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April 6, 2015

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 2014 totaled $1,322,342,000, therefore actual and projected general fund debt service cannot exceed $132,234,200.

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 2021 using the parameters defined in RSA 6-C. The projection includes:

- Current annual general fund debt service through fiscal year 2021,
- Amortization for the $153.1 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 2014 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 $144.7 million without a 3/5 vote (Attachment 2). Therefore I have recommended that the legislature not exceed $130 million of new net tax-supported bond authorizations for the 2016 - 2017 biennium, sufficiently below the RSA 6-C certified annual maximum of $144.7 million.

While the statutory threshold established in RSA 6-C serves its intended purpose of keeping 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 extremely conservative assumed set of circumstances.

Respectfully,

William F. Dwyer
State Treasurer

Attachments (2)

State Treasury
Attachment 1 to RSA 6-C Certification
April 3, 2015

Fiscal Year	Current Actual General Fund Debt Service	Amortization of $153M in General Fund Bonds Authorized & Unissued	$192.4M Guaranteed General Fund Debt	Total Projected General Fund Debt Service	10% of FY 2014 General Fund Unrestricted Revenues	Less: Total Projected General Fund Debt Service	Remaining Debt Service Authorizations Allowable
2015	101,838,136	2,295,000	2,880,000	107,013,136	132,234,200	107,013,136	25,221,064
2016	99,511,127	10,198,590	12,797,825	122,507,542	132,234,200	122,507,542	**9,726,658** (a)
2017	90,034,795	10,196,205	12,795,250	113,026,250	132,234,200	113,026,250	19,207,950
2018	87,465,930	10,193,615	12,792,135	110,451,680	132,234,200	110,451,680	21,782,520
2019	84,530,189	10,190,670	12,788,300	107,509,159	132,234,200	107,509,159	24,725,041
2020	78,113,624	10,188,205	12,784,550	101,086,379	132,234,200	101,086,379	31,147,821
2021	67,832,302	10,185,055	12,780,675	90,798,032	132,234,200	90,798,032	41,436,168

(a) Correlates to **$144.7M** in authorizations

State Treasury
Attachment 2 to RSA 6-C Certification
April 3, 2015

State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2013			2,170,620.45	2,170,620.45	2,170,620.45
9/1/2013	5,385,410	3.00%	2,170,620.45	7,556,030.45	
3/1/2014			2,089,839.30	2,089,839.30	**9,645,869.75**
9/1/2014	5,546,970	3.00%	2,089,839.30	7,636,809.30	
3/1/2015			2,006,634.75	2,006,634.75	9,643,444.05
9/1/2015	5,713,380	3.00%	2,006,634.75	7,720,014.75	
3/1/2016			1,920,934.05	1,920,934.05	9,640,948.80
9/1/2016	5,884,780	3.00%	1,920,934.05	7,805,714.05	
3/1/2017			1,832,662.35	1,832,662.35	9,638,376.40
9/1/2017	6,061,330	3.00%	1,832,662.35	7,893,992.35	
3/1/2018			1,741,742.40	1,741,742.40	9,635,734.75
9/1/2018	6,243,170	3.00%	1,741,742.40	7,984,912.40	
3/1/2019			1,648,094.85	1,648,094.85	9,633,007.25
9/1/2019	6,430,460	3.00%	1,648,094.85	8,078,554.85	
3/1/2020			1,551,637.95	1,551,637.95	9,630,192.80
9/1/2020	6,623,380	3.00%	1,551,637.95	8,175,017.95	
3/1/2021			1,452,287.25	1,452,287.25	9,627,305.20
9/1/2021	6,822,080	3.00%	1,452,287.25	8,274,367.25	
3/1/2022			1,349,956.05	1,349,956.05	9,624,323.30
9/1/2022	7,026,740	3.00%	1,349,956.05	8,376,696.05	
3/1/2023			1,244,554.95	1,244,554.95	9,621,251.00
9/1/2023	7,237,540	3.00%	1,244,554.95	8,482,094.95	
3/1/2024			1,135,991.85	1,135,991.85	9,618,086.80
9/1/2024	7,454,670	3.00%	1,135,991.85	8,590,661.85	
3/1/2025			1,024,171.80	1,024,171.80	9,614,833.65
9/1/2025	7,678,310	3.00%	1,024,171.80	8,702,481.80	
3/1/2026			908,997.15	908,997.15	9,611,478.95
9/1/2026	7,908,660	3.00%	908,997.15	8,817,657.15	
3/1/2027			790,367.25	790,367.25	9,608,024.40
9/1/2027	8,145,920	3.00%	790,367.25	8,936,287.25	
3/1/2028			668,178.45	668,178.45	9,604,465.70
9/1/2028	8,390,300	3.00%	668,178.45	9,058,478.45	
3/1/2029			542,323.95	542,323.95	9,600,802.40
9/1/2029	8,642,010	3.00%	542,323.95	9,184,333.95	
3/1/2030			412,693.80	412,693.80	9,597,027.75
9/1/2030	8,901,270	3.00%	412,693.80	9,313,963.80	
3/1/2031			279,174.75	279,174.75	9,593,138.55
9/1/2031	9,168,300	3.00%	279,174.75	9,447,474.75	
3/1/2032			141,650.25	141,650.25	9,589,125.00
9/1/2032	9,443,350	3.00%	141,650.25	9,585,000.25	9,585,000.25
			-	-	
	$ 144,708,030.00		$ 49,825,027.20	$ 194,533,057.20	$ 194,533,057.20

Sources:

Par Amount	144,708,030.00	9,726,658.09	Target DS
Fixed Coupon		3.0%	