



Senate

General Assembly

File No. 536

February Session, 2002

Substitute Senate Bill No. 34

Senate, April 18, 2002

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT INCREASING CERTAIN BOND AUTHORIZATIONS FOR CAPITAL IMPROVEMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) and (b) of section 4-66c of the general
2 statutes, as amended by section 1 of public act 01-7 of the June special
3 session, are repealed and the following is substituted in lieu thereof
4 (*Effective July 1, 2002*):

5 (a) For the purposes of subsection (b) of this section, the State Bond
6 Commission shall have power, from time to time [,] to authorize the
7 issuance of bonds of the state in one or more series and in principal
8 amounts not exceeding in the aggregate [nine hundred fifty-three
9 million six hundred ninety-five thousand nine hundred two] nine
10 hundred thirteen million six hundred ninety-five thousand nine
11 hundred two dollars, provided [one hundred forty-two million] one
12 hundred twenty-two million dollars of said authorization shall be

13 effective July 1, 2002. All provisions of section 3-20, or the exercise of
14 any right or power granted thereby, which are not inconsistent with
15 the provisions of this section, are hereby adopted and shall apply to all
16 bonds authorized by the State Bond Commission pursuant to this
17 section, and temporary notes in anticipation of the money to be
18 derived from the sale of any such bonds so authorized may be issued
19 in accordance with said section 3-20 and from time to time renewed.
20 Such bonds shall mature at such time or times not exceeding twenty
21 years from their respective dates as may be provided in or pursuant to
22 the resolution or resolutions of the State Bond Commission authorizing
23 such bonds. None of said bonds shall be authorized except upon a
24 finding by the State Bond Commission that there has been filed with it
25 a request for such authorization, which is signed by or on behalf of the
26 Secretary of the Office of Policy and Management and states such
27 terms and conditions as said commission in its discretion may require.
28 Said bonds issued pursuant to this section shall be general obligations
29 of the state and the full faith and credit of the state of Connecticut are
30 pledged for the payment of the principal of and interest on said bonds
31 as the same become due, and accordingly as part of the contract of the
32 state with the holders of said bonds, appropriation of all amounts
33 necessary for punctual payment of such principal and interest is
34 hereby made, and the Treasurer shall pay such principal and interest
35 as the same become due.

36 (b) The proceeds of the sale of said bonds, to the extent hereinafter
37 stated, shall be used, subject to the provisions of subsections (c) and (d)
38 of this section, for the purpose of redirecting, improving and
39 expanding state activities which promote community conservation and
40 development and improve the quality of life for urban residents of the
41 state as hereinafter stated: (1) For the Department of Economic and
42 Community Development: Economic and community development
43 projects, including administrative costs incurred by the Department of
44 Economic and Community Development, not exceeding eighty-one
45 million three hundred thousand dollars, one million dollars of which
46 shall be used for a grant to the development center program and the
47 nonprofit business consortium deployment center approved pursuant

48 to section 32-411 provided two million dollars of said authorization
49 shall be effective July 1, 2002; (2) for the Department of Transportation:
50 Urban mass transit, not exceeding two million dollars; (3) for the
51 Department of Environmental Protection: Recreation development and
52 solid waste disposal projects, not exceeding one million nine hundred
53 ninety-five thousand nine hundred two dollars; (4) for the Department
54 of Social Services: Child day care projects, elderly centers, shelter
55 facilities for victims of domestic violence, emergency shelters and
56 related facilities for the homeless, multipurpose human resource
57 centers and food distribution facilities, not exceeding thirty-nine
58 million one hundred thousand dollars, provided four million dollars of
59 said authorization shall be effective July 1, 1994; (5) for the Department
60 of Economic and Community Development: Housing projects, not
61 exceeding three million dollars; (6) for the Office of Policy and
62 Management: (A) Grants-in-aid to municipalities for a pilot
63 demonstration program to leverage private contributions for
64 redevelopment of designated historic preservation areas, not
65 exceeding one million dollars; (B) grants-in-aid for urban development
66 projects including economic and community development,
67 transportation, environmental protection, public safety, children and
68 families and social services projects and programs, including, in the
69 case of economic and community development projects administered
70 on behalf of the Office of Policy and Management by the Department
71 of Economic and Community Development, administrative costs
72 incurred by the Department of Economic and Community
73 Development, not exceeding eight hundred twenty-five million three
74 hundred thousand dollars, provided one hundred forty million dollars
75 of said authorization shall be effective July 1, 2002. Five million dollars
76 of the grants-in-aid authorized in subparagraph (B) of subdivision (6)
77 of this subsection may be made available to private nonprofit
78 organizations for the purposes described in said subparagraph (B).
79 Five million dollars of the grants-in-aid authorized in subparagraph
80 (B) of subdivision (6) of this subsection may be made available for
81 necessary renovations and improvements of libraries. Five million
82 dollars of the grants-in-aid authorized in subparagraph (B) of

83 subdivision (6) of this subsection shall be made available for small
84 business gap financing.

