

## Fiscal Highlights

### General Obligation Debt of the State of Utah - Brian Wikle

The State of Utah often uses general obligation (G.O.) bonds to finance large capital expenditures, including new facility construction, major remodeling, and highway projects. In practice, the state uses General Fund revenues that may be derived from various sources to service the debt. However, because G.O. bonds are secured by the full faith and credit of the state, the state must levy taxes on the property and income of residents sufficient to make principal and interest payments in the event that debt service funds fall short.

As lawmakers consider funding options for prison relocation, transportation, and other infrastructure projects, it is important to understand the state's existing indebtedness and payoff schedule, as well as constitutional and statutory debt limitations.

#### Outstanding G.O. Bond Indebtedness

	<u>Series</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Outstanding as of Jan 1, 2015</u>
Capital Facility Projects	2009B	\$ 104,450,000	July 1, 2015	\$ 22,500,000
	2009C	\$ 126,780,000	July 1, 2015	\$ 13,115,000
	2010A	\$ 79,710,000	July 1, 2016	\$ 73,710,000
	2011	\$ 46,860,000	July 1, 2017	\$ 46,860,000
	2012A	\$ 33,240,000	July 1, 2017	\$ 33,115,000
Highway Projects	2004A*	\$ 314,775,000	July 1, 2016	\$ 131,315,000
	2009A	\$ 394,360,000	July 1, 2019	\$ 126,325,000
	2009C	\$ 363,630,000	July 1, 2018	\$ 268,490,000
	2009D	\$ 491,760,000	July 1, 2024	\$ 491,760,000
	2010A	\$ 333,280,000	July 1, 2017	\$ 135,965,000
	2010B	\$ 621,980,000	July 1, 2025	\$ 621,980,000
	2010C*	\$ 172,055,000	July 1, 2019	\$ 172,055,000
	2011	\$ 563,060,000	July 1, 2026	\$ 476,770,000
	2012A*	\$ 4,110,000	July 1, 2015	\$ 4,105,000
	2013	\$ 226,175,000	July 1, 2028	\$ 215,650,000
<i>*refunding</i>				<u>\$ 2,833,715,000</u>

Under the current schedule, Utah will pay off three bonds on July 1, 2015 (Series 2009B, the capital facility projects portion of Series 2009C, and the highway projects portion of Series 2012A). If no new G.O. debt is issued, 36% of the outstanding debt will be paid off within five years, and the debt will be fully retired in 2028.

Article XIV, Section 1 of the Utah Constitution limits total general obligation debt to 1.5 percent of the value of the state's taxable property. Currently, the constitutional debt limit stands at \$4.24 billion, allowing additional debt capacity of \$1.29 billion. Debt is also capped statutorily by the State

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Appropriations and Tax Limitation Act, though most highway bonds are exempt from this cap. Under the Act, the state may incur another \$1.17 billion in general obligation debt.