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STATE TREASURY
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April 7, 2014

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 2013 totaled $1,436,600,000, therefore actual and projected general fund debt service cannot exceed $143,660,000.

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 2020 using the parameters defined in RSA 6-C. The projection includes:

- Current annual general fund debt service through fiscal year 2020,
- Amortization for the $169,286,498 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 2013 general fund unrestricted revenues. The result provides the projected remaining annual debt service capacity within the prescribed limits of RSA 6-C (Attachment 1). Solving for the minimum annual debt service allowable during the forecast period, I have calculated that the level of new net tax-supported debt authorized by the legislature cannot exceed $262.9 million without a 3/5 vote (Attachment 2). Therefore I intend to recommend that the legislature not exceed $125 million of new net tax-supported bond authorizations for the 2015 - 2016 biennium, well below the RSA 6-C certified annual maximum of $262.9 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. That assumption, coupled with the remote likelihood that all outstanding general obligation guarantees would be triggered in the same year, with general fund unrestricted revenues simultaneously remaining flat over the six-year period, provides an ultra-conservative assumed set of circumstances.

Respectfully,

William F. Dwyer
Commissioner of the Treasury

Attachments (2)

State Treasury
Attachment 1 to RSA 6-C Certification
April 7, 2014

Fiscal Year	Current Actual General Fund Debt Service	Amortization of $169.3M in General Fund Bonds Authorized & Unissued	$194.6M Guaranteed General Fund Debt	Total Projected General Fund Debt Service	10% of FY 2013 General Fund Unrestricted Revenues	Less: Total Projected General Fund Debt Service	Remaining Debt Service Authorizations Allowable
2014	98,040,195	2,539,290	2,919,000	103,498,485	143,660,000	103,498,485	40,161,516
2015	101,735,600	11,284,080	12,971,370	125,991,050	143,660,000	125,991,050	**17,668,950** [a]
2016	94,611,329	11,281,245	12,967,855	118,860,429	143,660,000	118,860,429	24,799,571
2017	89,098,627	11,278,650	12,964,725	113,342,002	143,660,000	113,342,002	30,317,998
2018	82,910,408	11,275,130	12,961,770	107,147,308	143,660,000	107,147,308	36,512,692
2019	79,034,641	11,272,505	12,957,795	103,264,941	143,660,000	103,264,941	40,395,059
2020	72,779,215	11,269,580	12,954,590	97,003,385	143,660,000	97,003,385	46,656,615

[a] Equates to **$262.9M** in authorizations.

State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2013			3,943,039.05	3,943,039.05	3,943,039.05
9/1/2013	9,782,870	3.00%	3,943,039.05	13,725,909.05	
3/1/2014			3,796,296.00	3,796,296.00	**17,522,205.05**
9/1/2014	10,076,350	3.00%	3,796,296.00	13,872,646.00	
3/1/2015			3,645,150.75	3,645,150.75	17,517,796.75
9/1/2015	10,378,640	3.00%	3,645,150.75	14,023,790.75	
3/1/2016			3,489,471.15	3,489,471.15	17,513,261.90
9/1/2016	10,690,000	3.00%	3,489,471.15	14,179,471.15	
3/1/2017			3,329,121.15	3,329,121.15	17,508,592.30
9/1/2017	11,010,700	3.00%	3,329,121.15	14,339,821.15	
3/1/2018			3,163,960.65	3,163,960.65	17,503,781.80
9/1/2018	11,341,020	3.00%	3,163,960.65	14,504,980.65	
3/1/2019			2,993,845.35	2,993,845.35	17,498,826.00
9/1/2019	11,681,250	3.00%	2,993,845.35	14,675,095.35	
3/1/2020			2,818,626.60	2,818,626.60	17,493,721.95
9/1/2020	12,031,690	3.00%	2,818,626.60	14,850,316.60	
3/1/2021			2,638,151.25	2,638,151.25	17,488,467.85
9/1/2021	12,392,640	3.00%	2,638,151.25	15,030,791.25	
3/1/2022			2,452,261.65	2,452,261.65	17,483,052.90
9/1/2022	12,764,420	3.00%	2,452,261.65	15,216,681.65	
3/1/2023			2,260,795.35	2,260,795.35	17,477,477.00
9/1/2023	13,147,350	3.00%	2,260,795.35	15,408,145.35	
3/1/2024			2,063,585.10	2,063,585.10	17,471,730.45
9/1/2024	13,541,770	3.00%	2,063,585.10	15,605,355.10	
3/1/2025			1,860,458.55	1,860,458.55	17,465,813.65
9/1/2025	13,948,030	3.00%	1,860,458.55	15,808,488.55	
3/1/2026			1,651,238.10	1,651,238.10	17,459,726.65
9/1/2026	14,366,470	3.00%	1,651,238.10	16,017,708.10	
3/1/2027			1,435,741.05	1,435,741.05	17,453,449.15
9/1/2027	14,797,460	3.00%	1,435,741.05	16,233,201.05	
3/1/2028			1,213,779.15	1,213,779.15	17,446,980.20
9/1/2028	15,241,390	3.00%	1,213,779.15	16,455,169.15	
3/1/2029			985,158.30	985,158.30	17,440,327.45
9/1/2029	15,698,630	3.00%	985,158.30	16,683,788.30	
3/1/2030			749,678.85	749,678.85	17,433,467.15
9/1/2030	16,169,590	3.00%	749,678.85	16,919,268.85	
3/1/2031			507,135.00	507,135.00	17,426,403.85
9/1/2031	16,654,680	3.00%	507,135.00	17,161,815.00	
3/1/2032			257,314.80	257,314.80	17,419,129.80
9/1/2032	17,154,320	3.00%	257,314.80	17,411,634.80	17,411,634.80
			-	-	
	$ 262,869,270.00		$ 90,509,615.70	$ 353,378,885.70	$ 353,378,885.70

Sources:

Par Amount	262,869,270.00	17,668,950.00	Target DS
Fixed Coupon		3.0%	