Monica I. Mezzapelle
STATE TREASURER

THE STATE OF NEW HAMPSHIRE
STATE TREASURY
25 CAPITOL STREET, ROOM 121
CONCORD, NH 03301
(603) 271-2621
FAX (603) 271-3922
TDD Access: Relay NH 1-800-735-2964

February 22, 2024

Honorable Jeb Bradley
President of the Senate
Honorable Sherman Packard
Speaker of the House

Dear Senator Bradley and Speaker Packard:

Attached is the debt affordability study for fiscal year 2023 prepared by the State Treasury and Public Resources Advisory Group, the State's financial advisor. In developing this year's study, we have examined the impact of projected debt issuance and revenue performance on the State's net tax-supported debt ratios. Please note that this study accounts for net tax-supported (General Fund unrestricted) debt outstanding, but not bonding repaid with Highway Funds or other self-supporting debt with a dedicated revenue source. With that in mind, I am pleased to report that the declining trend briefly interrupted by the economic crisis caused by the COVID-19 pandemic continued through fiscal year 2023, generating a debt service to unrestricted revenue ratio of 4%, same ratio as last year. Additionally, using modest revenue growth assumptions, the debt service to unrestricted revenue ratio is projected to increase slightly over time and decline to 3.9% by fiscal year 2030. The ratio of net tax-supported debt service to unrestricted revenues is a metric closely monitored by the credit rating agencies.

The Base Case presented on page 3 of the study reflects the recommended bonding level of $120 million for the biennium and maintained at that level thereafter. Therefore, this analysis continues the recommendations made in the study prepared last year by proposing the following biennial authorizations: 2024-25 ($120 million), 2026-27 ($120 million), and 2028-29 ($120 million). To calculate the ratio of net tax-supported debt service to unrestricted revenue we have used actual fiscal year 2023 unrestricted revenue, budgeted amounts for fiscal year 2024 and 2025, annual revenue growth assumptions of 1.9% in fiscal years 2026 and 2027, and 1.8% in fiscal years 2028 through 2030.

The projected amounts of new net tax-supported debt in fiscal years 2024 through 2030 would include new capital appropriations authorized to be bonded and paid from unrestricted revenues. Also reflected in the attached analysis is the continued effect of the issuance of $131 million in school building aid debt in fiscal years 2010 and 2011 (debt service funded by a portion of the Meals & Rooms Tax revenues).

Sensitivity 1, found on page 10 of the study, assumes the same debt issuance as in the Base Case, unrestricted revenue as budgeted in fiscal year 2024, and no revenue growth thereafter. The purpose of this scenario is to examine how a stagnant revenue performance after fiscal year 2024 might impact the State's borrowing capacity and debt ratios. Sensitivity 2 on page 12 of the study assumes the same debt issuance and revenue performance assumed in the Base Case, but at a higher interest rate of 6%. The purpose of this analysis is to evaluate how the State's debt ratios would perform under an extended period of higher interest rates. Both of these sensitivity analyses project that the State's debt service to unrestricted revenue ratio is expected to remain low reaching 4.4% in fiscal year 2025 under the Sensitivity 2 scenario, well below the 10% rating agency warning threshold.

Lastly, we have presented on page 14 a scenario to highlight the impact of State guaranteed debt combined with no revenue growth beginning in fiscal year 2025, as presented in Sensitivity 1. In the very worst case scenario in which the State would be required to assume all guaranteed liabilities during a prolonged period of slow economic growth, the debt service to revenue ratio would reach 5.5% in fiscal year 2030. The debt affordability ratios are clearly impacted by accounting for guaranteed debt in this scenario, however, the ratios remain well below any levels of concerns, a sensitivity worth evaluating for credit strength purposes. Additionally, based on our communications with the rating agencies, the level of guaranteed debt does not presently impact the State's credit rating, due in part to the demonstrated success of State bond guarantee programs.

This analysis indicates that the State's debt ratios in fiscal year 2023 and projections through fiscal year 2030 are deemed healthy. The results of this study indicate that the State's debt levels remain manageable which, in addition to being considered credit positive by rating analysts, provides the State with additional budgetary flexibility to address priorities, unanticipated operating and borrowing needs, and better positions the State to absorb potential debt service associated with debt guarantees made in support of the state economy.

Please contact me for any questions you may have.

Respectfully,

[redacted]

Monica I. Mezzapelle
State Treasurer

Attachment: Fiscal Year 2023 Debt Affordability Memorandum and Study

Cc: Honorable Christopher T. Sununu, Governor
Representative Kenneth Weyler, Chair, House Finance Committee
Representative Mark McConkey, Chair, House Public Works and Highways
Representative Laurie Sanborn, Chair, House Ways and Means Committee
Senator, James Gray, Chair, Senate Finance Committee
Senator Daniel Innis, Chair, Senate Capital Budget Committee
Senator Timothy Lang, Chair, Senate Ways and Means Committee
Charlie Arlinghaus, Commissioner, Department of Administrative Services
Michael W. Kane, Legislative Budget Assistant

PRAG

39 BROADWAY, SUITE 1210
NEW YORK, NEW YORK 10006
TEL: (212) 566-7800 | FAX: (212) 566-7816
WWW.PRAGADVISORS.COM

PUBLIC RESOURCES ADVISORY GROUP

MEMORANDUM TO: Monica Mezzapelle
State Treasurer
State of New Hampshire

FROM: Public Resources Advisory Group ("PRAG")

SUBJECT: Debt Affordability Study Update

DATE: February 21, 2024

As requested, we have updated the debt affordability study for the State of New Hampshire. This study analyzes General Fund unrestricted revenue for fiscal year 2023 and net tax-supported General Fund debt outstanding at June 30, 2023. The school building aid bonds are included in the study, with an adjustment made to include in General Fund unrestricted revenue the portion of Education Trust Fund meals and rooms tax revenue dedicated to pay that debt service. The rating agencies recognize the State's fiscal prudence regarding debt, opining that the State's "Debt and pension burdens are moderate-to-low compared to other states…" (Moody's Investors Service report dated March 22, 2023); "Based on modest new debt expectations and rapid debt amortization, we expect the state's debt profile will remain steady in the near term." (Standard & Poor's report dated March 22, 2023); and "Debt and pension liabilities are low, a key credit strength." (Fitch Ratings report dated March 24, 2023).

