

BONDING CAPACITY

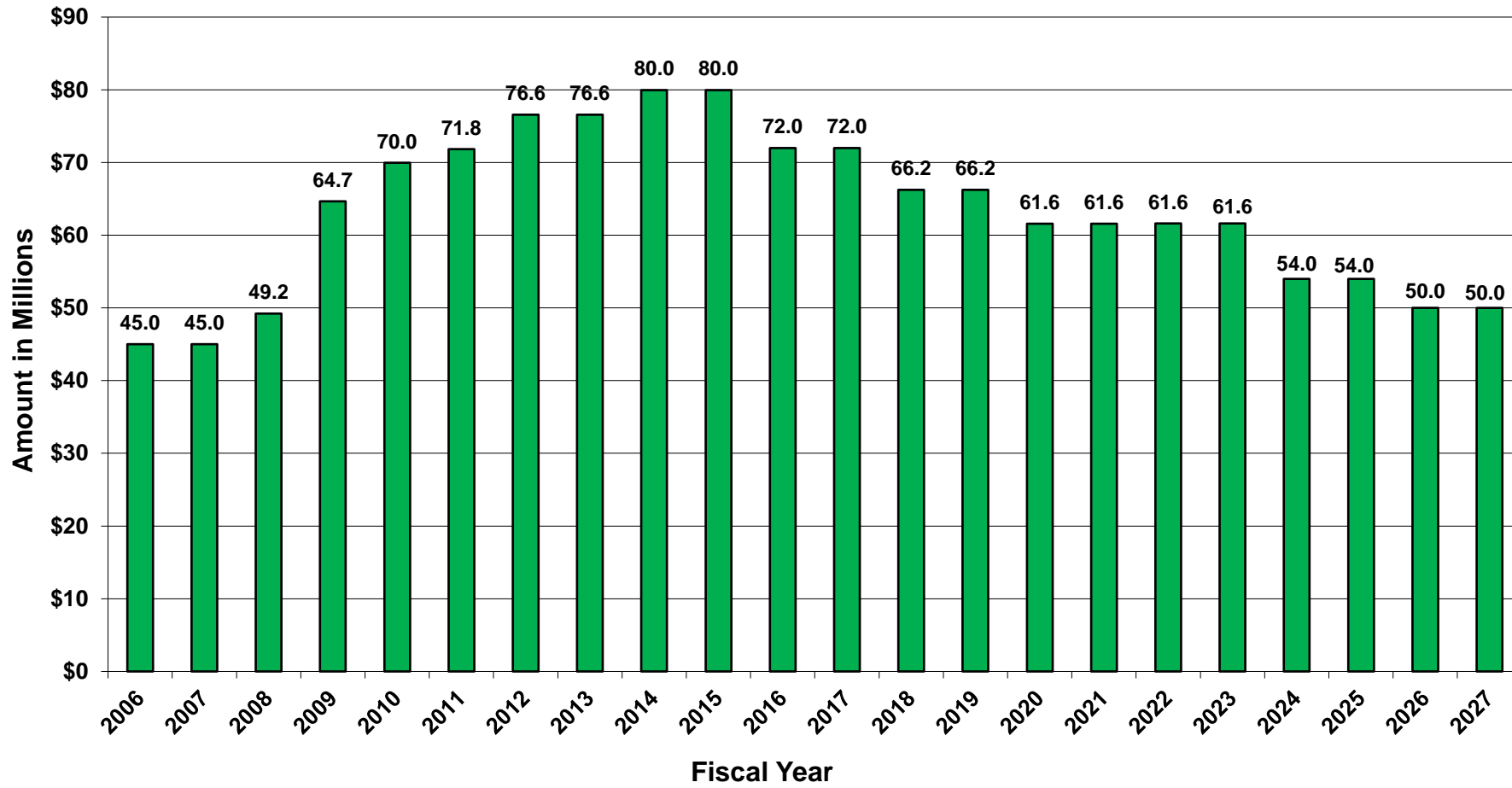
Vermont State Treasurer's Office
April 2026

