

HB 1581-FN-A – AS AMENDED BY THE HOUSE

12Feb2014... 0228h  
25Mar2014... 0869h  
25Mar2014... 1137h

2014 SESSION

14-2192  
10/04

HOUSE BILL            ***1581-FN-A***

AN ACT                relative to the bonding of project costs for certain department of transportation bridge capital projects.

SPONSORS:            Rep. Campbell, Hills 33; Rep. Graham, Hills 7; Rep. G. Chandler, Carr 1

COMMITTEE:          Public Works and Highways

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AMENDED ANALYSIS

This bill allows the commissioner of the department of transportation to fund bridge capital projects for state-owned bridges which are closed by department order by bonded appropriations, provided the total debt service does not exceed 10 percent of the unrestricted highway fund revenues for the previous fiscal year.

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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                          Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Fourteen*

AN ACT relative to the bonding of project costs for certain department of transportation bridge capital projects.

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

1 1 New Section; Bridge Capital Projects; Bonds Authorized. Amend RSA 228 by inserting after  
2 section 12-a the following new section:

3 228:12-b Bridge Capital Projects; Bonds Authorized. To provide funds for capital projects to  
4 repair or replace any state-owned bridge closed in accordance with a department of transportation  
5 order, the state treasurer, as may be requested from time to time by the commissioner of the  
6 department of transportation, with prior approval of the fiscal committee of the general court, is  
7 authorized to borrow from time to time upon the credit of the state such amounts so that the total  
8 state obligation under this section shall at no time exceed \$50,000,000 and for said purposes may  
9 issue bonds and notes at such time in the name and on behalf of the state of New Hampshire in  
10 accordance with the provisions of RSA 6-A and as authorized by the governor and council. The  
11 department shall request and the treasurer shall issue bonds only for such amounts from time to  
12 time as are required for the purposes of this section and provided that the principal and interest  
13 payments can be satisfied within limitation mandated by RSA 6-C:3. Debt service for such bonds  
14 shall be a charge against the highway fund.

15 2 New Section; Affordable Debt Limit; Highway Fund. Amend RSA 6-C by inserting after  
16 section 2 the following new section:

17 6-C:3 Affordable Debt Limit; Highway Fund.

18 I. Notwithstanding any other provision of law, the state treasurer shall not issue any  
19 additional highway funded general obligation debt of the state if the projected annual debt service on  
20 such additional highway funded general obligation debt, when added to the prior actual annual debt  
21 service on any previously issued highway funded general obligation debt exceeds 10 percent of the  
22 unrestricted highway fund revenues for the previous fiscal year.

23 II. The general court may only exceed the ceiling in paragraph I by a 3/5 vote of each house  
24 present and voting. Such 3/5 vote shall only apply to votes on final passage and adoption of  
25 committee of conference reports.

26 3 Effective Date. This act shall take effect July 1, 2014.

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LBAO  
14-2192  
Amended 03/27/14

**HB 1581-FN-A FISCAL NOTE**

AN ACT                   relative to the bonding of project costs for certain department of transportation bridge capital projects.

**FISCAL IMPACT:**

The Department of Transportation and Treasury Department state this bill, **as amended by the House (Amendments #2014-0869h and #2014-1137h)**, may increase state highway fund expenditures by an indeterminable amount in FY 2015 and each year thereafter. This bill will have no fiscal impact on state, county, and local revenue, or county and local expenditures. This bill may increase bonded indebtedness supported by the highway fund by \$50,000,000.

**METHODOLOGY:**

The Department of Transportation (DOT) states this bill allows the commissioner to fund certain bridge capital projects by bonded appropriations, provided the total state highway fund general bond obligation shall at no time exceed \$50,000,000, and total debt services does not exceed 10% of the unrestricted highway fund revenues for the previous fiscal year. The Department assumes the amount of bonding will be limited by the \$50,000,000 bond obligation cap, rather than the 10% debt service cap. The Department states if no additional revenue is provided in the state highway fund to cover such debt service associated with the proposed bonding, each dollar of debt service charged to the highway fund will require additional reductions of expenditures elsewhere in the operating budgets funded by the highway fund. In addition, DOT states the use of additional General Obligation debt being paid by the highway fund would limit the ability of the Department to utilize existing capital project funding for such purposes as the construction of patrol shed facilities and maintenance and upgrade of fuel distribution sites. The Department states due to these long range impacts, it is possible DOT may decide not to issue such debt. The exact fiscal impact cannot be determined at this time.

The Treasury Department also assumes the amount of bonding will be limited by the \$50,000,000 bond obligation cap, rather than 10% debt service cap, and that the first bonding would occur during FY 2016 after already authorized debt has been issued in FY14 and FY15. The Treasury Department assumes the aggregate bonding amount would total \$53,945,055 (above the \$50M cap) due to partial amortization of initial red list bridge bonding that occurs prior to FY 2019. Assuming a 5% coupon rate, and 20 year amortization (with 60% of principal amortized in the first 10 years, and 40% of principal amortized in the final 10 years), the

Treasury Department estimates annual debt service costs at \$343,407 in FY 2016, \$1,833,791 in FY 2017, and \$3,282,967 in FY 2018.