In this debt affordability study update, the term "Sensitivities" refers to the changes in assumptions related to General Fund unrestricted revenue growth and higher interest rates (Sensitivity 1 and 2, respectively). The term "Cases" refers to alternate scenarios in the event that the State is required to take on debt guarantees, as presented on pages 4 and 5 of this memorandum.

Assumptions

The following assumptions were used in preparing the base case analysis that projects the State's future debt ratios:

1. $60 million of tax-exempt general obligation debt to be issued in each of fiscal years 2024 through 2030. Each issue is assumed to be amortized over 20 years and bear an interest rate of 5.0%, with 60% of principal amortized in equal annual installments over the first ten years and 40% in equal annual installments over the remaining ten years. Future net tax-supported general obligation debt issuance incorporates biennial authorizations for the University System of New Hampshire ("USNH"); however, this analysis does not separately estimate specific USNH authorization amounts over the forecast period.

2. General Fund Unrestricted Revenues reflect actual revenues for fiscal year 2023, with the Education Trust Fund portion of meals and room tax revenues designated for the debt service of school building aid included. General Fund Unrestricted Revenues in fiscal years 2024 and 2025 represent budgeted amounts. Based on guidance you have provided

to us, General Fund Unrestricted Revenues are assumed to grow by 1.9% in each of fiscal years 2026 and 2027, and by 1.8% in each of fiscal year 2028 through 2030.

3. Total personal income is based on the U.S. Department of Commerce, Bureau of Economic Analysis 2022 figure of $103.122 million and is projected to grow at an average annual rate of 4.0%.

4. Population is based on the U.S. Census Bureau 2022 estimated figure of 1,395,231 and is projected to grow at an average annual rate of 0.5% per year.

We have also projected the State's debt ratios including certain State guaranteed debt. In doing so, we have made the following assumptions:

1. State guaranteed debt consists of debt issued for local Superfund sites, Business Finance Authority ("BFA"), and Pease Development Authority ("PDA"). The analysis excludes State guaranteed debt issued for water pollution control, local schools (but does not exclude Qualified School Construction Bonds ("QSCB")) and local landfills.

2. Based on maximum amounts authorized in statute, issuances of State guaranteed debt through fiscal year 2030 total $195.2 million and are assumed to be issued as follows (page 9 of the Appendix):

Assumed Issuances of State Guaranteed Debt

Fiscal Year	Dollar Amount	Purpose
2025	$43,590,000	Superfund, BFA, Pease
2026	43,590,000	Superfund, BFA, Pease
2027	43,500,000	Superfund, BFA, Pease
2028	32,260,000	BFA
2029	32,260,000	BFA

3. New State guaranteed debt is assumed to be taxable, with level debt service over 20 years at an average interest rate of 6.0%.

4. An analysis of each case is contained in the Appendix to this report.

Effect of General Obligation Debt Issuance on Debt Ratios

The Base Case (page 3 of the Appendix) shows the effect on the State's debt ratios, based on the above assumptions, including the issuance of $60 million in each of fiscal years 2024 through 2030. Combining these issuances and repayments of outstanding debt, the total issuance is approximately $24.4 million more than retirements over the fiscal years 2024 through 2030, causing the State's net general fund debt to increase from $488.0 million at June 30, 2023 to $512.5 million at June 30, 2030, a 5.0% increase.

Presently, New Hampshire's ratios of debt to personal income and debt per capita are significantly below the 2023 Moody's medians for states. Moody's discontinued providing debt service to revenues ratio since its 2022 medians for states; instead, S&P median for debt service to governmental expenditures for triple-A rated states in its 2023 publication *U.S. State Debt Levels: Lower for Now* dated July 10, 2023, is used in this analysis. New Hampshire's net general fund debt service to revenues ratio at 4.0% for fiscal year 2023 was higher than the S&P median for triple-A rated states of 3.12% (and slightly higher than the median for double-A rated states of 3.78%), but well below the level that credit analysts use as a warning sign of excessive debt service burden of 10.0%, which is also the State's statutorily prescribed limit (RSA 6-C:2). By issuing general obligation debt over this period in the amounts identified above, New Hampshire's debt ratios are projected to remain well below the 2023 Moody's medians for states, with the exception of the debt service to revenues ratio, as summarized in the following chart:

Summary of Debt Ratios for Net General Fund Debt

	Moody's Median	New Hampshire	
	2023	June 30, 2023	June 30, 2030 Est.
Debt to Personal Income	2.2%	0.5%	0.4%
Debt Per Capita	$1,178	$348	$353
Debt Service to Revenues	3.12%*	4.0%	3.9%

* S&P debt service to governmental expenditures median for triple-A rated states. Ten percent is rule of thumb used by rating agency analysts as a warning level that should not be exceeded, as a greater relative amount would place too heavy a fixed cost burden on the budget, thereby limiting fiscal flexibility.

As can be seen, the ratio of debt service to revenues is projected to decline to 3.9% at June 30, 2030, after climbing up to 4.4% in fiscal year 2025, above the S&P 2023 ratio for triple-A rated states. Debt to personal income would decline over the period from 0.5% at June 30, 2023 to 0.4% at June 30, 2030 and debt per capita would increase slightly from $348 to $353. These ratios relative to Moody's medians form the basis for an assessment of the weight of the State's debt position.

