



STATE OF MAINE  
**OFFICE OF THE STATE TREASURER**  
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[www.maine.gov/treasurer](http://www.maine.gov/treasurer)

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State Treasurer

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Deputy State Treasurer

**TO:** Senator Peggy Rotundo  
Representative Melanie Sachs  
Joint Standing Committee on Appropriations and Financial Affairs

**FROM:** Henry E.M. Beck, State Treasurer

**DATE:** February 8, 2023

**RE:** L.D. 258 An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025"

Good morning, Senator Rotundo, Representative Sachs and members of the Joint Standing Committees on Appropriations and Financial Affairs. My name is Henry Beck, and I am the State Treasurer. Thank you for this opportunity to come before you today to discuss the Debt Service portion of Office of the Treasurer's budget. I am here today to testify in support of the fiscal year 2024-2025 biennial budget bill, LD258.

This request represents the funds needed, based on current calculations of what we know today, to ensure funds are available for debt service in FY24/25. There are currently \$71,470,000 of authorized but unissued bonds. In projecting debt service needs, the Office of the Treasurer presumes an additional \$200,000,000 of new authorized bonds would be approved over the biennium.

Debt service is outlined on page A-637 and includes one initiative. The initiative adjusts funding levels and projects the bond sales to be \$100,000,000 in FY2024 and \$100,000,000 in FY2025 which requires an increase in debt servicing cost of \$24,850,550 or 10.9% over the biennium. This projected cost assumes the carry balance from FY 2022-2023 into FY 2024-25 (included in the pending supplemental budget). This anticipated carry balance would be for \$12,816,340.

This bill also includes language to allow OST to carry forward balances into future the biennium, which can be seen on page 55 of the Language, Section TTT.

02.07.2023

## Office of the State Treasurer - Debt Service Dashboard

	FY22	Rate	FY23	Rate	FY24	Rate	FY25	Rate
1 Bond Issue assumes \$150M new authorizations per FY	85,470,000	2.80%	71,470,000	4.00%	100,000,000	4.00%	100,000,000	4.00%
2 Current Debt Service Principal already authorized, already issued	83,845,000		97,840,000		98,480,000		87,185,000	
3 Current Debt Service Interest already authorized, already issued	26,683,908		26,908,898		23,355,513		19,050,225	
7 New Principal (from FY23 bond issue)					7,147,000		7,147,000	
7 New Interest (from FY23 bond issue)					2,858,800		2,572,920	
7 New Principal (from FY24 bond issue)					-		10,000,000	
7 New Interest (from FY24 bond issue)					-		4,000,000	
8 BAN Interest (cash pool IB)	76,696	0.51%	893,375	5.00%	1,250,000	5.00%	1,250,000	5.00%
9 FY22-25 assumes 1/2 of the bond issue amount via BAN/IB for 1/2 the year FY19-23: no TAN		0.51%	-	5.00%	-	5.00%	-	5.00%
<b>Total Debt Service Budget</b>	<b>110,605,604</b>		<b>125,642,273</b>		<b>133,091,313</b>		<b>131,205,145</b>	
Current Appropriation	113,314,784		113,314,784		113,314,784		113,314,784	
Over/Short	2,709,180		(12,327,489)		(19,776,529)		(17,890,361)	
Carry Forward - Used								
Carry Forward Balance	22,434,648		25,143,829		12,816,340			
Savings/Appropriation Needed	25,143,829		12,816,340		(6,960,189)		(17,890,361)	
FY22-23 Difference->			12,816,340		FY24-25 Difference->		(24,850,550)	

## Assumptions for FY22-25:

Issuance per FY @ 4% rate: \$71.47M in FY23; \$100M in FY24-25

FY22-25 Full 10-year principal payments

1/2 of the bond issue amount via BAN/IB for 1/2 the year (@ 5% rate)