

**SB 614 STAFF MEASURE SUMMARY**

**Senate Committee On Business and General Government**

---

**Action Date:** 03/12/19

**Action:** Without recommendation as to passage and be referred to Ways and Means by prior reference.

**Vote:** 4-0-1-0

**Yeas:** 4 - Girod, Hass, Olsen, Riley

**Exc:** 1 - Dembrow

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

**Prepared By:** Tyler Larson, LPRO Analyst

**Meeting Dates:** 3/5, 3/12

---

**WHAT THE MEASURE DOES:**

Establishes prudent maximum amount of outstanding General Fund-supported debt as amount for which debt service due in biennium equals five percent of General Fund revenues estimated to be received in biennium. Prohibits State Treasurer from incurring General Fund-supported debt in excess of prudent maximum amount. Declares emergency, effective July 1, 2019.

**ISSUES DISCUSSED:**

- Efforts to maintain fiscally responsible debt levels
- Current capital finance practices and the role of the State Debt Policy Advisory Commission
- Current credit rating and recent bond sales

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The General Fund is composed primarily of personal and corporate income tax, and is the most discretionary source of funds that the Legislative Assembly and Governor have when adopting the biennial budget. Current statute requires the State Debt Policy Advisory Commission, composed of the State Treasurer, a Representative and a Senator from the Legislative Assembly, the Director of the Department of Administrative Services, and a public member, to advise the Governor and Legislative Assembly regarding policies that enhance and preserve the state's credit rating and maintain the future availability of low-cost capital financing. The Commission reports its recommendation related to General Fund debt capacity annually; that recommendation is based on the Commission's target debt capacity of five percent debt service to General Fund revenues.

Senate Bill 614 places a statutory cap on the maximum amount of outstanding General Fund-supported debt at five percent, and prohibits the Treasurer from incurring General Fund-supported debt in excess of that amount.