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HB 5017

2025 Legislature

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

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

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

18 215.98 State debt fiscal responsibility.—

19 (1) It is the public policy of this state to encourage
20 fiscal responsibility on matters pertaining to state debt. In an
21 effort to finance essential capital projects for the benefit of
22 residents at favorable interest rates, the state must continue
23 to maintain its excellent credit standing with investors.
24 Authorizations of state debt must take into account the ability
25 of the state to meet its total debt service requirements in

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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

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51 debt affordability report, to be presented to the governing
52 board of the Division of Bond Finance, the President of the
53 Senate, the Speaker of the House of Representatives, and the
54 chair of each appropriations committee by December 15 of each
55 year, for purposes of providing a framework for the Legislature
56 to evaluate and establish priorities for bills that propose the
57 authorization of additional state debt during the next budget
58 year.

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

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

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

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

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

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

74 6. Identification and calculation of pertinent debt
75 ratios, including, but not limited to, debt service to revenues

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76 available to pay debt service, debt to personal income, and debt
77 per capita for the state's net tax-supported debt.

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

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

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

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

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

99 (3) The Debt Reduction Program is created within the State
100 Board of Administration for the purpose of reducing the state's

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101 tax-supported debt by accelerating the retirement of bonds prior
102 to maturity. The Division of Bond Finance shall use its best
103 efforts to utilize any funds transferred for the purpose of this
104 program to redeem, defease, purchase, or otherwise extinguish
105 outstanding state bonds, other than state bonds of the
106 Department of Transportation or the Florida Turnpike Enterprise,
107 and may use the funds to make any other payments necessary or
108 incidental to the transactions for the purpose of realizing debt
109 service savings and reducing the amount of state debt
110 outstanding.

111 (4)~~(3)~~ Failure to comply with this section shall not
112 affect the validity of any debt or the authorization of such
113 debt.

114 Section 2. The Chief Financial Officer shall transfer \$250
115 million from the General Revenue Fund on July 1 each fiscal
116 year, beginning in the 2025-2026 fiscal year, to the State Board
117 of Administration for the Debt Reduction Program pursuant to s.
118 215.98, Florida Statutes. Any unexpended funds shall revert on
119 June 30 of each fiscal year to the General Revenue Fund.

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