



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #1125

Debt Restructuring Changes (Building Commission)

[LFB Summary of the Governor's Budget Reform Bill: Page 25, #3]

CURRENT LAW

Under 2001 Act 16 (the 2001-03 budget) \$75 million of general obligation bonding is provided in a new bonding appropriation for refunding tax-supported and self-amortizing general obligation bonds. No debt can be incurred under this authorization after June 30, 2003. As a result, estimated GPR-Lapses were increased by \$50 million in 2002-03 to reflect projected savings from refunding \$50 million of general fund supported bonds that otherwise would be paid off in that year.

GOVERNOR

Increase estimated lapses to the general fund by \$25 million in 2001-02 and make a corresponding decrease in estimated lapses to the general fund of \$25 million in 2002-03. The Department of Administration indicates that these changes reflect the decision to carry out a restructuring of \$25 million in state general obligation debt in 2001-02 rather than 2002-03 as was anticipated under Act 16. These estimated lapses to the general fund reflect the projected savings from refunding general obligation bonds that would have otherwise been paid off in that year.

MODIFICATION TO BILL

Increase the estimated GPR-Lapse by an additional \$25 million in 2001-02 attributable to the \$75 million in refunding authority included in 2001 Act 16.

Explanation: At the time of deliberation on Act 16, it was estimated that only \$50 million of this \$75 million in refunding authority would be attributable to refunding general fund supported general obligation bonds with the remaining \$25 million attributable to self-amortizing general obligation bonds. Administration officials currently indicate that the entire \$75 million in refunding authority would be used to refund only general fund supported general obligation bonds, \$50 million of which would have otherwise been paid off in 2001-02 and \$25 million of which would otherwise been paid off in 2002-03. As a result, the GPR debt service payments would be \$25 million less in 2001-02 than under the budget reform bill, which would result in a \$25 million increase in GPR lapse amounts for 2001-02.

Modification	GPR-Lapse
2001-03 REVENUE	\$25,000,000

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