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Brian K. Krolicki
State Treasurer



John E. Adkins
Chief Deputy Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

Memorandum

To: Senator William Raggio, Chairman of the Senate Finance Committee
Senator Dean A. Rhoades, Member of the Senate Finance Committee

CC: Perry Comeaux, Director of Administration
Gary Ghiggeri, Fiscal Analyst

From: Brian Krolicki, Nevada State Treasurer *BK*
Robin V. Reedy, Deputy Treasurer of Debt Management

Date: May 21, 2003

Re: SB 51

RECEIVED
03 MAY 21 PM 2:27
FISCAL ANALYSIS DIVISION

The authorization provided for in this bill is not in the proposed budget, CIP plan or suggested bonding authorization. The debt capacity report includes recommended projects and corresponding bonding authorization requests. This capacity mode was developed on maximizing 16 cents of ad valorem (a recommended increase of one penny). If the CIP were reduced dollar for dollar in authorization, the capacity would be able to absorb this request.

Please note: This is not a static report. As interest rates vary, our ability to issue debt varies. Other variables include the timing of issuance, whether it is issued with other debt etc.

In a worse-case scenario, if the \$3 million were issued on July 1, 2003 the bond interest and redemption expense account would be charged approximately \$215,000 for each year in the coming biennium with the balance of principal and interest being paid in the subsequent 18 years. Bond issuance expense could be no more than \$60,000 in the year of issuance.

In the best-case scenario, bonds would be approved prior to June 30, 2005 and issued in July of the same year. In this instance there would be no effect to this biennia and I would forecast that this would have little impact to the capacity report as a whole. This authorization would then be included in future capacity reports and fall into all other unissued but authorized bonds.

If you have further question, please contact me at 684-5757.

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STATE TREASURER PROGRAMS
America's College Savings Plan
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