

William F. Dwyer
STATE TREASURER



**THE STATE OF NEW HAMPSHIRE
STATE TREASURY**

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February 1, 2019

Mr. Michael W. Kane
Legislative Budget Assistant
Office of Legislative Budget Assistant
State House Room 102
Concord, NH 03301

Dear Mr. Kane:

Please accept 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 2018 totaled \$1,595,673,000, therefore actual and projected general fund debt service cannot exceed \$159,567,300.

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 are worksheets which present total projected debt service through fiscal year 2025 using the criteria defined in RSA 6-C. The projection includes:

- Current annual general fund debt service through fiscal year 2025,
- Amortization of the \$231.2 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 2018 general fund unrestricted revenues. The result provides the projected remaining annual debt service capacity within the prescribed limits of RSA 6-C, although for this year's certification we have documented two scenarios in order to reflect sensitivities: one based on a future interest rate environment without bond issue premiums (Attachments 1 and 2), and one based on the continuing interest rate environment in which Treasury is able to issue bonds at a premium (Attachments 3 and 4). We depicted these scenarios by using a 5% coupon rate for the former and 3.5% for the latter.

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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, absent a 3/5 override vote, could not exceed a range of \$488 million (rate environment with no premiums) to \$557 million (bond premiums in the prevailing rate environment). In the recently released Debt Affordability Study, I recommended that the legislature not exceed \$120 million of new net tax-supported bond authorizations for the 2020-21 biennium and beyond, each of these considerably less than the RSA 6-C calculated authorization limit range of \$488-\$557 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 prospect of this scenario unfolding as presented here is remote. It is very doubtful that the State would ever issue all bonds authorized and unissued, as well as any new authorizations, in the same year. That assumption, coupled with the unlikely prospect 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 set of assumptions for this statutory assessment.

Respectfully,

William F. Dwyer
State Treasurer

Attachments (4)

State Treasury
Attachment 1 to RSA 6-C Certification
2/1/2019

Fiscal Year	Current Actual		Amortization of \$231.2M in		\$204M		Total Protected		10% of FY 2018		Less: Total		Remaining Debt	
	General Fund	Debt Service	General Fund	Bonds Authorized & Unissued	General Fund	Debt	General Fund	Debt Service	General Fund	Unrestricted Revenues	General Fund	Debt Service	Service Authorizations	Allowable
2019	92,860,204	5,780,000	6,479,560	5,780,000	6,479,560	6,479,560	105,119,764	105,119,764	159,567,300	159,567,300	105,119,764	54,447,536		
2020	92,476,257	18,377,200	9,505,192	18,377,200	9,505,192	9,505,192	120,358,648	120,358,648	159,567,300	159,567,300	120,358,648	39,208,652 (a)		
2021	81,091,677	18,368,850	12,530,824	18,368,850	12,530,824	12,530,824	111,991,351	111,991,351	159,567,300	159,567,300	111,991,351	47,575,949		
2022	72,472,428	18,359,575	15,536,790	18,359,575	15,536,790	15,536,790	106,368,793	106,368,793	159,567,300	159,567,300	106,368,793	53,198,507		
2023	62,417,532	18,349,500	16,557,784	18,349,500	16,557,784	16,557,784	97,324,816	97,324,816	159,567,300	159,567,300	97,324,816	62,242,484		
2024	57,240,308	18,339,675	17,578,778	18,339,675	17,578,778	17,578,778	93,158,761	93,158,761	159,567,300	159,567,300	93,158,761	66,408,539		
2025	52,093,270	18,329,100	17,461,141	18,329,100	17,461,141	17,461,141	87,883,510	87,883,510	159,567,300	159,567,300	87,883,510	71,683,790		

