Debt Report

State of Florida

2019

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The Division of Bond Finance
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Executive Summary

The State of Florida Debt Report (the "Report") is prepared annually by the Division of Bond Finance in accordance with Section 215.98, Florida Statutes. The Report reviews the State's debt position how future debt service payments, debt issuance, and revenue projections will affect the State's benchmark debt ratio. The Report also provides information on matters important to the State's credit ratings such as pension liabilities and reserves, as well as developments in alternative financing techniques.

The debt affordability analysis contained in the Report is based on the ratio of debt service to revenues available to pay debt service. Policy guidelines established by the Legislature include a 6% target and a 7% limit for the State's benchmark debt ratio.

Debt and Debt Service Payments

Total State direct debt outstanding as of June 30, 2019, was $20.6 billion—a $400 million decrease from the prior fiscal year and continuing a downward trend which began in 2011 totaling $7.6 billion. Net tax-supported debt for programs supported by State tax revenues or tax-like revenues totaled $17.0 billion while self-supporting debt, representing debt secured by revenues generated from operating bond-financed facilities, totaled $3.7 billion. Indirect State debt, debt secured by revenues not appropriated by the State or debt obligations issued by a separate legal entity, was approximately $8.2 billion.

Annual debt service payments decreased by $307 million in Fiscal Year ("FY") 2019 to $2.0 billion. The decrease in FY 2019 reflects a refinement in how long-term Public Private Partnerships ("PPP") obligations are recorded. Projected debt service is expected to increase by approximately $116 million in FY 2020.

Approximately $4.0 billion of debt is projected to be issued over the next ten years, primarily for transportation projects. Projections exclude any additional borrowing for Public Education Capital Outlay ("PECO"), Florida Forever, or additional PPP projects entered into by DOT. Projected debt issuance over the next ten years has increased by approximately $390 million above the $3.6 billion projected issuance figure in the 2018 Debt Report.

Revenues available to pay debt service in FY 2019 totaled $42.9 billion, approximately $1.8 billion, 4.4% more than FY 2018.

Benchmark Debt Ratio

The State's benchmark debt ratio—debt service to revenues available to pay debt service—improved in FY 2019 to 4.64%. The benchmark debt ratio remained below the 6% policy target for a fifth consecutive year and is forecasted to continue below the policy target due to the projected growth in revenues and restrained debt issuance.

Projections for the benchmark debt ratio remain consistently below 6% through 2029. The total debt capacity available over the next ten years within the 6% policy target is nearly $32.4 billion. For near term planning purposes, there is approximately $5 to $7 billion of net debt capacity available within the policy target over the next three years or approximately $1.5 to $2 billion a year over the next three years. However, debt capacity is a scarce resource and should be used sparingly to fund critical infrastructure needs.

Credit Ratings

There are several factors outside the debt affordability analysis that can impact the State's ability to access credit and the cost of borrowing. Credit ratings play an integral role in the municipal bond market and are one factor that affects the State's borrowing cost. Since being upgraded by Moody's Investors Service ("Moody's") to Aaa in June of 2018, the State continues to be rated triple-A by all three rating agencies: Fitch Ratings ("Fitch"), Moody's, and Standard and Poor's ("S&P"). In their reports, the rating agencies recognized the State's conservative fiscal management, budgeting practices, and adequate reserves as credit strengths.

Reserves

Maintaining adequate reserves and funding of the Florida Retirement System ("FRS") are essential to sustaining Florida's triple-A credit ratings. Florida's general revenue is primarily dependent on sales tax which tends to be sensitive to economic weakness. Over the past four years, General Fund Reserves are down by more than $500 million as reserves have been used to supplement revenue collections to fund the budget. General Fund Reserves were approximately $3.4 billion or 10.4% of general revenues at the end of FY 2019 (after adjusting for corporate tax refunds to be paid in the subsequent fiscal year). General Fund Reserves are projected to be $3.0 billion or approximately 9.1% of general revenues as of June 30, 2020. Trust fund balances also serve as an additional source of reserves, augmenting the State's financial flexibility.

Pension Funding

The rating agencies have increasingly focused on the financial challenges presented by defined benefit retirement systems. The status of pension funding is an important aspect of credit rating analysis. In recent years, there have been more downgrades of state credit ratings due to outsized pension liabilities than any other single credit factor. Outsized pension liabilities have been caused by inadequate pension contributions. In addition to pension funded status, there is an increasing focus on the reasonableness of assumptions in calculating pension liabilities and how those assumptions affect required contributions and liabilities over the long-term.

This year, Florida made important progress in lowering its investment return assumption and using actuarial methodologies that are more consistent with best practices. The investment

return assumption, which had been lowered from 7.75% to 7.4% over the previous five years, was reduced to 7.2%. However, the FRS's investment consultants and the State's actuary believe that 6.6% to 6.7% is more realistic. S&P Global Ratings recently published guidance, which indicated 6.5% as a sustainable return assumption. Therefore, more progress needs to be made toward a realistic investment return assumption and a responsible methodology for amortizing the unfunded liability. If additional progress is not made, Florida will risk its strong funded status by understating required contributions. More importantly, inadequate contributions may lead to a weaker financial position for the FRS and challenges to maintaining the State's triple-A credit ratings.

Information provided in the Report is intended to serve as a useful tool for policymakers as they consider prudent budgeting for the upcoming fiscal year and future borrowing decision that can impact the long-term fiscal health of the State.

Introduction

The annual Debt Report is required by Section 215.98, Florida Statutes and is presented to the President of the Senate, Speaker of the House, and the chair of each appropriation committee. The analysis included in the Debt Report is a tool to guide policymakers when assessing the impact of borrowing on the State's fiscal position, helping to inform prudent decision making regarding financing proposals and capital spending priorities.

To encourage fiscal responsibility on matters pertaining to state debt, Section 215.98, Florida Statutes, establishes a 6% target and 7% limit as policy guidelines for the benchmark debt ratio. The ratio is determined using a financial model that measures the impact of changes in two variables: (1) the State's annual debt service payments; and (2) the amount of revenues available for debt service payments. The analysis compares the State's current debt position to relevant industry and peer metrics and evaluates the impact of issuing additional debt given current economic conditions reflected in revenue forecasts.

Additional debt causing the benchmark debt ratio to exceed the 6% target may be issued only if the Legislature determines that the additional authorization and issuance are in the best interest of the State. Additional debt causing the benchmark debt ratio to exceed 7% may be issued only if the Legislature determines that such additional debt is necessary to address a critical State emergency.

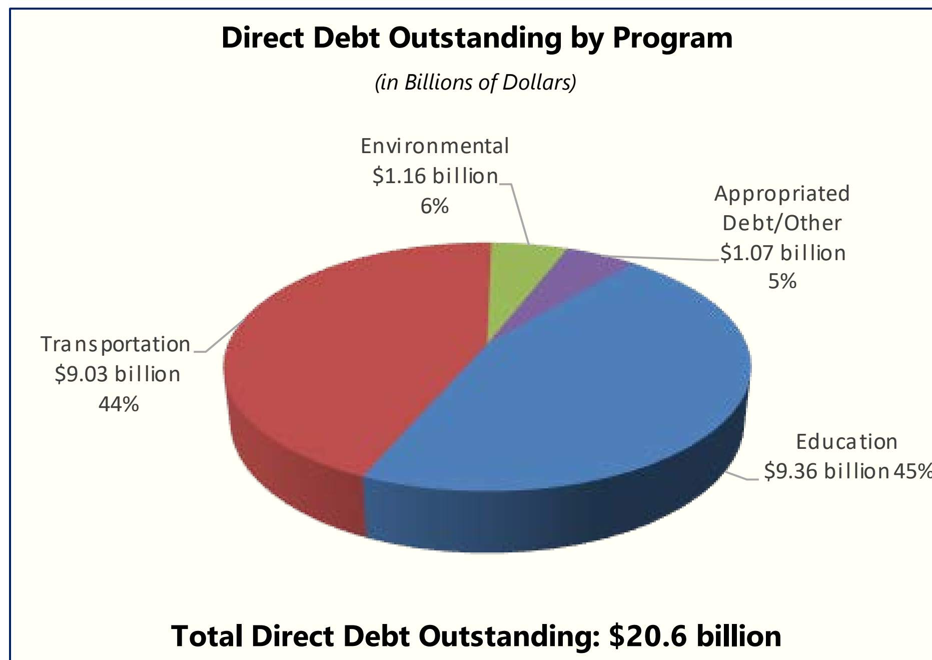
The purpose of the Report is to review the State's debt position and show how future debt issuance and revenue projections will affect the State's benchmark debt ratio. Performing the debt affordability analysis enables the State to monitor changes in its debt position.

The Report provides information as of June 30, 2019 unless otherwise noted. Updates to the analysis occur as Revenue Estimating Conference forecasts are revised in order to ensure the Legislature has the latest information available when making critical future borrowing decisions during the appropriations process.

Outstanding State Debt

The State had $20.6 billion in total direct debt outstanding. Educational facilities are the largest investment financed with bonds, with $9.4 billion or 45% of total debt outstanding. The bulk of the outstanding amount for educational facilities is comprised of PECO bonds, which account for $7.4 billion. The August 2019 PECO estimating conference estimated the current borrowing capacity at approximately $2.9 billion. Despite the estimated capacity, no new bonding for PECO has been included in the 2019 Report. Transportation infrastructure at $9.0 billion or 44% of total debt outstanding is the second largest infrastructure investment funded with debt. The largest part of transportation debt reflects the State's payment obligations for financing transportation infrastructure through Public Private Partnerships ("PPPs")—$4.0 billion. Contributing to the next largest portion of transportation debt are toll roads financed with bonds for Florida's Turnpike Enterprise—$2.6 billion—and Right-of-Way Acquisition and Bridge Construction bonds—$1.9 billion. Environmental program bonding is the third largest component of State debt, with $1.2 billion of bonds outstanding for the Florida Forever, Everglades Restoration, Florida Water Pollution Control, and Inland Protection programs.

Net tax-supported debt consists of debt secured by state tax revenue or tax-like revenue. Self-supporting debt is secured by revenues generated from operating the facilities financed with bonds. The Turnpike Enterprise is the primary self-supporting program with outstanding debt. The remaining self-supporting debt relates to other toll facilities, university auxiliary enterprises, which primarily finance campus housing and parking facilities, and the water pollution control revolving loan program, which provides low interest rate loans to local governments for wastewater projects.