Sensitivity Analyses: Effects of Stagnant Revenues and Higher Interest Rates

Given the continuing uncertainty regarding the economy and the markets, it is difficult to make long-term forecasts with a high degree of precision. Accordingly, Sensitivity 1 for General Fund unrestricted revenues was developed, assuming no revenue growth for fiscal years 2026 through 2030. Under these assumptions, New Hampshire's debt ratios would change as summarized in the chart below:

Debt Ratios Assuming No Revenues Increases in FY 2024-2030

Summary of Debt Ratios for Net General Fund Debt

	Moody's Median	New Hampshire			
		Base Case		Stagnant Revenue Assumption	
	2023	FY 2023	FY 2030 Est.	FY 2023	FY 2030 Est.
Debt to Personal Income	2.2%	0.5%	0.4%	0.5%	0.4%
Debt Per Capita	$1,178	$348	$353	$348	$353
Debt Service to Revenues	3.12%*	4.0%	3.9%	4.0%	4.3%

* S&P debt service to governmental expenditures median triple-A rated states. Ten percent is rule of thumb used by rating agency analysts as a warning level that should not be exceeded, as a greater relative amount would place too heavy a fixed cost burden on the budget, thereby limiting fiscal flexibility.

With the revenues at the level of fiscal year 2025 followed by no revenue growth through 2030, the ratio of debt service to revenues would increase to 4.3% in fiscal year 2030, compared to 3.9% in fiscal year 2030 in the Base Case. At the 4.3% level, this ratio would continue to be well below the 10% rule of thumb. Other ratios would not change since the amount of bonds issued would remain the same. (The details of this analysis are shown on pages 10 and 11 of the Appendix).

In the uncertain interest rate environment, a second sensitivity analysis was developed with regard to interest rate for future debt issuances. That rate is assumed to be 6%. The results are as follows:

Debt Ratios Assuming Higher Interest Rates

Summary of Debt Ratios for Net General Fund Debt

	Moody's Median	**New Hampshire**			
		Base Case		6% Interest Rate FY 2023-2029	
	2023	FY 2023	FY 2030 Est.	FY 2023	FY 2030 Est.
Debt to Personal Income	2.2%	0.5%	0.4%	0.5%	0.4%
Debt Per Capita	$1,178	$348	$353	$348	$353
Debt Service to Revenues	3.12%*	4.0%	3.9%	4.0%	4.1%

* S&P debt service to governmental expenditures median for triple-A rated states. Ten percent is a rule of thumb used by rating agency analysts as a warning level that should not be exceeded, as a greater relative amount would place too heavy a fixed cost burden on the budget, thereby limiting fiscal flexibility.

Similar to the first sensitivity analysis, the ratio of debt service to revenues would increase to 4.1% in fiscal year 2030 with a 6.0% interest rate, compared to 3.9% in fiscal year 2030 in the Base Case. At the 4.1% level, this ratio would continue to be well below the 10% rule of thumb. Other ratios would not change since the amount of bonds issued would remain the same. (The details of this analysis are shown on pages 12 and 13 of the Appendix).

Effect of State Guarantees on Debt Ratios

Page 4 of the Appendix shows the effect of State guarantees on New Hampshire's debt ratios in the Base Case. For this analysis there was $77.4 million of outstanding guaranteed debt at June 30, 2023, which, when added to the State's net General Fund debt, brings the total to $565.4 million, as shown in the table below:

Net General Fund and Guaranteed Debt at June 30, 2023

	($ in millions)
Net General Fund Debt	$488.0
Guaranteed Debt	
Business Finance Authority	68.7
Qualified School Construction Bonds (QSCBs)	8.7
Total Guaranteed Debt	$77.4
Total Net General Fund and Guaranteed Debt	$565.4

There is approximately $110.2 million of authorized but unissued State guaranteed debt at June 30, 2023, however, in this analysis, $85 million was added to reflect the increase to the unified contingent limit of BFA from $115 million to $200 million effective July 1, 2023, as shown in the table below:

Authorized But Unissued State Guaranteed Debt at June 30, 2023

Purpose	Amount
	($ in millions)
Local Superfund Sites	$20.0
BFA	161.3*
Pease Development Authority	13.9
Total	$195.2

* Includes $85.0 million increase to BFA's unified contingent limit that became effective at the beginning of fiscal year 2024.

For this scenario, we assumed that BFA would issue $32.26 million in each of fiscal years 2025 through 2029; Pease Development Authority would issue $4.63 million in each of fiscal years 2025 and 2026 and $4.64 million in fiscal year 2027; and the Local Superfund would issue $6.7 million in each of fiscal years 2025 and 2026 and $6.6 million in fiscal year 2027, as shown in aggregate on page 9 of the Appendix.

The table below compares the ratios in three cases. The first case is the Base Case, excluding guaranteed debt. The second case (Case 2 in the table below), which is a more pessimistic scenario shown on page 4 of the Appendix, includes all the outstanding and additional debt issuances for State guaranteed debt described above. In this second case, the State's exposure would reach approximately $736.0 million at June 30, 2030, which is $223.5 million more than the Base Case. The "worst case" (Case 3 in the table below) scenario combines outstanding and additional issuances of State guaranteed debt with the no annual revenue increase assumption (Sensitivity 1), shown in the Appendix on page 14. The resulting debt ratios are summarized in the chart below:

Summary of Debt Ratios Including State Guaranteed Debt

New Hampshire

				Including Guaranteed Debt			
	Moody's Median	Case 1 (Base Case) Net General Fund Debt		Case 2 All Guaranteed Debt		Case 3 All Guaranteed Debt and Stagnant Revenues	
	2023	FY 2023	FY 2030 Est.	FY 2023	FY 2030 Est.	FY 2023	FY 2030 Est.
Total Debt Outstanding (000,000)	---	$488	$512	$565	$736	$565	$736
Debt to Personal Income	2.2%	0.5%	0.4%	0.5%	0.5%	0.5%	0.5%
Debt Per Capita	$1,178	$348	$353	$403	$507	$403	$507
Debt Service to Revenues	3.12%*	4.0%	3.9%	4.0%	5.1%	4.0%	5.5%

* S&P debt service to governmental expenditures median for triple-A rated states. Ten percent is a rule of thumb used by rating agency analysts as a warning level that should not be exceeded, as a greater relative amount would place too heavy a fixed cost burden on the budget, thereby limiting fiscal flexibility.

As would be expected, all debt ratios rise as a result of additional State guaranteed debt issuances. At June 30, 2030, the State's debt to personal income would be 0.5% in Case 2 as opposed to 0.4% in the Base Case. Debt per capita would be $507 in Case 2 versus $353 in the Base Case; and debt service to revenues would be 5.1% compared to 3.9% in the Base Case. With an assumption of stagnant revenues added to Case 2, the "worst case" (Case 3) scenario, debt service to revenue ratio increases to 5.5% in fiscal year 2030. Debt per capita and debt to personal income ratio would remain well below the 2023 Moody's medians in all cases.