85 Sec. 2. Subsection (a) of section 4a-10 of the general statutes, as
86 amended by section 2 of public act 01-7 of the June special session, is
87 repealed and the following is substituted in lieu thereof (*Effective July*
88 *1, 2002*):

89 (a) For the purposes described in subsection (b) of this section, the
90 State Bond Commission shall have the power, from time to time [,] to
91 authorize the issuance of bonds of the state in one or more series and
92 in principal amounts not exceeding in the aggregate two hundred
93 [twenty-seven million five hundred thousand] thirty million dollars,
94 provided [seventeen million] nineteen million five hundred thousand
95 dollars of said authorization shall be effective July 1, 2002.

96 Sec. 3. Subdivision (4) of subsection (a) of section 7-536 of the
97 general statutes, as amended by section 2 of public act 01-197, is
98 repealed and the following is substituted in lieu thereof (*Effective July*
99 *1, 2002*):

100 (4) "Local capital improvement project" means a municipal capital
101 expenditure project for any of the following purposes: (A) Road
102 construction, renovation, repair or resurfacing, (B) sidewalk and
103 pavement improvements, (C) construction, renovation, enlargement or
104 repair of sewage treatment plants and sanitary or storm, water or
105 sewer lines, including separation of lines, (D) public building
106 construction other than schools, including renovation, repair, code
107 compliance, energy conservation and fire safety projects, (E)
108 construction, renovation, enlargement or repair of dams, bridges and
109 flood control projects, (F) construction, renovation, enlargement or
110 repair of water treatment or filtration plants and water mains, (G)
111 construction, renovation or enlargement of solid waste facilities, (H)
112 improvements to public parks, (I) the preparation and revision of local
113 capital improvement plans projected for a period of not less than five
114 years and so prepared as to show the general description, need and
115 estimated cost of each individual capital improvement, (J)

116 improvements to emergency communications systems, (K) public
117 housing projects, including renovations and improvements and energy
118 conservation and the development of additional housing, (L)
119 renovations to or construction of veterans' memorial monuments, (M)
120 improvements to information technology systems to manage the
121 century date change effect, as defined in section 4d-16, (N) thermal
122 imaging systems, (O) bulky waste and landfill projects, [and] (P) the
123 preparation and revision of municipal plans of conservation and
124 development adopted pursuant to section 8-23, provided such plans
125 are endorsed by the legislative body of the municipality not more than
126 one hundred eighty days after adoption by the commission, and (Q)
127 acquisition of automatic external defibrillators. "Local capital
128 improvement project" means only capital expenditures and includes
129 repairs incident to reconstruction and renovation but does not include
130 ordinary repairs and maintenance of an ongoing nature.

131 Sec. 4. Subsection (a) of section 10-65 of the general statutes is
132 repealed and the following is substituted in lieu thereof (*Effective July*
133 *1, 2002*):

134 (a) Each local or regional school district operating a vocational
135 agriculture center approved by the State Board of Education for
136 program, educational need, location and area to be served shall be
137 eligible for the following grants: (1) In accordance with the provisions
138 of chapter 173, through progress payments in accordance with the
139 provisions of section 10-287i, ninety-five per cent of the net eligible
140 costs [, in a lump sum,] of constructing, acquiring, renovating and
141 equipping approved facilities to be used for such vocational
142 agriculture center, for the expansion or improvement of existing
143 facilities or for the replacement or improvement of equipment therein,
144 and (2) subject to the provisions of section 10-65b, in an amount equal
145 to seven hundred dollars per student for every secondary school
146 student who was enrolled in such center on October first of the
147 previous year.