Direct Debt Outstanding by Type and Program

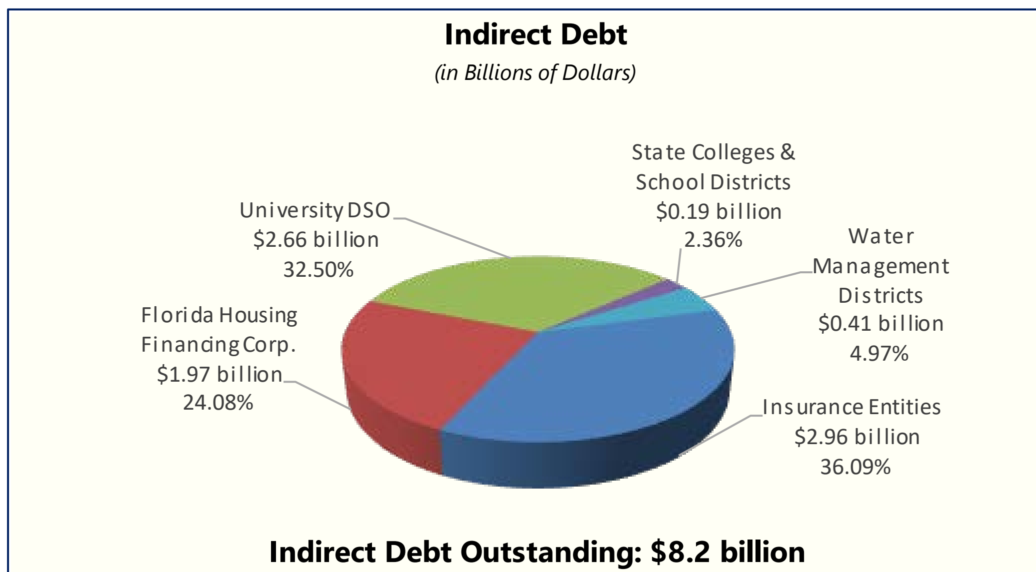
(In Millions Dollars)

Debt Type		Amount
Net Tax-Supported Debt		$16,958.8
Self-Supporting Debt		3,672.1
Total State Debt Outstanding		**$20,630.9**
Net Tax-Supported Debt		
Education		
Public Education Capital Outlay	$7,367.1	
Capital Outlay	101.4	
Lottery	971.5	
University System Improvement	96.9	
University Mandatory Fee	68.3	
State (Community) Colleges	65.4	
Total Education		$8,670.6
Environmental		
Florida Forever Bonds	669.3	
Everglades Restoration Bonds	179.5	
Inland Protection	39.6	
Total Environmental		$888.4
Transportation		
Right-of-Way Acquisition and Bridge Constructic	1,906.5	
DOT Financing Corporation	154.8	
PPP Obligations L-T Projects	3,975.6	
Florida Ports	295.8	
Total Transportation		$6,332.7
Appropriated Debt / Other		
Facilities	176.7	
Prisons	314.9	
Children & Families	69.1	
Lee Moffitt Cancer Center	157.9	
Master Lease	8.2	
Energy Saving Contracts	26.3	
Sports Facility Obligations	313.9	
Total Appropriated Debt / Other		$1,067.0
Total Net Tax-Supported Debt Outstanding		**$16,958.8**
Self-Supporting Debt		
Education		
University Auxiliary Facility Revenue Bonds		$693.5
Environmental		
Florida Water Pollution Control		276.6
Transportation		
Toll Facilities	2,685.1	
State Infrastructure Bank Revenue Bonds	17.0	
Total Transportation		2,702.0
Total Self-Supported Debt Outstanding		**$3,672.1**

Indirect Debt

In addition to direct debt, the State has indirect debt. Indirect debt represents debt secured by revenues not appropriated by the State or debt obligations of a separate legal entity. In some cases, indirect debt may represent a financial burden on Florida citizens (e.g., assessments that are pledged to the CAT Fund and Citizens debt). Indirect debt is not included in the State's debt ratios or the analysis of the State's debt burden.

Indirect debt of the State totaled approximately $8.2 billion, approximately $800 million less than the previous year. Indirect debt decreased primarily due to substantial reductions in debt associated with insurance entities ($885 million). CAT Fund and Citizens represented $3.0 billion or 36% of total indirect debt and consists of pre-event financings to provide cash to pay potential losses incurred following a hurricane. Pre-event debt outstanding was $1.3 billion for Citizens and $1.7 billion for the CAT Fund. Although the State views the insurance entities as independent and responsible for their own obligations, rating agencies consider the amount of debt outstanding by the insurance entities integral to the State's overall credit due to the fiscal impact the insurance entity assessments could have on Floridians. University Direct Support Organizations ("DSOs") comprise nearly $2.7 billion or 33% and Florida Housing Finance Corporation, which administers the State's housing programs, accounts for $2.0 billion or 24% of the total indirect debt outstanding.



Total Indirect State Debt by Program

(In Millions of Dollars)

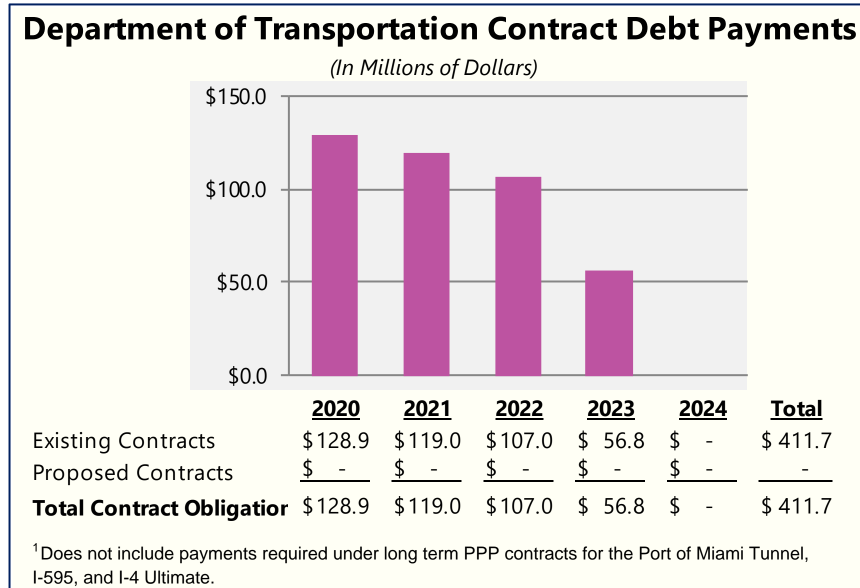
Insurance Entities		
Florida Hurricane Catastrophe Fund Finance Corporation	$ 1,650.0	
Citizens Property Insurance Corporation	1,305.0	
Total		$ 2,955.0
Florida Housing Finance Corporation		
Single Family Programs	1,054.1	
Multi-Family Programs	917.4	
Total		1,971.5
University Direct Support Organizations		
Shands Teaching Hospital & Affiliates	1,097.8	
University of South Florida	317.7	
University of Central Florida	311.7	
Florida Gulf Coast University	187.4	
Florida Atlantic University	189.5	
North Florida	138.3	
University of Florida	77.4	
Other State Universities	341.7	
Total		2,661.5
Water Management Districts		406.7
School Districts		
Bay	16.4	
Lee	17.9	
Palm Beach	15.0	
Other School Districts	28.0	
Total		77.3
State (Community) Colleges and Foundations		116.2
Total State Indirect Debt		**$ 8,188.3**

Alternative Financing Techniques

Alternative financing techniques provide funding for capital projects and utilize State resources for repayment. Four alternative financing techniques are noted in this Report: DOT short-term PPP contracts; DOT long-term PPP projects; debt issued through university DSOs or through PPP contracts; and charter school transactions. Tracking and disclosing alternative financing transactions is important as they frequently commit future state resources but may not be reflected in State debt.

Short Term Contract Debt

DOT has used build-finance and design-build-finance contracts (collectively referred to as "Contract Debt") to advance construction projects. Contract debt accelerates project construction but obligates DOT to make payments at a later date based on a pre-determined contractual schedule, functionally equivalent to short-term debt. DOT generally begins making the mandatory cash availability payments from State Transportation Trust Fund ("STTF") revenues during construction but payments sometimes continue once construction is complete. DOT Contract Debt totaled approximately $412 million. Although a portion of the payments may be offset with other funding sources (e.g. toll revenues or contributions by local governments), the amounts represent the total payments due under contract debt payable from STTF revenues, as the State is the ultimate obligor.



	2020	2021	2022	2023	2024	Total
Existing Contracts	$128.9	$119.0	$107.0	$ 56.8	$ -	$ 411.7
Proposed Contracts	$ -	$ -	$ -	$ -	$ -	-
Total Contract Obligatior	$128.9	$119.0	$107.0	$ 56.8	$ -	$ 411.7

[1] Does not include payments required under long term PPP contracts for the Port of Miami Tunnel, I-595, and I-4 Ultimate.

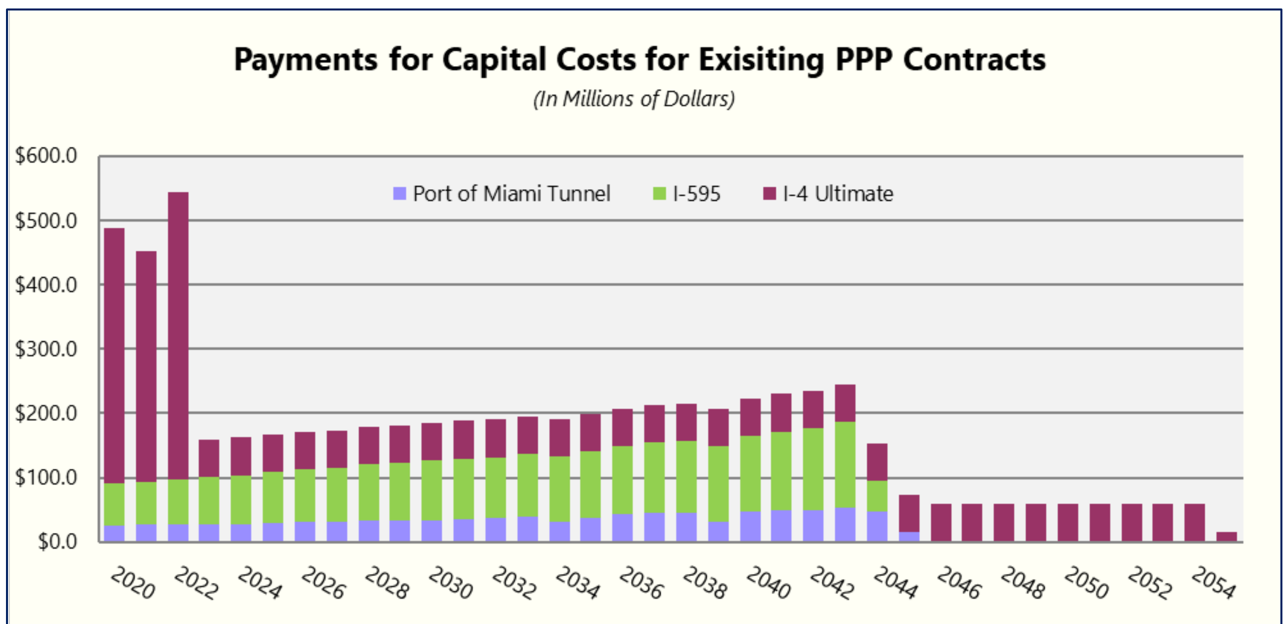
DOT's required payments under Contract Debt have been included as State debt, but excluded from calculating the benchmark debt ratio because the term of the contract debt is generally no longer than five years and repaid within the five-year Work Program. Including required payments under the contract debt would introduce near-term volatility in the benchmark debt ratio, impairing the usefulness of the analysis as a long-term planning tool.