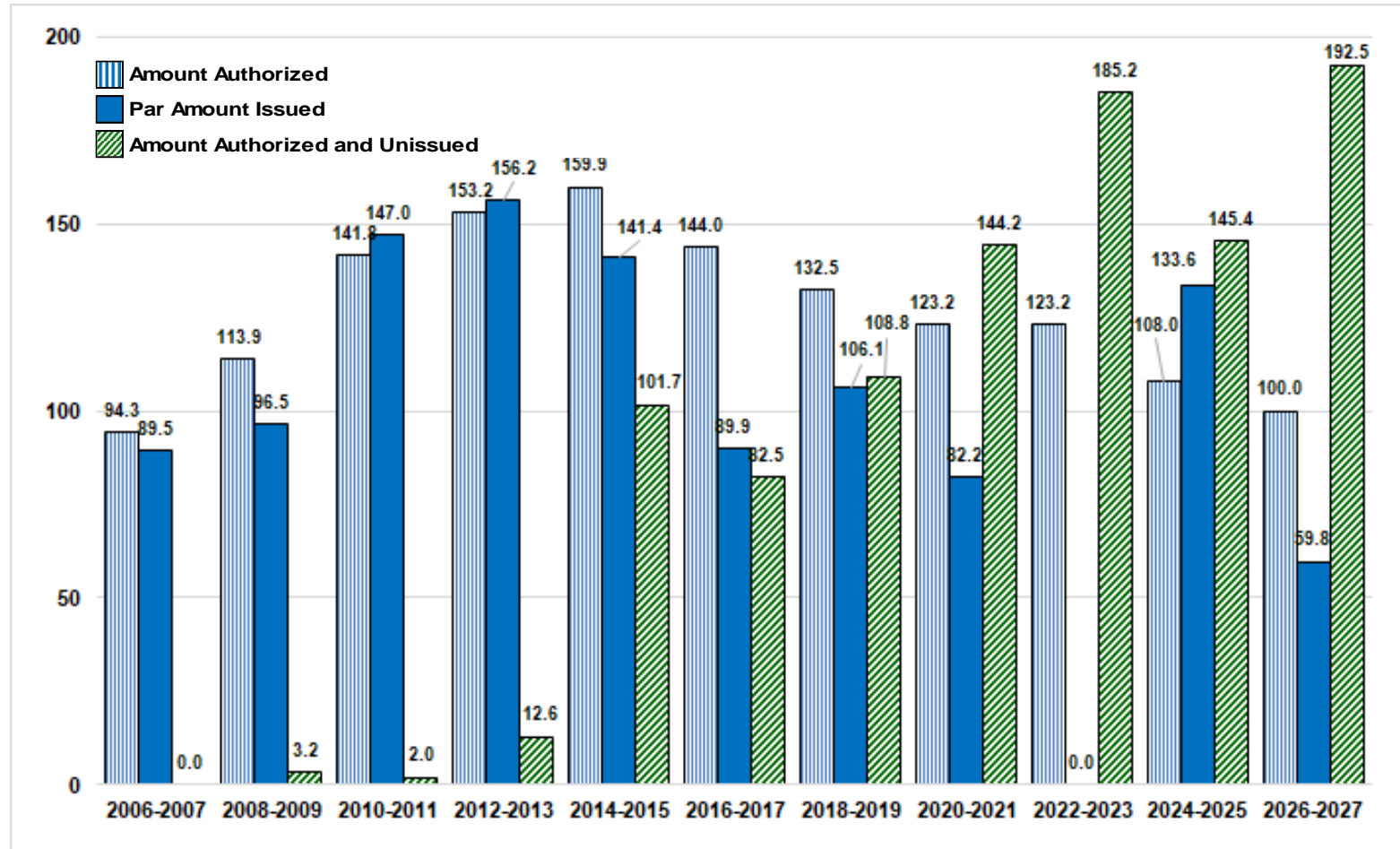


CDAAC Recommendation

- In September 2024, CDAAC issued report detailing two-year debt recommendation for 2026-27 biennium of \$100 million (\$50 million per year)
- In September 2024, CDAAC reviewed biennium authorization amounts of \$100 million, \$108 million, \$123.18 million and \$172 million
- The \$172 million scenario was based on Agency of Administration 10-year capital plan needs of \$86 million per year
- CDAAC issued report detailing two-year debt recommendation for 2026-27 biennium of \$100 million (\$50 million per year)
- This amount was based on review of debt metrics as well as other factors such as economic volatility and uncertainty, competing capital projects from available federal and local infrastructure funds, potential impacts of labor and materials availability and supply chain issues, increasing costs and/or delaying project timelines, historically high inflation, significantly increased borrowing costs, and significant amount of Authorized but Unissued Debt
- In September 2025, CDAAC affirmed the 2026-2027 two-year debt recommendation of \$100,000,000