(a) Correlates to \$488M in authorizations

State Treasury
Attachment 2 to RSA 6-C Certification
February 1, 2019

State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2019			12,215,659.75	12,215,659.75	12,215,659.75
9/1/2019	14,777,330	5.00%	12,215,659.75	26,992,989.75	
3/1/2020			11,846,226.50	11,846,226.50	38,839,216.25
9/1/2020	15,516,190	5.00%	11,846,226.50	27,362,416.50	
3/1/2021			11,458,321.75	11,458,321.75	38,820,738.25
9/1/2021	16,292,000	5.00%	11,458,321.75	27,750,321.75	
3/1/2022			11,051,021.75	11,051,021.75	38,801,343.50
9/1/2022	17,106,600	5.00%	11,051,021.75	28,157,621.75	
3/1/2023			10,623,356.75	10,623,356.75	38,780,978.50
9/1/2023	17,961,930	5.00%	10,623,356.75	28,585,286.75	
3/1/2024			10,174,308.50	10,174,308.50	38,759,595.25
9/1/2024	18,860,030	5.00%	10,174,308.50	29,034,338.50	
3/1/2025			9,702,807.75	9,702,807.75	38,737,146.25
9/1/2025	19,803,030	5.00%	9,702,807.75	29,505,837.75	
3/1/2026			9,207,732.00	9,207,732.00	38,713,569.75
9/1/2026	20,793,180	5.00%	9,207,732.00	30,000,912.00	
3/1/2027			8,687,902.50	8,687,902.50	38,688,814.50
9/1/2027	21,832,840	5.00%	8,687,902.50	30,520,742.50	
3/1/2028			8,142,081.50	8,142,081.50	38,662,824.00
9/1/2028	22,924,480	5.00%	8,142,081.50	31,066,561.50	
3/1/2029			7,568,969.50	7,568,969.50	38,635,531.00
9/1/2029	24,070,710	5.00%	7,568,969.50	31,639,679.50	
3/1/2030			6,967,201.75	6,967,201.75	38,606,881.25
9/1/2030	25,274,240	5.00%	6,967,201.75	32,241,441.75	
3/1/2031			6,335,345.75	6,335,345.75	38,576,787.50
9/1/2031	26,537,960	5.00%	6,335,345.75	32,873,305.75	
3/1/2032			5,671,896.75	5,671,896.75	38,545,202.50
9/1/2032	27,864,850	5.00%	5,671,896.75	33,536,746.75	
3/1/2033			4,975,275.50	4,975,275.50	38,512,022.25
9/1/2033	29,258,100	5.00%	4,975,275.50	34,233,375.50	
3/1/2034			4,243,823.00	4,243,823.00	38,477,198.50
9/1/2034	30,721,000	5.00%	4,243,823.00	34,964,823.00	
3/1/2035			3,475,798.00	3,475,798.00	38,440,621.00
9/1/2035	32,257,050	5.00%	3,475,798.00	35,732,848.00	
3/1/2036			2,669,371.75	2,669,371.75	38,402,219.75
9/1/2036	33,869,900	5.00%	2,669,371.75	36,539,271.75	
3/1/2037			1,822,624.25	1,822,624.25	38,361,896.00
9/1/2037	35,563,400	5.00%	1,822,624.25	37,386,024.25	
3/1/2038			933,539.25	933,539.25	38,319,563.50
9/1/2038	37,341,570	5.00%	933,539.25	38,275,109.25	
	\$ 488,626,390.00		\$ 295,546,528.50	\$ 784,172,918.50	\$ 784,172,918.50

Sources:

Par Amount	488,626,390.00	39,208,651.78	Target DS
Fixed Coupon		5.00%	

State Treasury
Attachment 3 to RSA 6-C Certification
2/1/2019

<u>Fiscal Year</u>	<u>Amortization of \$231.2M in</u>		<u>\$204M</u>		<u>10% of FY 2018</u>		<u>Less: Total Projected</u>		<u>Remaining Debt Service Authorizations Allowable</u>	
	<u>General Fund</u>	<u>Bonds Authorized & Unissued</u>	<u>General Fund</u>	<u>Debt</u>	<u>General Fund</u>	<u>Unrestricted Revenues</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>General Fund</u>	<u>Debt Service</u>
2019	92,860,204	4,614,208	6,479,560	6,479,560	103,953,971	159,567,300	103,953,971	103,953,971	55,613,329	
2020	92,476,257	18,389,245	9,505,192	9,505,192	120,370,693	159,567,300	120,370,693	120,370,693	39,196,607 (a)	
2021	81,091,677	18,383,200	12,530,824	12,530,824	112,005,701	159,567,300	112,005,701	112,005,701	47,561,599	
2022	72,472,428	18,377,535	15,536,790	15,536,790	106,386,753	159,567,300	106,386,753	106,386,753	53,180,547	
2023	62,417,532	18,370,848	16,557,784	16,557,784	97,346,164	159,567,300	97,346,164	97,346,164	62,221,136	
2024	57,240,308	18,364,718	17,578,778	17,578,778	93,183,803	159,567,300	93,183,803	93,183,803	66,383,497	
2025	52,093,270	18,358,690	17,461,141	17,461,141	87,913,100	159,567,300	87,913,100	87,913,100	71,654,200	

