

State Debt Limits

State	Debt Limit/Guideline*	Description	Resources
Alabama	See Description	<p>The state Constitution prohibits the state from incurring debt, and the only method by which state general obligation debt may be incurred is by an amendment to the Constitution.</p> <p>The Supreme Court of Alabama has held that the debt prohibition does not apply to obligations incurred for current operating expenses payable during the current fiscal year, debts incurred by separate public corporations functioning as instrumentalities of the State, or State debt incurred to repel invasion or suppress insurrection.</p> <p>The state has followed the practice of financing certain capital improvement programs through the issuance of limited obligation bonds.</p>	http://emma.msrb.org/ER451465-EP335189-EP731517.pdf
Alaska	Yes	<p>The state Constitution provided that GO bonds must be authorized by law and ratified by the voters. Generally the Constitution permits authorization of GO Bonds for capital improvements only. The amount and timing of a bond sale must be approved by the State Bond Committee. There is a statutory limit on the amount of GO bonds that may be authorized.</p> <p>The ratio of debt service to revenue has been used as a guideline for determining Alaska's debt capacity (lower population and high oil revenues make this metric preferred compared to debt per capita and other metrics). The state's historical policy was that annual debt service should not exceed 5 percent of annual unrestricted revenues. The state's debt capacity is dynamic, but the state has attempted to maintain a more inclusive ratio in the range of 5% to 8%.</p>	http://emma.msrb.org/EA449218-EA348705-EA744626.pdf
Arizona	Yes	<p>The state Constitution restricts the state from contracting debt that exceeds \$350 thousand. This provision has been interpreted to restrict the state from pledging its credit as a sole payment for debts incurred for the operation of state government. As a result, the state pledges either dedicated revenue streams or the constructed building or equipment acquired as security for the repayment of long-term debt instruments.</p>	http://emma.msrb.org/EP444572-EP347940-EP744772.pdf ; http://www.moodys.com/research/MOODYS-CHANGES-ARIZONAS-OUTLOOK-TO-NEGATIVE-FROM-STABLE-Aa3-ISSUER-Rating-Update--RU_16828738
Arkansas	Yes	<p>Through an amendment to the state Constitution, the state may incur GO debt not to exceed 5% of general fund revenue for the purpose of economic development without voter approval. Otherwise, the Constitution and laws of the state of Arkansas do not limit the amount of debt that may be incurred by the state. GO debt may be incurred only upon approval by the electors of the state at a general election or at a special election.</p>	http://emma.msrb.org/EP444276-EP347675-EP744486.pdf ; http://www.arkleg.state.ar.us/assembly/Summary/ArkansasConstitution1874.pdf
California	Yes	<p>The state Constitution prohibits the creation of GO indebtedness of the state unless a bond measure is approved by a majority of the electorate voting at a general election or a direct primary. Principal of debt must be discharged within 50 years of the contracting.</p>	http://www.treasurer.ca.gov/publications/2011dar.pdf ; http://emma.msrb.org/EP570237-EP447543-EP847399.pdf
Colorado	See Description	<p>The state Constitution restricts the state from pledging its credit as sole payment for debts incurred for the operation of state government. The state has no outstanding GO debt due to Constitutional limitations. The Constitution requires multiple year obligations to be approved by voters; therefore, there is no specific legal debt limitation.</p>	http://emma.msrb.org/ER490422-ER381306-ER779478.pdf ; http://www.colorado.gov/dpa/dfp/sco/CAFR/cafr10/cafr10.pdf
Connecticut	Yes	<p>State statute limits outstanding GO debt to 1.6 times general fund revenue. The Treasurer is required to compute the aggregate amount of indebtedness as of January 1 and July 1 each year and to certify the results of such computation to the Governor and the General Assembly. If the aggregate amount of indebtedness reaches 90% of the debt limit, the Governor shall review each bond act for which no indebtedness has been issued and recommend to the General Assembly priorities for repealing authorizations for remaining projects.</p>	http://emma.msrb.org/ER460086-ER358575-ER755260.pdf
Delaware	Yes	<p>The state of Delaware has three affordability guidelines which include: maximum annual debt service on GO debt that cannot exceed cash balances, annual GO debt limited to 5 percent of revenues, and maximum annual debt service on all debt cannot exceed 15 percent of combined revenue.</p>	http://emma.msrb.org/EP466570-EP364244-EP761210.pdf