148 Sec. 5. Section 10-76e of the general statutes is repealed and the

149 following is substituted in lieu thereof (*Effective July 1, 2002*):

150 Any school district which agrees to provide special education, as
151 part of a long-term regional plan approved by the State Board of
152 Education, for children requiring special education who reside in other
153 school districts or a private academy, as defined in section 10-289d,
154 which agrees to provide special education, as part of a long-term
155 regional plan approved by the State Board of Education, for children
156 requiring special education shall be eligible to receive a grant, [in a
157 lump sum,] through progress payments in accordance with the
158 provisions of section 10-287i, in accordance with the provisions of
159 chapter 173, [in] which payments shall total an amount equal to
160 ninety-five per cent of the net eligible cost to such district or to such
161 academy of purchasing, constructing or reconstructing appropriate
162 facilities to be used primarily for children requiring special education
163 and equipping and furnishing of any such purchase, construction or
164 reconstruction, provided such facilities shall be approved by the State
165 Board of Education and shall be an adjunct to or connected with
166 facilities for children in the regular school program, except when the
167 State Board of Education determines that separate facilities would be
168 of greater benefit to the children participating in the long-term special
169 education program.

170 Sec. 6. Subsection (a) of section 10-264h of the general statutes is
171 repealed and the following is substituted in lieu thereof (*Effective July*
172 *1, 2002*):

173 (a) For the fiscal year ending June 30, 1996, and each fiscal year
174 thereafter, a local or regional board of education, regional educational
175 service center or a cooperative arrangement pursuant to section 10-
176 158a for purposes of an interdistrict magnet school may be eligible for
177 reimbursement up to ninety-five per cent of the full reasonable cost of
178 any capital expenditure for the purchase, construction, extension,
179 replacement, leasing or major alteration of interdistrict magnet school
180 facilities, including any expenditure for the purchase of equipment, in
181 accordance with this section except that such a school may be eligible

182 for reimbursement up to one hundred per cent of such costs if the
183 project is vital to the state's efforts to promote desegregation as
184 determined by the Commissioner of Education or the project is
185 necessary to comply with a court order. To be eligible for
186 reimbursement under this section a magnet school construction project
187 shall meet the requirements for a school building project established in
188 chapter 173, except that the Commissioner of Education may waive
189 any requirement in such chapter for good cause. On and after July 1,
190 1997, the commissioner shall approve only applications for
191 reimbursement under this section that he finds will reduce racial,
192 ethnic and economic isolation.

193 Sec. 7. (*Effective July 1, 2002*) Notwithstanding the provisions of
194 subsection (e) of section 10-265h of the general statutes, (1) an amount
195 of up to six hundred thousand dollars in unexpended funds for the
196 grant period ending June 30, 2001, awarded to the City of Waterbury
197 under subsection (g) of section 13 of public act 99-242 shall be available
198 for expenditure for an additional two years, and (2) an amount of up to
199 one million one hundred thousand dollars in unexpended funds for
200 the grant period ending June 30, 2002, awarded to the City of
201 Waterbury under subsection (h) of section 32 of public act 99-242 shall
202 be available for expenditure for an additional year.

203 Sec. 8. Subsection (c) of section 10-283 of the general statutes is
204 repealed and the following is substituted in lieu thereof (*Effective July*
205 *1, 2002*):

206 (c) No school building project shall be added to the list prepared by
207 the Commissioner of Education pursuant to subsection (a) of this
208 section after such list is submitted to the committee of the General
209 Assembly appointed pursuant to section 10-283a unless (1) the project
210 is for a school placed on probation by the New England Association of
211 Schools and Colleges and the project is necessary to preserve
212 accreditation, [or] (2) the project is necessary to replace a school
213 building for which a state agency issued a written notice of its intent to
214 take the school property for public purpose, or (3) for the fiscal year

215 ending June 30, 2002, the project is in a town operating under state
216 governance. The provisions of this subsection shall not apply to
217 projects previously authorized by the General Assembly that require
218 special legislation to correct procedural deficiencies.

219 Sec. 9. Section 10-283 of the general statutes, as amended by sections
220 26 and 63 of public act 01-173, is amended by adding subsections (d)
221 and (e) as follows (*Effective July 1, 2002*):

222 (NEW) (d) No application for a school building project shall be
223 accepted by the commissioner on or after July 1, 2002, unless the
224 applicant has secured funding authorization for the local share of the
225 project costs prior to application. For applications filed before July 1,
226 2002, for inclusion on the listing of projects to be submitted to the
227 Governor and General Assembly in December, 2002, pursuant to this
228 section, no project shall be included on such listing unless the
229 applicant has secured local funding authorization prior to December 1,
230 2002. The reimbursement percentage for a project covered by this
231 subsection shall reflect the rates in effect during the fiscal year in
232 which such local funding authorization is secured.

233 (NEW) (e) For each such list submitted after December, 2002, the
234 total amount requested by the commissioner for grant commitments
235 shall not exceed one billion dollars. Eligible projects that cannot be
236 included on the list shall be included first on the list submitted the next
237 following year.

