

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
130TH LEGISLATURE

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LEGISLATIVE NOTICES

JOINT STANDING COMMITTEE ON APPROPRIATIONS AND FINANCIAL AFFAIRS

Sen. Cathy Breen, Senate Chair

Rep. Teresa Pierce, House Chair

PUBLIC HEARING: Wednesday, March 3, 2021, 10:00 AM, State House, Room 228

(L.D. 221) Bill "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023" (HP0156) (Presented by Representative PIERCE, T. of Falmouth)

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*Please Note: Committees will not be receiving testimony at the State House complex at this time and will be conducting all meetings electronically. To provide oral testimony, sign up no later than 30 minutes prior to the posted start time of the meeting at <https://www.mainelegislature.org/testimony/>; registrations received after that time will be accepted at the discretion of the committee chairs. Committee meetings may be heard at [www.mainelegislature.org](http://www.mainelegislature.org) or viewed at [www.youtube.com/mainestatelegislature](http://www.youtube.com/mainestatelegislature).*

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STATE OF MAINE  
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**HENRY E.M. BECK, ESQ.**  
State Treasurer

March 3, 2021

Senator Cathy Breen, Chair  
Representative Teresa Pierce  
Joint Standing Committee on Appropriations and Financial Affairs

*Via Electronic Delivery*

Testimony on LD 221, 2022/2023 Biennial Budget (Debt Service-Treasury)

Senator Breen, Representative Pierce and Honorable Members:

We are pleased to be with you to provide information on the general obligation debt service section of the proposed biennial budget, which appears on page A-483.

The Governor's budget calls for general obligation debt service of payments of \$113MM per fiscal year. This a baseline request and assumes a bond sale costs of 4% and issuance of \$150MM in June 2021, June 2022 and June 2023. However, to date, based on internal borrowing requests, that June 2021 figure is expected to be lower, and the 4% bond sale cost is an intentional overestimate. This assumption of 4% bond sale costs has allowed for carry forward to maintain the baseline. The same is true for historical overestimates of internal borrowing costs. The rate of the cash pool has decreased significantly in the current rate environment. This presents a challenge when it comes to cash pool earnings distributed to the general fund but reduces costs of internal borrowing that is paid back through sale and the debt service line items.

We support this section as proposed by the Administration. We are happy to provide information and answer any questions.