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INVESTORS SERVICE

MEDIAN REPORT

2013 State Debt Medians Report

Slowest increase in debt in over 20 years

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Analyst Contacts:

NEW YORK +1.212.553.1653

Baye B. Larsen +1.212.553.0818
Vice President - Senior Analyst
baye.larsen@moodys.com

Andrew Nowicki +1.212.553.2846
Associate Analyst
andrew.nowicki@moodys.com

Robert A. Kurtter +1.212.553.4453
Managing Director - Public Finance
robert.kurtter@moodys.com

Timothy Blake +1.212.553.0849
Managing Director - Public Finance
timothy.blake@moodys.com

» *contacts continued on the last page*

Growth in outstanding state debt slowed for the third consecutive year to 1.3% in calendar year 2012. The nearly flat growth in outstanding net tax-supported debt (NTSD) is well-below the 7% average annual growth over the past 10 years, as well as the recent peak of 10% in 2009. The combined 2012 NTSD for all 50 states increased to $516 billion from $510 billion in 2011. This report presents both the calendar 2012 data and ratios measuring state NTSD, as well as the associated debt service costs and ratios for the fiscal year. Among our findings:

» **2012 state debt levels remained relatively flat, as concerns about the economy and federal fiscal policy persist.** Legal debt limitations, state-level austerity spending, and anti-debt sentiment have reduced states' appetite for new money borrowing. Debt appetite has also declined in some previously high-growth states that saw population growth stall during the recession. Additionally, debt plans have been influenced by uncertainty regarding federal fiscal policy and the impact of federal budget austerity on the national economy.

» **Lower overall borrowing in 2012 leads to flat or declining median leverage ratios.** Median NTSD per capita decreased by 3.8% to $1,074 despite slow population growth, and NTSD as a percentage of personal income was flat at 2.8%. NTSD as a percentage of gross state product was almost flat, increasing to 2.5% from 2.4%.

» **The growth in states' total debt service costs slowed to 3% in 2012** in correlation with two consecutive years of slowing new debt issuance. In addition, the extended period of low interest rates has led to lower costs on new debt and an increased level of refundings that further reduces debt service costs. With 4.1% total revenue growth, the median debt service ratio remained almost flat at 4.9%.

- **Growth in state NTSD is expected to remain low, but increase slightly in 2013.** Growth will remain low as states wait to understand the economic impact of sequestration and federal fiscal policy. However, new debt issuance could rise late in the year in anticipation of the expiration of federal transportation funding authorization (MAP-21) and potential policy changes regarding the municipal bond tax exemption.
- **State debt growth will slow if alternative financings increase.** There has been renewed state interest in financing capital needs through non-traditional means instead of debt secured by traditional taxes and fees. Some states have leveraged toll road enterprises to finance state-wide transportation projects and others will consider public private partnerships. Depending on the structure, these alternative financings may not be captured in net tax-supported debt.

This report examines states' net state tax-supported debt as of calendar year-end 2012. As in prior years' reports, the presentation of debt trend data (Figures 1, 2, 3 and Table 6) incorporates a one-year lag (i.e. the data labeled 2013 reflect debt as of calendar year-end 2012).

Net Tax-Supported Debt Compared to Gross Tax-Supported Debt

Net Tax-Supported Debt is defined as debt secured by state taxes or other operating resources which could otherwise be used for state operations, net of obligations that are self-supporting from pledged sources other than state taxes or operating resources.

Analysts commonly use three measures of debt to compare state debt burdens: debt per capita, debt as a percentage of personal income, and debt as a percentage of gross state product. In considering debt burden, the focus is largely on net tax-supported debt, which we characterize as debt secured by state taxes and other general resources, net of obligations that are self-supporting from pledged sources other than state taxes or operating resources-such as utility or local government revenues. We also examine gross debt, which captures debt supported by revenues other than state taxes and general resources. This includes self-supporting general obligation debt, special assessment bonds, and contingent debt liabilities that may not have direct tax support but represent commitments to make debt service payments under certain conditions (e.g. state guarantees and bonds backed by state moral obligation pledges that have never been tapped).

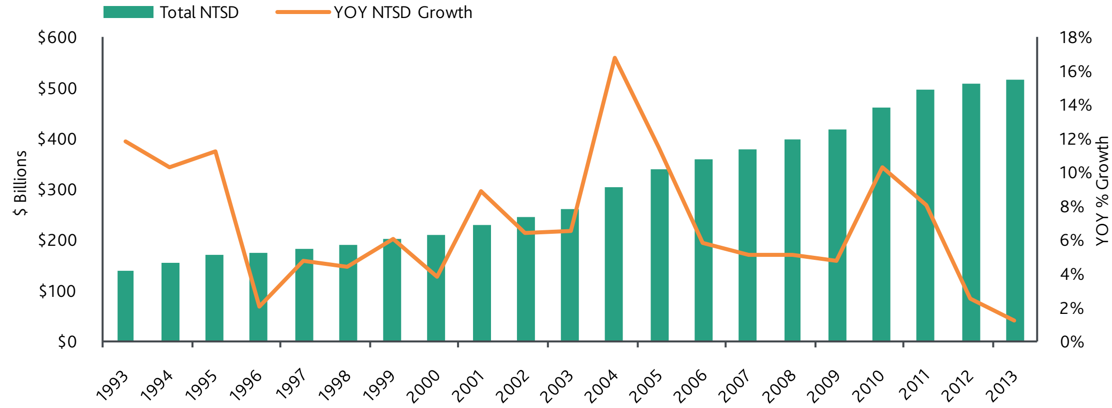
For additional detail on our distinctions between net tax-supported debt and gross tax-supported debt, please refer to Appendix B.

Nearly Flat Growth in Net Tax-Supported Debt in 2012

Despite the extremely low interest rate environment, total state net tax-supported debt growth slowed for the third consecutive year to 1.3% in 2012. The nearly flat growth is well-below the 7% average annual growth over the past 10 years, as well as the recent peak of 10% in 2009.

