CHAPTER 2025-207

House Bill No. 5017

An act relating to debt reduction; amending s. 215.98, F.S.; revising the information required to be included in a specified report; creating the Debt Reduction Program within the State Board of Administration for a specified purpose; providing requirements for the use of certain funds by the Division of Bond Finance; requiring the Chief Financial Officer to transfer certain funds to the State Board of Administration by a specified date each fiscal year; requiring any unexpended funds to revert to the General Revenue Fund by a specified date; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 215.98, Florida Statutes, is amended to read:

215.98 State debt fiscal responsibility.—

(1) It is the public policy of this state to encourage fiscal responsibility on matters pertaining to state debt. In an effort to finance essential capital projects for the benefit of residents at favorable interest rates, the state must continue to maintain its excellent credit standing with investors. Authorizations of state debt must take into account the ability of the state to meet its total debt service requirements in light of other demands on the state's fiscal resources. The Legislature declares that it is the policy of this state to exercise prudence in undertaking the authorization and issuance of debt. In order to implement this policy, the Legislature desires to authorize the issuance of additional state tax-supported debt only when such authorization would not cause the ratio of debt service to revenue available to pay debt service on tax-supported debt to exceed 6 percent. If the 6-percent target debt ratio will be exceeded, the authorization of such additional debt must be accompanied by a legislative statement of determination that such authorization and issuance is in the best interest of the state and should be implemented. The Legislature shall not authorize the issuance of additional state tax-supported debt if such authorization would cause the designated benchmark debt ratio of debt service to revenues available to pay debt service to exceed 7 percent unless the Legislature determines that such additional debt is necessary to address a critical state emergency.

(2) The Division of Bond Finance shall conduct a debt affordability analysis each year. Proposed capital projects that require funding by the issuance of additional state debt shall be evaluated on the basis of the analysis to assist the Governor and the Legislature in setting priorities among capital projects and related appropriations.

(a) The Division of Bond Finance shall annually prepare a debt affordability report, to be presented to the governing board of the Division of Bond Finance, the President of the Senate, the Speaker of the House of

Representatives, and the chair of each appropriations committee by December 15 of each year, for purposes of providing a framework for the Legislature to evaluate and establish priorities for bills that propose the authorization of additional state debt during the next budget year.

(b) The report shall include, but not be limited to:

1. A listing of state debt outstanding, other debt secured by state revenues, and other contingent debt.

2. An estimate of revenues available for the next 10 fiscal years to pay debt service, including general revenues plus any revenues specifically pledged to pay debt service.

3. An estimate of additional debt issuance for the next 10 fiscal years for the state's existing borrowing programs.

4. A schedule of the annual debt service requirements, including principal and interest allocation, on the outstanding state debt and an estimate of the annual debt service requirements on the debt included in subparagraph 3. for each of the next 10 fiscal years.

5. An overview of the state's general obligation credit rating.

6. Identification and calculation of pertinent debt ratios, including, but not limited to, debt service to revenues available to pay debt service, debt to personal income, and debt per capita for the state's net tax-supported debt.

7. The estimated debt capacity available over the next 10 fiscal years without the benchmark debt ratio of debt service to revenue exceeding 6 percent.

8. A comparison of the debt ratios prepared for subparagraph 6., with the comparable debt ratios for the 10 most populous states.

9. A description of the strategies employed to retire outstanding state debt, the amount of state debt retired, the amount of any necessary or incidental payments made in association with a transaction that realizes debt service savings or reduces the amount of state debt outstanding, and the debt service savings generated and a recommendation as to whether it is in the best interest of the state for the Legislature to continue the Debt Reduction Program pursuant to subsection (3).

(c) The Division of Bond Finance shall prepare an update of the report set forth above upon completion of the revenue estimates prepared in connection with the legislative session.

(d) Any entity issuing debt secured by state revenues shall provide the information necessary to prepare the debt affordability report.

(3) The Debt Reduction Program is created within the State Board of Administration for the purpose of reducing the state's tax-supported debt by accelerating the retirement of bonds prior to maturity. The Division of Bond Finance shall use its best efforts to utilize any funds transferred for the purpose of this program to redeem, defease, purchase, or otherwise extinguish outstanding state bonds, other than state bonds of the Department of Transportation or the Florida Turnpike Enterprise, and may use the funds to make any other payments necessary or incidental to the transactions for the purpose of realizing debt service savings and reducing the amount of state debt outstanding.

(4)~~(3)~~ Failure to comply with this section shall not affect the validity of any debt or the authorization of such debt.

Section 2. The Chief Financial Officer shall transfer $250 million from the General Revenue Fund on July 1 each fiscal year, beginning in the 2025-2026 fiscal year, to the State Board of Administration for the Debt Reduction Program pursuant to s. 215.98, Florida Statutes. Any unexpended funds shall revert on June 30 of each fiscal year to the General Revenue Fund.

Section 3. This act shall take effect July 1, 2025.

Approved by the Governor June 30, 2025.

Filed in Office Secretary of State June 30, 2025.