



STATE OF MAINE  
**OFFICE OF THE STATE TREASURER**

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**TO:** Senator Teresa Pierce, Chair  
Representative Traci Gere, Chair  
Joint Select Committee on Housing

**FROM:** Henry Beck, State Treasurer

**DATE:** February 20, 2024

**RE:** LD 2209, *An Act to Increase the Cap on Bonds Issued by the Maine State Housing Authority to Reflect Current Housing Production Needs in the State* (Representative Gere of Kennebunkport)

Thank you for this opportunity to testify in support of LD 2209, *An Act to Increase the Cap on Bonds Issued by the Maine State Housing Authority to Reflect Current Housing Production Needs in the State*

LD 2209 is relevant to our office because it relates to the State's overall debt profile. The policy objectives and benefits of LD 2209 are self-evident, especially to this Committee. The purpose of my supportive testimony is to convey that it is my opinion that *increasing the bonding capacity of MSHA as proposed in LD 2209 will not have a negative material impact on the State's credit rating or fiscal position.*

-Although LD 2209 proposes to increase bonding capacity, it does not and should not affect the various safeguards MSHA has in place regarding the ability to pay down debt such as approval for issuance by the MSHA Board of Commissioners, appropriate structuring, stress tests, and reserve requirements.

- While moral obligation debt is very relevant to our fiscal position and credit, our overall debt profile places us at or near the median for net tax supported debt.

-In recent years, credit rating agencies have advised that our credit challenges relate mostly to demographics and economic metrics.

-At the end of the day, although a failure for the State to make an appropriation in the highly unlikely event its moral obligation is invoked would likely not be well-advised, the moral obligation is indeed moral and not legal, and again, highly unlikely.

In short, I urge the Committee to weigh the public policy benefit of LD 2209 against considerations of the State's credit profile. It is my opinion that given the fiscal safeguards in place by MSHA, Maine's overall debt profile, current sentiments from credit rating agencies, and the unique nature of moral obligation debt, LD 2209 is an appropriate and prudent measure to address housing needs within the State.