SENATE FLOOR VERSION
April 5, 2017
AS AMENDED

ENGROSSED HOUSE
BILL NO. 1533 By: Montgomery of the House

and

Treat of the Senate

[public finance - debt obligations - study - presentation to Legislature and to Governor - effective date]

~~**BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:**~~

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 34.200-1 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The State Bond Advisor in cooperation with the Office of Management and Enterprise Services shall produce a written debt affordability study (study) to be presented to the Legislature and the Governor.

B. The study shall be used to determine Oklahoma's debt position relative to its benchmark debt ratio of debt service as a percentage of revenues. The study shall incorporate information available in other sources, such as the Annual Report of the Oklahoma State Bond Advisor and the Bonded Indebtedness Report, into an analysis of Oklahoma's debt position.

C. The study shall include the net tax-supported and net revenue-supported debt of this state for the most recently concluded fiscal year. It shall also include the debt for the most recently concluded fiscal year of state **agencies and state-beneficiary public trusts which are authorized to issue debt**.

D. The study shall include the following:

1. Projections of debt service, future debt issuance, and debt to capacity, such as debt service as a percentage of revenues. Each projection shall extend at least five (5) years from the study's fiscal year of publication;

2. A discussion of Oklahoma's unfunded pension liabilities and the impact of these liabilities on the state's ability to borrow and cost of debt;

3. An identification and calculation of relevant metrics including, but not limited to, debt service as a percentage of revenues, total debt as a percentage of state personal income, and total debt per capita;

4. A comparison of debt metrics to a select group of at least ten other states so that Oklahoma may be able to measure and contextualize its debt relative to other states;

5. A sensitivity analysis to understand the effects of uncertain conditions. This sensitivity analysis may include analysis on the impact of debt ratios of revenues being above or

below expectations or interest rates increasing or decreasing from positions at time of publication; and

6. An estimate of available debt capacity the state may issue over the next five (5) years without causing the benchmark debt ratio of debt service as a percentage of revenues to exceed five percent (5%). This estimate is based on the state's net tax-supported debt and the debt of the relevant state units and agencies.

E. In preparing any authorization of new debt, the debt-issuing entity, the Legislature, and the Governor shall take the study's recommendations and estimates into consideration. In addition, the study's recommendations and estimates shall be taken into consideration by the Legislature and the Governor during capital planning and budgeting processes.

F. The State Bond Advisor and the Office of Management and Enterprise Services shall report the results of the study to the Legislature by transmitting a copy to the Speaker of the House of Representatives, the President Pro Tempore of the State Senate, and to the Governor on or before **January** 15 of each year.

G. The study's recommendations and estimates shall be advisory and not binding.

SECTION 2. This act shall become effective November 1, 2017.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
April 5, 2017 - DO PASS AS AMENDED