

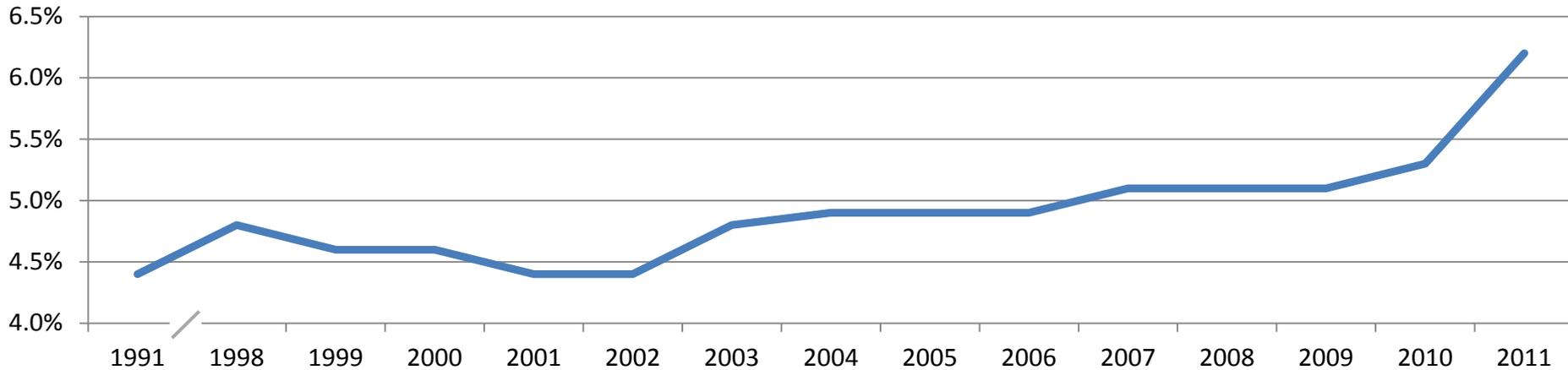
# State of Washington Debt – State Rankings

Total Net Tax-Supported Debt (\$000s)			
1	California	\$94,715,065	A1
2	New York	\$61,650,419	Aa2
3	New Jersey	\$34,407,665	Aa3
4	Massachusetts	\$31,243,217	Aa1
5	Illinois	\$30,847,532	A1
6	Florida	\$21,472,900	Aa1
7	Connecticut	\$18,467,835	Aa2
8	<b>Washington</b>	<b>\$17,712,354</b>	<b>Aa1</b>
9	Texas	\$15,432,590	Aaa
10	Pennsylvania	\$13,578,800	Aa1

Net Tax-Supported Debt Per Capita			
1	Connecticut	\$5,236	Aa2
2	Massachusetts	\$4,711	Aa1
3	Hawaii	\$4,236	Aa2
4	New Jersey	\$3,940	Aa3
5	New York	\$3,149	Aa2
6	Delaware	\$2,676	Aaa
7	<b>Washington</b>	<b>\$2,626</b>	<b>Aa1</b>
8	California	\$2,542	A1
9	Illinois	\$2,383	A1
10	Rhode Island	\$2,191	Aa2

Net Tax-Supported Debt As a % of 2010 Personal Income		
1	Hawaii	10.1%
2	Massachusetts	9.5%
3	Connecticut	9.5%
4	New Jersey	7.9%
5	Delaware	6.8%
6	New York	6.8%
7	<b>Washington</b>	<b>6.2%</b>
8	Kentucky	6.1%
9	California	6.0%
10	Illinois	5.7%

**Washington Net Tax-Supported Debt as a Percentage of Personal Income**



Source: 2011 State Debt Medians Report. Moody's U.S. Public Finance. May 25, 2011.

# How do other states limit general obligation (GO) debt issuance?

- No general obligation debt
  - Constitutional prohibitions
  - Debt constrained by dedicated revenues
  - Debt issuance shifted to state agencies and local governments
- All general obligation debt must be voter-approved
  - Not necessarily constraining
- Constraints in states of general obligation debt
  - Constitutional
  - Statutory
  - Targets

# Types of GO Debt Constraints

## Constrained by Measure of Ability to Repay

1. Maximum annual debt service  $\leq$  4% to 15% of state revenues
  - Constraint is in the details
  - Where to draw the line?
  - Current or historical revenues
  - Average revenue over 3-5 years
2. Debt outstanding  $\leq$  3% to 6% of personal income
3. Debt outstanding  $\leq$  1% to 5% of assessed/market property values
4. Maximum annual debt service capped by cash balances
5. Whatever rating agencies specify is needed for AAA rating
6. Combined effect of above constraints and:
  - Limitations on maximum maturity
  - Pace at which debt must be repaid