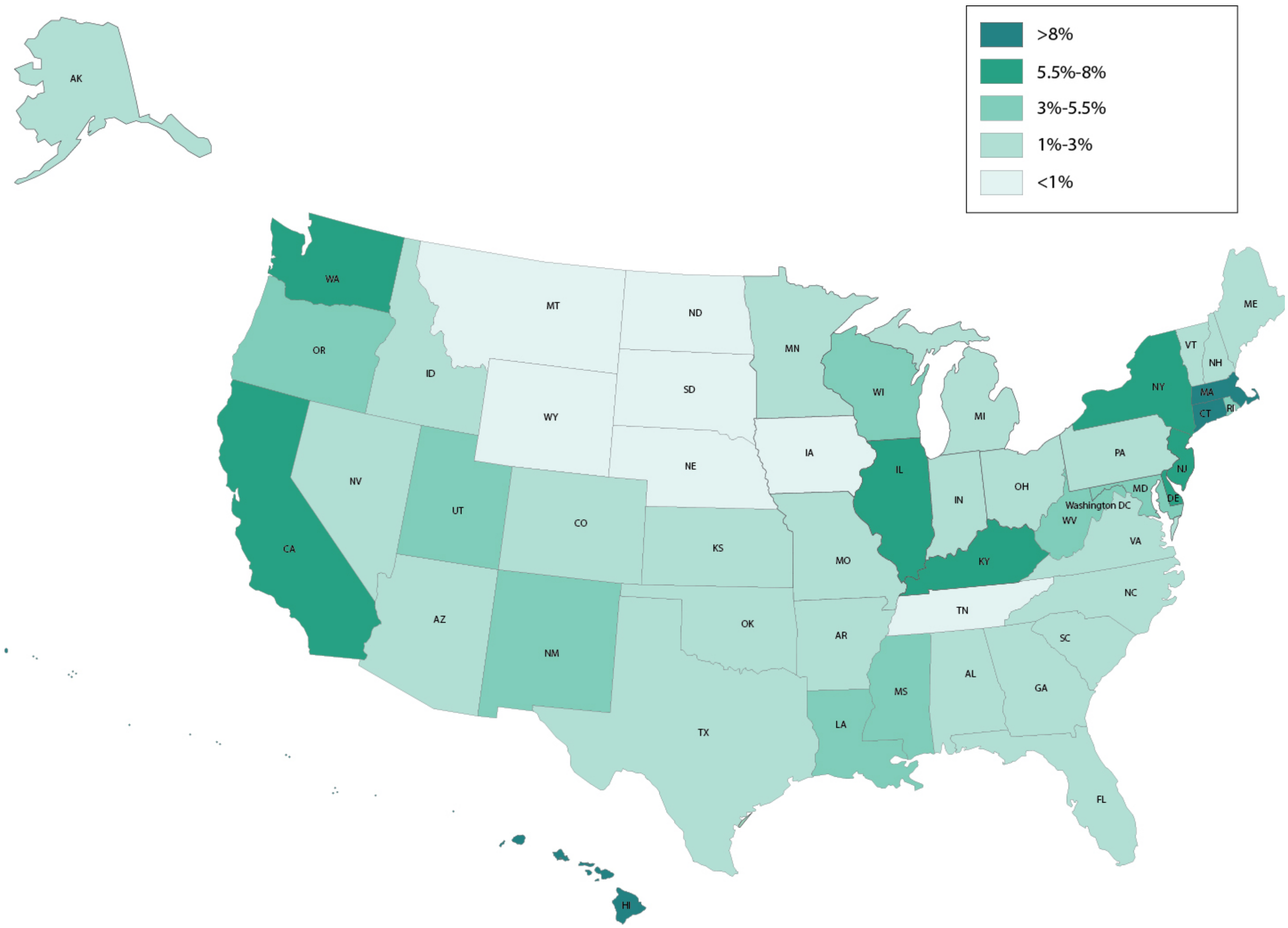
FIGURE 1

Slowest NTSD Growth in 20 Years



Source: Moody's Investors Service

Map of U.S. State NTSD as a Percentage of Personal Income



Source: Moody's Investors Service

The slowdown in NTSD growth is partially due to the continued constraint put on some states by their formal or informal debt policies. Many states set debt limits relative to revenue or personal income, and as these measures declined or stagnated during the recession, so did states' debt issuing capacity. While revenue growth has returned for many states, personal income has been slower to recover. For states that issue debt supported by specific revenues, debt issuance is also constrained by additional bonds tests or other leverage measures. States like Florida and Nevada have slowed their debt issuance in response to volatility in revenues like gross receipts and documentary stamp taxes, and property taxes, respectively.

Since the 2008 recession, states have generally moved to a more conservative approach to debt. Budgetary imbalances and expanding fixed cost obligations have forced many states to raise revenues or severely cut services, especially in education spending. This state-level austerity spending has discouraged some states from adding new debt service to their budgets, and led to increased anti-debt sentiment. In addition, rising costs for pension and other post-employment benefit (OPEB) obligations has added to state's long-term liabilities and pressured budgets, leaving less appetite for bonded debt. Debt appetite has also declined in states that experienced significant declines in population growth during the recession. In some cases, like Florida and New Mexico that had strong pre-recession growth, sizeable bond programs for school construction and highway projects have neared or reached completion and no additional borrowing is planned at this time.

The slow NTSD growth also reflects states' reaction to uncertainty about federal fiscal policy and the impact on the national economy. While we expect sequestration to have limited direct impact on state budgets, economic recovery could slow. Many states, particularly those with concentrations of defense procurement contracting, could see slower economic growth, reducing their flexibility for additional debt. Although most states' revenues grew healthily in 2012, uncertainty regarding future revenues, and the capacity and affordability of debt going forward, has dampened borrowing plans.

In several states, NTSD growth has slowed as capital funding for transportation was shifted towards the toll road enterprise. With stagnating gas tax and motor vehicle revenues and uncertain Federal funding, some states have turned to toll road enterprise debt as a new funding source. To the extent that this enterprise debt substitutes traditional state-supported debt, this would lower the state's future NTSD growth. For example, Pennsylvania (rated Aa2/stable) has financed state-wide mass transit and transportation projects with annual transfers from the Pennsylvania Turnpike Commission (Sr. lien rated A1/stable) rather than issuing commonwealth debt. These transfers are funded with debt secured by and paid from turnpike toll revenues. Although this debt is additionally backed by an appropriation from the commonwealth's Motor License Fund, it is excluded from Pennsylvania's NTSD due to the self-supporting nature of the bonds. Ohio is also considering funding state infrastructure projects with new toll road enterprise debt, issued through the Ohio Turnpike Commission. Over the next five years, Ohio plans to finance nearly $1.4 billion of state infrastructure projects, some of which may benefit the turnpike, with turnpike enterprise debt that will not be included in the state's NTSD.

