



SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

July 1, 2020

The Honorable Ned Lamont
Governor
State Capitol
Hartford, CT 06106

Dear Governor Lamont:

Pursuant to C.G.S. §3-21, and §2-27b, this office is required to compute as of July 1, 2020, the aggregate amount of indebtedness payable from general fund tax receipts and whether it is less than ninety percent of the debt limit as set forth in said sections. Should the ninety percent limit be reached, C.G.S. §3-21 requires certain actions to be taken by the Governor.

Under C.G.S. §3-21, the aggregate amount of indebtedness is comprised of the total amount of indebtedness authorized by the General Assembly but not yet issued, and the total amount of indebtedness which has been issued and remain outstanding, subject to certain adjustments. Also pursuant to §3-21, the debt limit is set forth as 1.6 times the total general fund tax receipts for the fiscal year in which any such authorization will become effective, as estimated for such fiscal year by the Joint Standing Committee on Finance, Revenue, & Bonding of the General Assembly in accordance with C.G.S. §2-35 adopted on June 3, 2019, in conjunction with the biennial budget.

As you are aware, current Consensus Revenues project significant declines in revenue for Fiscal Year 2021. While C.G.S. §3-21 does not provide for using Consensus Revenues in the official calculation of the debt limit, I advise that if the current Consensus Revenues are adopted by the Finance, Revenue, & Bonding Committee, the aggregate amount of indebtedness payable from general fund tax receipts would increase the percentage of the debt limit from 84.0% to 99.3%. The two calculations are summarized in the table below.

As of July 1, 2020 (\$ in Billions)	C.G.S. §3-21 Revenue adopted by Finance, Revenue & Bonding Committee - June 3, 2019 -	<u>Illustrative</u> calculation using April 30, 2020 Consensus Revenues
General Fund Net Tax Revenue	\$17.41	\$14.72
Debt Limit (1.6 times Revenue)	\$27.85	\$23.55
Net Indebtedness	\$23.39	\$23.39
Debt Incurring Margin	\$4.46	\$0.16
Margin to 90% of Limit	\$1.68	(\$2.20)
Percent of Debt Limit	84.0%	99.3%

As you know, pursuant to C.G.S. §2-27b, if net indebtedness exceeds 90% of the limit, the Governor shall review authorized but unissued projects and recommend to the Finance, Revenue, & Bonding Committee priorities for repealing bond authorizations. The Finance, Revenue, & Bonding Committee shall consider such recommendations and shall propose whatever legislation it shall deem necessary with respect to such project.

If for any reason net indebtedness exceeds 100% of the limit, the State will no longer be able to authorize or issue new debt payable from the general fund or approve additional projects for bonding payable from the general fund through the Bond Commission.

While the debt limit has always been statutory and subject to change by action of the General Assembly, legislative action taken in 2017 now provides that no changes may be made to the statutory debt limit pursuant to a bond covenant that is in place until July 1, 2023. Only through the declaration of a financial emergency pursuant to C.G.S. §4-85 and approval by a 3/5 vote of both chambers of the General Assembly, or adequate provision for the protection to bond holders, can it be modified.

Attached please find the certificate as to the aggregate amount of indebtedness.

I look forward to working with you and the General Assembly as needed on these matters as we move forward.

Sincerely,



Shawn T. Wooden
Treasurer

Attachment

c: The Honorable Martin M. Looney, Senate President Pro Tempore
The Honorable Bob Duff, Senate Majority Leader
The Honorable Leonard A. Fasano, Senate Minority Leader
The Honorable Joe Aresimowicz, Speaker of the House
The Honorable Matthew D. Ritter, House Majority Leader
The Honorable Themis Klarides, House Minority Leader
The Honorable John W. Fonfara, Senate Co-Chair; Joint Committee on Finance, Revenue, & Bonding
The Honorable Jason Rojas, House Co-Chair; Joint Committee on Finance, Revenue, & Bonding
The Honorable Steve Cassano, Senate Vice Chair; Joint Committee on Finance, Revenue, & Bonding
The Honorable Carlo Leone, Senate Vice Chair; Joint Committee on Finance, Revenue, & Bonding
The Honorable Julio A. Concepcion, House Vice Chair; Joint Committee on Finance, Revenue, & Bonding
The Honorable Stephen R. Meskers, House Vice Chair; Joint Committee on Finance, Revenue, & Bonding
The Honorable Christopher Davis, House Ranking Member; Joint Committee on Finance, Revenue, & Bonding
The Honorable Marilyn Moore, Senate Co-Chair, General Bonding Subcommittee
The Honorable Patricia Billie Miller, House Co-Chair, General Bonding Subcommittee
The Honorable Kevin Witkos, Senate Ranking Member, General Bonding Subcommittee
The Honorable Livvy Floren, House Ranking Member, General Bonding Subcommittee
Mr. Eric Gray, Principal Analyst, Office of Fiscal Analysis
Mrs. Melissa McCaw, Secretary of the Office of Policy and Management
Mr. Steven Kitowicz, Principal Budget Specialist, Office of Policy & Management

