

Article 2 Summary

The FY 2017 budget as enacted included a series of reforms to Treasury's management of public debt, which Treasury staff will be tasked with implementing. The enacted budget article accomplishes the following:

1. Empowers the PFMB to advise and/or assist any city or town and any municipal or regional agency, board or commission regarding the issuance of debt.
2. Creates a new requirement that the PFMB annually report the total amount of state, regional, municipal, and quasi-public corporation debt authorized, sold and unsold.
3. Requires PFMB to oversee the undertaking of a debt affordability study, which shall include recommended limits for capacity, no less frequently than every two years. This affordability study will review the capacity of state, regional, municipal, and public and quasi-public corporations that have authority to issue revenue or general obligation bonds or notes.
4. Requires that public debt issuers provide the PFMB with a notice of final sale. Issuers who fail to issue notice of final sale will be subject to a per diem monetary fine, which shall be collected and enforced by the Office of the General Treasurer.
5. Issuers of public debt must, by the end of each fiscal year, provide the following information for each outstanding debt incurred: the principal amount of the outstanding issue; the amount of proceeds of the issue that remains unspent; the amount of debt authorized by the bond act or other appropriate authorization relevant to the issue that remains authorized but unissued; and a list of purposes for which the debt has been issued and the amounts expended for each purpose in the prior fiscal year.
6. Provides the PFMB the statutory authority to offer non-binding, advisory opinions on all aspects of debt management practices of state, municipal, and public and quasi-public corporations
7. Includes new funding of \$300k to establish a new Division of Debt Management within Treasury, to accommodate 1.0 new FTE (in addition to the 1.0 previously existing FTE), as well as technology upgrades to further facilitate the collection of key information on debt issuance. The intent by Treasury and the General Assembly is for these new costs to be offset by new revenue that will be collected by the extension of the .00025% fee levied by the PFMB to underwriters on debt issuance to refundings and municipal issuance.