Long-Term PPP Projects

Pursuant to Section 334.30, Florida Statutes, DOT has executed three agreements with private partners to advance construction of the I-595 Corridor Improvement Project, the Port of Miami Tunnel Project, and I-4 Project through Orlando. These projects have original combined construction costs of $4.5 billion—$1.3 billion for the I-595, $543 million for the Port of Miami Tunnel, and $2.7 billion for the I-4 Project.

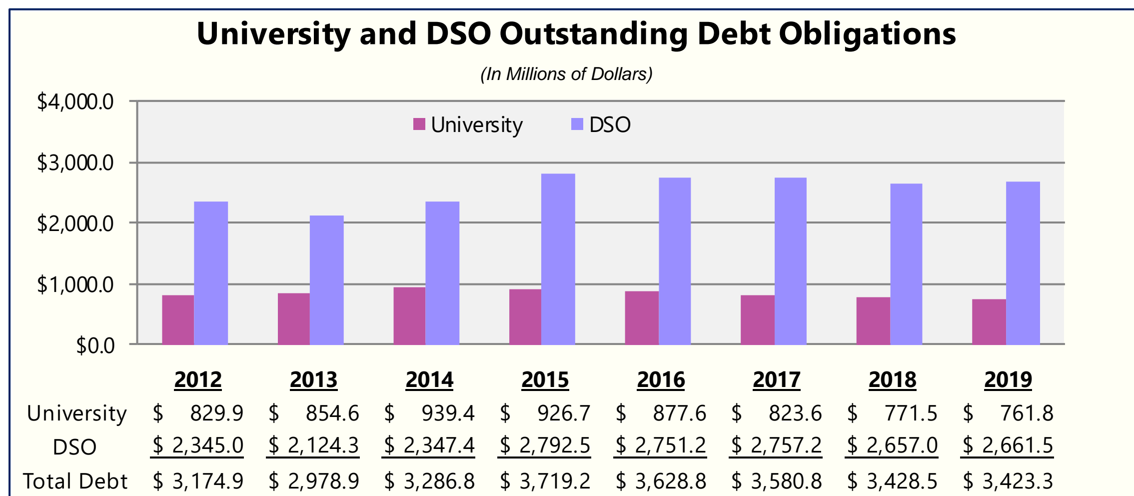
The capital costs and operations/maintenance expenses of these PPP projects are paid through "availability payments" or mandatory, scheduled payments that commence when construction is complete and continue for 30 to 35 years. The capital costs of these PPP projects are included as outstanding debt of the State. The capital portion of the required payments for DOT's PPP projects total $6.4 billion over the next 36 years. The maximum aggregate annual payment of $543 million for the capital costs associated with these projects is due in 2022.

Section 334.30, Florida Statutes, requires DOT to ensure that no more than 15% of the total available federal and state funding in the STTF in any given year be obligated to required payments for contract debt and PPP contracts. The amount available under the 15% limit varies annually over the next ten years. The amount available under the statutory limit generates additional debt capacity of $9.2 billion within DOT's 10 year plan. If this amount were added to the State's FY 2019 benchmark debt ratio calculation, the debt ratio would increase by approximately 3.00%.



University PPP and DSO Obligations

State universities utilize their DSOs to support various auxiliary functions (e.g. athletics, healthcare, fundraising, research activities, etc.). DSOs can also serve as a conduit issuer or shell corporation for universities to finance capital projects, including campus housing, parking and athletic facilities. DSO transactions are approved by the universities' Boards of Trustees, DSO Boards, and the Board of Governors. Unlike transactions managed by the Division of Bond Finance, DSO transactions do not require approval by the Governor and Cabinet. Universities have increasingly used DSOs to incur debt for infrastructure projects. University PPP obligations and DSO debt are estimated to be approximately $2.7 billion and represented 78% of university debt outstanding. University PPP and DSO debt are excluded from State direct debt in this report, if they were included, State debt would be approximately 13% higher.



	2012	2013	2014	2015	2016	2017	2018	2019
University	$ 829.9	$ 854.6	$ 939.4	$ 926.7	$ 877.6	$ 823.6	$ 771.5	$ 761.8
DSO	$ 2,345.0	$ 2,124.3	$ 2,347.4	$ 2,792.5	$ 2,751.2	$ 2,757.2	$ 2,657.0	$ 2,661.5
Total Debt	$ 3,174.9	$ 2,978.9	$ 3,286.8	$ 3,719.2	$ 3,628.8	$ 3,580.8	$ 3,428.5	$ 3,423.3

Charter Schools

According to the Department of Education, there were 658 charter schools educating 313,600 students in Florida in FY 2019, an enrollment increase of 6%. Like Florida public schools, charter schools receive funding for operations from the State on a per student basis. In addition, charter schools can become eligible for capital outlay funding beginning in the fourth year of operation. Capital outlay disbursements to charter schools totaled more than $145 million, an increase of more than $95 million from the previous fiscal year. Enrollment demand has pressured existing charter school facilities and contributed to the proliferation of debt issuance to finance new schools or refinance existing schools. Since charter school debt is not a direct obligation of the State and municipal market participants evaluate obligations based on the operator and success of the school, it is not treated as State direct debt and is excluded when calculating the benchmark debt ratio.

Debt Outstanding

The trend in the State's outstanding debt is important in evaluating how debt levels have changed over time. During Fiscal Years 2009 and 2010, the State made substantial investments in infrastructure for education, transportation, and acquiring conservation lands to address the needs of a growing population. As a result, total State direct debt grew by $1.8 billion. During those years, increases in debt outstanding were primarily due to the issuance of PECO bonds, Florida Forever bonds, PPP obligations and correctional facility financings.

Between June 30, 2010 and June 30, 2019, total direct debt declined by approximately $7.6 billion, or 27%, because very little new money debt was authorized. The decrease was due in part to a change in debt management policy that requires more rigorous scrutiny of debt financed projects with a focus on the return on investment or other appropriate quantitative metrics. In FY 2015, debt increased by approximately $1.5 billion due to substantial investment in transportation infrastructure (I-4 Project) and a refinement in how PPP obligations are recorded. In FY 2019, debt declined $400 million and continued the downward trend started in FY 2011.

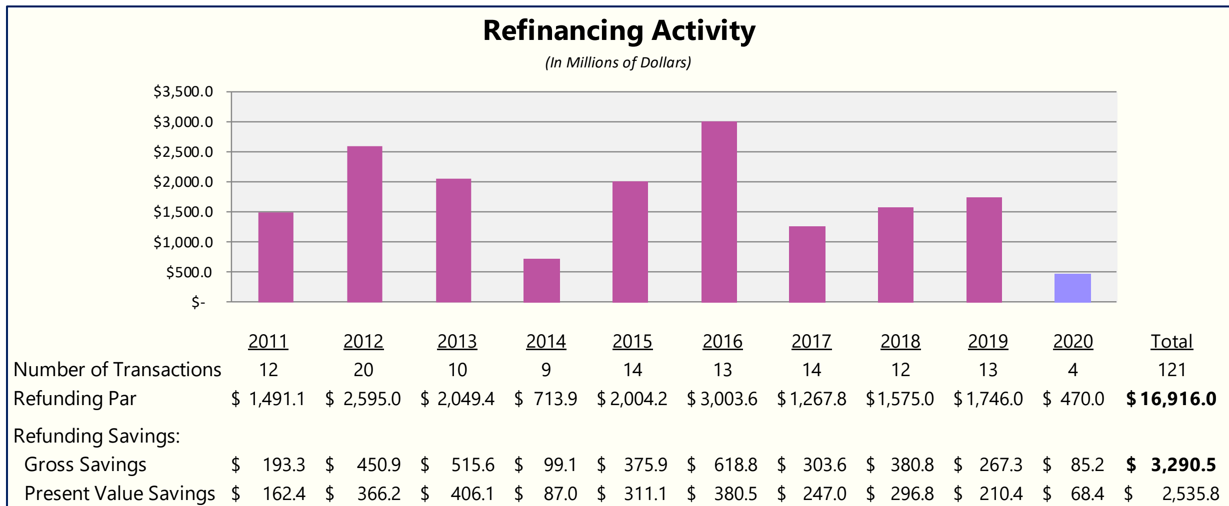
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Outstanding	$26.4	$28.2	$27.7	$26.2	$24.6	$24.2	$25.7	$24.1	$22.7	$21.0	$20.6
Annual Change	$2.1	$1.8	($0.5)	($1.4)	($1.6)	($0.4)	$1.5	($1.6)	($1.4)	($1.6)	($0.4)
% Change	8.8%	6.7%	(1.7%)	(5.2%)	(6.2%)	(1.5%)	6.2%	(6.3%)	(6.0%)	(7.3%)	(1.9%)

Refinancing Activity

The State executed 13 refinancing transactions in FY 2019 generating gross debt service savings of $267 million or $210 million on a present value basis. The vast majority of debt issuance in the past several years has been to refinance debt at lower interest rates and reduce annual debt service. The State has executed 121 refinancings totaling $16.9 billion generating gross debt service savings of $3.3 billion over the remaining life of the bonds or $2.5 billion on a present value basis. More than 80% of all State debt has been refinanced to lower interest rates.

Prior to January 1, 2018, Florida had been able to take advantage of historically low interest rates through the use of advance refunding bonds or bonds that are issued more than 90 days prior to the call date. The Tax Cuts and Jobs Act of 2018 eliminated states' ability to issue tax-exempt advance refunding bonds. Eliminating advance refundings limits the tools available to the State to refinance its debt at lower interest rates.

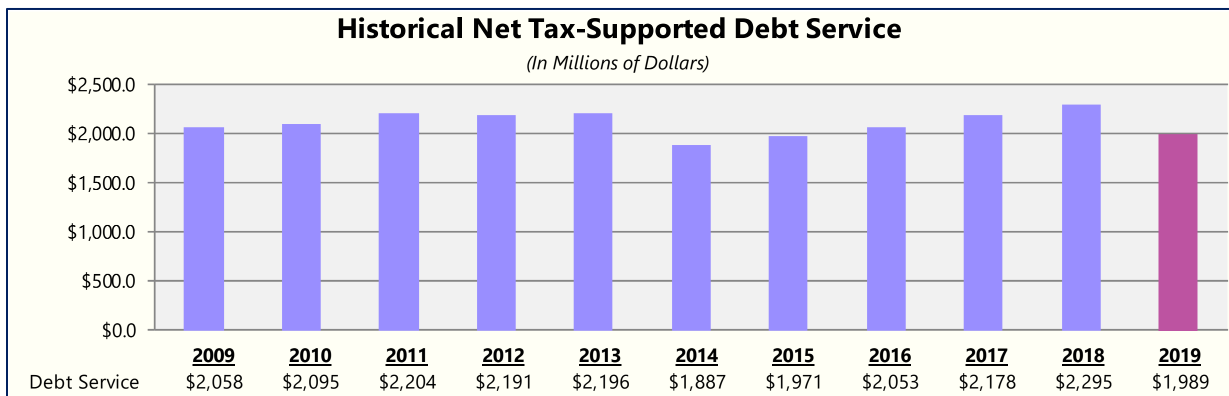
The Division continues to actively manage the State's debt portfolio for refunding opportunities, to take advantage of favorable interest rates and lower the interest cost on the State's borrowings.



