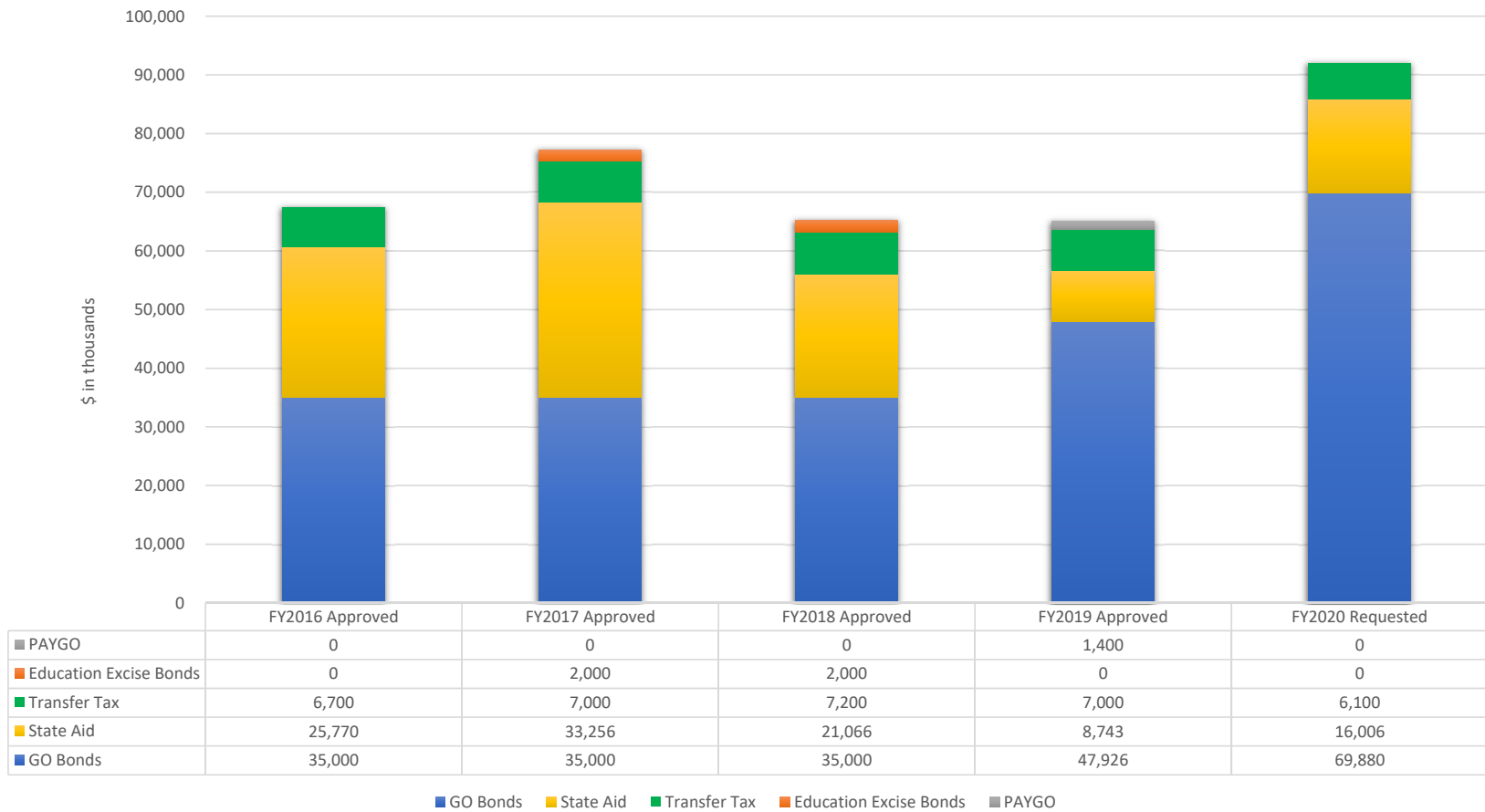
# Howard County School Construction Financing

Presented to: Howard County State Delegation

Prepared by: Carl DeLorenzo, Director of Policy and Programs, County Administration