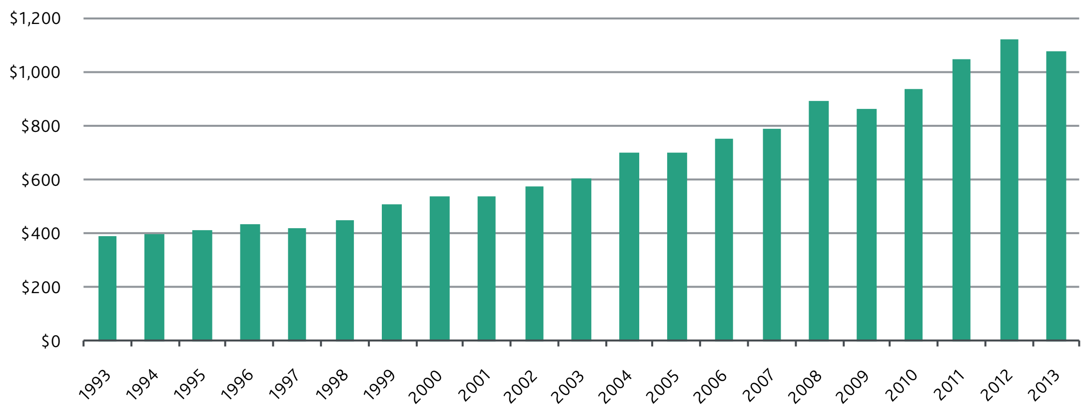
Large Unemployment Insurance Issuances not included in NTSD

Although not included in NTSD or our debt ratios, there was a significant increase in the issuance of unemployment insurance obligation bonds in 2012. Four states issued bonds secured by special employer assessments to repay unemployment insurance advances from the federal government, taking advantage of the low interest rate environment to reduce their borrowing costs. Colorado, Illinois, Michigan and Pennsylvania issued a total of $7.8 billion of unemployment insurance obligation bonds in 2012. The bonds are generally secured by unemployment compensation assessments levied on employers in each state. The assessments are levied only as long as the bonds are outstanding and are not part of the state's operating revenues; therefore, we exclude the bonds from net tax-supported debt.

Median Leverage Ratios Decline or Remain Flat

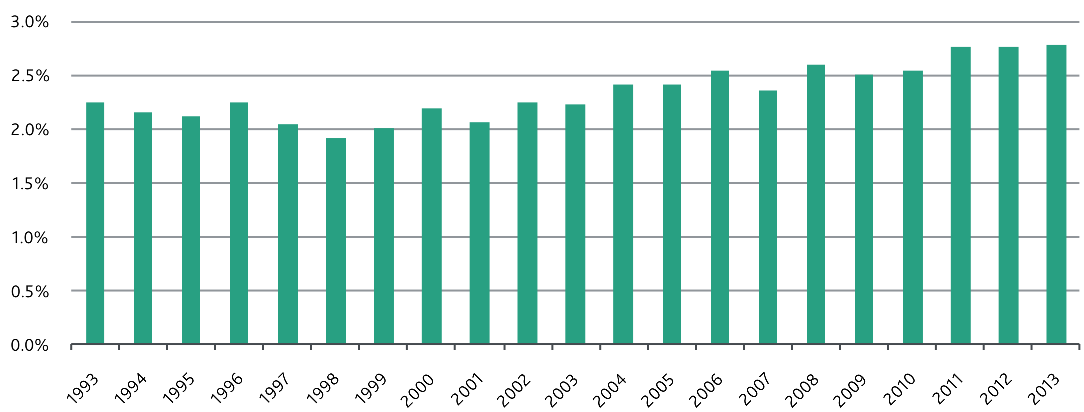
The reduction in NTSD growth resulted in lower or unchanged median leverage ratios. Median NTSD per capita decreased 3.8% to $1,074, the first decline in this ratio since 2009. The decline reflects the fact that population growth, although slow, outpaced the growth in most states' NTSD. According to Census data, the aggregate population of the 50 states grew 0.7% in 2012 to 314 million, the slowest growth in more than 70 years. Median NTSD as a percent of personal income, however, remained flat for the third consecutive year at 2.8%, reflecting the fact that most states experienced continued economic recovery in line with their NTSD growth. According to Bureau of Economic Analysis data, 2012 U.S. personal income grew to $13.4 trillion, 3.2% higher than estimated 2011 personal income at the time of last year's report. Median NTSD as a percent of gross state product increased slightly to 2.5% in 2012.

