

SB 76-FN - AS INTRODUCED

2015 SESSION

15-0858  
06/10

SENATE BILL        ***76-FN***

AN ACT            relative to the guarantee of bonds issued by the business finance authority.

SPONSORS:        Sen. Woodburn, Dist 1

COMMITTEE:      Finance

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ANALYSIS

This bill provides for an \$8,000,000 bonding authority for the business finance authority.

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                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Fifteen*

AN ACT relative to the guarantee of bonds issued by the business finance authority.

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

1 1 Business Finance Authority Revenue Bonds; State Guarantee. Amend RSA 162-I:9-a, I to read  
2 as follows:

3 I. The governor and council may award an unconditional state guarantee of the principal of  
4 and interest on bonds issued under this chapter. The full faith and credit of the state shall be  
5 pledged for any such guarantee, but the total outstanding principal amount of bonds guaranteed by  
6 the state under this section at any time shall not exceed [~~\$25,000,000~~] **\$8,000,000**. For the purpose  
7 of determining the amount of bonds guaranteed by the state pursuant to this section, the amount of  
8 any issue of bonds sold at a discount shall be equal to the net proceeds thereof, determined by adding  
9 to the face amount of the bond issue the premium, if any, related to bonds of that issue and then  
10 subtracting the discount related to bonds of that issue. The amount of bonds of any such issue  
11 considered outstanding at any time shall be determined by multiplying the face amount of the bonds  
12 of that issue then outstanding by a fraction, the numerator of which is the net proceeds of the issue  
13 as determined above, and the denominator of which is the face amount of the issue. The governor,  
14 with the advice and consent of the council, is authorized to draw his warrant for such sum as may be  
15 necessary out of any money in the treasury, not otherwise appropriated, for the purpose of honoring  
16 any guarantee awarded under this section. The state's guarantee shall be evidenced on each  
17 guaranteed bond by an endorsement signed by the state treasurer in substantially the following  
18 form:

19 The state of New Hampshire hereby unconditionally guarantees the payment of the whole of the  
20 principal and interest on the within bond and for the performance of such guarantee the full faith  
21 and credit of the state are pledged.

\_\_\_\_\_ State Treasurer

22  
23 In connection with the award of a state guarantee, the governor and council may impose such  
24 terms and conditions as they may deem appropriate concerning the bonds, the use and operation of  
25 the eligible facilities, the reimbursement to the state if any state funds are used to honor the  
26 guarantee and any other matters necessary or desirable to carry out the purposes of this section.  
27 Such terms and conditions may be contained in an agreement among the state, the authority and  
28 user of the eligible facility to be executed on behalf of the state by the governor and the state  
29 treasurer and on behalf of the authority by any 2 persons authorized to execute bonds under  
30 RSA 162-I:8. ***While the authority shall issue bonds as set forth in this chapter, and may***  
31 ***charge the user of the eligible facility a fee to reimburse the authority for the services***

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1 *provided by it and costs recovered by it, the authority shall have no financial responsibility*  
2 *for the bonds guaranteed under this section, such bonds being the obligation of the state.*

3       2 Business Finance Authority Revenue Bonds; State Guarantee. Amend RSA 162-I:9-a, III(a) to  
4 read as follows:

5               (a) The financing of the facility is of vital importance to the economic well being and  
6 general welfare of a substantial number of the state's citizens [~~and will minimize the risk of~~  
7 ~~permanent economic damage to the state or a region of the state~~];

8       3 Business Finance Authority Revenue Bonds; State Guarantee. Amend RSA 162-I:9-a, IV to  
9 read as follows:

10               IV. The hearing required by this section may be held and the findings and determinations so  
11 required may be made in conjunction with the proceedings required by RSA 162-I:9. No guarantee  
12 shall be awarded under this section unless the hearing and proceedings so required are completed  
13 not later than June 30, [~~1996~~] **2017**.

14       4 Effective Date. This act shall take effect upon its passage.

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**SB 76-FN - FISCAL NOTE**

AN ACT                    relative to the guarantee of bonds issued by the business finance authority.

**FISCAL IMPACT:**

The Treasury Department and Business Finance Authority state this bill, **as introduced**, will have an indeterminable impact on state, county, and local revenue and expenditures.

**METHODOLOGY:**

The Treasury Department states this bill decreases the amount of debt the state may guarantee relative to financing provided by the Business Finance Authority from \$25 million to \$8 million. The Department states this bill, assuming the debt service would be absorbed by the Department's budget, will have an indeterminable impact on state expenditures in FY 2015 and each year thereafter because it is unclear whether or when the state may need to honor such guarantee. However, the proposed reduction in the state guarantee can be expected to similarly reduce potential state expenditures in the event of a default by the Business Finance Authority. The Department states the Business Finance Authority does not currently have bonds issued and outstanding under RSA 162-I:9-a, and, therefore, revenue bonds currently guaranteed by the State are not affected by this bill.

The Business Finance Authority states this bill will have an indeterminable impact on state, county, and local revenue and expenditures in FY 2015 and each year thereafter.