

OFFICE OF FISCAL ANALYSIS

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sSB-1247

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE
STATE.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 26 \$ | FY 27 \$ |
|-----------------------|-------------|-----------|-----------|
| Treasurer, Debt Serv. | GF - Cost | See Below | See Below |
| Treasurer, Debt Serv. | TF - Cost | See Below | See Below |

Note: GF=General Fund; TF=Transportation Fund

Municipal Impact:

| Municipalities | Effect | FY 26 \$ | FY 27 \$ |
|--------------------|--------------|-----------|-----------|
| All Municipalities | Revenue Gain | See Below | See Below |

Explanation

Table 1 below summarizes the increases and reductions made to General Obligation (GO) bonds, Special Tax Obligation (STO) bonds, and Clean Water Fund (CWF) revenue bonds in FY 26 and FY 27.

Table 1: FY 26 and FY 27 Increases and Reductions to GO, STO, and CWF Bond Authorizations (in millions)

| Description | FY 26 \$ | FY 27 \$ |
|---|----------------|----------------|
| General Obligation (GO) Bonds | | |
| New Authorizations | 3,664.7 | 3,369.4 |
| Changes to Prior Authorizations | - | 25.0 |
| Reductions to Current Authorizations | (304.7) | - |
| NET TOTAL GO BONDS | 3,360.0 | 3,394.4 |
| Special Tax Obligation (STO) Bonds | | |

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| | | |
|---|----------------|----------------|
| NET TOTAL STO BONDS | 1,563.0 | 1,569.2 |
| Clean Water Fund (CWF) Revenue Bonds | | |
| NET TOTAL CWF BONDS | 50.0 | 500.0 |

Table 2 indicates the eventual total General Fund fiscal impact, through debt service, if all GO bonds authorized by the bill are allocated by the State Bond Commission and issued by the Office of the State Treasurer. Total debt repayment for the net authorization increase is estimated at \$11,032.8 million over the 20-year duration of the bonds.¹

Table 2: Net GO Bond Authorizations and Estimated Total Debt Service Cost (in millions)

| Fiscal Year Authorized | Authorization Amount \$ | Total Estimated Debt Service Cost¹ \$ |
|--|--------------------------------|---|
| 2026 | 3,360.0 | 4,807.2 |
| 2027 | 3,394.4 | 4,856.4 |
| 2028-2032 | 957.0 | 1,369.2 |
| TOTAL | 7,711.4 | 11,032.8 |
| ¹ Debt service estimates based on market rates and repaid over 20 year terms. | | |

Table 3 indicates the eventual total Special Transportation Fund fiscal impact, through debt service, if all STO bonds authorized by the bill are allocated by the State Bond Commission and issued by the Office of the State Treasurer. Total debt repayment for the net authorization increase is estimated at \$5,133.8 million over the 20-year duration of the bonds.²

¹ The net authorization increase for GO bonds includes authorizations for FY 26 and FY 27, as well as in fiscal years 28 through 32, which are discussed in the Out Years.

² The net authorization increase for STO bonds includes authorizations for FY 26 and FY 27.

Table 3: STO Bond Authorizations and Estimated Debt Service Cost for the Infrastructure Improvement Program (in millions)

| Fiscal Year Authorized | Authorization Amount \$ | Total Estimated Debt Service Cost¹\$ |
|--|--------------------------------|--|
| 2026 | 1,563.0 | 2,561.8 |
| 2027 | 1,569.2 | 2,572.0 |
| TOTAL | 3,132.2 | 5,133.8 |
| ¹ Debt service estimates based on market rates and repaid over 20 year terms. | | |

Clean Water Fund Revenue Bonds

Clean Water Fund Revenue bonds are issued and repaid using the resources of the Clean Water Fund. These bonds are not expected to have an impact on appropriated funds.

Municipal Impact of Bonding Provisions

To the extent authorized bonds are allocated by the State Bond Commission, the bill will result in a collective municipal revenue gain of at least \$216 million in each of FY 26 and FY 27, including revenue from three programs (Local Capital Improvement Program (LoCIP) - \$45 million each year, Town Aid Road - \$80 million each year (split between GO and STO bonds), and Grants for Municipal Purposes - \$91 million each year). New authorizations for multiple other bond programs, including programs regarding school construction, urban development projects, and small town assistance, may also result in additional revenue gain to various municipalities.

The Out Years

The annualized ongoing fiscal impacts identified above would continue into the future subject to the terms of any bonds issued.

Bond Authorizations After FY 27

In addition to the amounts from these sections that were included within the FY 26 and FY 27 totals above, the following sections include

authorizations that become effective in FY 28 or later. Section 71 authorizes \$75 million of GO bonds after the biennium (\$25 million annually in FY 28 through FY 30). Section 105 authorizes \$25 million of GO bonds after the biennium (\$12.5 million in each of FY 28 and FY 29). Section 106 authorizes \$57 million of GO bonds after the biennium (\$11.5 million annually in FY 28 through FY 31 and \$11 million in FY 32). Section 107 authorizes a total of \$800 million of GO bonds after the biennium (\$11.5 million annually in FY 28 through FY 31 and \$11 million in FY 32). The total debt service cost for these authorizations is reflected in Table 2.