General Obligation (G.O.) Debt Authorizations FY2006-FY2027





Notes:

⁽¹⁾ Annual issuances do not include refunding bonds. Authorized but unissued debt has been carried forward and employed in subsequent years' bond issuances.

⁽²⁾ Pursuant to Section 34 of Act 104 of 2011, commencing in fiscal year 2013, premium received from the sale of bonds may be applied towards the purposes for which such bonds were authorized.

⁽³⁾ The "Authorized" amount reflects the two-year authorized amount of the General Assembly. These amounts exclude any amounts authorized that relate to the principal amount of bonds authorized in prior biennial capital bills but not issued due to the use of original issue bond premium to fund capital projects.

Recently, in response to questions of bonding capacity, specifically regarding school construction aid, our office worked with PRAG (our financial advisor) to run additional scenarios

Scenario 1: Current Projection of \$50 Million Per Year/\$100 Million Biennium

- Baseline assumption of \$50mm issued from FY2026 to FY2036
- \$73.1mm issued from FY2027-2031 to expend \$102.47mm Authorized But Unissued balance (i.e., additional \$23.1mm per year for five years)
- Revert to baseline \$50mm annual issuance from FY2031-2036
- **Debt Per Capita (DPC):** exceeded in all years, but declining
- **Debt as a Percent of Personal Income (DPPI), Debt Service as a Percent of Revenue (DSPR):** compliant in all years, and declining

Fiscal Year (ending 6/30)	Net Tax-Supported Debt Per Capita (in \$)			Net Tax-Supported Debt as Percent of Personal Income			Net Tax-Supported Debt Service as Percent of Revenues ⁽⁵⁾		
	State of Vermont	Moody's Median	State's Rank ⁽⁴⁾	State of Vermont	Moody's Median	State's Rank ⁽⁴⁾	State of Vermont ⁽³⁾	Moody's Median	State's Rank ⁽⁴⁾
Actual ⁽¹⁾									
2015	954	1,012	28	2.1	2.5	31	4.2	5.3	n.a.
2016	1,002	1,027	27	2.1	2.5	30	4.2	4.3	n.a.
2017	1,068	1,006	24	2.2	2.5	27	4.3	4.1	n.a.
2018	987	987	25	2.0	2.3	28	4.0	4.2	n.a.
2019	1,140	1,068	25	2.2	2.2	26	4.1	4.1	n.a.
2020	1,061	1,071	26	1.9	2.0	29	4.3	3.8	n.a.
2021	1,102	1,039	24	1.9	1.9	27	4.0	3.9	n.a.
2022	1,185	1,179	25	2.0	2.1	26	3.7	2.1	n.a.
2023	1,173	1,178	26	1.9	2.2	27	3.7	n.a.	n.a.
2024	1,100	1,189	29	1.6	2.0	29	3.7	n.a.	n.a.
2025	1,100	1,189	n.a.	1.6	2.0	n.a.	3.7	n.a.	n.a.
Current ⁽²⁾	1,103	n.a.	n.a.	1.4	n.a.	n.a.	3.8	n.a.	n.a.
Projected (FYE 6/30) ⁽¹⁾		State Guideline ⁽⁶⁾			State Guideline			State Guideline	
2026	1,057	662		1.4	1.8		3.5	4.0	
2027	1,057	680		1.3	1.8		3.3	4.0	
2028	1,060	699		1.3	1.8		3.2	4.0	
2029	1,062	718		1.2	1.8		3.1	4.0	
2030	1,063	737		1.2	1.8		3.1	4.0	
2031	1,062	757		1.1	1.8		3.0	4.0	
2032	1,034	777		1.1	1.8		2.8	4.0	
2033	1,004	798		1.0	1.8		2.7	4.0	
2034	980	820		0.9	1.8		2.5	4.0	
2035	960	842		0.9	1.8		2.4	4.0	
2036	943	865		0.8	1.8		2.3	4.0	
5-Year Average of Moody's Mean for Triple-A States		1,060			1.7			n.a.	
5-Year Average of Moody's Median for Triple-A States		645			1.1			n.a.	