Florida	Yes	<p>The state Constitution limits outstanding GO debt to less than 50% of general fund revenue for the two preceding fiscal years. There are currently no bonds outstanding under this authorization. All of Florida's full faith and credit debt which is currently outstanding has been issued under separate Constitutional authority.</p> <p>Statute establishes the ratio of tax-supported debt service to tax-supported revenues as the benchmark ratio for purposes of setting the state's legal debt margin. Under the policy, if the ratio exceeds 6%, additional tax-supported debt may be authorized only if the legislature determines the additional debt is in the best interest of the state. If the ratio exceeds 7%, additional tax-supported debt may be authorized only if the legislature determines it is necessary to address a critical state emergency. The Legislature established a guideline of a 6% target and 7% cap.</p>	http://emma.msrb.org/EP537016-EP418952-EP816398.pdf ; http://www.sbafla.com/bond/pdf/publications/DAR2010.pdf
Georgia	Yes	<p>The state Constitution limits the amount of debt that may be issued by restricting the level of debt service payments for which the State may be obligated. Additional GO debt may not be incurred whenever the highest aggregate annual debt service requirements for the current year or any subsequent year exceed 10 percent of the prior year's total treasury receipts. The state Constitution limits the term of the GO debt to 25 years. The debt affordability study provides targets above and beyond the debt limit for metrics of debt service to prior year revenues, debt to personal income and debt per capita. Without GARVEE bond these metrics were 7.0%, 3.5%, and \$1,200, respectively.</p>	http://gsfic.georgia.gov/vgn/images/portal/cit_1210/25/23/79173550Debt%20Management%20Plan,%20FY2011%20through%20FY2015.pdf ; http://emma.msrb.org/ER481837-ER374772-ER772634.pdf

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Hawaii	Yes	The state Constitution provides that determinations of the total outstanding indebtedness of the State and the exclusions there from shall be made annually and certified by law or as prescribed by law. GO debt issuance is limited if aggregate maximum annual debt service exceeds 18.5% of average general fund revenue for the three preceding fiscal years. The state of Hawaii Constitution limits the term of GO debt to 25 years. The Director of Finance must prepare statements of the total outstanding indebtedness of the State and exclusions to did that issuance of new bonds will not exceed the debt limit.	http://emma.msrb.org/EA362483-EA285397-EA680663.pdf
Idaho	See Description	The state Constitution restricts the state from pledging its credit as sole payment for debts incurred for the operation of state government. GO bonds can only be issued by voter approval, but are not issued in practice or outstanding.	http://emma.msrb.org/ER479794-ER373093-ER770880.pdf ; http://sto.idaho.gov/Resources/Docs/DebtManagementPolicy.pdf
Illinois	Yes	The state Constitution limits GO debt issuance if aggregate maximum annual debt service exceeds 7% of general fund and road fund appropriations. However, the state treasurer and state comptroller, acting together, can waive this requirement. The state Constitution limits the term of the GO debt to 25 years.	http://emma.msrb.org/EP504139-EP393014-EP790226.pdf
Indiana	See Description	The Constitution prohibits debt except to meet casual deficits in revenue, pay interest on state debt, or to provide funds for public defense. The State does have appropriation-backed debt, which must first be authorized by the Legislature.	http://emma.msrb.org/ER488060-ER379379-ER77539.pdf
Iowa	See Description	The State Constitution prohibits the State from exceeding a maximum of \$250,000 in general obligation debt without voter approval. Statutorily not authorized, only by voter approval, but no GO debt is issued in practice or outstanding.	http://www.legis.iowa.gov/DOCS/IsaReports/DebtReport.pdf ; http://emma.msrb.org/EA427312-EA332133-EA727967.pdf
Kansas	See Description	Provisions in the Kansas Constitution allow for limited issuance of GO bond subject to certain restrictions. However, no GO bonds have been issued for decades.	http://www.kansas.gov/KanView/pdf/2010/FY_2012_10_Actual_Debt_Service.pdf
Kentucky	See Description	Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued GO bonds since 1966.	http://emma.msrb.org/ER482450-ER374793-ER72664.pdf ; http://finance.ky.gov/NR/rdonlyres/7B03C866-8855-4A6C-AD5B-DC256B8E4F9B/0/CAFRFYJune2010.pdf
Louisiana	Yes	State Constitution limits GO debt issuance if aggregate maximum annual debt service exceeds 6% of general fund revenue. General obligation debt may be incurred by a favorable vote of a two-thirds majority of the legislature or if approved by a majority of electors.	http://emma.msrb.org/EP505863-EP394433-EP791641.pdf