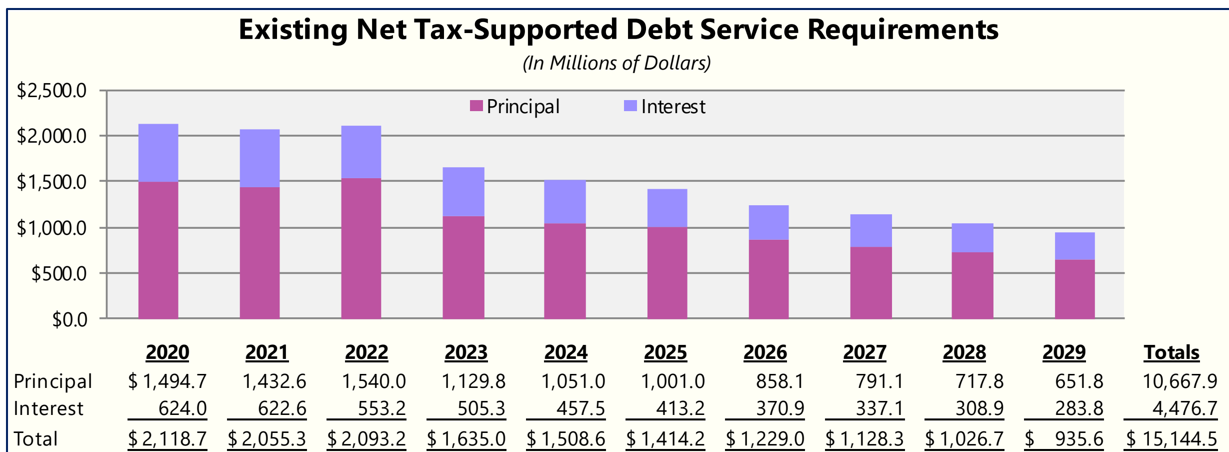
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Number of Transactions	12	20	10	9	14	13	14	12	13	4	121
Refunding Par	$ 1,491.1	$ 2,595.0	$ 2,049.4	$ 713.9	$ 2,004.2	$ 3,003.6	$ 1,267.8	$ 1,575.0	$ 1,746.0	$ 470.0	**$ 16,916.0**
Refunding Savings:											
Gross Savings	$ 193.3	$ 450.9	$ 515.6	$ 99.1	$ 375.9	$ 618.8	$ 303.6	$ 380.8	$ 267.3	$ 85.2	**$ 3,290.5**
Present Value Savings	$ 162.4	$ 366.2	$ 406.1	$ 87.0	$ 311.1	$ 380.5	$ 247.0	$ 296.8	$ 210.4	$ 68.4	$ 2,535.8

Annual Debt Service Payments

Annual debt service payments for the State's existing net tax-supported debt in FY 2019 total approximately $2.0 billion. Over the past ten years, annual debt service payments increased between Fiscal Years 2009 and 2013, peaking at $2.2 billion in FY 2013 before declining 14% to $1.9 billion in FY 2014. The decline in annual debt service in 2014 was due to final payments on Preservation 2000 bonds. The increase in Fiscal Years 2015 through 2018 and decline in Fiscal 2019 show the impact from refining how PPP obligations are reflected in this report. From a budgetary perspective, measuring the growth in annual debt service indicates how much of the State's resources are obligated for paying debt service before providing for other essential government services.



Debt service payments on existing outstanding debt total $15.1 billion over the next ten years, with principal payments of $10.7 billion and interest payments of $4.5 billion. Annual debt service payments increase next fiscal year to $2.1 billion and remain level before decreasing to approximately $1.6 billion in FY 2023. The uneven or increasing annual debt service payments are due to the periodic or progress payments for DOT PPPs tied to construction (I-395 and I-4 Projects).



Projected Debt Issuance

Projected debt issuance is provided by State agencies that receive proceeds under authorized bond programs. Projections exclude any additional PECO borrowing, Florida Forever, or additional PPP projects not yet entered into by DOT as the amounts and timing of debt issuance under these programs are unknown.

Approximately $4.0 billion in debt issuance is projected over the next ten years, primarily for transportation. The projected issuance increased by approximately $390 million or 11% from $3.6 billion projected in the 2018 Report. The August 2019 PECO estimating conference projects nearly $2.9 billion in PECO bonding capacity. However, no additional PECO issuance is included in the 2019 Report. The higher volume in projected issuance, primarily for transportation projects, over the next ten years slightly increases the projected benchmark debt ratio.

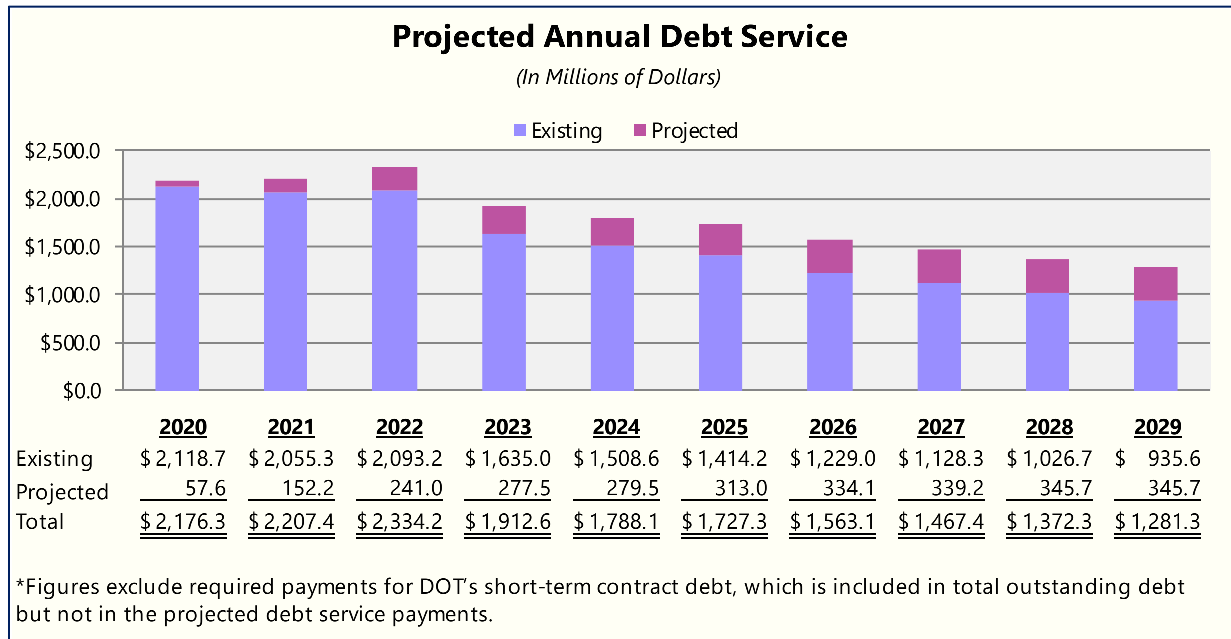
Projected Debt Issuance By Program

(In Millions of Dollars)

Fiscal Year	DMS COPs	ROW	GARVEE	DOT Fin. Corp.	Master Lease	Total Issuance
2020	$ -	$ 386.5	$ 173.2	$ 188.1	$ 6.0	$ 753.8
2021	134.3	280.0	400.0	121.3	3.2	938.8
2022	-	325.0	600.0	-	-	925.0
2023	-	300.0	170.0	-	-	470.0
2024	-	48.0	-	-	-	48.0
2025	-	255.0	150.0	-	-	405.0
2026	-	150.0	100.0	-	-	250.0
2027	-	78.0	-	-	-	78.0
2028	-	-	-	100.0	-	100.0
2029	-	-	-	-	-	-
Total	$ 134.3	$ 1,822.5	$ 1,593.2	$ 409.4	$ 9.2	$ 3,968.7
						Total
Prior	$ -	$ 1,355.3	$ 1,290.0	$ 787.2	$ 30.0	$ 3,462.5
Difference	$ 134.27	$ 467.22	$ 303.23	$ (377.78)	$ (20.77)	$ 506.17

Projected Debt Service

Based on existing and projected debt service, annual debt service is expected to increase to approximately $2.3 billion through FY 2022, peaking at $2.3 billion in FY 2022 before declining to approximately $1.9 billion in FY 2023.



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Existing	$ 2,118.7	$ 2,055.3	$ 2,093.2	$ 1,635.0	$ 1,508.6	$ 1,414.2	$ 1,229.0	$ 1,128.3	$ 1,026.7	$ 935.6
Projected	57.6	152.2	241.0	277.5	279.5	313.0	334.1	339.2	345.7	345.7
Total	$ 2,176.3	$ 2,207.4	$ 2,334.2	$ 1,912.6	$ 1,788.1	$ 1,727.3	$ 1,563.1	$ 1,467.4	$ 1,372.3	$ 1,281.3

*Figures exclude required payments for DOT's short-term contract debt, which is included in total outstanding debt but not in the projected debt service payments.

Revenue Forecasts

Revenue available to pay debt service is one of the two variables used to calculate the benchmark debt ratio. Actual revenue collections exceeded FY 2018 collections by $1.8 billion, a 4.4% increase. The primary increase in available revenues—$1.7 billion—was the result of increased General Revenues, primarily sales taxes. Changes in revenue estimates have a significant impact on the calculation of available debt capacity and are especially important given the State's dynamic economic environment. The August 2019 Revenue Estimating Conference results have been used for purposes of this Report. Revenue forecasts will be reviewed and revised by the Revenue Estimating Conferences in January 2020 and this Report will be updated. Forecasted revenue growth could be tempered by geopolitical uncertainty including trade-wars and its effect on the U.S. and international economies as well as changes in Federal monetary policy.

