

"[CHAPTER 37C]
STATE DEBT

Part I. State Debt Management Policy

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"PART I. STATE DEBT MANAGEMENT POLICY

[\$37C-1] State debt management policy; establishment. (a)

The director of finance, with the approval of the governor, shall submit to the legislature a recommended state debt management policy, in accordance with this chapter, at least twenty days prior to the convening of the regular session of 2017.

(b) The recommended state debt management policy shall consist of guidelines and restrictions that affect the amount and type of bonds issued by the state government, the issuance process, and the management of the state debt portfolio. The purpose of the policy shall be to improve the quality of decisions, provide justification for the structure of debt issuance, identify policy goals, and demonstrate a commitment to long-term financial planning, including a multi-year capital plan and debt service payment schedule.

(c) The recommended state debt management policy shall address bonded debt as well as financing agreements, certificates of participation, and other instruments that provide financing for state facilities in return for periodic lease or other payments.

(d) The director of finance may submit recommended amendments of the policy to the legislature prior to the convening of any regular session. [L 2015, c 149, pt of §2]

" [\$37C-2] Recommended debt management policy; parameters.

The recommended state debt management policy shall be consistent with, but may be more restrictive than, state constitutional provisions and statutes. The recommended state debt management policy shall address the following issues, as well as any others deemed necessary by the director of finance:

- (1) Purposes for which debt may be issued;
- (2) Types of debt that may be issued;
- (3) Limitations on indebtedness;
- (4) Debt maturity schedule or other structural features;
- (5) Method of sale;
- (6) Method of procuring consultants and professionals;
- (7) Refunding policies; and
- (8) Disclosure practices. [L 2015, c 149, pt of §2]

" [\$37C-3] Debt management policy; duties of the legislature. Upon receipt from the director of finance, the legislature shall consider the recommended state debt management

policy. The legislature may establish the policy, with or without modification, by act. [L 2015, c 149, pt of §2]

"PART II. DEBT AFFORDABILITY STUDY

[\$37C-11] Definitions. For the purpose of this part:

"Ensuing twenty-five fiscal year period" means the twenty-five fiscal years following the submittal of a multi-year program and financial plan to the legislature.

"Fiscal years covered by the applicable multi-year program and financial plan" means the six fiscal years following the submittal of the multi-year program and financial plan to the legislature. [L 2015, c 149, pt of §2]

" **[\$37C-12] Debt affordability study.** The director of finance shall submit to the legislature a debt affordability study prior to the convening of the regular session of each odd-numbered year. The director shall submit the study with the multi-year program and financial plan. [L 2015, c 149, pt of §2]

" **[\$37C-13] Debt affordability study; purpose, information.**

(a) The purpose of the debt affordability study shall be to provide the legislature with information on the affordability of the future debt planned for the State.

(b) The debt affordability study shall include the following information:

- (1) The projected annual appropriation, by source of funding, necessary to pay the annual debt service for the ensuing twenty-five fiscal year period on the following bonds, under the assumption that all are issued:
 - (A) All authorized, but unissued bonds that have not lapsed as of the September 30 immediately preceding submittal of the study; and
 - (B) All bonds necessary to fund the capital improvement projects proposed in the fiscal years covered by the applicable multi-year program and financial plan;
- (2) A debt service payment schedule showing the annual appropriation, by source of funding, necessary to pay, during the ensuing twenty-five fiscal year period, the annual debt service on:
 - (A) All bonds identified under paragraph (1); and

- (B) All bonds previously issued, but remaining outstanding;
- (3) The projected ratio of the following for each source of funding pledged to pay debt service on bonds during each fiscal year of the ensuing twenty-five fiscal year period:
 - (A) Annual debt service payments to annual revenues; and
 - (B) Annual debt service payments to annual appropriations;
- (4) An examination of whether projected annual revenues from the source of funding are adequate to pay for the annual debt service on the bonds;
- (5) An examination of whether any increase in annual debt service payments on the bonds will cause a commensurate decrease of funds available for operating programs with the same source of funding as the debt service payments;
- (6) An assessment of whether the annual debt service obligations of the State for the fiscal years covered by the applicable multi-year program and financial plan are affordable to the State; and
- (7) An identification of, and discussion on, any noncompliance or possible noncompliance of the State's actual or planned debt issuance with the state debt management policy.

The director of finance may include any other information in the study deemed appropriate or necessary by the director. [L 2015, c 149, pt of §2]