Maine	See Description	There are no express Constitutional or statutory provisions restricting the issuance of general obligation debt.	http://emma.msrb.org/ER469686-ER364821-ER761708.pdf ; http://www.maine.gov/treasurer/debts_bonds/debt_summary.html
Maryland	Yes	There are no express Constitutional or statutory provisions restricting the issuance of GO debt, except that the principal of such debt must be discharged within 15 years of the time of the contracting. The state does have a debt management plan which includes a limit on debt as a percent of personal income (4.0%) and debt service as a percentage of revenues (8.0%).	http://emma.msrb.org/EA473375-EA366396-EA762573.pdf
Massachusetts	Yes	Massachusetts statutes limit GO debt issuance if aggregate maximum annual debt service exceeds 10% of general fund appropriations. Additionally, Massachusetts statutes restricted the amount of outstanding GO debt to \$6.8 billion in fiscal year 1991, and set the limit for each subsequent year at 105% of the previous fiscal year's limit.	http://emma.msrb.org/ER505355-ER392529-ER793794.pdf
Michigan	See Description	There are no express Constitutional or statutory provisions restricting the issuance of GO debt.	http://emma.msrb.org/EP529625-EP413406-EP810832.pdf ; http://emma.msrb.org/EA383600-EA301373-EA697043.pdf ; http://emma.msrb.org/EA448540-EP369358-EP766228.pdf
Minnesota	Yes	There are no express Constitutional or statutory provisions restricting the issuance of GO debt except that principal of such debt must be discharged within 20 years of the time of contracting. The state has debt guidelines which include a 3 percent General Fund Revenues to debt service ratio, 2.5 percent GO debt to personal income, 5 percent net tax-supported debt to personal income, 40 percent of debt retired within 5 years, and 70 percent retired within 10 years.	http://emma.msrb.org/EP544351-EP425383-EP823347.pdf
Mississippi	Yes	The Mississippi Constitution limits GO debt to 1.5 times general fund revenue.	http://emma.msrb.org/EP464520-EP362724-EP759688.pdf
Missouri	Yes	There are no express constitutional or statutory provisions restricting the issuance of GO debt, except that the principal of such debt must be discharged within 25 years of the time of the contracting.	http://emma.msrb.org/ER459985-ER358496-ER755178.pdf ; http://emma.msrb.org/EA393991-EA309427-EA705115.pdf
Montana	No	There are no express Constitutional or statutory provisions restricting the issuance of GO debt.	http://emma.msrb.org/EP475687-EP370614-EP767491.pdf
Nebraska	See Description	The Constitution restricts the state from pledging its credit as sole payment for debts incurred for the operation of state government.	http://emma.msrb.org/EP511773-EP399480-EP796702.pdf
Nevada	Yes	The Nevada Constitution limits outstanding GO debt to 2% of the total assessed valuation of property in the state. However, the limitation does not apply to GO debt that is incurred for the protection and preservation of any natural resources of the state. The Nevada Constitution limits the term of GO debt to 20 years.	http://emma.msrb.org/EA451766-EA350774-EA746752.pdf
New Hampshire	Yes	New Hampshire statutes limit GO debt issuance if aggregate maximum annual debt service exceeds 10% of general fund revenues. However, issuance may exceed such limitation by a favorable vote of three-fifths of the legislature. New Hampshire statutes limit the term GO debt to 20 years.	http://emma.msrb.org/EA407506-EA318754-EA714516.pdf
New Jersey	Yes	There are no express Constitutional or statutory provisions restricting the issuance of GO debt, except that the principal of such debt must be discharged within 35 years of the time of the contracting.	http://emma.msrb.org/EA433190-EA336735-EA732568.pdf
New Mexico	Yes	The New Mexico Constitution limits outstanding GO debt to 1% of the total assessed valuation of property in the state. The New Mexico Constitution limits the term of GO debt to 50 years. The state also has a debt policy that long-term GO bonds are issued with a maximum maturity of ten years and level debt service amortization.	http://emma.msrb.org/EA447323-EA346981-EA742875.pdf