238 Sec. 10. Section 10-292k of the general statutes, as amended by
239 section 17 of public act 01-7 of the June special session, is repealed and
240 the following is substituted in lieu thereof (*Effective July 1, 2002*):

241 For purposes of funding interest subsidy grants, except for interest
242 subsidy grants made pursuant to subsection (b) of section 10-292m, the
243 State Treasurer is authorized and directed, subject to and in
244 accordance with the provisions of section 3-20, to issue bonds of the
245 state from time to time in one or more series in an aggregate amount
246 not exceeding one hundred [twenty-one] seventy-one million one

247 hundred thousand dollars, provided [seventeen] fifty million dollars of
248 said authorization shall be effective July 1, [2000] 2002. Bonds of each
249 series shall bear such date or dates and mature at such time or times
250 not exceeding thirty years from their respective dates and be subject to
251 such redemption privileges, with or without premium, as may be fixed
252 by the State Bond Commission. They shall be sold at not less than par
253 and accrued interest and the full faith and credit of the state is pledged
254 for the payment of the interest thereon and the principal thereof as the
255 same shall become due, and accordingly and as part of the contract of
256 the state with the holders of said bonds, appropriation of all amounts
257 necessary for punctual payment of such principal and interest is
258 hereby made, and the State Treasurer shall pay such principal and
259 interest as the same become due. The State Treasurer is authorized to
260 invest temporarily in direct obligations of the United States, United
261 States agency obligations, certificates of deposit, commercial paper or
262 bank acceptances, such portion of the proceeds of such bonds or of any
263 notes issued in anticipation thereof as may be deemed available for
264 such purpose.

265 Sec. 11. Subsection (c) of section 22a-478 of the general statutes is
266 repealed and the following is substituted in lieu thereof (*Effective July*
267 *1, 2002*):

268 (c) The funding of an eligible water quality project shall be pursuant
269 to a project funding agreement between the state, acting by and
270 through the commissioner, and the municipality undertaking such
271 project and shall be evidenced by a project fund obligation or grant
272 account loan obligation, or both, or an interim funding obligation of
273 such municipality issued in accordance with section 22a-479. A project
274 funding agreement shall be in a form prescribed by the commissioner.
275 A nonpoint source pollution abatement project shall receive a project
276 grant of seventy-five per cent of the cost of the project determined to
277 be eligible by the commissioner. A combined sewer project shall
278 receive (1) a project grant of fifty per cent of the cost of the project,
279 which cost shall be the cost the federal Environmental Protection
280 Agency uses in making grants pursuant to Part 35 of the federal

281 Construction Grant Regulations and Titles II and VI of the federal
282 Water Pollution Control Act, as amended; and (2) a loan for the
283 remainder of the costs of the project, not exceeding one hundred per
284 cent of the eligible water quality project costs. A construction contract
285 eligible for financing awarded by a municipality on or after July 1,
286 1999, as a project undertaken for nitrogen removal shall receive a
287 project grant of thirty per cent of the cost of the project associated with
288 nitrogen removal and a loan for the remainder of the costs of the
289 project, not exceeding one hundred per cent of the eligible water
290 quality project costs. Nitrogen removal projects under design or
291 construction on July 1, 1999, and projects that have been constructed
292 but have not received permanent, clean water fund financing, on July
293 1, 1999, shall be eligible to receive a thirty per cent grant. Any other
294 eligible water quality project shall receive (A) a project grant of twenty
295 per cent of the cost, which cost shall be the cost the federal
296 Environmental Protection Agency uses for grants pursuant to said Part
297 35 and said Titles II and VI, and (B) a loan for the remainder of the
298 costs of the project, not exceeding one hundred per cent of the eligible
299 project cost. [On] In or after fiscal year 2007, all eligible water quality
300 projects eligible for funding shall receive a loan of one hundred per
301 cent of the eligible costs and shall not receive a project grant. In or after
302 fiscal year 2002, eligible water quality projects that exclusively address
303 sewer collection and conveyance system improvements may receive a
304 loan for one hundred per cent of the eligible costs and shall not receive
305 a project grant. Any such sewer collection and conveyance system
306 improvement project shall be rated, ranked, and funded separately
307 from other water pollution control projects and shall be considered
308 only if it is highly consistent with the state's conservation and
309 development plan, or is primarily needed as the most cost effective
310 solution to an existing area-wide pollution problem and incorporates
311 minimal capacity for growth. All loans made in accordance with the
312 provisions of this section for an eligible water quality project shall bear
313 an interest rate of two per cent per annum. The commissioner may
314 allow any project fund obligation, grant account loan obligation or
315 interim funding obligation for an eligible water quality project to be

316 repaid by a borrowing municipality prior to maturity without penalty.