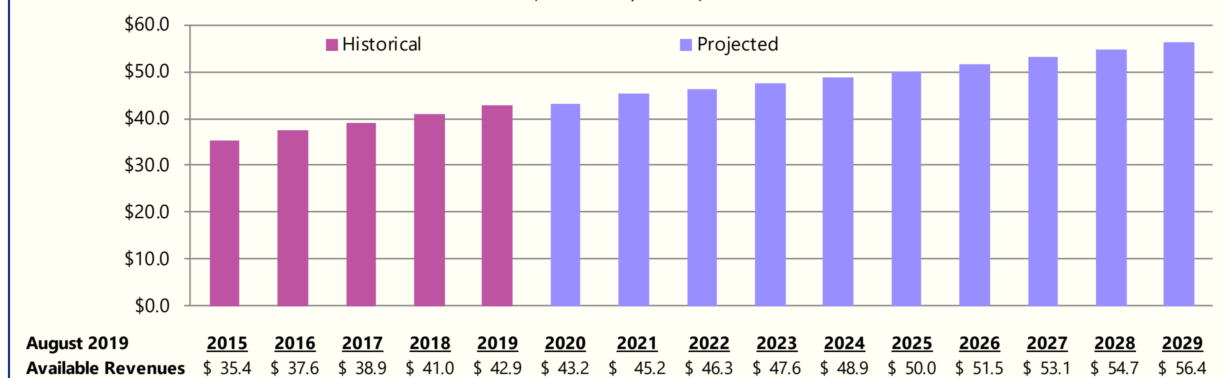
General revenues, as well as specific tax revenues pledged to various bond programs (e.g., gross receipts taxes pledged to the PECO bonds, motor fuel taxes pledged to Right-of-Way bonds, and dedicated percentages of documentary stamp tax collections pledged to the Florida Forever and Everglades Restoration bonds), are available for debt service.

Projected Revenue Available for State Tax-Supported Debt

(In Millions of Dollars)

	Actual		Projection		
Fiscal Year	**2018**	**2019**	**2020**	**2021**	**2022**
Revenue Available:					
General Revenue	$ 31,218.2	$ 32,870.6	$ 33,352.8	$ 34,497.0	$ 35,712.3
Less : Documentary Stamp Tax Included Below	(867.2)	(912.1)	(947.6)	(981.9)	(1,014.6)
Net General Revenue	$ 30,351.0	$ 31,958.5	$ 32,405.2	$ 33,515.1	$ 34,697.7
Specific Tax Revenue					
Gross Receipts	1,153.7	1,148.9	1,157.6	1,165.1	1,174.4
Motor Vehicle License	768.9	787.1	828.8	850.8	860.5
Lottery	1,760.0	1,917.6	1,817.1	1,856.2	1,878.8
Documentary Stamp Tax	2,510.0	2,651.1	2,760.8	2,869.0	2,971.9
Motor Fuel Tax	1,440.5	1,517.9	1,535.3	1,577.9	1,627.6
Motor Vehicle License-Surcharge	26.2	26.8	19.5	19.8	-
Tax on Pollutants-IPTF	222.5	235.6	238.5	240.4	242.2
University Net Bldg Fees & Cap. Impr. Fees	58.3	58.5	59.1	59.7	60.3
Community College Cap. Impr.Fees	40.0	39.2	39.2	39.2	39.2
Title Fees	200.0	200.0	200.0	200.0	200.0
Federal Reimbursements for Transportation	2,506.4	2,330.6	2,120.2	2,608.1	2,454.8
Other Sources	-	-	-	-	-
Designated for P3 Debt Payments	10.5	2.8	2.8	222.3	91.2
Total State Revenue Available	**$ 41,048.1**	**$ 42,874.4**	**$ 43,184.2**	**$ 45,223.6**	**$ 46,298.5**

Consistent improvement in the State's economy has positively affected revenues available for debt service and thus the projected benchmark debt ratio. Projected stable long-term revenue growth exerts positive influence on the benchmark debt ratio. Near-term revenues will be updated by the Revenue Estimating Conference to be held in January 2020.

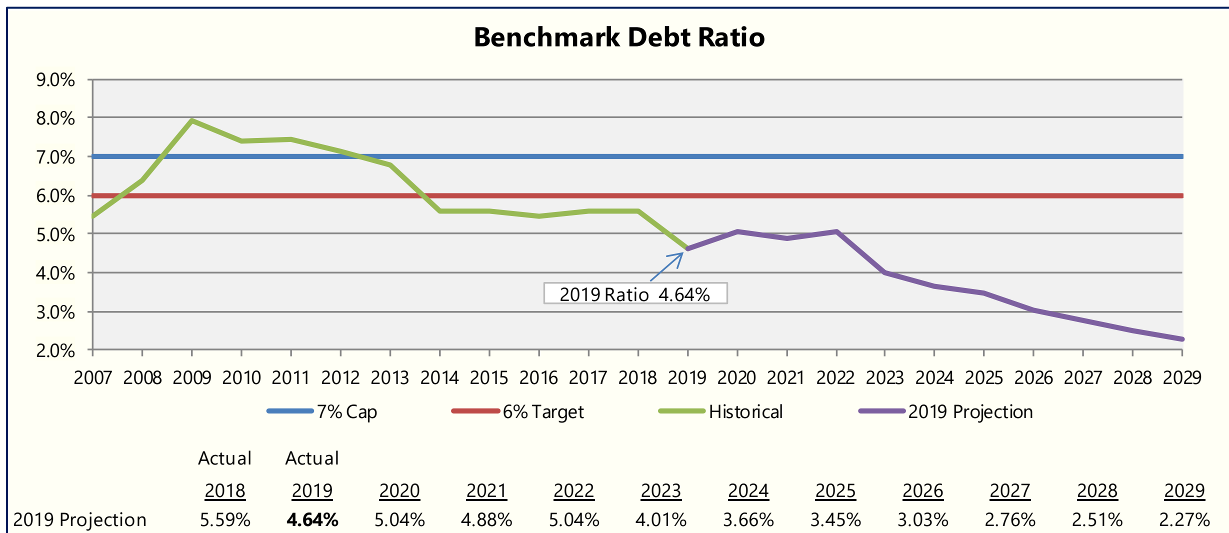


Benchmark Debt Ratio

The debt affordability analysis is based on the ratio of debt service to revenues available to pay debt service. The policy guidelines established by the Legislature include a 6% target and a 7% limit for the benchmark debt ratio. The benchmark debt ratio increased significantly between Fiscal Years 2007 and 2009 as revenues declined during the Great Recession. Following FY 2010, the benchmark debt ratio gradually declined when revenues improved and debt service payments remained flat.

Total debt service payments of approximately $2.0 billion this year were nearly $307 million lower than FY 2018. The benchmark debt ratio was 4.64% in FY 2019, remaining under the 6% target for the sixth consecutive year.

The consensus among rating agencies is short-term payments tied to construction should be included as debt of the State. The remaining short-term payments tied to construction associated with the I-4 Ultimate Project ($1.1 billion) are included as State debt and introduce short term volatility into the ratio.



	Actual 2018	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2019 Projection	5.59%	**4.64%**	5.04%	4.88%	5.04%	4.01%	3.66%	3.45%	3.03%	2.76%	2.51%	2.27%

The projected benchmark debt ratio for the next ten years is based on the August 2019 revenue forecasts and projected debt issuance as of the date of this Report. Projections show the benchmark debt ratio remaining below the 6% policy target over the forecast period reflecting lower projected issuance and steady increases in forecasted revenue collections. The Revenue Estimating Conference scheduled in January 2020 is expected to revise the general revenue forecast, and projections of the benchmark debt ratio will be updated. The projected improvement in the benchmark debt ratio is dependent on realizing the revenue growth projected by the Revenue Estimating Conference and forgoing new bond authorizations beyond those included in projected borrowing plans.

Debt Capacity

The final step in the debt affordability analysis is estimating future debt capacity. Debt capacity is based on projected issuance, over the next ten years, as of the date of this Report and the August 2019 revenue projections. Debt capacity can change significantly with changes in revenue estimates reflecting a changing economic environment. With the benchmark debt ratio remaining below the 6% policy target in FY 2019, a substantial amount of debt capacity is available for future bonding.

Over the next ten years, nearly $32.4 billion in theoretical bonding capacity is available based on the 6% benchmark debt ratio. As shown previously, projected debt issuance under existing bond programs is approximately $4.0 billion for the next ten fiscal years leaving $28.4 billion of net debt capacity available within the 6% target over the next ten years. For near term planning purposes, there is approximately $5 to $7 billion of net debt capacity available within the policy target over the next three years or approximately $1.5 to $2 billion a year over the next three years.

Projections in this Report indicate the benchmark debt ratio will remain consistently below the 6% target through 2029, which provides flexibility for the State to issue additional debt while maintaining compliance with the policy target. Debt capacity between the 6% target and 7% cap is best viewed as a cushion to mitigate the impact of revenue declines. Estimated debt capacity should be considered a scarce resource and used sparingly to provide funding for critical State infrastructure needs. Once used, the capacity is not available again for 20 to 30 years.

Debt Capacity Projection

6% Target; 7.0% Cap

(In Millions of Dollars)

	6% Target	7% Cap
Total Debt Capacity Available	$ 32,350.0	$ 39,650.0
Estimated Bond Issuance	3,968.7	3,968.7
Net Debt Capacity Available	$ 28,381.3	$ 35,681.3

Florida Compared to Other States

The municipal bond market evaluates governments' debt position with four primary debt ratios: debt service to revenues; debt per capita; debt to personal income; and net tax-supported debt as a percentage of a state's gross domestic product ("GDP"). Florida's debt ratios are compared to national and peer group medians where the State's peer group is comprised of the eleven most populous states. Florida improved from 7th to 8th highest in debt as a percent of State GDP. Florida moved from 6th highest to 5th highest for the debt service as a percent of revenues category, which reflects Florida's uneven PPP payments for transportation projects. Florida maintained the 8th spot in debt per capita and debt as a percent of State personal income.