Conclusion

The State's debt ratios are considered low by the rating agencies. If the State issues a total of $420 million of new, net tax-supported general obligation debt in fiscal years 2024 through 2030, as outlined above, the amount of debt outstanding would increase slightly over the period, as existing debt is retired slower than new debt is issued, and the effect on the debt ratios would be as follows: debt to personal income would decrease from the current level of 0.5% to 0.4% at the end of fiscal year 2030; debt service to revenues would decrease to 3.9% by June 30, 2030 after rising to 4.4% in fiscal year 2025; and debt per capita would increase slightly from $348 to $353. At these levels, the debt ratios would remain low and slightly improved over fiscal year 2023 figures.

Sensitivity analyses show that with revenue not increasing in fiscal years 2026 through 2030 and in the event of higher interest rates, the debt service to revenue ratio would be 4.3% and 4.1% by fiscal year 2030, respectively, above the 3.9% level in the Base Case and it would reach 4.4% in the first sensitivity case with stagnant revenues. At these levels, the debt service to revenue ratio in both sensitivity scenarios would still be well below the warning level for excessive debt service burden of 10%.

When existing and additional State guaranteed debt are added to the Base Case scenario, debt to personal income is projected to remain unchanged at 0.5% through fiscal year 2030, debt per capita is projected to increase from $403 in fiscal year 2023 to $507 by fiscal year 2030, and the debt service to revenues ratio is forecast to increase to 5.1% in fiscal year 2030. (Please note that the State did not pay debt service for its guaranteed debt in fiscal year 2023). At these levels, the debt ratios would remain low. Even with the increase of debt per capita from $403 to $507, that ratio is only 43% of the 2023 Moody's median of $1,178.

Under the "worst case" scenario with no increase of General Fund unrestricted revenues after fiscal year 2025 and the addition of State guaranteed debt, the projected ratio of debt service to revenues would rise from the projected Base Case level of 3.9% to 5.5% for fiscal year 2030.

At this time, there are no concerns about the State's projected debt ratios over the next six years.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update

Appendix -- Analytic Summary

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Assumptions to Base Case - Issuance of $60 Million Annually in FY 2024-30
School Building Aid Bonds Included

(1) $60 million issued annually in FY 2024 through 2030 at an interest rate of 5%,
with 60% of the principal amortized in equal payments over the first ten years and 40% of the principal amortized in equal payments over the remaining ten years.

(2) Ending Outstanding Debt represents total net General Fund Debt to be paid from General Fund Unrestricted Revenues and includes school building aid debt paid for with the Education Trust Fund ("ETF") M&R tax revenue allocation.

(3) General Fund Unrestricted Revenues reflect actual revenues for FY 2023, with ETF portion of meals and rooms tax revenues designated for the debt service on school building aid bonds added.
FY 2024 and 2025 figures are budgeted amounts. Assumes 1.9% annual revenue growth in FY 2026-27 and 1.8% in FY 2028-30.

(4) Total Personal Income - source: U.S. Department of Commerce, Bureau of Economic Analysis for 2022 figure of $103.122 million. Assumes 4.0% growth annually thereafter.

(5) Population - source: American Community Survey 2022 1-Year Estimate figure of 1,395,231. Assumes 0.5% growth annually thereafter.

(6) For certain sensitivities, State guaranteed debt that is added to Net General Fund Debt includes the outstanding $8.7 million of Qualified School Construction Bonds ("QSCBs") and Business Finance Authority ("BFA") debt totaling $68.7 million at June 30, 2023.

(7) Debt Service includes State guaranteed debt outstanding or to be issued for the following: local Superfund sites, BFA and Pease Development Authority ("PDA").
Excludes water pollution control, local landfills and local school guaranteed debt (with exception of QSCBs). Assumes level debt service over 20 years at 6.00% for new State guaranteed debt.
Assumed issuances are $43.6 million in each of FYs 2025 and 2026, $43.5 million in FY 2027, and $32.3 million in each of FYs 2028 and 2029.
Estimated authorized but unissued State guaranteed debt of $195.2 million includes:
$20.0 million for local Superfund sites; $161.3 million for BFA; and $13.9 million for PDA.

Footnotes on the attached charts refer to the assumptions above.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Base Case: Issuance of $60 Million Annually in FY 2024-30
School Building Aid Bonds Included

		Actual 2023	Projected 2024	2025	2026	2027	2028	2029	2030	TOTAL 2024-2030
Net General Fund Debt (000's)										
Beginning Outstanding			$488,018	$489,668	$490,330	$495,442	$498,880	$503,518	$508,844	
Issuances (1)			$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$420,000
Retirements:	Existing Debt		58,350	55,738	47,689	45,762	40,961	36,674	34,793	319,966
	New Debt (1)		0	3,600	7,200	10,800	14,400	18,000	21,600	75,600
	Total Retirements		$58,350	$59,338	$54,889	$56,562	$55,361	$54,674	$56,393	$395,566
Net New Debt			$1,650	$662	$5,111	$3,438	$4,639	$5,326	$3,607	$24,434
Ending Outstanding (2)		488,018	$489,668	$490,330	$495,442	$498,880	$503,518	$508,844	$512,452	$24,434
Existing Debt Service (000's)		81,924	$79,378	$74,699	$64,283	$60,101	$53,228	$46,972	$43,359	
New Debt Service (000's) (1)		0	1,500	8,010	$14,340	20,490	26,460	32,250	37,860	
Total Debt Service (000's)		81,924	$80,878	$82,709	$78,623	$80,591	$79,688	$79,222	$81,219	
General Fund Unrestricted Revenues (000's)(3)		$2,040,495	$1,924,446	$1,887,689	$1,923,206	$1,959,392	$1,994,312	$2,029,860	$2,064,448	
Debt Service as a Percent of Revenues		4.0%	4.2%	4.4%	4.1%	4.1%	4.0%	3.9%	3.9%	
Total Personal Income (000,000's) (4)		107,247	111,537	115,998	120,638	125,464	130,482	135,702	141,130	
Debt to Personal Income		0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Population (000's) (5)		1,402	1,409	1,416	1,423	1,430	1,438	1,445	1,452	
Debt Per Capita		$348	$347	$346	$348	$349	$350	$352	$353	

