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STATE TREASURY**

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May 6, 2021

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 2020 totaled \$1,525,395,000, therefore actual and projected general fund debt service cannot exceed \$152,539,500.

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 2027 using the criteria defined in RSA 6-C. The projection includes:

- Current annual general fund debt service through fiscal year 2027,
- Amortization of the \$280 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 2020 general fund unrestricted revenues. The result provides the projected remaining annual debt service capacity within the prescribed criteria of RSA 6-C (Attachment 1).

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This analysis concludes that the statutory threshold or the level of new net tax-supported debt the legislature could authorize, absent a 3/5 override vote, could not exceed \$300 million (Attachment 2), which is \$300 million less than last year's calculation of \$600 million. The change was driven primarily by the decrease in unrestricted general fund revenues in fiscal year 2020 (\$1.525 billion) compared to fiscal year 2019 (\$1.622 billion) as well as the additional bonding authorizations approved during the 2020 legislative session (outside of the capital budget process). While the RSA 6-C calculated authorization limit of \$300 million is considerably higher than the bonding authorization levels we recommended in the recently released Debt Affordability Study (\$120 million of new net tax-supported bond authorizations for the 2022-23 biennium and beyond), the statutory limit established in RSA 6-C serves its intended purpose of keeping State debt levels manageable.

It is also important to note that the possibility of this scenario unfolding as presented here is remote. It is highly unlikely 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 prospect that all outstanding general obligation guarantees would be triggered in the same year with general fund unrestricted revenue remaining flat over the six-year period, provides a conservative set of assumptions for this statutory assessment.

Respectfully,



Monica I. Mezzapelle
State Treasurer

Attachments

State Treasury
Attachment 2 to RSA 6-C Certification

Fiscal Year	Current Actual		Amortization of 280M in		\$194M		Total Projected		10% of FY 2020		Less: Total Projected		Remaining Debt Service Authorizations Allowable	
	General Fund	Debt Service	General Fund	Bonds Authorized & Unissued	General Fund	Debt	General Fund	Debt Service	General Fund	Unrestricted Revenues	General Fund	Debt Service	General Fund	Debt Service
2021	90,468,530			7,000,000	6,128,753		103,597,284		152,539,500	152,539,500	103,597,284		48,942,216	
2022	97,406,624			22,256,300	8,604,638		128,267,562		152,539,500	152,539,500	128,267,562		24,271,938 (a)	
2023	86,176,617			22,245,325	11,092,076		119,514,018		152,539,500	152,539,500	119,514,018		33,025,482	
2024	79,833,143			22,234,650	13,569,051		115,636,845		152,539,500	152,539,500	115,636,845		36,902,655	
2025	70,643,182			22,223,175	15,067,816		107,934,174		152,539,500	152,539,500	107,934,174		44,605,326	
2026	51,883,209			22,210,775	16,566,581		90,660,565		152,539,500	152,539,500	90,660,565		61,878,935	
2027	48,098,042			22,197,275	16,448,944		86,744,261		152,539,500	152,539,500	86,744,261		65,795,239	

(a) Correlates to \$300 million in authorizations

**State Treasury
Attachment 2 to RSA 6-C Certification**

**State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule**

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2021			7,000,000.00	7,000,000.00	7,000,000.00
9/1/2021	8,468,000	5.00%	7,000,000.00	15,468,000.00	
3/1/2022			6,788,300.00	6,788,300.00	22,256,300.00
9/1/2022	8,891,000	5.00%	6,788,300.00	15,679,300.00	
3/1/2023			6,566,025.00	6,566,025.00	22,245,325.00
9/1/2023	9,336,000	5.00%	6,566,025.00	15,902,025.00	
3/1/2024			6,332,625.00	6,332,625.00	22,234,650.00
9/1/2024	9,803,000	5.00%	6,332,625.00	16,135,625.00	
3/1/2025			6,087,550.00	6,087,550.00	22,223,175.00
9/1/2025	10,293,000	5.00%	6,087,550.00	16,380,550.00	
3/1/2026			5,830,225.00	5,830,225.00	22,210,775.00
9/1/2026	10,807,000	5.00%	5,830,225.00	16,637,225.00	
3/1/2027			5,560,050.00	5,560,050.00	22,197,275.00
9/1/2027	11,348,000	5.00%	5,560,050.00	16,908,050.00	
3/1/2028			5,276,350.00	5,276,350.00	22,184,400.00
9/1/2028	11,915,000	5.00%	5,276,350.00	17,191,350.00	
3/1/2029			4,978,475.00	4,978,475.00	22,169,825.00
9/1/2029	12,511,000	5.00%	4,978,475.00	17,489,475.00	
3/1/2030			4,665,700.00	4,665,700.00	22,155,175.00
9/1/2030	13,137,000	5.00%	4,665,700.00	17,802,700.00	
3/1/2031			4,337,275.00	4,337,275.00	22,139,975.00
9/1/2031	13,793,000	5.00%	4,337,275.00	18,130,275.00	
3/1/2032			3,992,450.00	3,992,450.00	22,122,725.00
9/1/2032	14,483,000	5.00%	3,992,450.00	18,475,450.00	
3/1/2033			3,630,375.00	3,630,375.00	22,105,825.00
9/1/2033	15,207,000	5.00%	3,630,375.00	18,837,375.00	
3/1/2034			3,250,200.00	3,250,200.00	22,087,575.00
9/1/2034	15,968,000	5.00%	3,250,200.00	19,218,200.00	
3/1/2035			2,851,000.00	2,851,000.00	22,069,200.00
9/1/2035	16,766,000	5.00%	2,851,000.00	19,617,000.00	
3/1/2036			2,431,850.00	2,431,850.00	22,048,850.00
9/1/2036	17,604,000	5.00%	2,431,850.00	20,035,850.00	
3/1/2037			1,991,750.00	1,991,750.00	22,027,600.00
9/1/2037	18,484,000	5.00%	1,991,750.00	20,475,750.00	
3/1/2038			1,529,650.00	1,529,650.00	22,005,400.00
9/1/2038	19,409,000	5.00%	1,529,650.00	20,938,650.00	
3/1/2039			1,044,425.00	1,044,425.00	21,983,075.00
9/1/2039	20,379,000	5.00%	1,044,425.00	21,423,425.00	
3/1/2040			534,950.00	534,950.00	21,958,375.00
9/1/2040	21,398,000	5.00%	534,950.00	21,932,950.00	21,932,950.00
	\$ 280,000,000.00		\$ 169,358,450.00	\$ 449,358,450.00	\$ 449,358,450.00