Debt Ratios
2018 Comparison of Florida to Peer Group and National Medians

	Net Tax-Supported Debt Service as a % of Revenues	Net Tax-Supported Debt Per Capita	Net Tax-Supported Debt as a % of Personal Income	Net Tax-Supported Debt as a % of GDP
Florida	5.59%	$843	1.74%	1.77%
Peer Group Mean	5.27%	$1,679	3.01%	2.62%
National Median	4.10%	$1,068	2.20%	2.06%

2018 Debt Ratios Comparison of Eleven Most Populous States

	Rank	Net Tax-Supported Debt Service as a % of Revenues	Rank	Net Tax-Supported Debt Per Capita	Rank	Net Tax-Supported Debt as a % of Personal Income	Rank	Net Tax-Supportec Debt as a % of State GDP	General Obligation Ratings Fitch/Moody's/S&P
New Jersey	1	9.90%	1	$4,154	1	6.40%	1	6.18%	A/A3/A-
Illinois	2	8.40%	3	$2,752	2	5.10%	2	4.25%	BBB/Baa3/BBB-
New York	3	6.70%	2	$3,247	3	5.00%	3	3.97%	AA+/Aa1/AA+
Georgia	4	5.90%	7	$996	7	2.30%	7	1.86%	AAA/Aaa/AAA
Florida	**5**	**5.59%**	**8**	**$843**	**8**	**1.74%**	**8**	**1.77%**	**AAA/Aaa/AAA**
Ohio	6	5.40%	6	$1,156	6	2.50%	6	2.09%	AA+/Aa1/AA+
California	7	4.30%	4	$2,194	4	3.70%	4	3.09%	AA-/Aa3/AA-
Pennsylvania	8	3.80%	5	$1,577	5	3.00%	5	2.68%	AA-/Aa2/A+
North Carolina	9	3.10%	10	$531	10	1.20%	10	1.02%	AAA/Aaa/AAA
Texas	10	2.60%	11	$389	11	0.80%	11	0.68%	AAA/Aaa/AAA
Michigan	11	2.30%	9	$630	9	1.40%	9	1.24%	AA/Aa1/AA
Median		**5.40%**		**$1,156**		**2.50%**		**2.09%**	
Mean		**5.27%**		**$1,679**		**3.01%**		**2.62%**	
National Median		**4.10%**		**$1,068**		**2.20%**		**2.06%**	

Pension Liability and Funding

The pension system is relatively well-funded with a funded ratio of 84.3%. Since 2014, Florida has fully funded its actuarially determined contribution to the pension system following a period of underfunding for budget relief during the Great Recession. Rating agencies continue to evaluate the credit impact of unfunded pension liabilities and several states have been downgraded due to the magnitude and poor management of the pension obligation. Annual pension contributions are viewed as long-term fixed costs by rating agencies, and like debt service, potentially crowd-out other expenditures and create structural budget imbalance if not managed properly. As a result, management and funding of the pension system are important aspects of evaluating Florida's credit rating. Rating agencies have developed

quantitative methodologies to evaluate states' pension liabilities and integrate them into their credit analysis. Moody's and Fitch each employ various "adjustments" to reported pension liabilities for greater comparability across the state sector including application of a common investment return assumption. Additionally, for multi-employer plans like Florida's, Moody's and Fitch allocate the unfunded liability to all participating governments, attributing only a portion to the State. The pension liabilities are analyzed relative to the economic metrics used to evaluate debt obligations among Florida's peer group. According to Moody's medians, Florida's adjusted pension liability of about $23.2 billion falls significantly below the median of nearly $39.2 billion for the largest states and ranks 9th lowest in the peer group.

2018 Pension Metrics Comparison

Adjusted Net Pension Liabilities ("ANPL") and Medians

State	Rank	ANPL (in Millions)	Rank	ANPL as a % of Own-Source Revenues	Rank	ANPL Per Capita	Rank	ANPL as a % of Personal Income	Rank	ANPL as a % of State GDP
Illinois	1	$ 240,760	1	505.0%	1	$ 18,896	1	33.2%	1	27.8%
California	2	230,803	5	120.0%	4	5,835	5	9.3%	4	7.8%
Texas	3	132,761	4	170.0%	5	4,626	4	9.4%	5	7.5%
New Jersey	4	113,846	2	275.0%	2	12,779	2	18.9%	2	18.2%
Pennsylvania	5	79,779	3	172.0%	3	6,229	3	11.3%	3	10.1%
New York	6	39,166	10	40.0%	8	2,004	8.5	2.9%	9	2.3%
Michigan	7	37,994	6	109.0%	6	3,801	6	8.0%	6	7.2%
Georgia	8	23,986	7	91.0%	7	2,280	7	5.0%	7	4.1%
Florida	**9**	**23,218**	**9**	**46.0%**	**10**	**1,090**	**10**	**2.2%**	**10**	**2.2%**
Ohio	10	16,366	8	50.0%	9	1,400	8.5	2.9%	8	2.4%
North Carolina	11	9,421	11	31.0%	11	907	11	2.0%	11	1.7%
Median		**$ 39,166**		**109.0%**		**$ 3,801**		**8.0%**		**7.2%**
Mean		**$ 86,191**		**146.3%**		**$ 5,441**		**9.6%**		**8.3%**
National Median		**$ 12,210**		**91.0%**		**$ 2,903**		**6.1%**		**5.5%**

Rating agencies continue to refine their analysis used to evaluate pension liabilities. They now evaluate the reasonableness of assumptions used to calculate the pension liability and required contributions, and whether investment returns are reasonable. S&P Global Ratings recently published guidelines which indicated 6.5% is a sustainable investment return assumption. The actuarial methodologies, which vary across plans, are also being assessed. The assumptions used to calculate the required contribution to the FRS are set by the FRS Actuarial Assumption Conference ("Conference"). The actuary uses the assumptions and actuarial methodologies set by the Conference to calculate the pension liability and, more importantly, the required contribution.

The most recent Moody's publication on pensions (December 8, 2019) noted that normal pension costs, unfunded liabilities and exposure to investment market volatility remain near historical highs. Moody's also warned that a significant market downturn would likely inflict material credit damage on some governments especially if it coincided with a revenue downturn. S&P also recently (October 7, 2019) published guidance to governments regarding assumptions and funding methods it considers in evaluating pensions. The S&P guidelines

indicate that it believes a sustainable investment return assumption for a typical pension plan is 6.5%. The S&P guidelines also recommend an amortization methodology for the unfunded liability which results in reasonably level payments over 20 years as the most prudent practice. The State's current assumptions and methodologies do not comply with the S&P guidelines for prudent pension management.

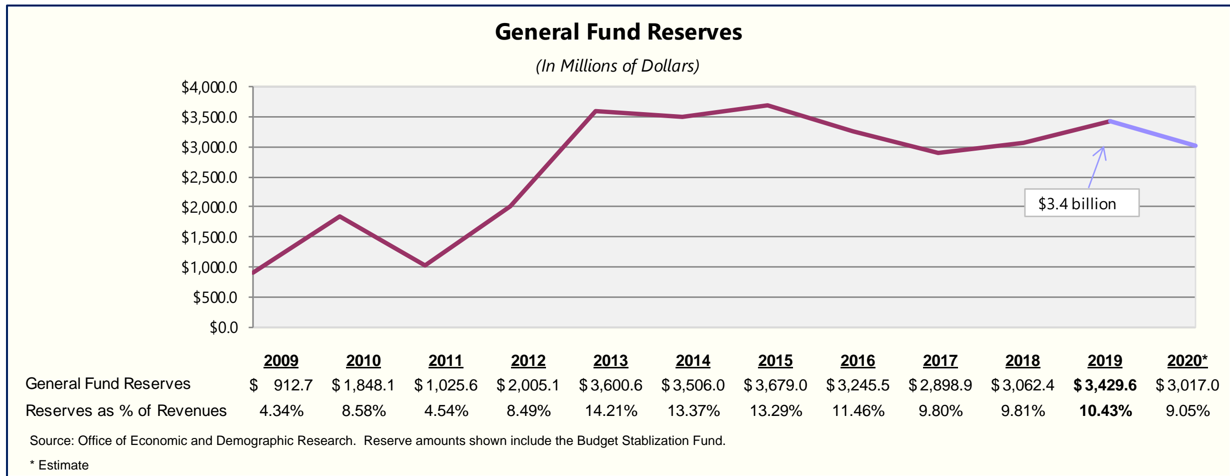
This year, the Conference made important progress moving towards a reasonable investment return assumption and using actuarial methodologies that are better aligned with best practices. The Conference moved to the best practice of using "individual entry age" which produces a more realistic estimate of the cost and required contributions. The Conference made the most significant progress in recent years in lowering the investment return assumption from 7.4% to 7.2%. In 2018, the investment return assumption determined to be "reasonable" by the State's actuary was 7%. The 7% investment return assumption was used to calculate the unfunded liability in the State's financial statements. Using different investment return assumptions for calculating the required contribution and recording the unfunded liability in the State's financial statements is problematic. The conferees acknowledged the need to continue to reduce the investment return assumption and address other actuarial methodologies being used that are not best practice (i.e. amortizing the unfunded liability based on percent of pay vs. level dollar).

Using actuarial assumptions and methodologies that are not best practice causes an understatement of pension liabilities and, more importantly, lead to underfunded pension contributions. Some larger states (e.g. California and New York) have adopted a glide-path to systematically lower the pension return assumption over a number of years. Although the State has lowered the pension return assumption from 7.75% to 7.40% over the past five years and to 7.20% for the upcoming year, more progress to lower the return assumption is needed. The Legislature should consider creating a plan to systematically bring the investment return assumption more in line with expected investment returns and generally accepted accounting principles and adopt methodologies which are best practice for amortizing the unfunded actuarial liability and funding based on a level dollar approach. If underfunding the pension contribution continues, the financial strength of the FRS could be undermined and the state's credit ratings could be adversely impacted. It is imperative that the annually required contribution be made to adequately fund the FRS pension system.

Reserves

An important measure of financial health and ability to respond to unforeseen financial challenges is the level of the state's general fund reserves. Unspent general revenue combined with the Budget Stabilization Fund are collectively referred to herein as the "General Fund Reserves." Historically, Florida's level of reserves resulted from conservative financial management practices, and rating agencies cite financial flexibility provided by reserves as a key credit strength. Reserve levels were cited as a credit strength when Moody's upgraded Florida to "Aaa" in June, 2018. The traditional measure used by credit analysts, investors and rating agencies to assess the strength of the State's financial position is the ratio of General

Fund Reserves to general revenues, expressed as a percentage.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
General Fund Reserves	$ 912.7	$ 1,848.1	$ 1,025.6	$ 2,005.1	$ 3,600.6	$ 3,506.0	$ 3,679.0	$ 3,245.5	$ 2,898.9	$ 3,062.4	**$ 3,429.6**	$ 3,017.0
Reserves as % of Revenues	4.34%	8.58%	4.54%	8.49%	14.21%	13.37%	13.29%	11.46%	9.80%	9.81%	**10.43%**	9.05%

Source: Office of Economic and Demographic Research. Reserve amounts shown include the Budget Stablization Fund.

* Estimate

General Fund Reserves

The substantial growth in reserves in the early 2000s strengthened the State's financial position and was cited as a credit strength in State rating upgrades in early 2005. From Fiscal Years 2007 to 2009 when Florida experienced a precipitous decline in its major operating revenues (sales tax and documentary stamp taxes) due to the Great Recession, General Fund Reserves were drawn down to mitigate budget reductions. Improving revenue collections in each year since 2011, as well as an informal policy to retain $1 billion in unspent general revenue, helped the State to rebuild reserves.

This year General Fund Reserves were $3.4 billion or 10.4% of general revenues. However, over the past four years, General Fund Reserves have declined by more than $250 million as reserves have been used to supplement revenue collections to fund the budget. The Budget Stabilization Fund remains fully funded at the required 5% of general revenues.

General Fund Reserves are projected to be $3.0 billion as of June 30, 2020. This balance reflects $783.4 million of net General Revenue costs related to Hurricanes Irma and Michael incurred through FY 2018-19, but does not incorporate expected additional net costs of $195.9 million expected to be paid from General Revenues over the current and next few years. Current reserves provide sufficient financial flexibility to cover hurricane expenses in advance of FEMA reimbursement.