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Effect of State Guaranteed Bonds on Debt Ratios - Base Case

	Actual	Projected							TOTAL
Net General Fund Debt (000's)	2023	2024	2025	2026	2027	2028	2029	2030	2024-2030
Beginning Outstanding (6) (7)		$565,460	$563,060	$601,964	$643,943	$682,704	$712,371	$741,415	
G.O. Issuances		$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$420,000
State Guaranteed Issuances (6) (7)		0	43,590	43,590	43,500	32,260	32,260	0	195,200
Retirements G.O. Debt		58,350	59,338	54,889	56,562	55,361	54,674	56,393	395,566
State Guaranteed Debt (7)		4,050	5,347	6,722	8,177	7,231	8,542	9,055	49,126
Total Retirements		$62,400	$64,685	$61,611	$64,739	$62,593	$63,216	$65,448	$444,692
Net New Debt		($2,400)	$38,905	$41,979	$38,761	$29,667	$29,044	($5,448)	$170,508
Ending Outstanding	$565,460	$563,060	$601,964	$643,943	$682,704	$712,371	$741,415	$735,968	$170,508
G.O. Debt Service (000's)	$81,924	$80,878	$82,709	$78,623	$80,591	$79,688	$79,222	$81,219	
State Guaranteed Debt Service (000's) (6) (7)	0	8,939	12,622	16,304	19,979	20,551	23,363	23,363	
Total Debt Service (000's)	81,924	89,817	95,330	94,928	100,570	100,239	102,585	104,583	
General Fund Unrestricted Revenues (000's) (3)	$2,040,495	$1,924,446	$1,887,689	$1,923,206	$1,959,392	$1,994,312	$2,029,860	$2,064,448	
Debt Service as a Percent of Revenues	4.0%	4.7%	5.1%	4.9%	5.1%	5.0%	5.1%	5.1%	
Total Personal Income (000,000's) (4)	$107,247	$111,537	$115,998	$120,638	$125,464	$130,482	$135,702	$141,130	
Debt to Personal Income	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
Population (000's) (5)	1,402	1,409	1,416	1,423	1,430	1,438	1,445	1,452	
Debt Per Capita	$403	$400	$425	$452	$477	$496	$513	$507	

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on Outstanding General Obligation Debt

	2024	2025	2026	2027	2028	2029	2030
Principal Repayments							
General Fund	41,708,609	40,632,921	35,082,588	33,624,935	29,299,921	26,180,964	27,287,825
University System Appropriated	11,393,047	9,856,810	7,358,231	6,888,992	6,413,399	5,244,927	3,856,982
School Building Aid	5,248,000	5,248,000	5,248,000	5,248,000	5,248,000	5,248,000	3,648,000
Total Repayments	58,349,656	55,737,730	47,688,819	45,761,927	40,961,319	36,673,891	34,792,807
Interest Payments							
General Fund	16,706,120	15,205,303	13,459,354	11,795,106	10,295,199	8,881,633	7,653,890
University System Appropriated	2,753,873	2,404,154	2,008,017	1,650,689	1,316,833	1,004,706	748,642
School Building Aid	1,568,272	1,351,472	1,127,200	893,280	654,800	411,760	164,160
Total Payments	21,028,265	18,960,928	16,594,570	14,339,075	12,266,832	10,298,099	8,566,692
Total Debt Service Payments							
General Fund	58,414,729	55,838,223	48,541,942	45,420,041	39,595,120	35,062,597	34,941,715
University System Appropriated	14,146,920	12,260,963	9,366,247	8,539,681	7,730,231	6,249,633	4,605,624
School Building Aid	6,816,272	6,599,472	6,375,200	6,141,280	5,902,800	5,659,760	3,812,160
Total Debt Service	79,377,921	74,698,658	64,283,390	60,101,001	53,228,151	46,971,990	43,359,499

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on New General Obligation Debt (5%)

		2024	2025	2026	2027	2028	2029	2030
Debt Issued in FY2024	Outstanding	60,000	56,400	52,800	49,200	45,600	42,000	38,400
Current Interest Bonds	Principal Payments	0	3,600	3,600	3,600	3,600	3,600	3,600
	Interest Payments	1,500	2,910	2,730	2,550	2,370	2,190	2,010
	Total Debt Service	1,500	6,510	6,330	6,150	5,970	5,790	5,610
Debt Issued in FY2025	Outstanding		60,000	56,400	52,800	49,200	45,600	42,000
Current Interest Bonds	Principal Payments		0	3,600	3,600	3,600	3,600	3,600
	Interest Payments		1,500	2,910	2,730	2,550	2,370	2,190
	Total Debt Service		1,500	6,510	6,330	6,150	5,970	5,790
Debt Issued in FY2026	Outstanding			60,000	56,400	52,800	49,200	45,600
Current Interest Bonds	Principal Payments			0	3,600	3,600	3,600	3,600
	Interest Payments			1,500	2,910	2,730	2,550	2,370
	Total Debt Service	0	0	1,500	6,510	6,330	6,150	5,970
Debt Issued in FY2027	Outstanding				60,000	56,400	52,800	49,200
Current Interest Bonds	Principal Payments				0	3,600	3,600	3,600
	Interest Payments				1,500	2,910	2,730	2,550
	Total Debt Service	0	0	0	1,500	6,510	6,330	6,150
Debt Issued in FY2028	Outstanding					60,000	56,400	52,800
Current Interest Bonds	Principal Payments					0	3,600	3,600
	Interest Payments					1,500	2,910	2,730
	Total Debt Service	0	0	0	0	1,500	6,510	6,330
Debt Issued in FY2029	Outstanding						60,000	56,400
Current Interest Bonds	Principal Payments						0	3,600
	Interest Payments						1,500	2,910
	Total Debt Service	0	0	0	0	0	1,500	6,510
Debt Issued in FY2030	Outstanding							60,000
Current Interest Bonds	Principal Payments							0
	Interest Payments							1,500
	Total Debt Service	0	0	0	0	0	0	1,500
Totals Debt Service on New G.O. Debt								
	Principal Payments	0	3,600	7,200	10,800	14,400	18,000	21,600
	Interest Payments	1,500	4,410	7,140	9,690	12,060	14,250	16,260
	Total Debt Service	1,500	8,010	14,340	20,490	26,460	32,250	37,860
Rate on Current Interest Bonds:	**5.00%**							
Rate on Commercial Paper:	**3.00%**							

