



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #195

Debt Service Estimates (Building Commission)

[LFB 2003-05 Budget Summary: Debt Service Reestimate Items Under Various Agencies]

GOVERNOR

Debt service is paid from sum sufficient appropriations established for principal and interest repayments for general obligation bonds authorized for specific purposes. SB 44 provides total funding of \$384.9 million in 2003-04 and \$413.5 million in 2002-03 for estimated GPR debt service payments in the 2003-05 biennium. In addition, the administration estimates lapses from GPR debt service appropriations at \$5 million annually to reflect GPR debt service savings associated with the following: (a) interest earnings on the bond security redemption fund, which is allocated as an offset to debt service appropriations; and (b) the reallocation of debt service associated with the Building Commission's other public purpose bonding authority to program revenue and segregated revenue debt service appropriations. As a result, net GPR debt service payments in the biennium are estimated at \$379.9 million in 2003-04 and \$408.5 million in 2004-05.

MODIFICATION

Reestimate the amount of GPR debt service required in the 2003-05 biennium by -\$9,047,600 in 2003-04 and -\$10,386,700 in 2004-05. These reductions would be in addition to the projected GPR-lapses of \$5 million annually included under SB 44 for debt service savings in the biennium that cannot be currently allocated to individual appropriations. As a result, net GPR debt service payments in the biennium are estimated at \$370.9 million in 2003-04 and \$398.1 million in 2004-05.

Explanation: Since the introduction of SB 44, DOA Capital Finance has provided information on the estimated debt service payments for the 2003-05 biennium included in the bill. This office has reviewed that information and estimated that GPR debt service payments could be reduced by approximately \$9.0 million in 2003-04 and

\$10.9 million in 2004-05. Since SB 44 was introduced the state issued the 2003 Series A general obligation bonds in May, which contained a lower amount of GPR supported borrowing than was included in the DOA Capital Finance estimates prepared in January. As a result, GPR debt service associated with that bond issue would be less than earlier estimates. In addition, the current estimate makes changes to some of the issuance assumptions for currently authorized bonds made under the SB 44 estimates and includes the effects of lower estimated interest rates compared to estimates included under the bill.

<u>Modification</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	- \$19,434,300

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