

DEBT SERVICE

	Adjusted Appropriation 2006-07	Executive Request 2007-08	Change	Percent Change
AGENCY SUMMARY				
General Fund	245,000,000	245,000,000	0	0.0%
Internal Service Fund	22,010,000	0	(22,010,000)	-100.0%
Fiduciary	40,000,000	40,000,000	0	0.0%
Debt Service Fund	4,729,420,000	4,961,520,000	232,100,000	4.9%
Capital Projects Fund - Other	475,150,000	505,200,000	30,050,000	6.3%
Emergency	2,450,000,000	3,550,000,000	1,100,000,000	44.9%
Total for AGENCY SUMMARY:	7,961,580,000	9,301,720,000	1,340,140,000	16.8%

Programmatic Highlights

The State Fiscal Year (SFY) 2007-08 Executive Budget includes the following proposals:

- an increase to the Variable Rate Exposure Cap and Swap Cap from 15 percent to 20 percent of debt outstanding;
- deposit of \$250 million to the Debt Reduction Reserve Fund;
- debt management initiatives that would reduce debt service costs up to \$40 million; and
- proposed \$1.5 billion General Obligation Bond Act to finance stem cell research and innovation and other emerging technologies.

Budget Detail

Article VII

The Executive recommends Article VII legislation that would:

- prohibit the issuance of debt secured solely by State local aid payments;
- hold harmless the Revenue Bond Tax Fund against enhancements from STAR or other purposes;
- make permanent certain provisions of State law relating to the treatment of refundings with variable rates or swaps;
- increase the maximum amount of variable-rate debt authorized for the State from 15 percent to 20 percent of State-supported debt outstanding;
- increase the maximum amount of interest rate exchange agreements authorized for the State from 15 percent to 20 percent of State-supported debt outstanding;
- consolidate all State-supported bonds caps (whether existing, amended or newly proposed) into a single statute;
- standardize all debt authorizations to be "net" bond caps, whereby the limit is governed by the amount of projects that are to be financed. This change will have no impact on the amount of capital programs that can be bonded;
- provide a consolidated and standardized service contract authorization for all debt programs that do not otherwise have a dedicated revenue stream (i.e., excludes LGAC, Dedicated Highway). Allow for the replacement of old service contract bonds with personal income tax debt;
- standardize the treatment of refundings under the bond caps using a single statutory net present value savings requirements; and
- authorize consolidated refundings where old service contract debt previously incurred under multiple issuers and programs can be refunded under the umbrella of a single standardized service contract debt authorization.