FIGURE 2
Median NTSD Per Capita Declines 4%



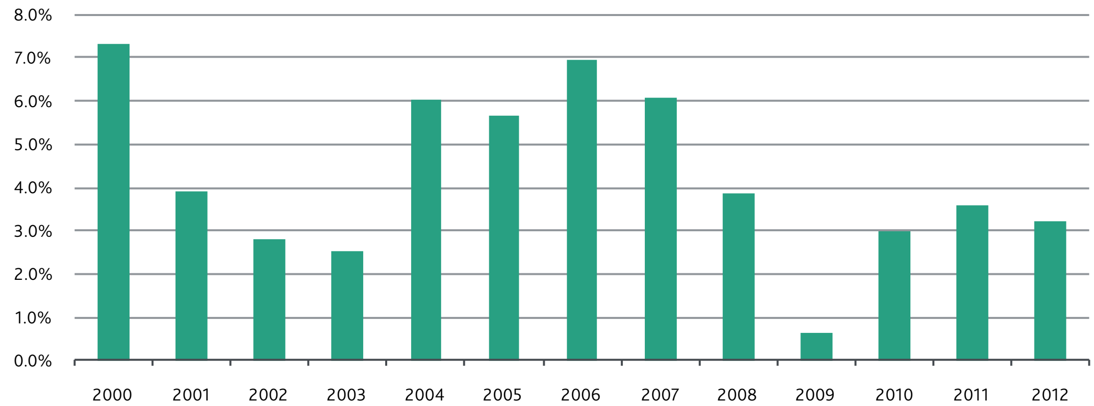
Source: Moody's Investors Service

FIGURE 3
Median NTSD as Percent of Personal Income Remains Flat



Source: Moody's Investors Service

FIGURE 4
YOY % Change in Personal Income at Time of Medians Report



Source: Bureau of Economic Analysis; Moody's Investors Service

Key States Influencing Changes in Net Tax-Supported Debt

The largest contributors to growth in NTSD in 2011 were California, Massachusetts, Virginia and Washington, with each adding between $1.2 billion and $1.7 billion of NTSD, net of principal repayments. While the growth in California and Massachusetts' debt was low on a percentage basis (1% and 4%, respectively), other states that saw double-digit increases include Arkansas, Minnesota, Hawaii, and New Hampshire. Accordingly, among the top 25 leveraged states, Hawaii, Minnesota, Washington, and Virginia saw the largest increases in their leverage ratios from 2011 to 2012. Among these large borrowers, Virginia saw the highest percentage growth in NTSD, a 14% increase, which marks the commonwealth's fourth consecutive year of double-digit debt growth. The majority of the new debt has been issued through the Virginia Commonwealth Transportation Board and the Virginia College Building Authority for transportation and higher education capital projects, respectively. As a result of this increase, since 2010 Virginia has moved from being the state with the 26th highest debt per capita to the 19th highest.

Seven states saw notable declines in NTSD (on a dollar basis), the largest being in Arizona, Florida, Illinois and New York. Among these top seven, Kansas and Utah saw the largest declines on a percentage basis, at 8% and 7%, respectively.

State Debt Service Costs Rise but Remain Stable Relative to Revenues

State debt service costs increased by 3.0% in 2012, much slower than the 8.6% growth experienced in 2011. The declining growth is related to lower new debt issuance in the past two years and the extremely low interest rate environment. The low interest rate environment has both reduced the cost of new debt and triggered a high level of refunding. Refundings have lowered the ongoing debt service costs as well as created near term debt service declines when savings are all taken up front. Although at a much lower level, there was also a small amount of debt restructuring for budgetary relief in 2012. The modest debt service growth was balanced by recovering revenues, which grew 4.1%. As a result, the median 2012 debt service ratio remained almost flat at 4.8%.

We define the debt service ratio as our calculation of aggregate debt service for all state net tax-supported debt as a percentage of pledged revenues. Revenues include all Moody's-defined operating fund revenues (primarily the General Fund for most states) and revenues pledged to any special tax bonds or other bonds that are not included in our calculation of operating revenue.

$$Debt\ Service\ Ratio = \frac{Debt\ Service\ on\ Net\ Tax\ Supported\ Debt}{Operating\ Fund\ Revenues\ +\ Pledged\ Revenues}$$

The most notable increase in the debt service ratio was in Hawaii, which increased to 10.4% in 2012 from 8.7% in 2011. Although Hawaii's revenue available for debt service grew 5% in 2012, debt service costs increased 26% to $581 million. As a result of the increase, Hawaii has moved from the seventh highest debt service ratio in 2011 to the fifth highest in 2012. On the other hand, Connecticut's debt service ratio decreased for the second consecutive year to 12.7% from 14.8% in 2011 and 16.1% in 2010. The 2012 ratio improvement was due to strong 18% revenue growth, partially related to a tax increase. Despite the decrease, Connecticut's debt service ratio remains the highest of the fifty states.

2013 State Debt Outlook: New Debt Issuance Will Remain Low; Will Be Influenced by Federal Policy Decisions

State new money debt issuance is expected to remain low in 2013 due to ongoing uncertainty about the impact of Federal fiscal policy on the economy, anti-debt political sentiment, and continued debt limit constraints. Uncertainty regarding U.S. federal fiscal policy and the impact on the national economy are contributing to a generally debt averse attitude. States will continue to defer debt plans until the impact of federal budget balancing efforts are better understood. In addition, despite recent revenue growth, states are experiencing a protracted recovery from several consecutive years of large budget gaps and austerity spending. This will dampen states' political appetite for debt in 2013. New money debt issuance may increase at the end of 2013 in response to potential changes in the municipal bond tax-exemption and the September 2014 expiration of Federal transportation funding authorization (Moving Ahead for Progress in the 21st Century, MAP-21).

We also expect states' 2013 new money borrowing to be constrained by debt policies and greater fiscal conservatism. States' overall leverage position may be limited by measures set to personal income or operating revenues, and bond secured by specific revenue streams are further limited by additional bonds tests (ABT). Many such special tax bonds are secured by more limited, volatile revenue streams and will remain constrained by their ABT or by states' concerns about future volatility. Although revenue growth has resumed, most states remain below their pre-recession peak, therefore their debt limits are tighter than planned. In addition, personal income has had a slower recovery, therefore low debt capacity and heightened fiscal management concerns will result in less new borrowing than experienced in the past several years.

Generally, growth in next year's debt service expenditures will be flat in conjunction with this year's slowdown in new borrowing and the expectation that interest rates will remain low through 2013. The debt service ratio will remain flat or decrease slightly for most states as revenues continue to recover. However, this trend will vary depending on how states have managed the economic recovery. States that have issued or restructured debt for budgetary relief in the near term will experience spikes in their debt service ratios, while states with above-average revenue recovery will see larger declines in their ratios. In addition, in the low interest rate environment of the past several years, there has been an above-average amount of refunding for net present value savings. States that have taken these savings in the first year or two, will see artificially lower debt service for the next few years. Economic recovery will also influence debt service ratio trends, particularly for states with a concentration of federal defense procurement contracting. These states may see above-average economic slackening that slows revenue growth and inflates debt service ratios.

In response to tight funding and low debt appetite, more states are exploring debt secured by revenues other than state taxes and fees. Although there has been little issuance in this area to date, there is increased interest in public private partnerships to finance projects that traditional state debt has financed in the past. Although not directly secured by state taxes or fees, we will include P3s in NTSD if debt service is supported by a long-term contractual obligation of the state to make concession payments to the private partner. For example, Florida's NTSD includes debt issued for the Miami Tunnel Project due to the state's contractual commitment to make concession payments.

Although states have relatively low exposure to variable rate debt, market volatility stemming from bank rating changes or other disruptions to the variable rate market could moderately affect debt service costs in the next year. Market disruption would increase state's interest costs as they restructure variable rate debt to fixed rates, trigger higher interest rates on unremarketed variable rate bonds, or result in more expensive replacement liquidity facilities.