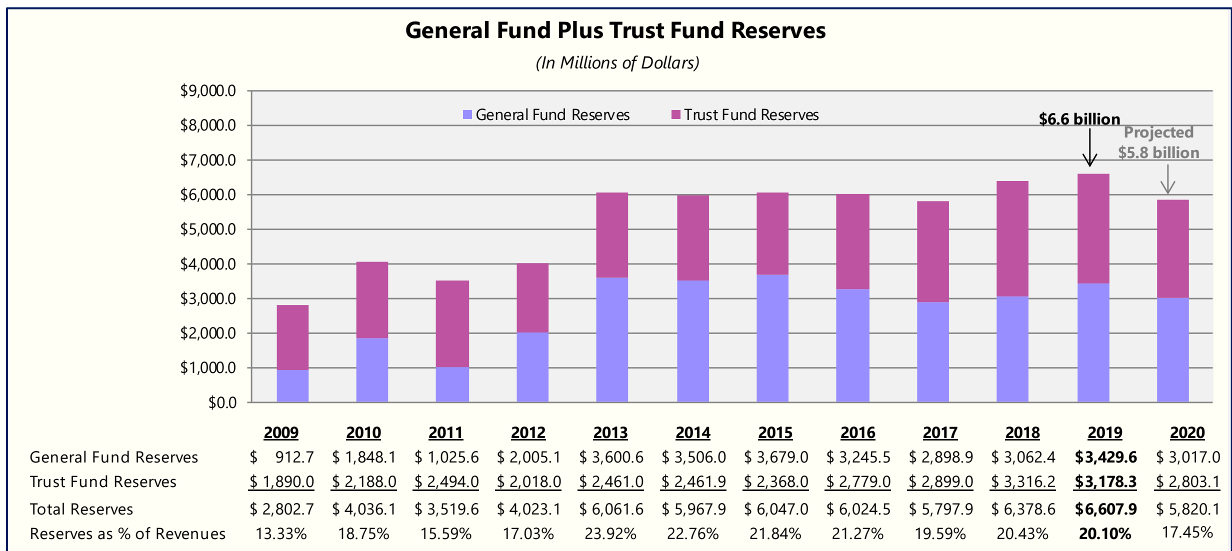
The legislature should consider formalizing targeted General Fund Reserves. Currently the amount of unspent general revenue targeted as reserves is $1 billion and this has been helpful in maintaining prudent reserves and financial flexibility. However, a more dynamic target should be considered (e.g., a percentage of General Fund Revenue rather than a fixed dollar amount) to provide adequate financial flexibility with a growing state budget and inevitable revenue volatility experienced during changing economic climates or to address unexpected financial events like hurricanes.

Recently, rating agencies have been updating their rating criteria and methodology to include revenue and reserve sensitivity analysis. Fitch's FAST Model, for example, tests state revenue and reserve sensitivity to a recession on the national level. This dynamic analysis is being used in order to move away from "hard and fast" rating specific reserve requirements and instead, move toward understanding how a state's current level of reserves can serve to offset potential revenue volatility.

Trust Fund Reserves

Prior to 2009, trust fund balances that could be considered a "reserve," were not included in measuring the State's reserves. The State has historically created trust funds and dedicated specified revenues for particular purposes. Well over half of the State's budget is comprised of trust-funded programs and activities. Established budgetary practices identify excess trust fund balances that are available and can be used for other purposes if directed by the Legislature. In fact, the Legislature has routinely swept available trust fund balances to supplement the general fund budget during periods of economic weakness to offset declining revenue collections. Therefore, including trust fund balances in the reserve analysis provides a more holistic picture of the State's financial flexibility.

Total reserves (including trust fund balances and an adjustment for expected corporate tax refunds in the subsequent fiscal year) of approximately $6.6 billion or 20.1% of general revenues are considered strong by the rating agencies. The adopted budget for FY 2020 includes the use of unspent General Revenue to supplement expected revenue collections and the one-time use of trust fund balances equal to more than $350 million. Total reserves as of June 30, 2020 are projected to decline to $5.8 billion or 17.5% of general revenues.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund Reserves	$ 912.7	$ 1,848.1	$ 1,025.6	$ 2,005.1	$ 3,600.6	$ 3,506.0	$ 3,679.0	$ 3,245.5	$ 2,898.9	$ 3,062.4	**$3,429.6**	$ 3,017.0
Trust Fund Reserves	$ 1,890.0	$ 2,188.0	$ 2,494.0	$ 2,018.0	$ 2,461.0	$ 2,461.9	$ 2,368.0	$ 2,779.0	$ 2,899.0	$ 3,316.2	**$3,178.3**	$ 2,803.1
Total Reserves	$ 2,802.7	$ 4,036.1	$ 3,519.6	$ 4,023.1	$ 6,061.6	$ 5,967.9	$ 6,047.0	$ 6,024.5	$ 5,797.9	$ 6,378.6	**$6,607.9**	$ 5,820.1
Reserves as % of Revenues	13.33%	18.75%	15.59%	17.03%	23.92%	22.76%	21.84%	21.27%	19.59%	20.43%	**20.10%**	17.45%

Credit Ratings

The State's credit rating is a rating agency's assessment of the willingness and ability to timely repay debt obligations. Credit ratings play an integral role in the municipal bond market and are one factor that affects the State's borrowing cost on debt offerings. Each rating agency considers four primary factors in its analysis: governance, debt and liability profile, budget and financial management, and economic indicators. The four factors are assessed on a quantitative and qualitative basis relative to the state's peers within its rating category. Despite the standardization of credit factors, each are evaluated slightly differently based on the agency's published criteria.

Florida is rated in the highest rating category by each of the three major credit rating agencies. All three major rating agencies have affirmed the State's AAA general obligation ratings and Stable outlooks. The stability in the State's general obligation ratings and credit strengths reflect Florida's strong economy and population growth; improved revenue collections that currently outpace estimates; greater financial flexibility through restoration of reserve levels; and a relatively well-funded pension system. The State has been continually recognized for its conservative financial and debt management practices, including the Legislature's consistent and prompt attention to addressing negative revenue estimates during the downturn to maintain a balanced budget. The existing ratings are further bolstered by strong long-term economic fundamentals including a low cost of living, attractive tourist and retirement destinations, and favorable geographic location.

Florida General Obligation Credit Ratings

	Rating	Outlook
Standard and Poor's	AAA	Stable
Fitch Ratings	AAA	Stable
Moody's Investor Service	Aaa	Stable

The State's ongoing credit challenges include maintenance of structural budget balance despite absorbing spending pressures; ongoing improvement in reserve balances; and the potential negative fiscal and economic consequences or unmanageable assessments caused by a catastrophic hurricane. In addition, the rating agencies will continue to evaluate how management of long-term liabilities such as PPP contracts and pension funding will affect the State's budget.

Over the past few years the rating agencies have increased their focus on issuer pension liabilities. Moody's and Fitch make adjustments to issuer reported pension liabilities to reflect their view of reasonable investment return assumptions, amortization periods, and other actuarial methodologies. As recently as Dec. 5, 2017, Moody's Investors Service proposed an update to their "US States Rating Methodology" which would increase the weighting assigned to the debt and pension factor, further underscoring the importance of prudent financial management and funding of the pension system. The update also combines pension liabilities and debt into one sub-factor, reflecting how credit rating agencies are evolving related to their view of total state long-term liabilities.

Conclusion

Florida's debt position continues to improve due to a robust economy, a prolonged favorable interest rates environment, and a reduction in the amount of debt outstanding due to restrained borrowing. Market demand for municipal bonds along with low interest rates has allowed the State to continue to reduce costs through refinancing outstanding debt at lower interest rates.

The debt ratio remains below the 6% target due to limited debt issuance, reduced debt service costs, and growing revenues. The State is well positioned with debt capacity available to fund critical infrastructure needs. However, the ratio is sensitive to revenue declines from tax law changes or economic weakness. Debt capacity should be considered a scarce resource and used sparingly for important infrastructure projects.

There are two potential vulnerabilities to maintaining Florida's triple-A credit ratings: maintaining sufficient reserves and adequate funding of the Florida Retirement System ("FRS"). Rebuilding reserves during periods of economic strength and maintaining adequate financial flexibility is important to be well positioned to address unexpected costs (e.g. hurricanes) or economic downturns. In recent years, there have been more downgrades of state credit ratings due to outsized pension liabilities than any other single credit factor. Florida is making progress toward adequately funding the FRS, but additional progress needs to be made to protect against weakening the pension systems financial strength.

State of Florida

2020 Update

to the

2019 Debt Report

Revised to include the January 2020 Revenue Estimating Projections

Prepared by the Division of Bond Finance

2020 Update

- The projections in the 2020 Update are not materially different than those used for the 2019 Debt Report.
- The primary change is to reflect the increased revenues from the January 2020 Revenue Estimating Conferences.
- Based on January 2020 revenue estimates, the benchmark debt ratio does not change significantly and is expected to remain below the 6% target over the 10-year projection period.

Projected Revenue Available for State Tax-Supported Debt

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue Available *(In Millions)* **:**										
General Revenue	$ 33,352.8	$ 34,497.0	$ 35,712.3	$ 37,074.5	$ 38,237.1	$ 39,467.0	$ 40,816.1	$ 42,210.3	$ 43,651.0	$ 45,151.6
Less: Doc Stamp Distribution	(947.6)	(981.9)	(1,014.6)	(1,047.9)	(1,081.4)	(1,115.2)	(1,149.8)	(1,184.5)	(1,219.1)	(1,265.4)
Net General Revenue	32,405.2	33,515.1	34,697.7	36,026.6	37,155.7	38,351.8	39,666.3	41,025.8	42,431.9	43,886.2
Specific Tax Revenue										
Gross Receipts	1,157.6	1,165.1	1,174.4	1,187.9	1,202.4	1,216.7	1,230.8	1,246.6	1,261.9	1,277.1
Motor Vehicle License	828.8	850.8	860.5	871.6	882.4	893.2	906.7	920.4	934.3	948.5
Lottery	1,817.1	1,856.2	1,878.8	1,899.4	1,948.8	1,978.7	1,924.6	1,981.2	1,996.1	2,020.8
Documentary Stamp Tax	2,760.8	2,869.0	2,971.9	3,076.8	3,182.4	3,288.7	3,397.8	3,507.1	3,616.0	3,724.4
Motor Fuel Tax	1,535.3	1,577.9	1,627.6	1,668.8	1,716.9	1,759.7	1,805.8	1,846.0	1,890.0	1,928.7
Motor Vehicle License-Surcharge SLERSTF	19.5	19.8	-	-	-	-	-	-	-	-
Tax on Pollutants-IPTF	238.5	240.4	242.2	243.8	244.7	-	-	-	-	-
SUS Net Bldg Fees & Cap. Impr.Fees	59.1	59.7	60.3	60.9	61.5	62.1	62.8	63.4	64.0	64.7
State (Community) College Cap. Impr.Fees	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2
Title Fees (Available for Seaport Debt)	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Federal Reimbursements for Transportation	2,120.2	2,608.1	2,454.8	2,334.1	2,227.8	2,200.3	2,239.7	2,255.9	2,273.7	2,273.7
Other Sources										
Designated for P3 Debt Payments	2.8	222.3	91.2	39.6	39.0	34.5	31.7	31.3	36.1	14.2
Total State Revenue Available	**$ 43,184.2**	**$ 45,223.6**	**$ 46,298.5**	**$ 47,648.7**	**$ 48,900.8**	**$ 50,025.0**	**$ 51,505.3**	**$ 53,116.9**	**$ 54,743.2**	**$ 56,377.5**

