

Council Bill 65-2025 Fiscal Analysis

Introduced: September 2, 2025

Fiscal Manager: Owen Kahn

Legislative Intent: This legislation authorizes the County to issue and sell up to \$150 million in consolidated public improvement bonds (CPI) and up to \$50 million in metropolitan district bonds to pay for the costs of approved capital projects and retire short term debt.

ANALYSIS

Fiscal Impact:

This legislation will increase debt service related to the new bond issuance, which would be appropriated in future budgets, beginning in FY 2027. Terms of the bonds range from 20 to 30 years. The exact amount of the bond service will be dependent on the amount of bonds the County issues and the interest rates at the time of the sale. Interest rates typically range between 1 and 5%. For comparison, for the FY 2024 issuance, the additional debt service was approximately \$4 million in the first fiscal year.

Money raised through the issuance will have three uses:

- The primary use will be to reimburse the County for the cost of [capital improvement projects that were approved for FY 2026](#).¹ CPI bonds are used for general county projects (\$79.4 million approved) and Metro bonds are used for water and sewer projects (49.8 million approved). A list of capital projects funded by these bonds is included in Administration testimony.
- \$32.5 million will be used to retire outstanding short-term debt (Bond Anticipation Notes).
- A small amount will be used to cover cost of bond issuance, including rating agency fees, bond counsel, underwriter discount, and financial advisory services, representing a small percentage of the total issuance. For the March 2025 sale, the total cost was \$370,000.

The legislation allows the County to issue bonds *up to* \$200 million between the two types to ensure that all the above costs are met; the actual amount of the issuance will likely be in the range of \$162 million.

The bond sale is scheduled to occur in March 2026. Depending on market conditions the bonds will either be issued through a competitive bidding process or a privately negotiated sale.

Budget Implications:

- The projects funded by this issuance were [approved by the Council](#) in the budget ordinance.
- Howard County continues to maintain a [AAA credit rating](#) and debt service as a percentage of revenues remains below 10%.

Other Notes:

- Records of past bond issuances can be found on the [County's bond sale website](#).
- The Council [routinely adopts similar ordinances](#) following approval of the capital budget.

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