



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #183

Current Law Debt Service Reestimate (Building Commission)

[LFB 2011-13 Budget Summary: Page 81, #2]

CURRENT LAW

Debt service payments are made from sum sufficient appropriations established for principal and interest repayments on the \$6.8 billion in outstanding general obligation bonds as of December 1, 2010, and any additional bonds issued in the biennium. Of the outstanding debt, \$4.7 billion will be repaid with GPR.

GOVERNOR

Provide \$208,947,900 GPR in 2011-12 and \$682,769,700 GPR in 2011-12 to fund the annual debt service payments on GPR supported bonds issued to date and those amounts to be issued in the biennium. These amounts reflect the Governor's recommendation to restructure \$437.4 million in GPR principal in 2011-12, which would reduce GPR debt service payments by the same amount in that year [see LFB Paper #175, for additional information on the proposed GPR debt restructuring].

MODIFICATION

Decrease the net amount of GPR debt service required in the 2011-13 biennium by \$5,704,400 in 2011-12 and \$7,828,500 in 2012-13 to reflect the projected lapses from GPR debt service appropriations in the biennium. These changes will result in GPR debt service appropriations totaling \$208,947,900 in 2011-12 and \$682,769,700 in 2012-13 and estimated GPR debt service lapses of \$5,704,400 in 2011-12 and \$7,828,500 in 2012-13. Net GPR debt service after these GPR-Lapse amounts would total \$203,243,500 in 2011-12 and \$674,941,200 2012-13. After consideration of debt service reestimates of -\$290,000 GPR in 2011-12 and -\$2,300,000 GPR in 2012-13 already acted on by the Committee, the total increase to the available general fund balance would be \$10,942,900 in the biennium.

Explanation: Since the introduction of SB 27/AB 40, DOA Capital Finance has provided updated information on the estimated debt service payments for the 2011-13 biennium included in the bill. This office has reviewed that information and estimates that GPR debt service payments could be reduced by approximately \$5.7 million in 2011-12 and \$7.8 million in 2012-13. These reestimated lapse amounts are associated with: (a) increases of \$2,208,900 in 2011-12 and a decrease of \$348,700 in 2012-13 to reflect the updated estimate of debt service costs from GPR debt service appropriations; (b) \$250,000 in estimated interest earnings on the bond security redemption fund being proportionately applied to GPR debt service appropriations in the biennium; and (c) \$7,663,300 in 2011-12 and \$7,229,800 in 2012-13 to reflect the GPR interest savings associated with the federal interest subsidy on Build America Bonds issued by the state, which will be applied to the GPR debt service appropriation for the specific purposes for which those bonds were issued. After consideration of debt service reestimates of -\$290,000 in 2011-12 and -\$2,300,000 GPR in 2012-13 already acted on by the Committee, the reestimated lapses would total \$5,414,400 in 2011-12 and \$5,528,500 in 2012-13.

Change to Bill	
Balance	
GPR-Lapse	\$10,942,900

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