



The Office Of State Treasurer
Denise L. Nappier

News

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TREASURER NAPIER RELEASES DEBT CERTIFICATION; *CONFIRMS THAT STATE'S DEBT LEVEL IS WELL BELOW THE STATUTORY LIMIT*

HARTFORD, CT – State Treasurer Denise L. Nappier last night certified to the General Assembly that the State's debt level will, as of July 1, 2018, stand at \$2.7 billion below the debt limit set out in state law (or 89.33 percent of the overall limit).

Treasurer Nappier released the certification to take into account bond projects that were authorized and canceled by the legislature on Wednesday. It follows recent letters by the Governor and the House Republican Leader related to the State's debt capacity and the impact of a contract assistance agreement with the City of Hartford.

Nappier commented, "While there may be differences of opinion over how bond funds should be authorized and allocated, at the Treasury we are focused on the precise calculations of where the State's debt stands. The certification we just issued shouldn't be seen as a license to borrow, but it does confirm that the State is well within its limit. The rhetoric can be put to rest for now: the State has sufficient capacity to issue bonds to cover the State's planned capital expenditures."

Debt limit calculations are mandated by State law on January 1 and July 1 of each year, prior to State Bond Commission meetings, prior to the issuance of general obligation bonds, and prior to legislative passage of any bond authorizations.

The State's debt limit is calculated at 1.6 times General Fund tax receipts that have been adopted by the Finance, Revenue and Bonding Committee.

When the State's debt level reaches 90 percent of the debt limit, the Governor must submit recommendations to repeal bond authorizations to the legislature for consideration. It is up to the legislature whether to act upon those recommendations. An additional calculation shows that the State's debt level will be \$170.3 million below 90 percent of the limit, as of July 1.

"While the debt limit does not legally restrict activities of the legislature or State until it is actually reached, the 90 percent level is an important early warning threshold that bears close watch," Treasurer Nappier said.

The bond bill passed last night includes cancellations of existing authorizations totaling \$406.3 million, allowing the debt level to remain below 90 percent of the debt limit.

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