Tax Credit Bond Legislation -- Model for 2018 Bond Issuance

Estimated State Borrowing Cost	3.62%	Amt to be financed	$653.35	Financing Cost Amt	$6.53
Required Spread (in legislation)	1.50%	Interest Rate	3.62%	Total Amt Financed	$659.88
Discount Rate for Tax Credits	**5.12%**	Term	10 years	Earnings Assumption	5.0%
		Financing Costs	1%		

Table 1: Tax Credit Discounting

Tax Credit Payment Schedule per Revenue Sources Book	FY Tax Credit Presented	Due to be Pd (per statute)	Years Discount	Discounted Present Value	$ Discount from Face	% of Face Value Paid
$206.00	CY 2016	FY 2019	0	$206.00	$0.00	100.0%
$167.00	CY 2016	FY 2020	1	$158.87	-$8.13	95.1%
$119.00	CY 2016 - 2017	FY 2021	2	$107.69	-$11.31	90.5%
$132.00	CY 2017	FY 2022	3	$113.64	-$18.36	86.1%
$82.00	CY 2017	FY 2023	4	$67.15	-$14.85	81.9%
$706.00				$653.35	-$52.65	92.5%

Table 2: Discounting Comparison

Due to be Paid	# Years Discount	% of Face Value Paid @ Discount Rate: **10%**	**5.12%**
FY 2019	0	100.0%	100.0%
FY 2020	1	90.9%	95.1%
FY 2021	2	82.6%	90.5%
FY 2022	3	75.1%	86.1%
FY 2023	4	68.3%	81.9%

10% Discount Rate: No strings attached
5.12% Discount Rate: Overriding Royalty, Capital Commitment or Waiver of Seismic Confidentiality

Table 3: Bond Amortization Schedule

	Beg. Balance	Interest	Principal	P+I	Ending Balance
FY19	$659.88	-$23.89	$0.00	-$23.89	$659.88
FY20	$659.88	-$23.89	$0.00	-$23.89	$659.88
FY21	$659.88	-$23.89	-$30.69	-$54.58	$629.19
FY22	$629.19	-$22.78	-$58.53	-$81.30	$570.66
FY23	$570.66	-$20.66	-$79.62	-$100.28	$491.04
FY24	$491.04	-$17.78	-$91.35	-$109.13	$399.69
FY25	$399.69	-$14.47	-$94.66	-$109.13	$305.03
FY26	$305.03	-$11.04	-$98.08	-$109.13	$206.95
FY27	$206.95	-$7.49	-$101.63	-$109.13	$105.31
FY28	$105.31	-$3.81	-$105.31	-$109.13	$0.00
Total		-$169.69	-$659.88	-$829.57	

Table 4: Equivalency

	Tax Credit Approps Not Made	Debt Svc Approps
FY19	$206.00	$23.89
FY20	$167.00	$23.89
FY21	$119.00	$54.58
FY22	$132.00	$81.30
FY23	$82.00	$100.28
FY24		$109.13
FY25		$109.13
FY26		$109.13
FY27		$109.13
FY28		$109.13
Total	$706.00	$829.57
	↓	↓
Net Present Value @ 5% discount rate:	$654.47	$607.21
Net PV Savings:	**$47.26**	

Tax Credit Bond Bill, Department of Revenue, Mike Barnhill, 2/3/2018