



Legislative Fiscal Bureau

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May 18, 2012

TO: Senator Kathleen Vinehout
Room 3 South, State Capitol

FROM: Al Runde, Fiscal Analyst

SUBJECT: State General Purpose Revenue Supported Debt Restructuring Under 2011 Acts 13 and 32

As you requested, this memorandum provides information on the total amount general purpose revenue (GPR) supported debt restructuring actions taken under 2011 Acts 13 and 32. In addition, information on the additional interest costs to the state associated with those debt restructuring actions is also provided.

2011 Act 13 and Act 32 Debt Restructuring Actions

You requested information on the amount of state general obligation debt that has been restructured under 2011 Acts 13 and 32. Since May, 2011, the has issued three series of bonds that involved restructuring \$453.5 million in long term GPR debt: (a) 2011 Series 1, issued in May, 2011, restructured approximately \$190.1 million, net of bond premiums, in GPR debt principal that would have otherwise been repaid in May, 2011 (this transaction used the \$165.0 million in bond refinancing authority authorized under 2011 Act 13, along with additional structural refinancing authority); (b) 2011 Series 2, issued in September, 2011, restructured approximately \$45.4 million, net of premiums, in GPR principal that would have otherwise been repaid in November, 2012; and (c) 2012 Series 1, issued in March, 2012, restructured approximately \$218.0 million, net of premiums, in GPR principal that would have otherwise been repaid in May, 2012. In addition, under 2011 Act 32, the state will restructure \$104.8 million in GPR supported commercial paper principal that would have otherwise been due to be repaid in May, 2012. Therefore, in total, since May, 2011, the state has issued additional debt to restructure, or make the principal payments on, approximately \$558.3 million in GPR supported principal that would have otherwise been paid off in 2010-11 and 2011-12.

The following table provides principal and interest repayment schedule associated with the repayment of the GPR debt restructuring included in Acts 13 and 32. Under each debt restructuring transaction, the principal on the state's existing GPR supported general obligation and commercial paper debt would have been paid off from the general fund through sum sufficient debt service appropriations, but is instead paid off with the proceeds from the issuance of additional debt. As a result, that principal will now remain outstanding for a longer period of time and thus an estimated \$156.2 million in additional interest costs could be incurred by the state. The following table combines the potential repayment schedules associated with these debt restructuring transactions, if the debt remains outstanding to the expected maturity.

**Repayment Schedule Under 2011 Acts 13 and 32
GPR Debt Restructuring Transactions**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011-12	-	\$9,824,261	\$9,824,261
2012-13	\$17,235,000	27,677,712	44,912,712
2013-14	73,344,621	25,086,178	98,430,799
2014-15	76,261,102	22,164,422	98,425,524
2015-16	65,001,657	18,606,917	83,608,574
2016-17	68,148,490	15,481,334	83,629,824
2017-18	71,513,914	12,105,334	83,619,249
2018-19	53,677,337	8,528,639	62,205,976
2019-20	46,421,704	5,833,272	52,254,976
2020-21	38,028,789	3,748,062	41,776,851
2021-22	12,303,729	1,960,272	14,264,001
2022-23	9,381,665	1,345,086	10,726,751
2023-24	8,252,748	1,081,532	9,334,281
2024-25	4,885,000	830,223	5,715,223
2025-26	3,225,000	691,000	3,916,000
2026-27	3,385,000	529,750	3,914,750
2027-28	3,355,000	360,500	3,715,500
2028-29	2,790,000	192,750	2,982,750
2029-30	615,000	53,250	668,250
2030-31	<u>450,000</u>	<u>22,500</u>	<u>472,500</u>
Total	\$558,275,756	\$156,122,992	\$714,398,748

I hope this information is helpful. Please contact me if you have any further questions.

AR/sas