

By the Committee on Fiscal Policy & Resources and
Representative Wallace

1 A bill to be entitled
2 An act relating to state debt; creating s.
3 215.98, F.S.; providing a declaration of public
4 policy; requiring the Division of Bond Finance
5 of the State Board of Administration to conduct
6 an annual debt affordability analysis;
7 requiring a report; specifying report
8 requirements; amending s. 11.90, F.S.;
9 providing additional powers and duties of the
10 Legislative Budget Commission relating to the
11 state's debt; providing an effective date.

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13 Be It Enacted by the Legislature of the State of Florida:

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15 Section 1. Section 215.98, Florida Statutes, is
16 created to read:

17 215.98 State debt fiscal responsibility.--

18 (1) It is the public policy of this state to encourage
19 fiscal responsibility on matters pertaining to state debt. In
20 an effort to finance essential capital projects for the
21 benefit of residents at favorable interest rates, the state
22 must continue to maintain its excellent credit standing with
23 investors. Authorizations of state debt must take into
24 account the ability of the state to meet its total debt
25 service requirements in light of other demands on the state's
26 fiscal resources. The Legislature declares that it is the
27 policy of this state to exercise prudence in undertaking the
28 authorization and issuance of debt. In order to implement
29 this policy, the Legislature desires to authorize the issuance
30 of additional state tax-supported debt only when such
31 authorization would not cause the ratio of debt service to

1 revenue available to pay debt service on tax-supported debt to
2 exceed 6 percent. If the 6-percent target debt ratio will be
3 exceeded, the authorization of such additional debt must be
4 accompanied by a legislative statement of determination that
5 such authorization and issuance is in the best interest of the
6 state and should be implemented. The Legislature shall not
7 authorize the issuance of additional state tax-supported debt
8 if such authorization would cause the designated benchmark
9 debt ratio of debt service to revenues available to pay debt
10 service to exceed 6.5 percent unless the Legislature
11 determines that such additional debt is necessary to address a
12 critical state emergency.

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

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

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

29 1. A listing of state debt outstanding, other debt
30 secured by state revenues, and other contingent debt.

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

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

4 Section 2. Subsection (6) is added to section 11.90,
5 Florida Statutes, to read:

6 11.90 Legislative Budgeting Commission.--

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

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

15 (b) Promptly after receiving the report required by s.
16 215.98(2)(c), the commission shall submit to the President of
17 the Senate and the Speaker of the House of Representatives the
18 commission's estimate of tax-supported debt which prudently
19 may be authorized for the next fiscal year, together with a
20 report explaining the basis for the estimate.

21 Section 3. This act shall take effect July 1, 2001.

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24 HOUSE SUMMARY

25 Provides a declaration of public policy relating to state
26 debt fiscal responsibility. Requires the Division of Bond
27 Finance of the State Board of Administration to conduct
28 an annual debt affordability analysis and requires a
29 report. Provides additional powers and duties of the
30 Legislative Budget Commission relating to the state's
31 debt. See bill for details.