CERTIFICATE OF AGGREGATE AMOUNT OF INDEBTEDNESS

The undersigned, SHAWN T. WOODEN, Treasurer of the State of Connecticut, HEREBY CERTIFIES, that:

1. This certificate is made in accordance with Section 3-21 of the General Statutes, as amended.

2. The total General Fund tax receipts of the State of Connecticut during the fiscal year of said State ending June 30, 2021, as estimated by the Joint Standing Committee on Finance, Revenue and Bonding of the General Assembly of the State, is \$17,406,700,000.00.

3. At the date and time of execution of this certificate, the debt limit prescribed by Section 3-21 of the General Statutes of Connecticut on the aggregate amount of the indebtedness, calculated as 1.6 times the estimated total General Fund tax receipts as listed above, is \$27,850,720,000.00.

4. As of July 1, 2020, the aggregate amount of authorized and unissued, and issued and outstanding indebtedness of the State of Connecticut subject to the limit prescribed by Section 3-21 of the General Statutes of Connecticut, is \$23,386,790,499.07.

5. As of July 1, 2020, the aggregate amount of net indebtedness so computed is 83.97% of the debt limit. As set forth in said section, should the aggregate amount of net indebtedness reach ninety per cent of the debt limit, certain actions are required to be taken by the Governor's Office.

IN WITNESS WHEREOF, this certificate is made and dated as of
July 1, 2020



SHAWN T. WOODEN
Treasurer
State of Connecticut

Office of the State Treasurer
Debt Management Division
Certificate of Indebtedness Calculation
As of July 1, 2020

<u>Authorized and Unissued as of 3/11/2020</u>	\$	5,618,303,090.15	Note 1
Add:			
<u>H.B 5518 effective 7/1/2020</u>			
New Authorizations		1,518,500,000.00	
Change to UConn 2000		73,800,000.00	
Change to CSCU 2020		46,000,000.00	
<u>Prior Authorizations effective 7/1/2020</u>			
PA 95-230 UConn 2000		186,200,000.00	
PA 07-7 CSCU 2020		-	
PA 11-2 BioScience		10,570,000.00	
PA 13-239 BioScience Innovation Fund		25,000,000.00	
PA 14-98 Sec. 25 Smart Start Competitive Grant Program		10,000,000.00	
PA 16-1 Strategic Defense Investment		9,446,428.00	
PA 17-2 Crumbling Foundations		20,000,000.00	
Less:			
GO Issuance FY 2020		(900,000,000.00)	
Total Authorized and Unissued as of 7/1/2020		6,617,819,518.15	
General Obligation - Tax Supported Outstanding		14,713,181,418.00	
Total General Obligation Bonds - Outstanding		14,713,181,418.00	
 <u>Add: Other Indebtedness Guarantees</u>			
UConn 2000 Bonds Outstanding		1,568,905,000.00	
Southeastern CT Water Authority		665,000.00	
Hartford Contract Assistance		484,200,000.00	
SBEA Loans		2,019,562.92	
Other Indebtedness Total		2,055,789,562.92	
 Total Outstanding Bonds, Notes & Indebtedness		16,768,970,980.92	
 <u>Gross Indebtedness</u>		23,386,790,499.07	
Less: Funds Available to Pay Net Obligations		-	
Net Indebtedness		23,386,790,499.07	
 <u>Calculation of Debt Incurring Margin</u>			
Total General Fund Tax Receipts		17,406,700,000.00	Note 2
Multiplier		1.6	
Debt Limit		27,850,720,000.00	
 Net Indebtedness & Percentage of Debt Limit		23,386,790,499.07	83.97%
Debt Incurring Margin		4,463,929,500.93	
 90% of the Debt Limit		25,065,648,000.00	
Actual Net Indebtedness		23,386,790,499.07	
 Capacity Remaining Before 90% of the Debt Limit	\$	1,678,857,500.93	

- 1) Does not include Tax Incremental Financings, Special Transportation Bonds, Bradley Airport Bonds, Clean Water Fund Revenue Bonds, and Taxable Teachers' Retirement Funds Bonds. Includes Juvenile Training Facility Certificates of Participation and GAAP Conversion Bonds.
- 2) Revenues adopted by the Finance, Revenue and Bonding Committee on June 3, 2019.

Note: Consensus revenue estimates issued on April, 2020 by OPM and OFA, revised estimated revenues downward by a net \$2.7 billion from the original adopted revenues. Using the adjusted revenue amounts the debt limit calculation would result in a debt limit percentage of 99.32%