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March 15, 2021

Rep. John Graham, Chairman  
Public Works and Highway Committee  
Concord, NH 03301

Dear Chairman Graham and Committee members,

In response to the most recent request from the Committee, the State Treasury updated the Debt Affordability schedules to determine the impact on the Debt to Unrestricted Revenue ratio ("ratio") if the Committee were to approve bonding in excess of the assumed amount of \$120 million used for the Debt Affordability Study. The results indicated that if the Committee were to approve \$135 million in bonding authorization, the impact on the ratio would be minimal, an increase of 0.1% beginning in fiscal year 2023. Although the State has the capacity to absorb additional obligations, another \$15 million in bonding would impact future operating budgets as debt service expenditures would also increase by \$22.1 million over the life of the bond.

In my previous testimony, I mentioned that in addition to being recognized by the rating agencies for maintaining sound debt management practices, maintaining borrowing capacity would provide the State with budgetary flexibility to address unanticipated capital needs.

Please contact me for any questions you may have.

Respectfully,

A handwritten signature in blue ink that reads "Monica I. Mezzapelle".

Monica I. Mezzapelle  
State Treasurer