Debt Tables and Comparative Measures

The following tables summarize our calculation of key debt metrics and rank the states accordingly. Debt burden-both on a state's balance sheet and in the context of budgetary flexibility-is one of many factors that we use to determine state credit quality. Therefore these metrics and rankings do not correlate directly to their ratings. The 50 state-medians exclude Puerto Rico, which is shown for comparison purposes only. Debt ratios are generally calculated using calendar year 2012 data, while the debt service ratio uses fiscal year figures.

The debt and debt service ratios of some states are relatively high because they issue debt for purposes that in other states would be financed at the local level. In addition, states that have issued pension obligation bonds have increased their debt ratios but offset this with slightly lower pension liabilities-a trade-off which is not fully captured in this report. Some states' debt service ratios rank higher than their debt ratios due to conservative debt management practices, such as rapid debt amortization. Conversely, some states' debt service ratios rank relatively lower due to the use of capital appreciation bonds or long maturity schedules.

These ratios have been calculated based on our definition of net tax supported debt, debt service and operating revenues, and in most cases will differ from a state's own published calculations of debt limits or debt affordability. There is no correlation between our ratios and a state's compliance with their internal policies.

Appendix A: Debt Tables and Comparative Measures

TABLE 1

Net Tax-Supported Debt Per Capita

1	Connecticut	$5,185	Aa3
2	Massachusetts	$4,968	Aa1
3	Hawaii	$4,246	Aa2
4	New Jersey	$4,023	Aa3
5	New York	$3,174	Aa2
6	Washington	$2,817	Aa1
7	California	$2,565	A1
8	Delaware	$2,536	Aaa
9	Illinois	$2,526	A2
10	Rhode Island	$2,085	Aa2
11	Kentucky	$1,998	Aa2*
12	Oregon	$1,945	Aa1
13	Wisconsin	$1,874	Aa2
14	Maryland	$1,799	Aaa
15	Mississippi	$1,735	Aa2
16	Louisiana	$1,411	Aa2
17	New Mexico	$1,316	Aaa
18	Minnesota	$1,315	Aa1
19	Virginia	$1,315	Aaa
20	Utah	$1,275	Aaa
21	Alaska	$1,251	Aaa
22	Pennsylvania	$1,208	Aa2
23	West Virginia	$1,118	Aa1
24	Kansas	$1,112	Aa1*
25	Florida	$1,087	Aa1
26	Georgia	$1,061	Aaa
27	Ohio	$1,047	Aa1
28	Arizona	$902	Aa3
29	Alabama	$867	Aa1
30	New Hampshire	$862	Aa1
31	North Carolina	$853	Aaa
32	Maine	$814	Aa2
33	Vermont	$811	Aaa
34	Michigan	$800	Aa2
35	South Carolina	$780	Aaa
36	Nevada	$730	Aa2
37	Missouri	$699	Aaa
38	Oklahoma	$604	Aa2
39	Texas	$580	Aaa
40	Colorado	$525	Aa1*
41	Idaho	$515	Aa1*
42	Indiana	$424	Aaa*
43	Arkansas	$404	Aa1
44	South Dakota	$355	NGO**
45	Tennessee	$343	Aaa
46	Montana	$311	Aa1
47	North Dakota	$292	Aa1*
48	Iowa	$287	Aaa*
49	Wyoming	$59	NGO**
50	Nebraska	$14	NGO**
	MEAN:	$1,416	Aa1
	MEDIAN:	$1,074	Aa2
	Puerto Rico	$14,053	Baa3***

TABLE 2

Net Tax-Supported Debt as a % of 2011 Personal Income

1	Hawaii	10.0%
2	Massachusetts	9.3%
3	Connecticut	9.1%
4	New Jersey	7.6%
5	Washington	6.4%
6	New York	6.3%
7	Delaware	6.2%
8	Kentucky	5.9%
9	California	5.8%
10	Illinois	5.7%
11	Mississippi	5.4%
12	Oregon	5.2%
13	Rhode Island	4.7%
14	Wisconsin	4.7%
15	Utah	3.8%
16	New Mexico	3.8%
17	Louisiana	3.7%
18	Maryland	3.6%
19	West Virginia	3.3%
20	Georgia	3.0%
21	Minnesota	3.0%
22	Virginia	2.9%
23	Pennsylvania	2.8%
24	Florida	2.8%
25	Alaska	2.8%
26	Ohio	2.8%
27	Kansas	2.8%
28	Arizona	2.5%
29	Alabama	2.5%
30	North Carolina	2.4%
31	South Carolina	2.3%
32	Michigan	2.2%
33	Maine	2.1%
34	Nevada	1.9%
35	Vermont	1.9%
36	New Hampshire	1.9%
37	Missouri	1.8%
38	Oklahoma	1.6%
39	Idaho	1.6%
40	Texas	1.5%
41	Colorado	1.2%
42	Indiana	1.2%
43	Arkansas	1.2%
44	Tennessee	0.9%
45	South Dakota	0.9%
46	Montana	0.9%
47	Iowa	0.7%
48	North Dakota	0.7%
49	Wyoming	0.1%
50	Nebraska	0.0%
	MEAN:	3.4%
	MEDIAN:	2.8%
	Puerto Rico	88.9%***

* Issuer Rating (No G.O. Debt)

** No General Obligation Debt

*** This figure is not included in any totals, means, or median calculations but is provided for comparison purposes only.

TABLE 3

Total Net Tax Supported Debt ($000's)