Projected Revenue Available for State Tax-Supported Debt - January 2020 Update

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue Available *(In Millions)* **:**										
General Revenue	$ 33,657.3	$ 34,584.5	$ 35,686.8	$ 37,141.1	$ 38,372.6	$ 39,702.6	$ 41,044.8	$ 42,432.6	$ 43,867.5	$ 45,362.1
Less: Doc Stamp Distribution	(983.5)	(1,000.0)	(1,023.4)	(1,048.5)	(1,075.4)	(1,106.5)	(1,140.9)	(1,176.5)	(1,213.4)	(1,262.7)
Net General Revenue	32,673.8	33,584.5	34,663.4	36,092.6	37,297.2	38,596.1	39,903.9	41,256.1	42,654.1	44,099.4
Specific Tax Revenue										
Gross Receipts	1,159.9	1,161.1	1,168.8	1,181.8	1,195.7	1,209.4	1,223.5	1,237.8	1,251.8	1,265.9
Motor Vehicle License	812.8	846.1	853.8	863.2	872.2	880.7	895.0	909.5	924.3	939.3
Lottery	1,824.7	1,901.1	1,926.4	1,948.5	1,999.5	1,993.0	2,014.5	2,035.6	2,051.9	2,078.4
Documentary Stamp Tax	2,873.8	2,925.8	2,999.5	3,078.7	3,163.4	3,261.5	3,369.7	3,481.9	3,598.2	3,718.7
Motor Fuel Tax	1,554.1	1,594.2	1,636.9	1,676.7	1,730.3	1,779.5	1,823.0	1,872.6	1,922.0	1,971.4
Motor Vehicle License-Surcharge SLERSTF	19.5	19.9	-	-	-	-	-	-	-	-
Tax on Pollutants-IPTF	241.2	243.3	245.1	246.5	247.6	-	-	-	-	-
SUS Net Bldg Fees & Cap. Impr.Fees	59.1	59.7	60.3	60.9	61.5	62.1	62.8	63.4	64.0	64.7
State (Community) College Cap. Impr.Fees	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2
Title Fees (Available for Seaport Debt)	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Federal Reimbursements for Transportation	2,149.7	2,754.8	2,492.8	2,192.8	2,220.6	2,179.1	2,202.6	2,276.8	2,329.5	2,354.6
Other Sources										
Designated for P3 Debt Payments	2.8	222.3	91.2	39.6	39.0	34.5	31.7	31.3	36.1	14.2
Total State Revenue Available	**$ 43,610.7**	**$ 45,552.0**	**$ 46,377.4**	**$ 47,620.5**	**$ 49,066.3**	**$ 50,235.1**	**$ 51,765.8**	**$ 53,404.2**	**$ 55,071.2**	**$ 56,745.8**
Change in Revenue Projection	$ 426.6	$ 328.5	$ 78.9	$ (28.2)	$ 165.5	$ 210.1	$ 260.5	$ 287.3	$ 327.9	$ 368.3

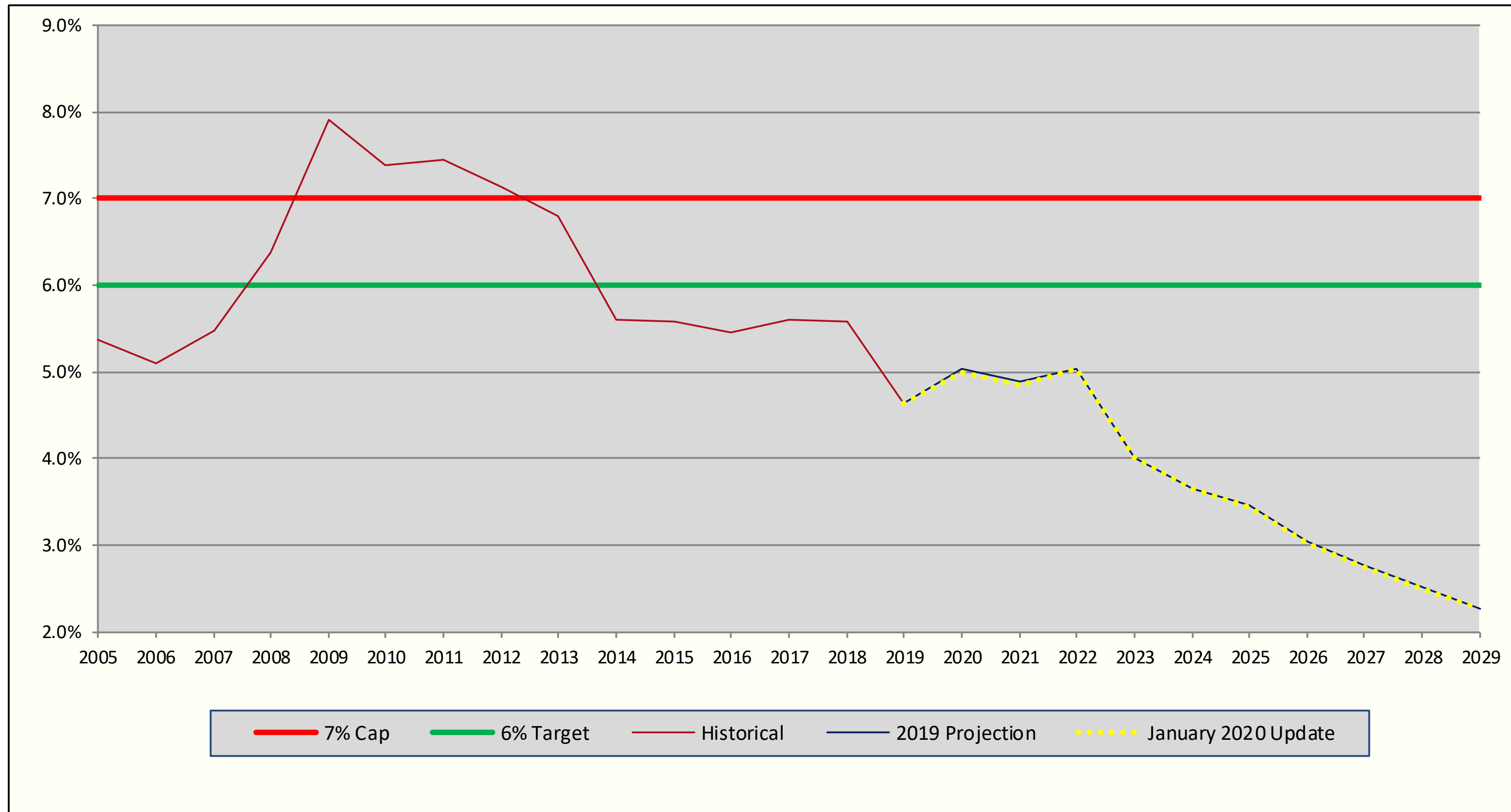
Projected Statistics

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Statistics										
State Revenue Available (In Millions)	$ 43,184.2	$ 45,223.6	$ 46,298.5	$47,648.7	$ 48,900.8	$50,025.0	$ 51,505.3	$53,116.9	$ 54,743.2	$ 56,377.5
Annual Growth Rate of Revenues	0.72%	4.72%	2.38%	2.92%	2.63%	2.30%	2.96%	3.13%	3.06%	2.99%
State Debt Service (In Millions)	2,176.3	2,207.4	2,334.2	1,912.6	1,788.1	1,727.3	1,563.1	1,467.4	1,372.3	1,281.3
Total State Net Tax-Supported Debt (In Million:	15,780.6	15,215.3	14,482.8	13,686.6	12,540.7	11,781.5	10,993.5	10,090.2	9,271.3	8,408.4
Debt Service % of Revenue	5.04%	4.88%	5.04%	4.01%	3.66%	3.45%	3.03%	2.76%	2.51%	2.27%
Population (In Thousands)	21,461	21,799	22,126	22,443	22,749	23,043	23,325	23,596	23,857	24,107
Per Capita Personal Income	$ 52,789	$ 54,425	$ 55,964	$ 57,511	$ 59,144	$ 60,894	$ 62,691	$ 64,513	$ 66,513	$ 68,725
Debt Per Capita	735.31	697.98	654.56	609.84	551.26	511.28	471.32	427.62	388.62	348.79
Debt as % of Personal Income	1.39%	1.28%	1.17%	1.06%	0.93%	0.84%	0.75%	0.66%	0.58%	0.51%

Projected Statistics - January 2020 Update

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Statistics										
State Revenue Available (In Millions)	$ 43,610.7	$ 45,552.0	$ 46,377.4	$47,620.5	$ 49,066.3	$50,235.1	$ 51,765.8	$53,404.2	$ 55,071.2	$ 56,745.8
Annual Growth Rate of Revenues	1.72%	4.45%	1.81%	2.68%	3.04%	2.38%	3.05%	3.17%	3.12%	3.04%
State Debt Service (In Millions)	2,176.3	2,207.4	2,334.2	1,912.6	1,788.1	1,727.3	1,563.1	1,467.4	1,372.3	1,281.3
Total State Net Tax-Supported Debt (In Million:	15,780.6	15,215.3	14,482.8	13,686.6	12,540.7	11,781.5	10,993.5	10,090.2	9,271.3	8,408.4
Debt Service % of Revenue	4.99%	4.85%	5.03%	4.02%	3.64%	3.44%	3.02%	2.75%	2.49%	2.26%
Population (In Thousands)	21,470	21,809	22,138	22,458	22,764	23,058	23,342	23,614	23,875	24,126
Per Capita Personal Income	$ 53,549	$ 54,903	$ 56,412	$ 57,915	$ 59,610	$ 61,486	$ 63,425	$ 65,375	$ 67,453	$ 69,634
Debt Per Capita	735.01	697.66	654.20	609.43	550.90	510.95	470.97	427.30	388.33	348.52
Debt as % of Personal Income	1.37%	1.27%	1.16%	1.05%	0.92%	0.83%	0.74%	0.65%	0.58%	0.50%

January 2020 Update: Change in Projected Benchmark Debt Ratio Projection



Benchmark Debt Ratio Projection

	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2019 Projection	4.64%	5.04%	4.88%	5.04%	4.01%	3.66%	3.45%	3.03%	2.76%	2.51%	2.27%
January 2020 Update	4.64%	4.99%	4.85%	5.03%	4.02%	3.64%	3.44%	3.02%	2.75%	2.49%	2.26%
Change in Ratio	-	(0.05%)	(0.04%)	(0.01%)	0.00%	(0.01%)	(0.01%)	(0.02%)	(0.01%)	(0.01%)	(0.01%)