Scenario 2: Projection of \$100 Million Per Year/\$200 Million Biennium

- Baseline assumption of \$100mm issued from FY2026 to FY2036
- \$123.1mm issued from FY2027-2031 to expend \$102.47mm Authorized But Unissued balance (i.e., additional \$23.1mm per year for five years)
- Revert to baseline \$100mm annual issuance from FY2031-2036
- **DPC**: exceeded in all years, and increasing
- **DPPI, DSPR**: compliant in all years, increasing then declining

Fiscal Year (ending 6/30)	Net Tax-Supported Debt Per Capita (in \$)			Net Tax-Supported Debt as Percent of Personal Income			Net Tax-Supported Debt Service as Percent of Revenues ⁽⁵⁾		
	State of Vermont	Moody's Median	State's Rank ⁽⁴⁾	State of Vermont	Moody's Median	State's Rank ⁽⁴⁾	State of Vermont ⁽²⁾	Moody's Median	State's Rank ⁽⁴⁾
Actual ⁽¹⁾									
2015	954	1,012	28	2.1	2.5	31	4.2	5.3	n.a.
2016	1,002	1,027	27	2.1	2.5	30	4.2	4.3	n.a.
2017	1,068	1,006	24	2.2	2.5	27	4.3	4.1	n.a.
2018	987	987	25	2.0	2.3	28	4.0	4.2	n.a.
2019	1,140	1,068	25	2.2	2.2	26	4.1	4.1	n.a.
2020	1,061	1,071	26	1.9	2.0	29	4.3	3.8	n.a.
2021	1,102	1,039	24	1.9	1.9	27	4.0	3.9	n.a.
2022	1,185	1,179	25	2.0	2.1	26	3.7	2.1	n.a.
2023	1,173	1,178	26	1.9	2.2	27	3.7	n.a.	n.a.
2024	1,100	1,189	29	1.6	2.0	29	3.7	n.a.	n.a.
2025	1,100	1,189	n.a.	1.6	2.0	n.a.	3.7	n.a.	n.a.
Current ⁽²⁾	1,103	n.a.	n.a.	1.4	n.a.	n.a.	3.8	n.a.	n.a.
Projected (FYE 6/30) ⁽³⁾	State Guideline ⁽⁶⁾			State Guideline			State Guideline		
2026	1,133	662		1.5	1.8		3.5	4.0	
2027	1,207	680		1.5	1.8		3.5	4.0	
2028	1,279	699		1.5	1.8		3.5	4.0	
2029	1,346	718		1.6	1.8		3.6	4.0	
2030	1,407	737		1.6	1.8		3.7	4.0	
2031	1,463	757		1.6	1.8		3.7	4.0	
2032	1,487	777		1.5	1.8		3.6	4.0	
2033	1,507	798		1.5	1.8		3.6	4.0	
2034	1,528	820		1.5	1.8		3.5	4.0	
2035	1,549	842		1.4	1.8		3.4	4.0	
2036	1,569	865		1.4	1.8		3.4	4.0	
5-Year Average of Moody's Mean for Triple-A States		1,060			1.7			n.a.	
5-Year Average of Moody's Median for Triple-A States		645			1.1			n.a.	

Scenario 3: Projection of \$150 Million Per Year/\$300 Million Biennium

- Baseline assumption of \$150mm issued from FY2026 to FY2036
- \$173.1mm issued from FY2027-2031 to expend \$102.47mm Authorized But Unissued balance (i.e., additional \$23.1mm per year for five years)
- Revert to baseline \$150mm annual issuance from FY2031-2036
- **DPC**: exceeded in all years, more than doubling the benchmark by 2036
- **DPPI**: exceeded beginning in 2029 and stabilizing above benchmark
- **DSPR**: exceeded beginning in 2030 and stabilizing above benchmark

