

Bill No. CS for SB 1784

Amendment No. Barcode 381966

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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Senator Carlton moved the following amendment:

Senate Amendment (with title amendment)

On page 31, between lines 13 and 14

:

insert:

Section 24. Section 215.98, Florida Statutes, is created to read:

215.98 State debt fiscal responsibility.--

(1) It is the public policy of this state to encourage fiscal responsibility on matters pertaining to state debt. In an effort to finance essential capital projects for the benefit of residents at favorable interest rates, the state must continue to maintain its excellent credit standing with investors. Authorizations of state debt must take into account the ability of the state to meet its total debt service requirements in light of other demands on the state's fiscal resources. The Legislature declares that it is the policy of this state to exercise prudence in undertaking the authorization and issuance of debt. In order to implement

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1 this policy, the Legislature desires to authorize the issuance
2 of additional state tax-supported debt only when such
3 authorization would not cause the ratio of debt service to
4 revenue available to pay debt service on tax-supported debt to
5 exceed 6 percent. If the 6-percent target debt ratio will be
6 exceeded, the authorization of such additional debt must be
7 accompanied by a legislative statement of determination that
8 such authorization and issuance is in the best interest of the
9 state and should be implemented. The Legislature shall not
10 authorize the issuance of additional state tax-supported debt
11 if such authorization would cause the designated benchmark
12 debt ratio of debt service to revenues available to pay debt
13 service to exceed 7 percent unless the Legislature determines
14 that such additional debt is necessary to address a critical
15 state emergency.

16 (2) The Division of Bond Finance shall conduct a debt
17 affordability analysis each year. Proposed capital projects
18 that require funding by the issuance of additional state debt
19 shall be evaluated on the basis of the analysis to assist the
20 Governor and the Legislature in setting priorities among
21 capital projects and related appropriations.

22 (a) The Division of Bond Finance shall annually
23 prepare a debt affordability report, to be presented to the
24 governing board of the Division of Bond Finance, the President
25 of the Senate, the Speaker of the House of Representatives,
26 and the chair of each appropriations committee by December 15
27 of each year, for purposes of providing a framework for the
28 Legislature to evaluate and establish priorities for bills
29 that propose the authorization of additional state debt during
30 the next budget year.

31 (b) The report shall include, but not be limited to:

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- 1 1. A listing of state debt outstanding, other debt
- 2 secured by state revenues, and other contingent debt.
- 3 2. An estimate of revenues available for the next 10
- 4 fiscal years to pay debt service, including general revenues
- 5 plus any revenues specifically pledged to pay debt service.
- 6 3. An estimate of additional debt issuance for the
- 7 next 10 fiscal years for the state's existing borrowing
- 8 programs.
- 9 4. A schedule of the annual debt service requirements,
- 10 including principal and interest allocation, on the
- 11 outstanding state debt and an estimate of the annual debt
- 12 service requirements on the debt included in subparagraph 3.
- 13 for each of the next 10 fiscal years.
- 14 5. An overview of the state's general obligation
- 15 credit rating.
- 16 6. Identification and calculation of pertinent debt
- 17 ratios, including, but not limited to, debt service to
- 18 revenues available to pay debt service, debt to personal
- 19 income, and debt per capita for the state's net tax-supported
- 20 debt.
- 21 7. The estimated debt capacity available over the next
- 22 10 fiscal years without the benchmark debt ratio of debt
- 23 service to revenue exceeding 6 percent.
- 24 8. A comparison of the debt ratios prepared for
- 25 subparagraph 6., with the comparable debt ratios for the 10
- 26 most populous states.
- 27 (c) The Division of Bond Finance shall prepare an
- 28 update of the report set forth above upon completion of the
- 29 revenue estimates prepared in connection with the legislative
- 30 session.
- 31 (d) Any entity issuing debt secured by state revenues

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1 shall provide the information necessary to prepare the debt
2 affordability report.

3 (3) Failure to comply with this section shall not
4 affect the validity of any debt or the authorization of such
5 debt.

6 Section 25. Subsection (6) is added to section 11.90,
7 Florida Statutes, to read:

8 11.90 Legislative Budgeting Commission.--

9 (6) The commission shall have the power and duty to:

10 (a) Annually review the amount of state debt
11 outstanding and submit to the President of the Senate and the
12 Speaker of the House of Representatives an estimate of the
13 maximum amount of additional state tax-supported debt that
14 prudently may be authorized during the current fiscal year.
15 The estimate shall be advisory and shall in no way bind the
16 Legislature.

17 (b) Promptly after receiving the report required by s.
18 215.98(2)(c), the commission shall submit to the President of
19 the Senate and the Speaker of the House of Representatives the
20 commission's estimate of tax-supported debt which prudently
21 may be authorized for the next fiscal year, together with a
22 report explaining the basis for the estimate.

23
24 (Redesignate subsequent sections.)

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27 ===== T I T L E A M E N D M E N T =====

28 And the title is amended as follows:

29 On page 3, line 29, after the semicolon
30 insert:

31 creating s. 215.98, F.S.; providing a

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1 declaration of public policy; requiring the
2 Division of Bond Finance of the State Board of
3 Administration to conduct an annual debt
4 affordability analysis; requiring a report;
5 specifying report requirements; amending s.
6 11.90, F.S.; providing additional powers and
7 duties of the Legislative Budget Commission
8 relating to the state's debt;
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