



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

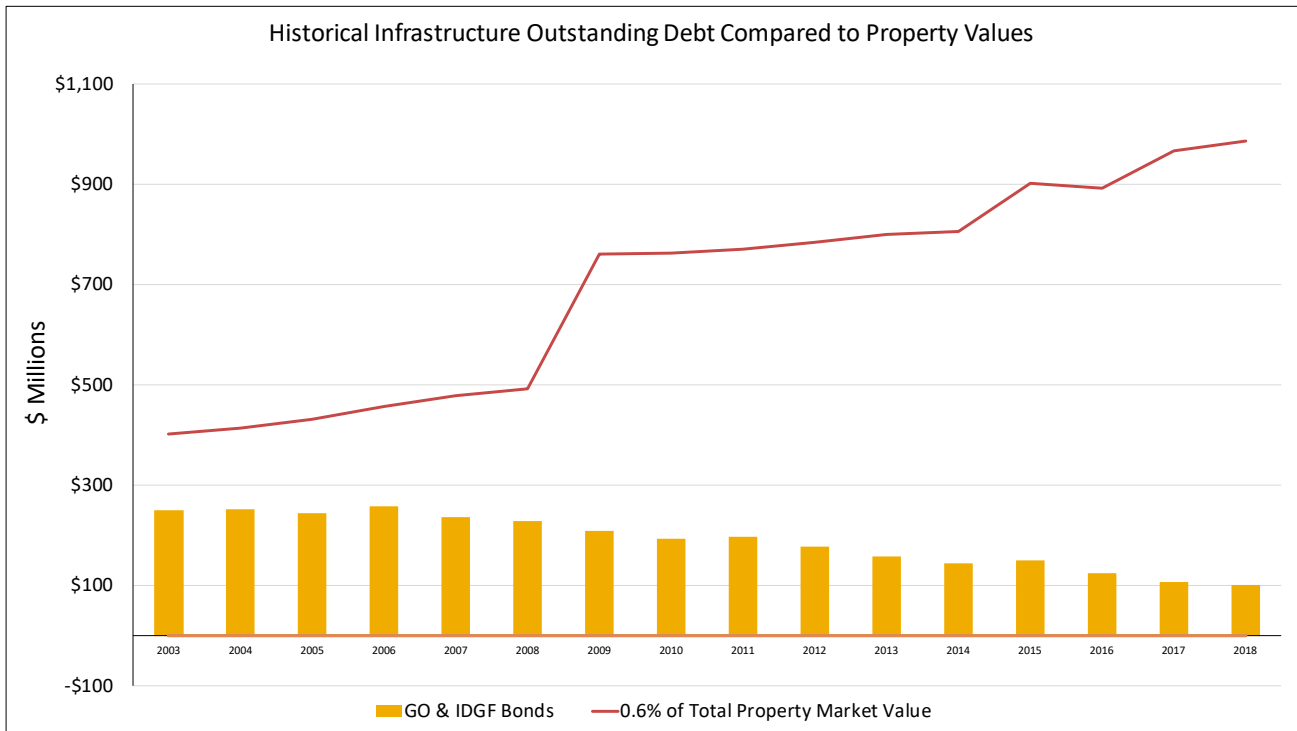
Director
AMY CARLSON

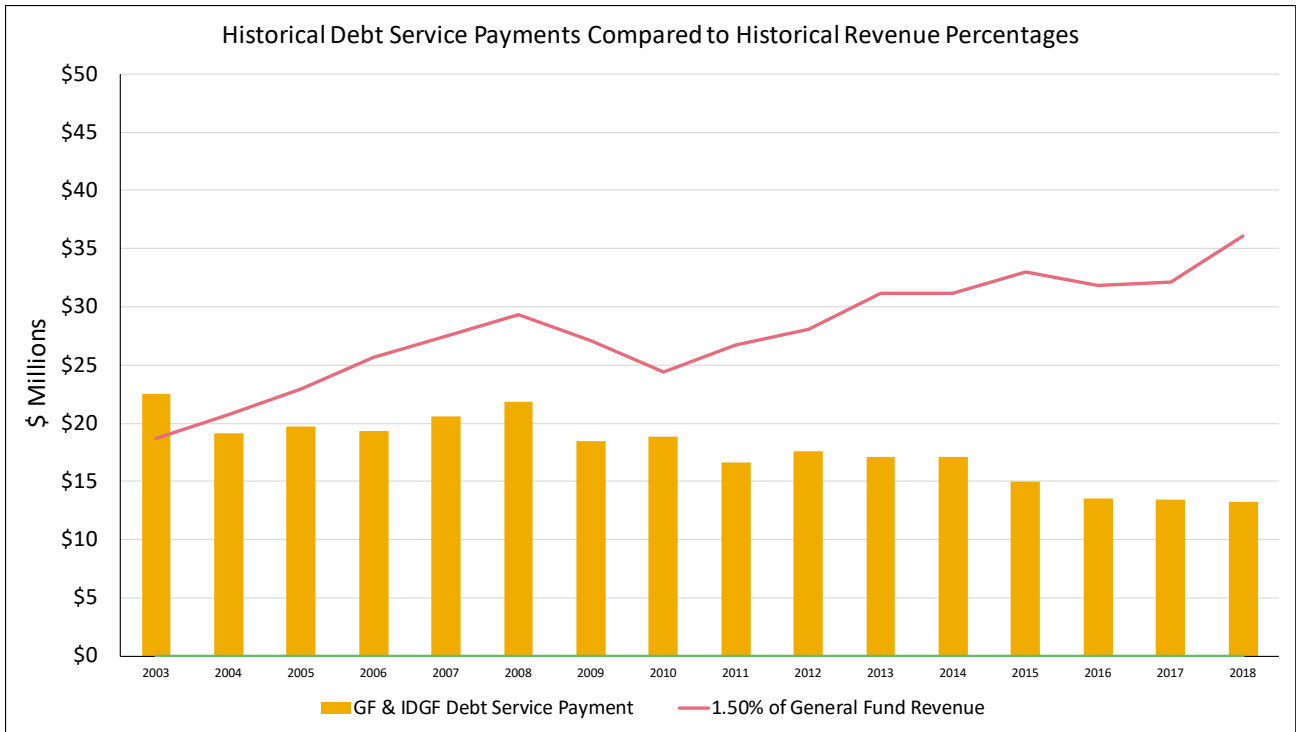
DATE: May 4, 2020
TO: Local Government/Pensions Subcommittee
FROM: Sam Schaefer
RE: Debt/Pension Provisions of HB 553 (2019 Session)

[HB 553](#), which was passed during the 2019 legislative session, established limits on authorizing general obligation bonds paid by the general fund. These two limits are as follows:

- The legislature may not authorize general obligation bonds paid from the general fund if the issuance of those bonds would cause the total amount of the state debt to exceed 0.6% of the fair market value of all taxable property within the state.
- The legislature may not authorize general obligation bonds paid from the general fund if the debt service payment for a fiscal year exceeds 1.5% of total general fund revenue from the preceding year.

The following charts illustrate how these two provisions would have looked historically.





For the purposes of this legislation, “state debt” is defined as:

- the outstanding principal of all issued general obligation bonds as well as authorized but unissued general obligation bonds paid from the general fund as of the start of a fiscal year
- the total amount of unfunded actuarial accrued liability of the public retirement systems established in Title 19 that does not amortize in 30 years as identified in those systems' most recent actuarial valuations of the assets and liabilities of their plans