Date: January 12, 2019

# School Construction Funding Sources (\$ in thousands)



## Public School Facilities Surcharge (Excise Tax) Rates or Impact Fees by County

County	Rate*	Rate (per sq. ft., if applicable)	FY18 Revenue (\$ in millions)
Montgomery	23,062		\$33.6
Prince George's	15,972		\$24.3
Frederick	15,515		\$13.4
Charles	15,229		\$9.4
Anne Arundel	12,963		\$16.3
Calvert	12,950		\$3.3
Queen Anne's**	10,580	\$5.29/sq. ft.	\$1.8
Talbot	7,427		\$.3
Harford	6,000		\$2.5
St. Mary's	5,500		\$1.5
Caroline	5,000		\$.075
Howard**	2,640	\$1.32/sq. ft.	\$6.2
Washington**	2,000	\$1.00/sq. ft.	\$.6
Carroll	533		\$.08

\*Per dwelling unit

\*\*Assumes 2,000 square foot home

Source: Maryland Department of Legislative Services

# Transfer Tax Rate by County

County	Rate*
Baltimore City	1.5%
Baltimore County	1.5%
Prince George's	1.4%
Anne Arundel	1.0%
Garrett	1.0%
Harford	1.0%
Howard	1.0%
Montgomery	1.0%
St. Mary's	1.0%
Talbot	1.0%
Dorchester	0.75%
Allegany	0.5%

County	Rate*
Caroline	0.5%
Cecil	0.5%
Charles	0.5%
Kent	0.5%
Queen Anne's	0.5%
Washington	0.5%
Worcester	0.5%
Calvert	0.0%
Carroll	0.0%
Frederick	0.0%
Somerset	0.0%
Wicomico	0.0%