317 Sec. 12. Subsection (a) of section 22a-483 of the general statutes, as
318 amended by section 6 of public act 01-7 of the June special session, is
319 repealed and the following is substituted in lieu thereof (*Effective July*
320 *1, 2002*):

321 (a) For the purposes of sections 22a-475 to 22a-483, inclusive, as
322 amended by this act, the State Bond Commission shall have the power,
323 from time to time [,] to authorize the issuance of bonds of the state in
324 one or more series and in principal amounts, not exceeding in the
325 aggregate seven hundred [ninety-seven] sixty-one million [eight
326 hundred] thirty thousand dollars, provided [forty] three million two
327 hundred thousand dollars of said authorization shall be effective July
328 1, 2002.

329 Sec. 13. Subsection (a) of section 32-231l of the general statutes is
330 repealed and the following is substituted in lieu thereof (*Effective July*
331 *1, 2002*):

332 (a) For the purposes described herein the State Bond Commission
333 shall have the power, from time to time [,] to authorize the issuance of
334 bonds of the state in one or more series and in principal amounts not
335 exceeding in the aggregate [one hundred twenty-eight] ninety-five
336 million dollars, provided twenty-one million nine hundred thousand
337 dollars of said authorization shall be effective on June 21, 1994.

338 Sec. 14. Subsection (a) of section 32-235 of the general statutes, as
339 amended by section 10 of public act 01-7 of the June special session, is
340 repealed and the following is substituted in lieu thereof (*Effective July*
341 *1, 2002*):

342 (a) For the purposes described in subsection (b) of this section, the
343 State Bond Commission shall have the power, from time to time [,] to
344 authorize the issuance of bonds of the state in one or more series and
345 in principal amounts not exceeding in the aggregate [five hundred
346 twenty-five million three hundred thousand] five hundred five million

347 three hundred thousand dollars, provided [thirty] ten million dollars
348 of said authorization shall be effective on July 1, 2002.

349 Sec. 15. Section 32-666a of the general statutes is repealed and the
350 following is substituted in lieu thereof (*Effective from passage*):

351 The city of Hartford, upon approval of its legislative body, may
352 negotiate and fix assessments on improvements for retail, commercial
353 and housing purposes during the period of construction of such
354 improvements and for additional periods of up to fifteen years from
355 the completion of such improvements, which improvements either (1)
356 constitute a capital city project, as defined in subsection (2) of section
357 32-600, receiving [five] three million dollars or more in financial
358 assistance from the authority, or (2) are within the Adriaen's Landing
359 site, including the on-site related private development.

360 Sec. 16. (NEW) (*Effective July 1, 2002*) Notwithstanding any
361 provision of chapter 173 of the general statutes or the regulations
362 adopted under said chapter 173, a local board of education in a town
363 that is a distressed municipality, as defined in section 32-9p of the
364 general statutes, with a population greater than ninety thousand shall
365 be eligible to submit a consolidated school construction grant
366 application for multiple school projects and be eligible to receive a
367 single grant equal to the state share of total project costs. Based on a
368 determination by the Office of Policy and Management that any such
369 municipality is unable to reasonably issue debt to finance the local
370 share of such costs, discretionary federal block grant funds may be
371 deemed to have financed the local share of total project costs without
372 regard to any zone restrictions that may limit the actual expenditure of
373 such funds to specific schools. Notwithstanding the provisions of
374 subdivision (18) of section 10-282 of the general statutes, projects
375 whose eligibility is provided for under this section may be considered
376 renovations for purposes of receiving state grants.

377 Sec. 17. (NEW) (*Effective July 1, 2002*) Notwithstanding any
378 provision of the general statutes, the Department of Economic and
379 Community Development, in consultation with the Connecticut

380 Housing Finance Authority, the Office of Policy and Management and
381 the State Treasurer, shall arrange for the transfer of the housing loan
382 portfolio of said department or any portion thereof, to said authority.

383 Sec. 18. (NEW) (*Effective July 1, 2002*) (a) As used in this section, (1)
384 "eligible building" means a structure located in a distressed
385 municipality, as defined in section 32-9p of the general statutes, as
386 amended, that contains not more than twenty residential units, and
387 may contain an owner-occupied unit, and (2) "eligible costs" means
388 costs incurred to make renovations and repairs to bring an eligible
389 building into compliance with the State Building Code.