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on New General Obligation Debt (6%)

		2024	2025	2026	2027	2028	2029	2030
Debt Issued in FY2024	Outstanding	60,000	56,400	52,800	49,200	45,600	42,000	38,400
Current Interest Bonds	Principal Payments	0	3,600	3,600	3,600	3,600	3,600	3,600
	Interest Payments	1,800	3,492	3,276	3,060	2,844	2,628	2,412
	Total Debt Service	1,800	7,092	6,876	6,660	6,444	6,228	6,012
Debt Issued in FY2025	Outstanding		60,000	56,400	52,800	49,200	45,600	42,000
Current Interest Bonds	Principal Payments		0	3,600	3,600	3,600	3,600	3,600
	Interest Payments		1,800	3,492	3,276	3,060	2,844	2,628
	Total Debt Service		1,800	7,092	6,876	6,660	6,444	6,228
Debt Issued in FY2026	Outstanding			60,000	56,400	52,800	49,200	45,600
Current Interest Bonds	Principal Payments			0	3,600	3,600	3,600	3,600
	Interest Payments			1,800	3,492	3,276	3,060	2,844
	Total Debt Service	0	0	1,800	7,092	6,876	6,660	6,444
Debt Issued in FY2027	Outstanding				60,000	56,400	52,800	49,200
Current Interest Bonds	Principal Payments				0	3,600	3,600	3,600
	Interest Payments				1,800	3,492	3,276	3,060
	Total Debt Service	0	0	0	1,800	7,092	6,876	6,660
Debt Issued in FY2028	Outstanding					60,000	56,400	52,800
Current Interest Bonds	Principal Payments					0	3,600	3,600
	Interest Payments					1,800	3,492	3,276
	Total Debt Service	0	0	0	0	1,800	7,092	6,876
Debt Issued in FY2029	Outstanding						60,000	56,400
Current Interest Bonds	Principal Payments						0	3,600
	Interest Payments						1,800	3,492
	Total Debt Service	0	0	0	0	0	1,800	7,092
Debt Issued in FY2030	Outstanding							60,000
Current Interest Bonds	Principal Payments							0
	Interest Payments							1,800
	Total Debt Service	0	0	0	0	0	0	1,800
Totals Debt Service on New G.O. Debt								
	Principal Payments	0	3,600	7,200	10,800	14,400	18,000	21,600
	Interest Payments	1,800	5,292	8,568	11,628	14,472	17,100	19,512
	Total Debt Service	1,800	8,892	15,768	22,428	28,872	35,100	41,112
Rate on Current Interest Bonds:	**6.00%**							
Rate on Commercial Paper:	**3.00%**							

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on Outstanding State Guaranteed Debt

	2024	2025	2026	2027	2028	2029	2030
BFA $20 million Bond							
Principal	0	0	0	0	0	0	0
Interest	354,000	354,000	354,000	354,000	354,000	354,000	354,000
Total	354,000	354,000	354,000	354,000	354,000	354,000	354,000
BFA Loan & Revenue Bond Programs (1)							
Balance	68,712,399	66,844,483	64,864,492	62,765,701	60,540,983	58,182,782	55,683,089
Principal	1,867,916	1,979,991	2,098,791	2,224,718	2,358,201	2,499,693	2,649,675
Interest	4,122,744	4,010,669	3,891,870	3,765,942	3,632,459	3,490,967	3,340,985
Payment	5,990,660	5,990,660	5,990,660	5,990,660	5,990,660	5,990,660	5,990,660
Qualified School Construction Bonds							
Principal	2,182,500	2,182,500	2,182,500	2,182,500	0	0	0
Interest (gross of tax credit)	411,729	294,092	176,455	58,818	0	0	0
Total	2,594,229	2,476,592	2,358,955	2,241,318	0	0	0
Total Outstanding State Guaranteed Debt							
Principal	4,050,416	4,162,491	4,281,291	4,407,218	2,358,201	2,499,693	2,649,675
Interest	4,888,473	4,658,761	4,422,325	4,178,760	3,986,459	3,844,967	3,694,985
Total	8,938,889	8,821,252	8,703,615	8,585,978	6,344,660	6,344,660	6,344,660

(1) Assumes level debt service with the following parameters:

Principal*	**68,712,399**
Number of Years	**20**
Interest Rate	**6.0%**
Annual Payments	5,990,660

* Includes $16.8 million of BFA loans and $14.5 million of BFA revenue bonds

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on State Guaranteed Debt to be Issued

