

## Debt Service - State Treasurer OTT14100

### Budget Summary

Account	Actual FY 16	Actual FY 17	Governor Estimated FY 18	Original Appropriation FY 19	Governor Revised FY 19	Legislative FY 19	Difference Leg-Gov FY 19
<b>Other Current Expenses</b>							
Debt Service	1,682,659,701	1,768,625,362	1,955,817,562	1,858,767,569	1,858,767,569	1,858,767,569	-
UConn 2000 - Debt Service	148,249,734	165,904,014	189,526,253	210,955,639	210,955,639	210,955,639	-
CHEFA Day Care Security	4,085,086	4,069,825	5,500,000	5,500,000	5,500,000	5,500,000	-
Pension Obligation Bonds - TRB	132,732,646	119,597,971	140,219,021	118,400,521	118,400,521	118,400,521	-
<b>Grant Payments to Local Governments</b>							
Municipal Restructuring	-	-	20,000,000	20,000,000	20,000,000	20,000,000	-
<b>Agency Total - General Fund</b>	<b>1,967,727,167</b>	<b>2,058,197,172</b>	<b>2,311,062,836</b>	<b>2,213,623,729</b>	<b>2,213,623,729</b>	<b>2,213,623,729</b>	<b>-</b>
<b>Agency Total - Special Transportation Fund</b>							
Debt Service	493,938,883	543,188,610	583,279,938	680,223,716	659,623,716	651,223,716	(8,400,000)
<b>Agency Total - Special Transportation Fund</b>	<b>493,938,883</b>	<b>543,188,610</b>	<b>583,279,938</b>	<b>680,223,716</b>	<b>659,623,716</b>	<b>651,223,716</b>	<b>(8,400,000)</b>
<b>Total - Appropriated Funds</b>	<b>2,461,666,050</b>	<b>2,601,385,782</b>	<b>2,894,342,774</b>	<b>2,893,847,445</b>	<b>2,873,247,445</b>	<b>2,864,847,445</b>	<b>(8,400,000)</b>

Account	Governor Revised FY 19	Legislative FY 19	Difference from Governor
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## Policy Revisions

### Reduce STF Debt Service to Reflect Lower Future STO Issuance

Debt Service	-	(9,000,000)	(9,000,000)
<b>Total - Special Transportation Fund</b>	<b>-</b>	<b>(9,000,000)</b>	<b>(9,000,000)</b>

#### Background

The amount of funding necessary for debt service is dependent on both existing outstanding debt and projections of the costs of repayment of debt to be issued in the future. New debt issuance is closely related to recent and anticipated spending in bond-funded programs. Special Tax Obligation (STO) bonds rely on the Special Transportation Fund (STF) for debt repayment.

The Official Statement for the February 2018 STO bond issuance indicates that the state expected to issue \$800 million of STO bonds in FY 19, absent other changes to the transportation fund. The Governor's proposed budget revision for FY 19 anticipated STO issuance would be \$900 million or more for FY 19 if recommended changes to the STF were adopted. PA 18-178 limits the issuance of Special Tax Obligation bonds in FY 19 and FY 20 to \$750 million.

PA 18-178 also requires the State Bond Commission to allocate up to \$250 million of transportation bonds legislatively authorized as STO debt as General Obligation (GO) debt in each of CY 18 and CY 19. STO bond authorizations that are issued as GO debt are exempt from GO bond limits, including the debt limit, allocation cap, and issuance cap.

#### Legislative

Reflect savings of \$9 million in FY 19 in the STF associated with the STO bond issuance cap established in PA 18-178. A total of \$1 billion of transportation projects are expected to be bond funded in each of FY 19 and FY 20, with \$750 million of the \$1 billion issued as STO debt and the remaining \$250 million issued as GO debt. Because STO and GO debt issuance and repayment are slightly different, debt service in the GF is not expected to increase to reflect the increased GO issuance until after the biennium.

### Reflect Impact of FY 18 STO Issuance on STF Debt Service

Debt Service	(20,600,000)	(20,000,000)	600,000
<b>Total - Special Transportation Fund</b>	<b>(20,600,000)</b>	<b>(20,000,000)</b>	<b>600,000</b>

Account	Governor Revised FY 19	Legislative FY 19	Difference from Governor
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### Background

Debt service reflects the state's obligation to make payments on services and goods provided in previous years. Approximately 90 percent of the transportation fund FY 19 debt service payment is to repay bonds that were issued prior to FY 18. The FY 18 Special Tax Obligation (STO) bond issuance was anticipated to be \$900 million offered in the Fall of 2017. The actual issuance closed in February 2018 and was for \$800 million of STO bonds.

### Governor

The Governor's FY 19 budget revision reduces debt service within the Special Transportation Fund by \$20.6 million in FY 19. This reduction is primarily the result of the amount, timing, and favorable market factors of the FY 18 Special Tax Obligation bond issuance.

### Legislative

Reduce STF debt service by \$20 million in FY 19.

### Totals

Budget Components	Governor Revised FY 19	Legislative FY 19	Difference from Governor
Original Appropriation - GF	2,213,623,729	2,213,623,729	-
<b>Total Recommended - GF</b>	<b>2,213,623,729</b>	<b>2,213,623,729</b>	-
Original Appropriation - TF	680,223,716	680,223,716	-
Policy Revisions	(20,600,000)	(29,000,000)	(8,400,000)
<b>Total Recommended - TF</b>	<b>659,623,716</b>	<b>651,223,716</b>	<b>(8,400,000)</b>