Budget Questions and Requests for Information
2013-14 Recommended Budget
QUESTION #3

QUESTION: How would moving the Debt Management Fund tax rate back up 1.8 cents (from 7.5 to 9.3) affect the our capital plan.

RESPONDENT: Kenneth C. Pennoyer, Director, Business Management

RESPONSE: Adding 1.8 cents to the Debt Management Funds tax rate would provide an additional $1.3 million annually to pay debt service. Based on a rate assumption of 4% for 20 year debt this would equate to about $15 million of new debt capacity (level principal structure). The table below shows issuance scenarios for the current structure versus adding 1.8 cents in FY15.

The additional 1.8 cents allows for a $10 million larger initial issuance, one year earlier than could be be supported under the current structure. It would also allow a total of $90 million to be issued through FY27 versus $80 million through FY30 under the current structure.

Scenario 1 Current Structure	Scenario 1 Year of Issuance	Scenario 2 add 1.8 cents FY15	Scenario 2 Year of Issuance
1st $20 million	FY17	1st $30 million	FY16
1st $20 million	FY24	1st $20 million	FY21
1st $20 million	FY27	1st $20 million	FY26
1st $20 million	FY30	1st $20 million	FY27