			Rating
1	California	$97,593,690	A1
2	New York	$62,117,200	Aa2
3	New Jersey	$35,662,286	Aa3
4	Massachusetts	$33,019,222	Aa1
5	Illinois	$32,526,104	A2
6	Florida	$20,989,300	Aa1
7	Washington	$19,425,533	Aa1
8	Connecticut	$18,615,067	Aa3
9	Pennsylvania	$15,421,700	Aa2
10	Texas	$15,113,497	Aaa
11	Ohio	$12,089,413	Aa1
12	Virginia	$10,761,603	Aaa
13	Wisconsin	$10,730,964	Aa2
14	Maryland	$10,585,600	Aaa
15	Georgia	$10,523,033	Aaa
16	Kentucky	$8,750,517	Aa2*
17	North Carolina	$8,323,389	Aaa
18	Michigan	$7,905,000	Aa2
19	Oregon	$7,585,606	Aa1
20	Minnesota	$7,073,450	Aa1
21	Louisiana	$6,492,125	Aa2
22	Arizona	$5,912,106	Aa3
23	Hawaii	$5,912,089	Aa2
24	Mississippi	$5,179,091	Aa2
25	Missouri	$4,211,128	Aaa
26	Alabama	$4,181,421	Aa1
27	South Carolina	$3,686,636	Aaa
28	Utah	$3,640,480	Aaa
29	Kansas	$3,210,010	Aa1*
30	Indiana	$2,771,794	Aaa*
31	New Mexico	$2,745,360	Aaa
32	Colorado	$2,722,343	Aa1*
33	Delaware	$2,325,311	Aaa
34	Oklahoma	$2,304,183	Aa2
35	Tennessee	$2,216,729	Aaa
36	Rhode Island	$2,189,339	Aa2
37	West Virginia	$2,073,482	Aa1
38	Nevada	$2,014,310	Aa2
39	Arkansas	$1,191,581	Aa1
40	New Hampshire	$1,138,391	Aa1
41	Maine	$1,081,935	Aa2
42	Alaska	$914,900	Aaa
43	Iowa	$883,155	Aaa*
44	Idaho	$821,572	Aa1*
45	Vermont	$507,624	Aaa
46	Montana	$312,680	Aa1
47	South Dakota	$296,081	NGO**
48	North Dakota	$204,364	Aa1*
49	Wyoming	$33,819	NGO**
50	Nebraska	$25,358	NGO**
	Totals	$516,011,571	
	MEAN:	$10,320,231	
	MEDIAN:	$4,196,275	
	Puerto Rico	$52,991,000	Baa3***

TABLE 4

Gross Tax Supported Debt ($000's)

			Gross to Net Ratio
1	California	$103,418,690	1.06
2	New York	$62,218,900	1.00
3	New Jersey	$41,570,354	1.17
4	Illinois	$35,622,709	1.10
5	Massachusetts	$34,719,302	1.05
6	Florida	$32,019,200	1.53
7	Washington	$28,224,153	1.45
8	Connecticut	$25,813,842	1.39
9	Michigan	$25,465,835	3.22
10	Minnesota	$21,369,590	3.02
11	Texas	$20,901,063	1.38
12	Pennsylvania	$20,176,700	1.31
13	Ohio	$17,429,893	1.44
14	Oregon	$16,046,694	2.11
15	Virginia	$15,113,973	1.40
16	Kentucky	$11,771,430	1.35
17	Wisconsin	$11,051,784	1.03
18	Colorado	$10,912,343	4.01
19	Maryland	$10,585,600	1.00
20	Georgia	$10,523,033	1.00
21	Alabama	$8,794,315	2.10
22	Utah	$8,575,746	2.36
23	North Carolina	$8,323,389	1.00
24	Hawaii	$8,310,839	1.41
25	Louisiana	$7,645,110	1.18
26	Mississippi	$6,081,656	1.17
27	Tennessee	$6,050,137	2.73
28	Arizona	$6,032,576	1.02
29	Maine	$5,210,993	4.82
30	Indiana	$4,414,740	1.59
31	Missouri	$4,289,211	1.02
32	South Carolina	$3,998,467	1.08
33	Delaware	$3,682,729	1.58
34	West Virginia	$3,666,100	1.77
35	Kansas	$3,645,560	1.14
36	Alaska	$3,594,800	3.93
37	Rhode Island	$3,240,099	1.48
38	New Mexico	$2,745,360	1.00
39	Nevada	$2,614,375	1.30
40	New Hampshire	$2,560,107	2.25
41	Iowa	$2,374,505	2.69
42	Oklahoma	$2,313,288	1.00
43	Idaho	$1,925,384	2.34
44	Vermont	$1,534,814	3.02
45	North Dakota	$1,411,357	6.91
46	Arkansas	$1,191,581	1.00
47	Montana	$605,611	1.94
48	South Dakota	$479,656	1.62
49	Nebraska	$40,218	1.59
50	Wyoming	$33,819	1.00
	Totals	$ 670,341,630	
	MEAN:	13,406,833	1.82
	MEDIAN:	6,863,383	1.41
	Puerto Rico	$58,256,000	1.12

* Issuer Rating (No G.O. Debt)

** No General Obligation Debt

*** This figure is not included in any totals, means, or median calculations but is provided for comparison purposes only.

TABLE 5

Net Tax-Supported Debt as % of Gross State Domestic Product

		2011 NTSD as % of 2010 State GDP
1	Massachusetts	8.37%
2	Hawaii	8.03%
3	Connecticut	7.69%
4	New Jersey	7.18%
5	Kentucky	5.45%
6	New York	5.38%
7	Mississippi	5.30%
8	Washington	5.19%
9	California	5.07%
10	Illinois	5.06%
11	Oregon	4.48%
12	Rhode Island	4.26%
13	Wisconsin	4.20%
14	Delaware	3.89%
15	New Mexico	3.67%
16	Maryland	3.44%
17	Utah	3.43%
18	West Virginia	3.35%
19	Florida	2.97%
20	Louisiana	2.92%
21	Kansas	2.74%
22	Georgia	2.68%
23	Pennsylvania	2.54%
24	Arizona	2.47%
25	Ohio	2.45%
26	South Carolina	2.35%
27	Alabama	2.34%
28	Minnesota	2.27%
29	Virginia	2.23%
30	Maine	2.17%
31	Alaska	2.14%
32	Michigan	2.02%
33	Vermont	1.94%
34	North Carolina	1.85%
35	Missouri	1.83%
36	Nevada	1.72%
37	New Hampshire	1.70%
38	Idaho	1.59%
39	Oklahoma	1.58%
40	Texas	1.25%
41	Indiana	1.05%
42	Colorado	1.05%
43	Montana	0.96%
44	Arkansas	0.95%
45	Tennessee	0.86%
46	South Dakota	0.74%
47	Iowa	0.66%
48	North Dakota	0.50%
49	Wyoming	0.09%
50	Nebraska	0.03%
	MEAN:	2.96%
	MEDIAN:	2.40%