	2024	2025	2026	2027	2028	2029	2030
Issuances in FY2024 (1)							
Balance		43,590,000	42,405,025	41,148,952	39,817,514	38,406,190	36,910,187
Principal		1,184,975	1,256,073	1,331,438	1,411,324	1,496,003	1,585,764
Interest		2,615,400	2,544,302	2,468,937	2,389,051	2,304,371	2,214,611
Total Debt Service		3,800,375	3,800,375	3,800,375	3,800,375	3,800,375	3,800,375
Issuances in FY2025 (1)							
Balance			43,590,000	42,405,025	41,148,952	39,817,514	38,406,190
Principal			1,184,975	1,256,073	1,331,438	1,411,324	1,496,003
Interest			2,615,400	2,544,302	2,468,937	2,389,051	2,304,371
Total Debt Service			3,800,375	3,800,375	3,800,375	3,800,375	3,800,375
Issuances in FY2026 (1)							
Balance				43,500,000	42,317,472	41,063,992	39,735,303
Principal				1,182,528	1,253,480	1,328,689	1,408,410
Interest				2,610,000	2,539,048	2,463,840	2,384,118
Total Debt Service				3,792,528	3,792,528	3,792,528	3,792,528
Issuances in FY2027 (1)							
Balance					32,260,000	31,383,026	30,453,434
Principal					876,974	929,592	985,368
Interest					1,935,600	1,882,982	1,827,206
Total Debt Service					2,812,574	2,812,574	2,812,574
Issuances in FY2028 (1)							
Balance						32,260,000	31,383,026
Principal						876,974	929,592
Interest						1,935,600	1,882,982
Total Debt Service						2,812,574	2,812,574
Total State Guaranteed Debt to be Issued							
Principal	0	1,184,975	2,441,048	3,770,039	4,873,215	6,042,582	6,405,137
Interest	0	2,615,400	5,159,702	7,623,239	9,332,636	10,975,843	10,613,288
Total Debt Service	0	3,800,375	7,600,750	11,393,278	14,205,852	17,018,426	17,018,426
Total Outstanding and Future Issuances of State Guaranteed Debt (2)							
Principal	4,050,416	5,347,466	6,722,339	8,177,257	7,231,417	8,542,275	9,054,812
Interest	4,888,473	7,274,161	9,582,026	11,801,999	13,319,095	14,820,810	14,308,274
Total Debt Service	8,938,889	12,621,627	16,304,365	19,979,256	20,550,512	23,363,086	23,363,086

(1) Assumes level debt service with the following parameters: Number of Years 20; Interest Rate **6.0%**

(2) Includes total Outstanding Guaranteed Debt Service

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Assumptions to Sensitivity Case 1 - Issuance of $60 Million Annually in FY 2024-2030;
No Revenue Increase in FY 2026-2030
School Building Aid Bonds Included

(1) $60 million issued annually in FY 2024 through 2030 at an interest rate of 5%,
with 60% of the principal amortized in equal payments over the first ten years and 40% of the principal amortized in equal payments over the remaining ten years.
(2) Ending Outstanding Debt represents total net General Fund Debt to be paid from General Fund Unrestricted Revenues and includes school building aid debt paid for with the Education Trust Fund ("ETF") M&R tax revenue allocation.
(3) General Fund Unrestricted Revenues reflect actual revenues for FY 2023, with ETF portion of meals and rooms tax revenues designated for the debt service on school building aid bonds added.
Assumes budgeted amount for FY 2024 and no growth thereafter.
(4) Total Personal Income - source: U.S. Department of Commerce, Bureau of Economic Analysis for 2022 figure of $103.122 million. Assumes 4.0% growth annually thereafter.
(5) Population - source: American Community Survey 2022 1-Year Estimate figure of 1,395,231. A 0.5% growth annually thereafter.
(6) For certain sensitivities, State guaranteed debt that is added to Net General Fund Debt includes the outstanding $8.7 million of Qualified School Construction Bonds ("QSCBs") and Business Finance Authority ("BFA") debt totaling $68.7 million at June 30, 2023.
(7) Debt Service includes State guaranteed debt outstanding or to be issued for the following: local Superfund sites, BFA and Pease Development Authority ("PDA").
Excludes water pollution control, local landfills and local school guaranteed debt (with exception of QSCBs). Assumes level debt service over 20 years at 6.00% for new State guaranteed debt.
Assumed issuances are $43.6 million in each of FYs 2025 and 2026, $43.5 million in FY 2027, and $32.3 million in each of FYs 2028 and 2029.
Estimated authorized but unissued State guaranteed debt of $195.2 million includes:
$20.0 million for local Superfund sites; $161.3 million for BFA; and $13.9 million for PDA.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Sensitivity Case 1 - Issuance of $60 Million Annually in FY 2024-30; No Revenue Increase in FY 2026-2030
School Building Aid Bonds Included

		Actual	Projected							TOTAL
		2023	2024	2025	2026	2027	2028	2029	2030	2024-2030
Net General Fund Debt (000's)										
Beginning Outstanding			$488,018	$489,668	$490,330	$495,442	$498,880	$503,518	$508,844	
Issuances (1)			$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$420,000
Retirements:	Existing Debt (1)		58,350	55,738	47,689	45,762	40,961	36,674	34,793	319,966
	New Debt (2)		0	3,600	7,200	10,800	14,400	18,000	21,600	75,600
	Total Retirements		$58,350	$59,338	$54,889	$56,562	$55,361	$54,674	$56,393	$395,566
Net New Debt			$1,650	$662	$5,111	$3,438	$4,639	$5,326	$3,607	$24,434
Ending Outstanding (2)		$488,018	$489,668	$490,330	$495,442	$498,880	$503,518	$508,844	$512,452	$24,434
Existing Debt Service (000's)		$81,924	$79,378	$74,699	$64,283	$60,101	$53,228	$46,972	$43,359	
New Debt Service (000's) (1)		0	1,500	8,010	$14,340	20,490	26,460	32,250	37,860	
Total Debt Service (000's)		$81,924	$80,878	$82,709	$78,623	$80,591	$79,688	$79,222	$81,219	
General Fund Unrestricted Revenues (000's)(3)		$2,040,495	$1,924,446	$1,887,689	$1,887,465	$1,887,231	$1,886,993	$1,886,750	$1,884,902	
Debt Service as a Percent of Revenues		4.0%	4.2%	4.4%	4.2%	4.3%	4.2%	4.2%	4.3%	
Total Personal Income (000,000's) (4)		107,247	111,537	115,998	120,638	125,464	130,482	135,702	141,130	
Debt to Personal Income		0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Population (000's) (5)		1,402	1,409	1,416	1,423	1,430	1,438	1,445	1,452	
Debt Per Capita		$348	$347	$346	$348	$349	$350	$352	$353	

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Assumptions to Sensitivity Case 2 - Issuance of $60 Million Annually in FY 2024-30;
Higher Interest Rates in FY 2024-2030
School Building Aid Bonds Included

(1) $60 million issued annually in FY 2024 through 2030 at an interest rate of 6%,
with 60% of the principal amortized in equal payments over the first ten years and 40% of the principal amortized in equal payments over the remaining ten years.