390 (b) There is established a revolving loan fund to be known as the
391 "Rental Housing Revolving Loan Fund". The fund shall contain any
392 moneys required by law to be deposited in the fund. Investment
393 earnings credited to the fund shall become part of the assets of the
394 fund. Any balance remaining in the fund at the end of any fiscal year
395 shall be carried forward in the fund for the next fiscal year. Payments
396 of principal or interest on a low interest loan made pursuant to this
397 section shall be paid to the State Treasurer for deposit in the Rental
398 Housing Revolving Loan Fund. The fund shall be used to make low
399 interest loans pursuant to subsection (c) of this section and to pay
400 reasonable and necessary expenses incurred in administering loans
401 under this section. The Commissioner of Economic and Community
402 Development may enter into contracts with nonprofit corporations to
403 provide for the administration of the Rental Housing Revolving Loan
404 Fund by such nonprofit corporations, provided no low interest loan
405 shall be made from the fund without the authorization of the
406 commissioner as provided in subsection (c) of this section.

407 (c) The state, acting by and in the discretion of the Commissioner of
408 Economic and Community Development, may enter into contracts to
409 provide financial assistance in the form of low interest loans to owners
410 of eligible buildings for eligible costs. The commissioner may require
411 owners of eligible buildings who apply for a low interest loan
412 pursuant to this section to submit a copy of the report filed by the

413 building inspector listing code violations, and an estimate of the cost of
414 repairs to correct such violations. The commissioner may establish
415 priorities for the low cost loans provided pursuant to this program,
416 including, but not limited to, types of repairs financed, the location of
417 the eligible building, ability of owners to repay such loans, and the
418 extent to which any repairs will extend the useful life of the eligible
419 building.

420 (d) The commissioner may adopt regulations, in accordance with
421 the provisions of chapter 54 of the general statutes, to specify
422 application procedures and priorities for providing low cost loans
423 pursuant to this section.

424 Sec. 19. (NEW) (*Effective July 1, 2002*) (a) As used in this section,
425 "eligible building" means a two to six-family building that was built
426 prior to 1950 and has wooden windows, and "commissioner" means
427 the Commissioner of Economic and Community Development.

428 (b) The commissioner shall establish a demonstration program in at
429 least three municipalities to promote energy efficiency and
430 environmentally safe housing by providing matching grants to owners
431 of eligible buildings to repair or replace wooden windows in such
432 buildings. At least two of said municipalities shall have a population
433 of one hundred thousand or more and at least one of said
434 municipalities shall have a population of less than one hundred
435 thousand. No such grant shall exceed one hundred dollars for each
436 window to be repaired or replaced. The commissioner may contract
437 with one or more entities to operate the program.

438 (c) The demonstration program shall end on June 30, 2005. On or
439 before February 1, 2005, the commissioner shall report to the select
440 committee of the General Assembly having cognizance of matters
441 relating to housing as to the number of eligible buildings for which
442 assistance was provided, the costs involved, the effectiveness of the
443 demonstration program and the commissioner's recommendation as to
444 whether the demonstration program should be expanded and made
445 permanent.

446 (d) The commissioner shall adopt regulations, in accordance with
447 the provisions of chapter 54 of the general statutes, to implement the
448 provisions of this section.

449 Sec. 20. (NEW) (*Effective July 1, 2002*) (a) On or before February 1,
450 2003, and annually thereafter, the Secretary of the Office of Policy and
451 Management shall prepare a report regarding the status of the
452 Adriaen's Landing project and The University of Connecticut football
453 stadium project. Such report shall be made, in accordance with the
454 provisions of section 11-4a of the general statutes, to the president pro
455 tempore of the Senate, the speaker of the House of Representatives, the
456 majority leader of the Senate, the majority leader of the House of
457 Representatives, the minority leader of the Senate and the minority
458 leader of the House of Representatives and to the joint standing
459 committee of the General Assembly having cognizance of matters
460 relating to finance, revenue and bonding. The report to said committee
461 shall be presented at a meeting of said committee held during the
462 regular session of the calendar year in which such report is due.