		2012 NTSD as % of 2011 State GDP
1	Hawaii	8.83%
2	Massachusetts	8.43%
3	Connecticut	8.09%
4	New Jersey	7.32%
5	Washington	5.47%
6	New York	5.36%
7	Kentucky	5.31%
8	Mississippi	5.30%
9	California	4.98%
10	Illinois	4.85%
11	Rhode Island	4.37%
12	Wisconsin	4.21%
13	Oregon	3.90%
14	Delaware	3.54%
15	Maryland	3.52%
16	New Mexico	3.46%
17	West Virginia	3.10%
18	Utah	2.92%
19	Florida	2.78%
20	Pennsylvania	2.66%
21	Louisiana	2.62%
22	Georgia	2.51%
23	Minnesota	2.51%
24	Virginia	2.51%
25	Ohio	2.50%
26	Kansas	2.45%
27	Alabama	2.42%
28	Arizona	2.29%
29	South Carolina	2.22%
30	Maine	2.10%
31	Michigan	2.05%
32	Vermont	1.96%
33	North Carolina	1.89%
34	New Hampshire	1.79%
35	Alaska	1.78%
36	Missouri	1.69%
37	Nevada	1.55%
38	Oklahoma	1.49%
39	Idaho	1.42%
40	Texas	1.16%
41	Arkansas	1.13%
42	Colorado	1.03%
43	Indiana	1.00%
44	Tennessee	0.83%
45	Montana	0.82%
46	South Dakota	0.74%
47	Iowa	0.59%
48	North Dakota	0.51%
49	Wyoming	0.09%
50	Nebraska	0.03%
	MEAN:	2.92%
	MEDIAN:	2.47%

*State GDP numbers have a 1-year lag.

TABLE 6

Net Tax Supported Debt as a Percentage of Personal Income

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Alabama	2.0	2.0	2.2	2.0	2.8	2.6	2.4	2.6	2.5	2.5
Alaska	3.0	2.8	2.6	2.7	2.4	2.2	3.2	3.0	3.3	2.8
Arizona	2.3	2.6	2.2	2.0	2.0	2.5	2.3	2.8	2.8	2.5
Arkansas	1.8	1.6	1.6	1.4	1.7	1.3	1.0	1.1	1.0	1.2
California	3.2	4.7	4.6	4.4	4.3	4.4	5.6	6.0	6.0	5.8
Colorado	0.9	1.0	0.9	0.9	0.8	0.8	1.0	1.3	1.3	1.2
Connecticut	8.4	8.5	8.0	7.8	7.3	8.2	8.7	9.5	9.1	9.1
Delaware	5.6	5.5	5.3	5.5	5.2	5.4	6.2	6.8	6.8	6.2
Florida	3.5	3.4	3.2	3.1	2.8	2.9	2.9	3.0	3.0	2.8
Georgia	2.9	2.8	2.7	3.0	3.0	3.0	3.3	3.3	3.1	3.0
Hawaii	10.4	11.1	12.1	10.6	9.9	9.4	9.9	10.1	9.6	10.0
Idaho	0.5	0.6	0.6	0.6	1.2	1.6	1.7	1.6	1.7	1.6
Illinois	5.8	6.2	5.9	5.5	5.2	4.6	4.4	5.7	6.0	5.7
Indiana	1.3	1.4	1.6	2.1	1.5	1.5	1.5	1.4	1.3	1.2
Iowa	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.7	0.8	0.7
Kansas	3.3	4.0	3.8	3.7	3.5	3.2	3.0	3.2	3.1	2.8
Kentucky	4.4	4.0	4.5	4.3	4.7	4.8	5.4	6.1	6.1	5.9
Louisiana	2.6	2.4	3.1	4.9	4.3	3.3	3.6	3.5	3.7	3.7
Maine	1.8	2.2	2.0	1.9	1.9	2.2	2.2	2.4	2.3	2.1
Maryland	3.0	2.9	3.0	2.8	3.0	3.3	3.4	3.3	3.6	3.6
Massachusetts	8.5	8.5	9.8	9.4	9.8	8.9	9.2	9.2	9.4	9.3
Michigan	2.2	2.2	2.1	2.2	2.2	2.2	2.1	2.2	2.2	2.2
Minnesota	2.0	2.0	2.1	2.2	2.3	2.1	2.4	2.5	2.7	3.0
Mississippi	5.2	4.8	4.8	4.9	4.8	5.2	5.0	5.1	5.6	5.4
Missouri	1.6	1.5	1.6	1.9	2.1	2.0	2.2	2.2	2.0	1.8
Montana	1.3	1.1	1.4	1.5	1.2	1.2	1.1	1.1	1.0	0.9
Nebraska	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Nevada	2.0	2.0	2.2	1.7	2.0	2.2	2.3	2.4	2.2	1.9
New Hampshire	1.5	1.3	1.4	1.3	1.3	1.3	1.6	1.9	1.8	1.9
New Jersey	5.9	7.4	7.9	7.6	7.5	7.3	7.2	7.8	7.8	7.6
New Mexico	4.1	5.3	4.7	5.3	4.8	4.6	4.4	5.6	4.2	3.8
New York	6.7	7.2	6.7	6.7	6.3	6.3	6.5	6.7	6.6	6.3
North Carolina	2.0	2.5	2.8	2.4	2.8	2.5	2.3	2.3	2.3	2.4
North Dakota	0.9	0.6	1.2	1.0	1.1	1.0	0.8	0.8	0.6	0.7
Ohio	2.7	2.9	2.9	3.0	2.9	2.8	2.6	2.8	2.8	2.8
Oklahoma	1.2	1.2	1.4	1.5	1.5	1.5	1.6	1.8	1.7	1.6
Oregon	4.5	4.7	4.5	4.6	5.0	4.6	5.2	5.6	5.5	5.2
Pennsylvania	2.2	2.3	2.3	2.4	2.4	2.5	2.4	2.7	2.8	2.8
Rhode Island	4.4	4.3	4.1	4.6	4.7	4.5	5.2	5.3	4.7	4.7
South Carolina	2.4	2.2	2.5	2.3	3.3	2.9	2.9	2.7	2.5	2.3
South Dakota	0.9	0.9	0.7	0.8	0.9	0.8	0.4	0.9	0.9	0.9
Tennessee	0.8	0.7	0.8	0.7	0.7	0.7	0.9	1.0	1.0	0.9
Texas	0.8	1.0	1.0	1.3	1.4	1.4	1.4	1.6	1.5	1.5
Utah	3.5	3.2	2.7	2.3	1.9	1.5	3.2	4.1	4.4	3.8
Vermont	2.5	2.3	2.2	2.1	2.0	1.8	1.8	1.9	2.0	1.9
Virginia	1.7	1.8	1.7	1.8	1.9	1.9	2.1	2.4	2.6	2.9
Washington	4.9	4.9	4.9	5.1	5.1	5.1	5.3	6.2	6.0	6.4
West Virginia	3.6	4.6	4.4	3.9	3.9	3.6	3.5	3.8	3.6	3.3
Wisconsin	4.5	4.7	4.3	4.2	4.1	4.0	4.6	4.8	4.8	4.7
Wyoming	0.8	0.7	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1
Median	2.5	2.5	2.5	2.4	2.6	2.5	2.5	2.8	2.8	2.8