Sources:

Authorized
and Unissued
Par Amount
Fixed Coupon

280,000,000.00	22,468,442.32	Target DS
	5.0%	

State Treasury
Attachment 2 to RSA 6-C Certification

State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2021			7,562,048.25	7,562,048.25	7,562,048.25
9/1/2021	9,147,840	5.00%	7,562,048.25	16,709,888.25	
3/1/2022			7,333,352.25	7,333,352.25	24,043,240.50
9/1/2022	9,605,230	5.00%	7,333,352.25	16,938,582.25	
3/1/2023			7,093,221.50	7,093,221.50	24,031,803.75
9/1/2023	10,085,490	5.00%	7,093,221.50	17,178,711.50	
3/1/2024			6,841,084.25	6,841,084.25	24,019,795.75
9/1/2024	10,589,760	5.00%	6,841,084.25	17,430,844.25	
3/1/2025			6,576,340.25	6,576,340.25	24,007,184.50
9/1/2025	11,119,250	5.00%	6,576,340.25	17,695,590.25	
3/1/2026			6,298,359.00	6,298,359.00	23,993,949.25
9/1/2026	11,675,210	5.00%	6,298,359.00	17,973,569.00	
3/1/2027			6,006,478.75	6,006,478.75	23,980,047.75
9/1/2027	12,258,980	5.00%	6,006,478.75	18,265,458.75	
3/1/2028			5,700,004.25	5,700,004.25	23,965,463.00
9/1/2028	12,871,920	5.00%	5,700,004.25	18,571,924.25	
3/1/2029			5,378,206.25	5,378,206.25	23,950,130.50
9/1/2029	13,515,520	5.00%	5,378,206.25	18,893,726.25	
3/1/2030			5,040,318.25	5,040,318.25	23,934,044.50
9/1/2030	14,191,300	5.00%	5,040,318.25	19,231,618.25	
3/1/2031			4,685,535.75	4,685,535.75	23,917,154.00
9/1/2031	14,900,860	5.00%	4,685,535.75	19,586,395.75	
3/1/2032			4,313,014.25	4,313,014.25	23,899,410.00
9/1/2032	15,645,900	5.00%	4,313,014.25	19,958,914.25	
3/1/2033			3,921,866.75	3,921,866.75	23,880,781.00
9/1/2033	16,428,200	5.00%	3,921,866.75	20,350,066.75	
3/1/2034			3,511,161.75	3,511,161.75	23,861,228.50
9/1/2034	17,249,610	5.00%	3,511,161.75	20,760,771.75	
3/1/2035			3,079,921.50	3,079,921.50	23,840,693.25
9/1/2035	18,112,090	5.00%	3,079,921.50	21,192,011.50	
3/1/2036			2,627,119.25	2,627,119.25	23,819,130.75
9/1/2036	19,017,690	5.00%	2,627,119.25	21,644,809.25	
3/1/2037			2,151,677.00	2,151,677.00	23,796,486.25
9/1/2037	19,968,580	5.00%	2,151,677.00	22,120,257.00	
3/1/2038			1,652,462.50	1,652,462.50	23,772,719.50
9/1/2038	20,967,010	5.00%	1,652,462.50	22,619,472.50	
3/1/2039			1,128,287.25	1,128,287.25	23,747,759.75
9/1/2039	22,015,360	5.00%	1,128,287.25	23,143,647.25	
3/1/2040			577,903.25	577,903.25	23,721,550.50
9/1/2040	23,116,130	5.00%	577,903.25	23,694,033.25	23,694,033.25
	\$ 302,481,930.00		\$ 182,956,724.50	\$ 485,438,654.50	\$ 485,438,654.50

Sources:

Par Amount	302,481,930.00	24,271,937.88	Target DS
Fixed Coupon		5.0%	