463 (b) Such report shall be separated into a section on the Adriaen's
464 Landing project and a section on The University of Connecticut
465 football stadium project and shall contain the following information:
466 (1) A detailed estimated budget for the overall project; (2) the current
467 timeline for the entire project, with significant milestone events, from
468 inception to projected completion date; (3) for each project component,
469 (A) a description of the component, (B) its current budget in detail,
470 comparing it to the budget presented to the General Assembly prior to
471 the effective date of public act 00-140, (C) projected completion date,
472 (D) any change made in the course of planning and execution over the
473 prior calendar year and reasons for such change, and (E) status at the
474 end of such calendar year; (4) problems encountered in the prior
475 calendar year and potential problems in the future; (5) status of the
476 project's compliance with the provisions of section 32-605 of the
477 general statutes, including, but not limited to, (A) a description of each
478 contract entered into during the prior calendar year, (B) whether any
479 contractor is a woman-owned business enterprise, a minority business

480 enterprise or a small business enterprise, as those terms are defined in
 481 section 4a-60g of the general statutes, (C) the value of such contract,
 482 (D) any subcontractors under such contract, the value of the
 483 subcontract and whether any subcontractor is a woman-owned
 484 business enterprise, a minority business enterprise or a small business
 485 enterprise, as those terms are defined in section 4a-60g of the general
 486 statutes, (E) the number of jobs associated with such contract,
 487 including the number of jobs held by residents of Hartford and East
 488 Hartford and the number of jobs held by women and minorities, and
 489 (F) any steps being taken for affirmative action and corrective
 490 measures for any deficiencies; (6) a detailed projected annual operating
 491 budget for each facility, including information regarding how much
 492 funding the state will be required to provide and how much the
 493 municipality will be required to provide; and (7) a timeline showing
 494 when operating expenses may be incurred prior to the project's
 495 completion, including how much of such expenses will be provided by
 496 the state in each year and how much will be provided by the host
 497 municipality.

498 Sec. 21. Subsection (a) of section 45 of public act 98-249 is repealed
 499 and the following is substituted in lieu thereof (*Effective July 1, 2002*):

500 (a) For the purposes described in subsection (b) of this section, the
 501 State Bond Commission shall have the power, from time to time [,] to
 502 authorize the issuance of bonds of the state in one or more series and
 503 in principal amounts not exceeding in the aggregate [one million eight]
 504 five hundred thousand dollars.

505 Sec. 22. (*Effective July 1, 2002*) Sections 23 and 24 of public act 98-179
 506 are repealed.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>
Sec. 4	<i>July 1, 2002</i>

Sec. 5	<i>July 1, 2002</i>
Sec. 6	<i>July 1, 2002</i>
Sec. 7	<i>July 1, 2002</i>
Sec. 8	<i>July 1, 2002</i>
Sec. 9	<i>July 1, 2002</i>
Sec. 10	<i>July 1, 2002</i>
Sec. 11	<i>July 1, 2002</i>
Sec. 12	<i>July 1, 2002</i>
Sec. 13	<i>July 1, 2002</i>
Sec. 14	<i>July 1, 2002</i>
Sec. 15	<i>from passage</i>
Sec. 16	<i>July 1, 2002</i>
Sec. 17	<i>July 1, 2002</i>
Sec. 18	<i>July 1, 2002</i>
Sec. 19	<i>July 1, 2002</i>
Sec. 20	<i>July 1, 2002</i>
Sec. 21	<i>July 1, 2002</i>
Sec. 22	<i>July 1, 2002</i>

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Fund-Type	Agency Affected	Future FY
GF Debt Service - Savings	Various	See Below
GF - Cost	Policy & Mgmt., Off.	See Below

Note: GF=General Fund

Municipal Impact:

Effect	Municipalities	Future FY
Revenue Loss	Various Municipalities	See Below

Explanation

State Impact

The bill authorizes \$52.5 million in new General Obligation (GO) bonds in FY 03 and reduces or cancels \$251.1 million in FY 03 and prior year GO authorizations, which has the net effect of reducing GO bond authorizations by \$198.6 million. The interest cost saving for reducing authorizations by this amount is \$114.7 million, assuming a 5.5% interest rate and a 20-year term of issuance.

Office of Policy and Management

Capital Equipment Purchase Fund: Section 2 authorizes \$2.5 million in bonding in order to avoid increases in Technical Services Revolving Fund charges. The \$2.5 million will be applied to, on a priority basis, items related to security (virus and intrusion attacks), increase storage capacity, help desk upgrade hardware and consolidation, and other capital equipment purchases related to statewide consolidation such as statewide e-mail and file services.

Report on Adriaen's Landing: (Section 20) It is anticipated that the Office of Policy and Management can develop and submit the required reports at a minimal cost. To the extent that disclosure of some of the required budget information may affect competitive bidding, future additional costs may result.

Department of Environmental Protection

Clean Water Fund for Grants to Municipalities: (Section 12) The current unallocated balance in this account as of 4/17/02 is \$94.2 million.

Sewer Collection and Conveyance System Loans: (Section 11) The language change will enable projects currently considered low priority to potentially receive funding via a loan.

