

**SB 614 STAFF MEASURE SUMMARY**

**Senate Committee On Business and General Government**

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**Prepared By:** Tyler Larson, LPRO Analyst

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 3/5

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**WHAT THE MEASURE DOES:**

Establishes prudent maximum amount of outstanding General Fund-supported debt as amount for which debt service due in biennium equals five percent of General Fund revenues estimated to be received in biennium. Prohibits State Treasurer from incurring General Fund-supported debt in excess of prudent maximum amount. Declares emergency, effective July 1, 2019.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The General Fund is composed primarily of personal and corporate income tax, and is the most discretionary source of funds that the Legislature and Governor have when adopting the biennial budget. Current statute requires the State Debt Policy Advisory Commission to advise the Governor and Legislative Assembly regarding policies that enhance and preserve the state's credit rating and maintain the future availability of low-cost capital financing. The Commission reports its recommendation related to General Fund debt capacity annually; that recommendation is based on the Commission's target debt capacity of five percent debt service to General Fund revenues.

Senate Bill 614 places a statutory cap on the maximum amount of outstanding General Fund-supported debt of five percent, and prohibits the Treasurer from incurring General Fund-supported debt in excess of that amount.