A BILL

entitled

PUBLIC TREASURY (ADMINISTRATION AND PAYMENTS) (FISCAL RULES) AMENDMENT ACT 2026

WHEREAS it is expedient to amend the Public Treasury (Administration and Payments) Act 1969 to provide for fiscal rules;

Be it enacted by The King's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act, which amends the Public Treasury (Administration and Payments) Act 1969, may be cited as the Public Treasury (Administration and Payments) (Fiscal Rules) Amendment Act 2026.

Inserts section 3A and 3B

2 The principal Act is amended by inserting after section 3 the following—

"**Minister to comply with fiscal rules**

3A (1) Upon the presentation of the Estimates of Revenue and Expenditure during the annual Budget reporting, the Minister shall ensure that the Estimates and the Medium Term Expenditure Framework demonstrate compliance with the fiscal rules in section 3B, subject to any departure permitted under section 3B(2).

(2) The annual Budget reporting shall include actual performance considered against the fiscal rules and shall explain the reasons for any failure to meet them.

(3) For the purposes of subsection (1), demonstrating compliance with the fiscal rules shall be calculated by the Minister using the modified cash accounting method used to prepare the Estimates.

(4) In this section—

"Estimates of Revenue and Expenditure" or "Estimates" means the Government's annual budget projections for a financial year tabled in the Legislature;

"Medium Term Expenditure Framework" means the Government's three-year fiscal forecast included in the annual Estimates of Revenue and Expenditure, covering a financial year and the two following financial years;

Fiscal rules

3B (1) Subject to subsection (2), the Minister shall take appropriate measures—

(a) to require the Government's operating budget to be balanced or in surplus in each financial year beginning on or after 1 April 2027, excluding from the calculation net corporate income tax revenues, capital expenditure, debt interest costs and funding that may be allocated for health care investments;

(b) to require that at least seventy per cent of the net corporate income tax revenues are used to pay debt interest, reduce net debt and to build net financial assets measured over a rolling three-year period from the financial year beginning on or after 1 April 2027.

(2) The Minister may temporarily depart from either or both fiscal rules specified in subsection (1) if there is a national emergency or financial crisis—

(a) that significantly affects Government finances and its ability to comply with the rules; and

(b) where compliance with the rules would prevent or materially restrict the Government from addressing the consequences of that emergency or crisis.

(3) Any departure under subsection (2) shall be—

(a) limited to addressing the consequences of the national emergency or financial crisis; and

(b) explained in a report to be laid before both Houses of the Legislature stating the reasons, the estimated fiscal effect and the expected duration of the departure from the fiscal rules.

(4) A departure from, or failure to comply with, the fiscal rules shall not affect the validity of an appropriation or expenditure otherwise authorised by law, nor shall it give rise to any legal action or penalty.

(5) In this section—

"corporate income tax" means the corporate income taxes collected under the Corporate Income Tax Act 2023.

"financial crisis" means a severe disruption of financial markets or financial institutions that poses a serious threat to the stability of Bermuda's financial system or economy;

"national emergency" means—

(a) a natural disaster such as a hurricane, flood, earthquake or similar natural disaster or force majeure event;

(b) an order declaring a public health emergency made by the Minister responsible for health under section 107A of the Public Health Act 1949;

(c) a proclamation of emergency made by the Governor under section 14 of the Bermuda Constitution Order 1968.".

Commencement

3 This Act shall come into operation on 1 April 2027.

PUBLIC TREASURY (ADMINISTRATION AND PAYMENTS) (FISCAL RULES) AMENDMENT BILL 2026

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Public Treasury (Administration and Payments) Act 1969 (the "principal Act") to provide for fiscal rules and the associated reporting requirements.

Clause 1 provides the title of the Bill.

Clause 2 inserts new sections 3A and 3B into the principal Act to provide for fiscal rules and the associated reporting requirements.

The new section 3A requires the Minister to ensure that the Estimates of Revenue and Expenditure and the Medium Term Expenditure Framework (both terms as defined) demonstrate compliance with the fiscal rules in the subject to any departure permitted under section 3B(2).

The new section 3B prescribes the following fiscal rules:

1. to require the Government's operating budget to be balanced or in surplus in each financial year beginning on or after 1 April 2027, excluding from the calculation net corporate income tax revenues, capital expenditure, debt interest costs and funding that may be allocated for universal health coverage;

2. to require that at least seventy per cent of the net corporate income tax revenues are used to pay debt interest, reduce net debt and build net financial assets measured over a rolling three-year period from the financial year beginning on or after 1 April 2027.

The section provides for the Minister to depart from the fiscal rules when there is a national emergency or financial crisis (as defined) that significantly affects Government finances or its ability to comply with the rules. Departure from the rules is limited to addressing the consequences of the national emergency or financial crisis, and a report explaining the reasons, estimated effect and expected duration of the departure from the fiscal rules is required to be laid before the Legislature.

Clause 3 provides for commencement.