(a) Correlates to \$557M in authorizations

State Treasury
Attachment 4 to RSA 6-C Certification
February 1, 2019

State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2019			9,748,863.25	9,748,863.25	9,748,863.25
9/1/2019	19,698,870	3.50%	9,748,863.25	29,447,733.25	
3/1/2020			9,404,133.03	9,404,133.03	38,851,866.28
9/1/2020	20,388,340	3.50%	9,404,133.03	29,792,473.03	
3/1/2021			9,047,337.08	9,047,337.08	38,839,810.10
9/1/2021	21,101,930	3.50%	9,047,337.08	30,149,267.08	
3/1/2022			8,678,053.30	8,678,053.30	38,827,320.38
9/1/2022	21,840,490	3.50%	8,678,053.30	30,518,543.30	
3/1/2023			8,295,844.73	8,295,844.73	38,814,388.03
9/1/2023	22,604,910	3.50%	8,295,844.73	30,900,754.73	
3/1/2024			7,900,258.80	7,900,258.80	38,801,013.53
9/1/2024	23,396,080	3.50%	7,900,258.80	31,296,338.80	
3/1/2025			7,490,827.40	7,490,827.40	38,787,166.20
9/1/2025	24,214,950	3.50%	7,490,827.40	31,705,777.40	
3/1/2026			7,067,065.78	7,067,065.78	38,772,843.18
9/1/2026	25,062,470	3.50%	7,067,065.78	32,129,535.78	
3/1/2027			6,628,472.55	6,628,472.55	38,758,008.33
9/1/2027	25,939,660	3.50%	6,628,472.55	32,568,132.55	
3/1/2028			6,174,528.50	6,174,528.50	38,742,661.05
9/1/2028	26,847,540	3.50%	6,174,528.50	33,022,068.50	
3/1/2029			5,704,696.55	5,704,696.55	38,726,765.05
9/1/2029	27,787,210	3.50%	5,704,696.55	33,491,906.55	
3/1/2030			5,218,420.38	5,218,420.38	38,710,326.93
9/1/2030	28,759,760	3.50%	5,218,420.38	33,978,180.38	
3/1/2031			4,715,124.58	4,715,124.58	38,693,304.95
9/1/2031	29,766,350	3.50%	4,715,124.58	34,481,474.58	
3/1/2032			4,194,213.45	4,194,213.45	38,675,688.03
9/1/2032	30,808,170	3.50%	4,194,213.45	35,002,383.45	
3/1/2033			3,655,070.48	3,655,070.48	38,657,453.93
9/1/2033	31,886,460	3.50%	3,655,070.48	35,541,530.48	
3/1/2034			3,097,057.43	3,097,057.43	38,638,587.90
9/1/2034	33,002,490	3.50%	3,097,057.43	36,099,547.43	
3/1/2035			2,519,513.85	2,519,513.85	38,619,061.28
9/1/2035	34,157,570	3.50%	2,519,513.85	36,677,083.85	
3/1/2036			1,921,756.38	1,921,756.38	38,598,840.23
9/1/2036	35,353,090	3.50%	1,921,756.38	37,274,846.38	
3/1/2037			1,303,077.30	1,303,077.30	38,577,923.68
9/1/2037	36,590,450	3.50%	1,303,077.30	37,893,527.30	
3/1/2038			662,744.43	662,744.43	38,556,271.73
9/1/2038	37,871,110	3.50%	662,744.43	38,533,854.43	
	\$ 557,077,900.00		\$ 226,854,118.40	\$ 783,932,018.40	\$ 783,932,018.40

Sources:

Par Amount	557,077,900.00	39,196,606.78	Target DS
Fixed Coupon		3.5%	