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February 27, 2013

Mr. Jeffry A. Pattison
Legislative Budget Assistant
Office of Legislative Budget Assistant
State House Room 102
Concord, NH 03301

Dear Mr. Pattison:

Please consider this letter as certification of the affordable debt limit as required by RSA 6-C:2. The statute prohibits the legislature from authorizing any additional net tax supported debt that would result in actual and projected debt service exceeding ten percent of unrestricted general fund revenues for the previous fiscal year. Unrestricted general fund revenues for fiscal year 2012 totaled $1,376,620,000, therefore actual and projected general fund debt service cannot exceed $137,662,000.

RSA 6-C:1 defines "net tax supported debt" as debt:

- Authorized (whether issued or not), the debt service of which is to be paid from general fund unrestricted revenues or
- Guaranteed by the State, unless specific revenues have been segregated to cover the guarantee, or if the guarantee is a general obligation of a municipality where property taxes may be levied.

Attached is a worksheet presenting total projected debt service through fiscal year 2019 using the parameters defined in RSA 6-C. The projection includes:

- Current annual general fund debt service through fiscal year 2019,
- Amortization for the $50.7 million in general fund bonds currently authorized but unissued, and
- Amortization of all general obligation guarantees within the statutory definition.

The total projected debt service was then compared to ten percent of fiscal year 2012 general fund unrestricted revenues. The result provides the projected remaining annual debt service capacity within the bounds of RSA 6-C. (Attachment 1) Solving for the minimum annual debt service during the projection period; I have calculated the level of new net tax supported debt authorized by the legislature cannot exceed $377 million without a 3/5 vote (Attachment 2). I have recommended the legislature not exceed $125 million of new net tax supported bond authorizations for the upcoming biennium, well below the RSA 6-C certified annual maximum of $377 million.

While the statutory bar in RSA 6-C serves its intended purpose of keeping the State debt levels manageable, it is important to note that the likelihood of this scenario unfolding as calculated here is remote. It is **highly** unlikely that the State would ever issue all bonds authorized and unissued and all new authorizations in the same year, coupled with all outstanding general obligation guarantees being triggered in the same year, while simultaneously, general fund unrestricted revenues not increasing over a six year period is an ultra-conservative assumed set of circumstances.

Respectfully,

Catherine A. Provencher
State Treasurer

Attachments (2)

State Treasury
Attachment 1 to RSA 6-C Certification
February 27, 2013

Fiscal Year	Current Actual General Fund Debt Service	Amortization of $50.7M in General Fund Bonds Authorized & Unissued	$194.2M Guaranteed General Fund Debt	Total Projected General Fund Debt Service	10% of FY 2012 General Fund Unrestricted Revenues	Less: Total Projected General Fund Debt Service	Remaining Debt Service Authorizations Allowable
2013	97,583,209	760,500	2,913,000	101,256,709	137,662,000	101,256,709	36,405,291
2014	96,159,820	3,379,695	12,944,595	112,484,110	137,662,000	112,484,110	**25,177,890** [a]
2015	94,496,555	3,378,245	12,941,530	110,816,330	137,662,000	110,816,330	26,845,670
2016	87,578,984	3,378,070	12,937,865	103,894,919	137,662,000	103,894,919	33,767,081
2017	82,272,981	3,377,110	12,935,390	98,585,481	137,662,000	98,585,481	39,076,519
2018	76,291,460	3,376,320	12,930,910	92,598,690	137,662,000	92,598,690	45,063,310
2019	72,626,847	3,374,655	12,927,230	88,928,732	137,662,000	88,928,732	48,733,268

[a] Equates to **$377.7M** in authorizations.
See Attachment 2

ESTIMATE ONLY

State of New Hampshire Treasury
Attachment 2 to RSA 6-C Certification
February 27, 2013

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2013			5,665,500.00	5,665,500.00	5,665,500.00
9/1/2013	14,056,370	3.00%	5,665,500.00	19,721,870.00	
3/1/2014			5,454,654.45	5,454,654.45	**25,176,524.45**
9/1/2014	14,478,060	3.00%	5,454,654.45	19,932,714.45	
3/1/2015			5,237,483.55	5,237,483.55	25,170,198.00
9/1/2015	14,912,410	3.00%	5,237,483.55	20,149,893.55	
3/1/2016			5,013,797.40	5,013,797.40	25,163,690.95
9/1/2016	15,359,780	3.00%	5,013,797.40	20,373,577.40	
3/1/2017			4,783,400.70	4,783,400.70	25,156,978.10
9/1/2017	15,820,570	3.00%	4,783,400.70	20,603,970.70	
3/1/2018			4,546,092.15	4,546,092.15	25,150,062.85
9/1/2018	16,295,190	3.00%	4,546,092.15	20,841,282.15	
3/1/2019			4,301,664.30	4,301,664.30	25,142,946.45
9/1/2019	16,784,040	3.00%	4,301,664.30	21,085,704.30	
3/1/2020			4,049,903.70	4,049,903.70	25,135,608.00
9/1/2020	17,287,570	3.00%	4,049,903.70	21,337,473.70	
3/1/2021			3,790,590.15	3,790,590.15	25,128,063.85
9/1/2021	17,806,190	3.00%	3,790,590.15	21,596,780.15	
3/1/2022			3,523,497.30	3,523,497.30	25,120,277.45
9/1/2022	18,340,380	3.00%	3,523,497.30	21,863,877.30	
3/1/2023			3,248,391.60	3,248,391.60	25,112,268.90
9/1/2023	18,890,590	3.00%	3,248,391.60	22,138,981.60	
3/1/2024			2,965,032.75	2,965,032.75	25,104,014.35
9/1/2024	19,457,310	3.00%	2,965,032.75	22,422,342.75	
3/1/2025			2,673,173.10	2,673,173.10	25,095,515.85
9/1/2025	20,041,030	3.00%	2,673,173.10	22,714,203.10	
3/1/2026			2,372,557.65	2,372,557.65	25,086,760.75
9/1/2026	20,642,260	3.00%	2,372,557.65	23,014,817.65	
3/1/2027			2,062,923.75	2,062,923.75	25,077,741.40
9/1/2027	21,261,530	3.00%	2,062,923.75	23,324,453.75	
3/1/2028			1,744,000.80	1,744,000.80	25,068,454.55
9/1/2028	21,899,370	3.00%	1,744,000.80	23,643,370.80	
3/1/2029			1,415,510.25	1,415,510.25	25,058,881.05
9/1/2029	22,556,350	3.00%	1,415,510.25	23,971,860.25	
3/1/2030			1,077,165.00	1,077,165.00	25,049,025.25
9/1/2030	23,233,040	3.00%	1,077,165.00	24,310,205.00	
3/1/2031			728,669.40	728,669.40	25,038,874.40
9/1/2031	23,930,030	3.00%	728,669.40	24,658,699.40	
3/1/2032			369,718.95	369,718.95	25,028,418.35
9/1/2032	24,647,930	3.00%	369,718.95	25,017,648.95	25,017,648.95
			-	-	
	$ 377,700,000.00		$ 130,047,453.90	$ 507,747,453.90	$ 507,747,453.90

Sources:

Par Amount	**377,700,000.00**	25,387,378.10	Target DS
Fixed Coupon		3.0%	