



## Legislative Fiscal Bureau

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January 3, 2017

TO: Senator Kathleen Vinehout  
Room 108 South, State Capitol

FROM: Emma Schumann, Fiscal Analyst

SUBJECT: Outstanding State Debt from December, 1996, Through December, 2016

At your request, this memorandum and attached table provide information relating to the outstanding principal on state bonding programs from December, 1996, through December, 2016.

### **Outstanding Indebtedness on State-Issued Bonds**

The state's general obligation debt is backed by the "full faith and credit" of the state. The state's pledge to repay its general obligation debt is an unconditional promise of the state to use its taxing authority to assure repayment of the debt.

The state currently has three revenue obligation debt programs: (a) the transportation revenue obligation bond program, which funds the construction and major renovation of state highways and related infrastructure; (b) the clean water fund and environmental improvement fund revenue obligation bond programs, which provide loans to municipalities in the state for drinking water and water pollution control projects; and (c) the petroleum inspection fee revenue obligation bond program, which provides petroleum environmental cleanup fund awards (PECFA) grants to individuals to fund approved remediation of soil and water petroleum contamination.

Under 2003 Act 33, the state created an appropriation obligation bond program, under which the state issued bonds, payable from funds to be appropriated by the state, to pay off the state's unfunded prior service pension and accumulated sick leave conversion credit liabilities. Under 2007 Act 226, the state created a second appropriation bond program for the purpose of repurchasing the rights to the state's tobacco settlement revenues, which were earlier securitized by the state.

Annual debt service payments on outstanding general obligation bonds are paid from sum sufficient general fund, segregated fund, and program revenue account appropriations. General

obligation bond debt service payments are the first draw on revenues to these funds or accounts. If segregated or program revenues would be insufficient to cover the annual debt service amounts scheduled to be paid from a segregated fund or program revenue account, those payments would be made from the general fund.

Principal and interest payments on revenue obligation bonds issued under various programs are made from a dedicated revenue source, which supports the debt issued. The annual debt service payments on the transportation revenue obligation bonds are a first draw from the state's annual motor vehicle registration fees and various other transportation related fees. Annual debt service payments on the clean water fund bonds are a first draw on annual clean water fund loan repayment funds. Annual debt service payments on PECFA revenue obligations are a first draw on annual revenues from the state's two cent per gallon petroleum inspection fee on petroleum-based products sold in the state.

Appropriation bonds are considered an undertaking by the state to repay a certain amount of borrowed money that is payable from the general fund, subject to the annual appropriation of funds by the Legislature.

The attachment to this memorandum provides the level of outstanding principal as of December of each year since 1996 for each type of bonds issued by the state.

ES/lb  
Attachment

**ATTACHMENT**

**Outstanding Principal on State Bonding Programs**

Type of Bonds	Outstanding Debt - December						
	1996	1997	1998	1999	2000	2001	2002
General Obligation Bonds	\$3,288,068,499	\$3,428,350,624	\$3,564,224,069	\$3,743,065,380	\$4,067,583,077	\$4,240,443,481	\$4,386,223,967
Transportation Revenue Obligations	750,565,000	878,309,000	957,198,000	915,717,188	1,000,878,000	1,099,258,000	1,244,498,000
Clean Water Revenue Obligations	370,930,000	437,370,000	513,355,000	569,155,000	545,625,000	588,380,000	656,885,000
PECFA Revenue Obligations	0	0	0	0	248,500,000	278,500,000	329,360,000
Appropriation Obligations	0	0	0	0	0	0	0
Pension	0	0	0	0	0	0	0
Tobacco Settlement	0	0	0	0	0	0	0
<b>Total</b>	<b>\$4,409,563,499</b>	<b>\$4,744,029,624</b>	<b>\$5,034,777,069</b>	<b>\$5,227,937,568</b>	<b>\$5,862,586,077</b>	<b>\$6,206,581,481</b>	<b>\$6,616,966,967</b>

Type of Bonds	Outstanding Debt - December						
	2003	2004	2005	2006	2007	2008	2009
General Obligation Bonds	\$4,370,162,682	\$4,876,460,340	\$5,092,347,700	\$5,697,308,689	\$5,781,428,689	\$5,939,381,430	\$6,222,792,744
Transportation Revenue Obligations	1,442,078,000	1,376,743,000	1,524,168,000	1,537,393,000	1,598,528,000	1,688,753,000	1,759,238,000
Clean Water Revenue Obligations	620,480,000	682,935,000	641,435,000	776,660,000	729,575,000	866,035,000	805,305,000
PECFA Revenue Obligations	317,290,000	348,455,000	300,250,000	272,590,000	252,320,000	231,040,000	188,610,000
Appropriation Obligations	0	0	0	0	0	0	0
Pension	1,794,585,000	1,794,585,000	1,794,585,000	1,794,585,000	1,794,585,000	1,857,120,000	1,850,645,000
Tobacco Settlement	0	0	0	0	0	0	1,529,065,000
<b>Total</b>	<b>\$8,544,595,682</b>	<b>\$9,079,178,340</b>	<b>\$9,352,785,700</b>	<b>\$10,078,536,689</b>	<b>\$10,156,436,689</b>	<b>\$10,582,329,430</b>	<b>\$12,355,655,744</b>

Type of Bonds	Outstanding Debt - December						
	2010	2011	2012	2013	2014	2015	2016
General Obligation Bonds	\$6,822,771,981	\$7,378,610,319	\$8,014,705,521	\$8,027,531,244	\$7,856,685,602	\$7,988,224,416	\$8,071,307,580
Transportation Revenue Obligations	1,866,138,000	1,768,193,000	1,806,153,000	1,872,903,000	2,034,983,000	2,106,923,000	1,976,123,000
Clean Water Revenue Obligations*	968,165,000	897,745,000	885,510,000	822,940,000	764,745,000	741,540,000	674,950,000
PECFA Revenue Obligations	188,610,000	188,610,000	188,610,000	164,445,000	139,100,000	112,560,000	76,055,000
Appropriation Obligations	0	0	0	0	0	0	0
Pension	1,836,825,000	1,816,775,000	1,791,395,000	1,754,890,000	1,682,140,000	1,637,165,000	1,623,020,000
Tobacco Settlement	1,522,865,000	1,517,980,000	1,511,230,000	1,504,600,000	1,497,090,000	1,478,770,000	1,478,740,000
<b>Total</b>	<b>\$13,205,374,981</b>	<b>\$13,566,743,319</b>	<b>\$14,197,603,521</b>	<b>\$14,147,309,244</b>	<b>\$13,974,743,602</b>	<b>\$14,065,182,416</b>	<b>\$13,900,195,580</b>

\* Includes Environmental Improvement Fund bonds.