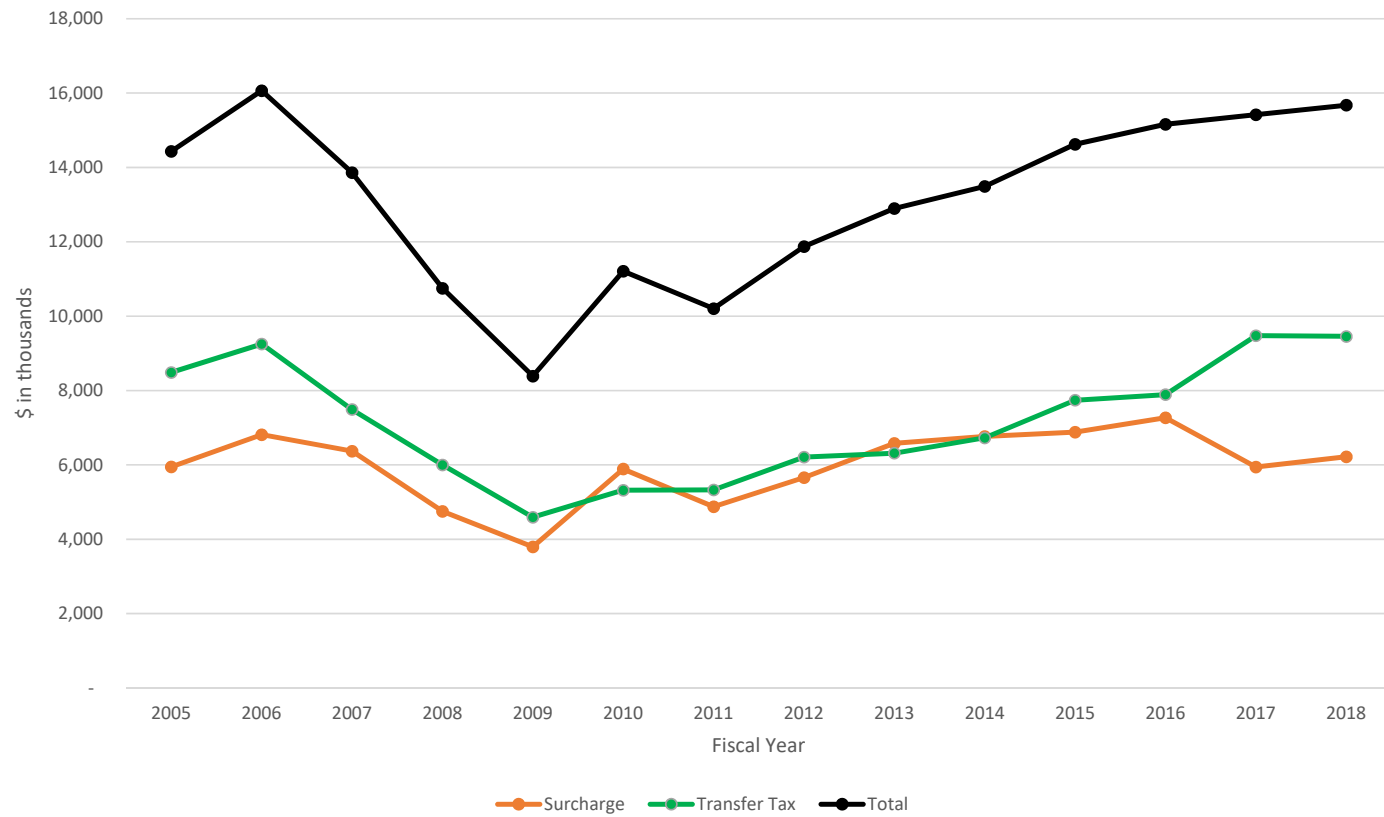
\*Calculated on sale price of property

Source: Maryland Department of Legislative Services

# Howard County Transfer Tax Distribution (State law)

<b>Category</b>	<b>Distribution %</b>	<b>FY18 (\$ in millions)</b>
Public School Construction	25.0%	\$9.5
Recreation and Parks Capital Fund	25.0%	\$9.5
Agricultural Land Preservation	25.0%	\$9.5
Community Renewal Fund	12.5%	\$4.7
Fire and Rescue Services Capital Fund	12.5%	\$4.7
Total	100%	\$37.8

# School Construction Transfer Tax and Surcharge Revenue



## Public School Facilities Surcharge Cashflow (\$ in millions)

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Actual Revenue</b>	<b>Bonds Sold</b>	<b>Debt Service Paid</b>	<b>Ending Balance</b>
2005	0	5,946,543	0	0	5,946,543
2006	5,946,543	6,814,269	31,000,000	0	12,760,812
2007	12,760,812	6,371,054	27,470,454	2,204,998	16,926,868
2008	16,926,868	4,749,863	16,533,546	4,313,639	17,363,092
2009	17,363,092	3,796,822	7,950,000	5,801,401	15,358,513
2010	15,358,513	5,890,008	5,940,534	6,167,534	15,080,987
2011	15,080,987	4,875,886	40,000	6,911,415	13,045,459
2012	13,045,459	5,660,948	19,466	7,000,115	11,706,292
2013	11,706,292	6,581,536	0	7,764,529	10,523,299
2014	10,523,299	6,765,059	5,000,000	8,066,617	9,221,741
2015	9,221,741	6,883,467	471,000	7,500,572	8,604,636
2016	8,604,636	7,268,211	1,933,910	7,225,295	8,647,553
2017	8,647,553	5,944,674	3,595,090	7,255,368	7,336,859
2018	7,336,859	6,219,580	1,000,000	6,916,132	6,640,307

Strategies to satisfy \$1 billion school construction request over 10 years with changes to Surcharge and Transfer Tax Rates (\$ in thousands)

Funding Sources	FY2016 Approved	FY2017 Approved	FY2018 Approved	FY2019 Approved
GO Bonds	35,000	35,000	35,000	47,926
State Aid	25,770	33,256	21,066	8,743
Transfer Tax	6,700	7,000	7,200	7,000
Education Excise Bonds	0	2,000	2,000	0
PAYGO	0	0	0	1,400
<b>Total</b>	<b>\$67,470</b>	<b>\$77,256</b>	<b>\$65,266</b>	<b>\$65,069</b>
	(\$32,530)	(\$22,744)	(\$34,734)	(\$34,931)



# Strategies to satisfy \$1 billion school construction need over 10 years with changes to Surcharge and Transfer Tax Rates

## Strategies *(not sensitivity tested)*

- Surcharge increase: Ho. Co. 03-19 generates approximately **\$13 million** per year
- Transfer tax increase: increase to 1.25% generates approximately **\$2 million** per year
- Transfer tax redistribution: increase to 37.5% generates approximately **\$5 million** per year

## Factors to consider

- Changes to State Aid formula
- Transfer tax balances in other categories
- Future bonding capacity with surcharge increase
- New APFO regulations take effect July 2019