

HB 614-FN – AS INTRODUCED

2013 SESSION

13-0709
05/03

HOUSE BILL **614-FN**

AN ACT limiting the authorization for new annual general fund-supported debt.

SPONSORS: Rep. Kurk, Hills 2; Rep. Leishman, Hills 24; Rep. Weyler, Rock 13; Rep. Chandler,
Carr 1

COMMITTEE: Finance

ANALYSIS

This bill limits the authorization for new annual general fund-supported debt.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT limiting the authorization for new annual general fund-supported debt.

Be it Enacted by the Senate and House of Representatives in General Court convened:

- 1 1 New Section; Budget and Appropriations; Limitation on General Fund-Supported Debt.
2 Amend RSA 9 by inserting after section 9-c the following new section:
3 9:9-d Limitation on General Fund-Supported Debt. In any biennial budget, new general fund-
4 supported debt shall not exceed 90 percent of general fund-supported debt retired or expected to be
5 retired in the prior biennium, as determined by the state treasurer.
6 2 Effective Date. This act shall take effect July 1, 2013.

HB 614-FN – FISCAL NOTE

AN ACT limiting the authorization for new annual general fund-supported debt.

FISCAL IMPACT:

The Treasury Department states this bill, **as introduced**, will decrease state expenditures by approximately \$112,500 in FY 2014, \$601,000 in FY 2015, and have an indeterminable impact on state expenditures in FY 2016 and each year thereafter. This bill will have no impact on state, county, and local revenue, or county and local expenditures.

METHODOLOGY:

The Treasury Department states this bill would limit the annual general fund supported debt issued by the state. The Department estimates approximately \$140 million in “net” general fund-supported debt will be retired during the FY 2012-2013 biennium. The Department distinguishes between “net” general fund-supported debt, where debt service is paid directly from unrestricted revenues, from “all” general fund-supported debt, where debt service is paid from both unrestricted revenues and restricted revenues.

	IN THOUSANDS	
<u>“Net” General Fund-Supported Debt</u>	<u>FY 2012</u>	<u>FY 2013</u>
A) Debt Retired	\$67,368.2	\$72,628.6
<u>Treasury Debt Affordability Study</u>	<u>FY 2014</u>	<u>FY 2015</u>
Debt	\$67,500.0	\$67,500.0
B) Associated Debt Service	\$1,687.5	\$9,011.3
<u>90% Cap on Debt retired 2012/2013</u>		
Debt Cap (A x 90%)	\$62,998.6	\$62,998.6
C) Associated Debt Service	<u>\$1,575.0</u>	<u>\$8,410.3</u>
Net Expenditure Decrease (B-C)	\$112.5	\$601.0

The Department has accounted for “net” general fund-supported debt only because sufficient restricted revenue streams would be earmarked to cover debt service for such designated capital projects. Other key assumptions in the Department’s estimates are: 1) a traditional

amortization schedule is used so that 60% of all bonding is paid off in the first 10 years and the remaining 40% is amortized over the remaining 10 years; 2) five percent fixed interest coupon; and 3) the first principal payment for new debt is paid in the fiscal year following its issuance.

The Department states it cannot estimate the fiscal impact beyond FY 2015 because the amount of new issue bonding and the resulting debt service for those years has not been determined.