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New York	Yes	<p>There are no express Constitutional or statutory provisions restricting the issuance of GO debt, except that the principal of such debt must be discharged within 40 years of the time of the contracting and can issue General Obligation bonds only through voter-approval. The Debt Reform Act of 2000 capped the level of debt outstanding at 4.0% of personal income for debt issued after April 1,2000. The cap was to be phased-in over 10 years. The Act also capped debt service on new debt issued at 5.0% of All Fund receipts; this cap was to be phased-in over 13 years. Lastly, the Act provided that debt can only be used for capital works or purposes and that debt cannot have a maturity longer than 30 years.</p> <p>However, the Debt Reform Act of 2000 is subject to discussion regarding its effectiveness and the degree the policies of the Act were upheld. Consequently, there has been calls for more comprehensive reform. The state Comptroller proposed reforming the state debt policy to limit all state-funded debt to 5% of personal income, with a phase-in on the cap (note state-funded used rather than state-supported debt to incorporate the broader debt of the state); amend the constitution to restrict the use of long-term debt to capital purposes, with strict provisions allowing exceptions only for emergencies; authorize multiple bond acts to be presented to voters each year; and create a Capital Asset/Infrastructure Council to develop comprehensive annual capital needs assessments and long-term strategic capital plans.</p>	<p>http://emma.msrb.org/EP516513-EP402775-EP800037.pdf; http://www.osc.state.ny.us/reports/debt/debtimpact2010.pdf</p>
North Carolina	Yes	<p>There are no express Constitutional or statutory provisions restricting the issuance of GO debt, except that non-voter-approved GO debt issuance may not exceed two-thirds of the amount by which outstanding GO debt decreased in the two preceding fiscal years. The state's debt affordability model limits debt issuance and defines targeted ratios for state debt levels; net-tax supported debt service to general tax revenue targeted at no more than 4% and not to exceed 4.75%; net tax-supported debt to personal income targeted at 2.5%, not to exceed 3.0%; debt retired in next 10 years target 55%, not decline below 50%.</p>	<p>http://emma.msrb.org/EP458390-EP358290-EP755324.pdf</p>
North Dakota	See Description	<p>The Constitution restricts the state from pledging its credit as sole payment for debts incurred for the operation of state government.</p>	<p>http://emma.msrb.org/EA436362-EA338130-EA733950.pdf</p>
Ohio	Yes	<p>The only method by which state GO debt may be incurred is by an amendment to the Constitution. The Ohio Constitution limits GO debt issuance if aggregate maximum annual debt service exceeds 5% of general fund and net lottery revenue. However, issuance may exceed such limitation by a favorable vote of three-fifths of the legislature.</p>	<p>http://emma.msrb.org/EP537525-EP419313-EP816787.pdf</p>
Oklahoma	No	<p>There are no express Constitutional or statutory provisions restricting the issuance of GO debt. However, the only method by which state GO debt may be incurred is by an amendment to the Constitution.</p>	<p>http://emma.msrb.org/EA390729-EA305230-EA700863.pdf</p>
Oregon	No	<p>There are no express Constitutional or statutory provisions restricting the issuance of GO debt. However, the only method by which state GO debt may be incurred is by an amendment to the Constitution.</p>	<p>http://emma.msrb.org/ER458332-ER357129-ER753722.pdf</p>
Pennsylvania	Yes	<p>The Pennsylvania Constitution limits GO debt issued for capital projects to 1.75 times the average of all governmental fund revenue in the five preceding fiscal years.</p>	<p>http://emma.msrb.org/ER432994-ER336645-ER732482.pdf</p>
Rhode Island	Yes	<p>There are no express Constitutional or statutory provisions restricting the issuance of GO debt. Additionally, the Public Finance Management Board and the state of Rhode Island approved several guidelines in 1999 which include: 1) Tax supported debt should not exceed the target range of 5% to 6% of personal income, and annual debt service for tax supported debt should not exceed 7.5% of General Revenues; 2) The Board should monitor the total amount of tax supported debt, state supported revenue debt, and agency revenue debt in relation to the State's personal income; 3) The credit guidelines may be exceeded temporarily under certain extraordinary conditions. If a guideline is exceeded due to economic or financial circumstances, the Board should request that the Governor and the Legislature recommend a plan to return debt levels to the Guidelines within five years.</p>	<p>http://emma.msrb.org/EP550957-EP430780-EP829284.pdf; http://www.treasury.ri.gov/documents/2010_FY09_FINAL_DEBT_STUDY.pdf</p>
South Carolina	Yes	<p>The South Carolina Constitution limits GO debt issuance if aggregate maximum annual debt service exceeds 5% of general fund revenue. The percentage of revenue limitation may be reduced to 4% or increased to 7% by a favorable vote of two-thirds of the legislature. However, GO debt issued for the purposes of funding highways and institutions of higher learning is not subject to such issuance limitation.</p>	<p>http://emma.msrb.org/ER454690-ER354293-ER750698.pdf</p>