TABLE 7

Debt Service Ratio

		FY2011
1	Connecticut	14.8%
2	Illinois*	11.8%
3	New York	11.3%
4	Massachusetts	10.9%
5	Oregon	9.3%
6	Washington	8.8%
7	Hawaii	8.7%
8	California	8.5%
9	New Jersey	8.4%
10	Delaware	8.2%
11	Rhode Island	8.1%
12	Florida	7.9%
13	Kentucky	7.8%
14	Mississippi	7.4%
15	Georgia	7.2%
16	Utah	7.0%
17	Nevada	6.1%
18	New Hampshire	5.9%
19	Maine	5.9%
20	Maryland	5.7%
21	Arizona	5.6%
22	New Mexico*	5.4%
23	Virginia	5.3%
24	South Carolina	5.0%
25	Kansas	5.0%
26	Pennsylvania	4.9%
27	Louisiana	4.6%
28	Missouri	4.5%
29	Ohio	4.4%
30	West Virginia	4.4%
31	Alabama	4.4%
32	Wisconsin	4.2%
33	North Carolina	3.6%
34	Texas	3.2%
35	Arkansas	3.2%
36	Minnesota	3.1%
37	Idaho	3.1%
38	Vermont	2.9%
39	Colorado	2.7%
40	Montana	2.4%
41	Oklahoma	2.4%
42	Michigan	2.3%
43	Indiana	2.0%
44	Tennessee	1.5%
45	South Dakota*	1.2%
46	North Dakota	1.2%
47	Alaska	1.2%
48	Iowa	0.9%
49	Wyoming	0.2%
50	Nebraska	0.2%
	Mean	5.3%
	Median	4.9%
	Puerto Rico	19.4%

		FY2012
1	Connecticut	12.7%
2	New York	11.5%
3	Massachusetts	11.3%
4	Illinois**	10.6%
5	Hawaii	10.4%
6	Oregon	9.5%
7	California	9.2%
8	Washington	9.0%
9	New Jersey	8.8%
10	Delaware	7.8%
11	Rhode Island	7.7%
12	Florida	7.6%
13	Utah	7.3%
14	Mississippi	7.2%
15	Kentucky	7.2%
16	Georgia	7.0%
17	New Hampshire	6.8%
18	Nevada	6.6%
19	Maine	6.4%
20	New Mexico**	5.9%
21	Maryland	5.7%
22	Virginia	5.2%
23	Arizona	5.1%
24	Pennsylvania	5.0%
25	Alabama	4.9%
26	South Carolina**	4.9%
27	Kansas	4.5%
28	Louisiana	4.5%
29	Ohio	4.1%
30	Missouri	3.9%
31	North Carolina	3.8%
32	Wisconsin	3.8%
33	West Virginia	3.6%
34	Texas	3.1%
35	Arkansas	3.0%
36	Colorado	2.8%
37	Idaho	2.8%
38	Vermont	2.8%
39	Minnesota	2.7%
40	Michigan	2.6%
41	Montana	2.4%
42	Oklahoma	2.2%
43	Indiana	1.9%
44	Tennessee	1.5%
45	Alaska	1.3%
46	South Dakota	1.2%
47	Iowa	0.9%
48	North Dakota	0.8%
49	Nebraska	0.2%
50	Wyoming	0.2%
	Mean	5.2%
	Median	4.9%
	Puerto Rico	19.9%

* Figures restated since last report to incorporate audited FY2011 revenues

** Figures based on estimated FY2012 revenues; audited financial statements not available at time of publication

Appendix B: Comparison of NTSD and Gross Tax-Supported Debt (GTSD)

Generally Included in NTSD	Generally Excluded from NTSD/ Included in GSTD
General obligation debt paid from statewide taxes and fees	Self-supporting general obligation debt with an established history of being paid from sources other than taxes or general revenues
Appropriation backed bonds	Moral obligation debt with an established history of being paid from sources other than taxes or general revenues
Lease revenue bonds	Tobacco securitization bonds, with no state backup
Special tax bonds secured by statewide taxes and fees	Unemployment insurance obligation bonds
Highway bonds, secured by gas taxes and DMV fees	Debt guaranteed, but not paid, by the state
GARVEE bonds	Special assessment bonds
Lottery bonds	Revenue bonds of state enterprise (ex. Toll roads)
Moral obligation debt paid from statewide taxes and fees	
Capital leases	
P3's with state concession obligation	
Pension obligation bonds	

» contacts continued from page 1

Analyst Contacts:

NEW YORK +1.212.553.1653

Emily Raimes +1.212.553.7203
Vice President - Senior Credit Officer
emily.raimes@moodys.com

Nicholas Samuels +1.212.553.7121
Vice President - Senior Credit Officer
nicholas.samuels@moodys.com

Robert Canfield +1.212.553.3801
Associate Analyst
robert.canfield@moodys.com

Ted Hampton +1.212.553.2741
Vice President - Senior Analyst
ted.hampton@moodys.com

Lisa Heller +1.212.553.7812
Vice President - Senior Analyst
lisa.heller@moodys.com

Nicole Johnson +1.212.553.4573
Senior Vice President
nicole.johnson@moodys.com

Kimberly Lyons +1.212.553.4673
Assistant Vice President - Analyst
kimberly.lyons@moodys.com

Xavier Smith +1.212.553.7108
Associate Analyst
xavier.smith@moodys.com

Marcia Van Wagner +1.212.553.2952
Vice President - Senior Analyst
marcia.vanwagner@moodys.com

Brien Wigand +1.212.553.0299
Associate Analyst
brien.wigand@moodys.com

Julius Vizner +1.212.553.0334
Assistant Vice President - Analyst
julius.vizner@moodys.com

SAN FRANCISCO +1.415.274.1708

Kenneth Kurtz +1.415.274.1737
Senior Vice President
kenneth.kurtz@moodys.com

Report Number: 153920

Author
Baye Larsen

Production Associate
Ken Jiang

MOODY'S INVESTORS SERVICE