(2) Ending Outstanding Debt represents total net General Fund Debt to be paid from General Fund Unrestricted Revenues and includes school building aid debt paid for with the Education Trust Fund ("ETF") M&R tax revenue allocation.

(3) General Fund Unrestricted Revenues reflect actual revenues for FY 2023, with ETF portion of meals and rooms tax revenues designated for the debt service on school building aid bonds added.
FY 2024 and 2025 figures are budgeted amounts. Assumes 1.9% annual revenue growth in FY 2026-27 and 1.8% in FY 2028-30.

(4) Total Personal Income - source: U.S. Department of Commerce, Bureau of Economic Analysis for 2022 figure of $103.122 million. Assumes 4.0% growth annually thereafter.

(5) Population - source: American Community Survey 2022 1-Year Estimate figure of 1,395,231. Assumes 0.5% growth annually thereafter.

(6) For certain sensitivities, State guaranteed debt that is added to Net General Fund Debt includes the outstanding $8.7 million of Qualified School Construction Bonds ("QSCBs") and Business Finance Authority ("BFA") debt totaling $68.7 million at June 30, 2023.

(7) Debt Service includes State guaranteed debt outstanding or to be issued for the following: local Superfund sites, BFA and Pease Development Authority ("PDA"). Excludes water pollution control, local landfills and local school guaranteed debt (with exception of QSCBs). Assumes level debt service over 20 years at 6.00% for new State guaranteed debt.
Assumed issuances are $43.6 million in each of FYs 2025 and 2026, $43.5 million in FY 2027, and $32.3 million in each of FYs 2028 and 2029.
Estimated authorized but unissued State guaranteed debt of $195.2 million includes:

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Sensitivity Case 2 - Issuance of $60 Million in FY 2024-2030; Higher Interest Rates
School Building Aid Bonds Included

		Actual	Projected							TOTAL
		2023	2024	2025	2026	2027	2028	2029	2030	2024-2030
Net General Fund Debt (000's)										
Beginning Outstanding			$488,018	$489,668	$490,330	$495,442	$498,880	$503,518	$508,844	$488,018
Issuances (1)			$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$420,000
Retirements:	Existing Debt		58,350	55,738	47,689	45,762	40,961	36,674	34,793	319,966
	New Debt (1)		0	3,600	7,200	10,800	14,400	18,000	21,600	75,600
	Total Retirements		$58,350	$59,338	$54,889	$56,562	$55,361	$54,674	$56,393	$395,566
Net New Debt			$1,650	$662	$5,111	$3,438	$4,639	$5,326	$3,607	$24,434
Ending Outstanding (3)		$488,018	$489,668	$490,330	$495,442	$498,880	$503,518	$508,844	$512,452	$512,452
Existing Debt Service (000's)		$81,924	$79,378	$74,699	$64,283	$60,101	$53,228	$46,972	$43,359	
New Debt Service (000's) (1)		0	1,800	8,892	15,768	22,428	28,872	35,100	41,112	
Total Debt Service (000's)		$81,924	$81,178	$83,591	$80,051	$82,529	$82,100	$82,072	$84,471	
General Fund Unrestricted Revenues (000's)(3)		$2,040,495	$1,924,446	$1,887,689	$1,923,206	$1,959,392	$1,994,312	$2,029,860	$2,064,448	
Debt Service as a Percent of Revenues		4.0%	4.2%	4.4%	4.2%	4.2%	4.1%	4.0%	4.1%	
Total Personal Income (000,000's) (4)		107,247	111,537	115,998	120,638	125,464	130,482	135,702	141,130	
Debt to Personal Income		0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Population (000's) (5)		1,402	1,409	1,416	1,423	1,430	1,438	1,445	1,452	
Debt Per Capita		$348	$347	$346	$348	$349	$350	$352	$353	

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Effect of State Guaranteed Bonds and Stagnant Revenues on Debt Ratios

	Actual	Projected							TOTAL
Net General Fund Debt (000's)	2023	2024	2025	2026	2027	2028	2029	2030	2024-2030
Beginning Outstanding (7) (8)		$565,460	$563,060	$601,964	$643,943	$682,704	$712,371	$741,415	
G.O. Issuances		$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$420,000
State Guaranteed Issuances (7) (8)		0	43,590	43,590	43,500	32,260	32,260	0	195,200
Retirements G.O. Debt		58,350	59,338	54,889	56,562	55,361	54,674	56,393	395,566
State Guaranteed Debt (8)		4,050	5,347	6,722	8,177	7,231	8,542	9,055	49,126
Total Retirements		$62,400	$64,685	$61,611	$64,739	$62,593	$63,216	$65,448	$444,692
Net New Debt		($2,400)	$38,905	$41,979	$38,761	$29,667	$29,044	($5,448)	$170,508
Ending Outstanding	$565,460	$563,060	$601,964	$643,943	$682,704	$712,371	$741,415	$735,968	$170,508
G.O. Debt Service (000's)	$81,924	$80,878	$82,709	$78,623	$80,591	$79,688	$79,222	$81,219	
State Guaranteed Debt Service (000's) (8)	0	8,939	12,622	16,304	19,979	20,551	23,363	23,363	
Total Debt Service (000's)	81,924	89,817	95,330	94,928	100,570	100,239	102,585	104,583	
General Fund Unrestricted Revenues (000's) (4)	$2,040,495	$1,924,446	$1,887,689	$1,887,465	$1,887,231	$1,886,993	$1,886,750	$1,884,902	
Debt Service as a Percent of Revenues	4.0%	4.7%	5.1%	5.0%	5.3%	5.3%	5.4%	5.5%	
Total Personal Income (000,000's) (5)	$107,247	$111,537	$115,998	$120,638	$125,464	$130,482	$135,702	$141,130	
Debt to Personal Income	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
Population (000's) (6)	1,402	1,409	1,416	1,423	1,430	1,438	1,445	1,452	
Debt Per Capita	$403	$400	$425	$452	$477	$496	$513	$507	

Footnotes explained on page 2.