Fiscal Year (ending 6/30)	Net Tax-Supported Debt Per Capita (in \$)			Net Tax-Supported Debt as Percent of Personal Income			Net Tax-Supported Debt Service as Percent of Revenues ⁽⁵⁾		
	State of Vermont	Moody's Median	State's Rank ⁽⁴⁾	State of Vermont	Moody's Median	State's Rank ⁽⁴⁾	State of Vermont ⁽²⁾	Moody's Median	State's Rank ⁽⁴⁾
Actual ⁽¹⁾									
2015	954	1,012	28	2.1	2.5	31	4.2	5.3	n.a.
2016	1,002	1,027	27	2.1	2.5	30	4.2	4.3	n.a.
2017	1,068	1,006	24	2.2	2.5	27	4.3	4.1	n.a.
2018	987	987	25	2.0	2.3	28	4.0	4.2	n.a.
2019	1,140	1,068	25	2.2	2.2	26	4.1	4.1	n.a.
2020	1,061	1,071	26	1.9	2.0	29	4.3	3.8	n.a.
2021	1,102	1,039	24	1.9	1.9	27	4.0	3.9	n.a.
2022	1,185	1,179	25	2.0	2.1	26	3.7	2.1	n.a.
2023	1,173	1,178	26	1.9	2.2	27	3.7	n.a.	n.a.
2024	1,100	1,189	29	1.6	2.0	29	3.7	n.a.	n.a.
2025	1,100	1,189	n.a.	1.6	2.0	n.a.	3.7	n.a.	n.a.
Current ⁽²⁾	1,103	n.a.	n.a.	1.4	n.a.	n.a.	3.8	n.a.	n.a.
Projected (FYE 6/30) ⁽¹⁾	State Guideline ⁽⁶⁾			State Guideline			State Guideline		
2026	1,210	662		1.6	1.8		3.5	4.0	
2027	1,357	680		1.7	1.8		3.7	4.0	
2028	1,497	699		1.8	1.8		3.8	4.0	
2029	1,629	718		1.9	1.8		4.0	4.0	
2030	1,751	737		1.9	1.8		4.2	4.0	
2031	1,864	757		2.0	1.8		4.4	4.0	
2032	1,941	777		2.0	1.8		4.4	4.0	
2033	2,009	798		2.0	1.8		4.5	4.0	
2034	2,076	820		2.0	1.8		4.4	4.0	
2035	2,138	842		2.0	1.8		4.4	4.0	
2036	2,195	865		2.0	1.8		4.5	4.0	
5-Year Average of Moody's Mean for Triple-A States			1,060	1.7			n.a.		
5-Year Average of Moody's Median for Triple-A States			645	1.1			n.a.		

Notes to 10-year projections:

Note: Shaded figures in the State's debt per capita projection and State's debt as percentage of personal income, in fiscal years 2026-2036 and fiscal year 2025, respectively represent periods Vermont is projected to exceed State Guideline consistent with the current calculation methodology and the assumption that the State will issue bonds consistent with the proposed two-year authorization (footnote (3)).

(1) Actual data compiled by Moody's Investors Service, reflective of all 50 states. Moody's uses states' prior year figures to calculate the "Actual" year numbers in the table. NOTE: 2025 numbers are the same as 2024 pending availability of Moody's 2025 state debt medians.

(2) Calculated by Public Resources Advisory Group, Inc. using outstanding Long-Term Net Tax-Supported Debt of \$716.136 million as of 6/30/2025 divided by Vermont's 2025 population of 649,206 as projected by EPR.

(3) Projections assume issuance of \$150 Million in FY2026, \$173.1 Million from FY2027-FY2030, \$150 Million from FY2031-FY2036.

(4) Rankings are in numerically descending order (i.e., from high to low debt).

(5) Revenues are aggregate of State's General Fund, including changes related to Act 11 as calculated by EPR, and Transportation Fund. Projected debt service is based on estimated interest rates at 5% over the projected period. Calculated by Public Resources Advisory Group, Inc.

(6) State Guideline equals the 5-year average of Moody's median for the Peer Group of \$645 increasing annually at 2.70%.

SUMMARY

This suggest that the State probably has capacity to issue a total of \$100 million annually (\$200 million per biennium) without exceeding its current metrics, but \$150 million annually (\$300 million per biennium) will likely exceed those.