South Dakota	See Description	<p>The state Constitution restricts the state from pledging its credit as sole payment for debts incurred for the operation of state government for more than \$100,000, the state does not have outstanding General Obligation debt.</p>	<p>http://emma.msrb.org/EA438063-EA340738-EA736605.pdf</p>
Tennessee	Yes	<p>There are no express Constitutional or statutory provisions restricting the issuance of GO debt. However, pursuant to Tennessee statutes, as additional security to support its GO debt, the state pledges a dedicated revenue source. Tennessee statutes limit GO debt issuance with a claim on a dedicated revenue source if aggregate maximum annual debt service exceeds 150% of such dedicated revenue source.</p>	<p>http://emma.msrb.org/EP462971-EP361615-EP758580.pdf</p>
Texas	Yes	<p>The Texas Constitution limits GO debt issuance if aggregate maximum debt service exceeds 5% of average general fund revenue in the three preceding fiscal years. However, GO debt that is reasonably expected to be paid from a dedicated revenue source is not subject to such issuance limitation. The only method by which state GO debt may be incurred is by an amendment to the Constitution.</p> <p>The Texas Bond Review Board is mandated to prepare a target and cap for Not Self-Supporting Debt Service as a Percentage of Unrestricted General Revenue, which can be adjusted as requested by the Legislature.</p>	<p>http://emma.msrb.org/ER502380-ER390167-ER791150.pdf</p>

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Utah	Yes	The state of Utah Constitution limits outstanding GO debt to 1.5% of the market value of property in the state. Utah statutes further limit outstanding GO debt to no more than 45% of the general fund appropriations limit. However, GO debt issued for the purposes of funding highways is not subject to such statutory issuance limitation.	http://emma.msrb.org/ER487956-ER379291-ER777443.pdf
Vermont	Yes	There are no express Constitutional or statutory provisions restricting the issuance of GO debt, except that the principal of such debt must be discharged within 20 years of the time of contracting. The state has several debt guidelines established to help the state achieve their objective of triple-A ratings from all three agencies. Guidelines include: equal or better than the 5-year mean and median of triple-A rated states on the basis of debt per capita; equal or better than the 5-year mean and 5-year median of triple-A rated states for debt as a percent of personal income; and no greater than 6% of annual GO debt service as percent of the annual aggregate General and Transportation Funds.	http://emma.msrb.org/EP461229-EP360271-EP757275.pdf ; http://emma.msrb.org/EP402423-EP316480-EP712578.pdf
Virginia	Yes	The Virginia Constitution limits outstanding GO debt to 1.15 times the average income tax and sales tax revenue in the three preceding fiscal years. The Virginia Constitution limits the term of GO debt to 30 years. Additionally, the commonwealth debt capacity advisory committee determines the amount of debt the Commonwealth can prudently authorize each year. The debt affordability model limits state tax-backed debt service to 5%.	http://emma.msrb.org/EP462456-EP361230-EP758201.pdf
Washington	Yes	The Washington Constitution limits GO debt issuance if aggregate maximum annual debt service exceeds 9% of average general fund revenue for the three preceding fiscal years. The Washington Constitution limits the term of GO debt to 30 years. Senate Bill 5181 proposes to amend the state Constitution through a November 2011 electoral ballot in order to change the debt limit to 7% of aggregate maximum annual debt service, to be phased in through 2017.	http://emma.msrb.org/EA471548-EA364991-EA761067.pdf
West Virginia	Yes	There are no express Constitutional or statutory provisions restricting the issuance of GO debt. However, the only method by which state GO debt may be incurred is by an amendment to the Constitution. The West Virginia Constitution limits the term of GO debt to at least 20 years.	http://emma.msrb.org/ER497070-ER385723-ER785502.pdf
Wisconsin	Yes	The Wisconsin Constitution limits outstanding GO debt to 5% of the market value of property in the state, and annual GO debt issuance to 0.75% of the market value of property in the state.	http://emma.msrb.org/EP573958-EP450349-EP850293.pdf
Wyoming	Yes	The Wyoming Constitution limits outstanding GO debt to 1% of the assessed valuation of property in the state, and annual GO debt issuance to less than 1.0 times general fund revenue. However, issuance may exceed the revenue limitation if approved by a majority of the electors.	http://emma.msrb.org/MS248750-MS224058-MD436311.pdf

*State debt limits may not reflect the most current state debt limits nor include all debt limits for every state. This list is offered as sampling of state debt policies.