Department of Economic and Community Development

Manufacturing Assistance Act: (Section 14) The current unallocated balance in this account as of 4/17/02 is \$67.5 million.

Transfer of Housing Loan Portfolio to CHFA: (Section 17) DECD, in consultation with Connecticut Housing Finance Authority (CHFA), the Office of Policy and Management (OPM), and the State Treasurer shall transfer its housing loan portfolio, or transfer of a portion thereof, to CHFA. The value of the DECD loan portfolio, which will be transferred, is uncertain at this time. The transfer of the DECD housing loan portfolio will result in a loss to the revolving loan fund, and potentially the General Fund, and a corresponding gain to CHFA.

It should be noted that Section 27 of sHB 5019 "An Act Making Adjustments to the State Budget for the Biennium Ending June 30, 2003, and Making Appropriations Therefor" credits \$85 million from the resources of CHFA to the General Fund.

Rental Housing Revolving Loan Fund: (Section 18) This section establishes a rental housing revolving loan fund to provide low-interest loans to renovate and repair eligible apartment buildings

located in distressed municipalities to bring such buildings into compliance with the State Building Code. The fund consists of an unspecified amount the law requires to be deposited in it, plus investment earnings on the fund balance, fund balances carried forward from prior years, and loan repayments. The revolving loan fund will be responsible for the reasonable administrative costs necessary to administer the loans.

Window Replacement Program: (Section 19) This section requires DECD to establish a three-year matching grant demonstration program to promote environmentally safe housing and energy conservation by repairing and replacing wooden windows in two-to-six-family buildings built before 1950. The commissioner must run the program in at least three municipalities, at least two with populations of 100,000 or over and at least one with a smaller population. The demonstration program ends on June 30, 2005. The maximum grant is \$100 per window. No funding for this demonstration program is provided in the bill.

Department of Education

Regional Vocational Agricultural Centers, Regional Special Education Facilities and Interdistrict Magnet Schools: Sections 4, 5 and 6 which reduce state reimbursement levels for school construction projects involving vocational agriculture centers, cooperative regional education facilities and interdistrict magnet schools from the current 100% level to 95% results in a future significant savings to the state which in turn is a future significant revenue loss to local and regional school districts. The impact of the reimbursement reduction is determinant on future projects of these types that cannot be projected.

Waterbury School Improvement Grants: Section 7 of the bill allows the city of Waterbury to continue to be eligible for \$1.7 million in school improvement funds provided in previous fiscal years that would otherwise revert to the state. Therefore, this section results in a revenue gain to Waterbury.

Waterbury School Construction Projects: Section 8 would allow school construction projects for towns under state governance to be added to the priority list notwithstanding any statutory provisions to the contrary. Since it is likely that these projects would eventually occur anyway this section results in the potential for the state incurring costs sooner than it may have. Since doing the project earlier may be less expensive (eliminates construction delay) this section may result in a long-term savings to the state and local and regional school districts.

Local Approval: Section 9(a) of the bill provides that no school construction project may be included on the school construction priority list without first receiving local funding authorization. This will reduce the amount of projects on the priority list. However, since the state only provides funds for projects that actually occur, the section has no actual fiscal impact.

Annual Grant Commitment Limit: Section 9(b) of the bill caps the school construction priority list at \$1 billion for the all lists on and after December 2002. This provision is not anticipated to have any fiscal impact because it is expected that the “local approval” requirement (see above) will prevent the total value of projects from reaching the \$1 billion level. However, if the total value of projects exceeds \$1 billion this section may result in increased costs to the state and local and regional school districts due to construction delays and the impact of inflation.

Consolidated School Construction Grant Applications for Certain Distressed Municipalities: Section 16 allows certain municipalities to submit a consolidated school construction grant application and receive a consolidated grant payment. This results in a potential savings to any eligible district, as it would not have to secure funds from more sources than necessary to secure the grant.

Municipal Impact

Reducing the bond authorization for Urban Action grants-in-aid to towns by \$40 million (\$20 million in each of FY 02 and FY 03) will

result in a revenue loss to towns of \$40 million.

Reducing, from \$5 million to \$3 million, the amount of financial assistance CCEDA must give to certain types of projects before Hartford may negotiate and fix assessments may result in a Property Tax revenue loss because it increases the likelihood that the City will provide tax reductions or abatements to such projects.

OLR Bill Analysis

sSB 34

AN ACT INCREASING CERTAIN BOND AUTHORIZATIONS FOR CAPITAL IMPROVEMENTS**SUMMARY:**

This bill changes bond authorizations for various programs, including urban action bonds, school construction interest subsidy grants, the Capital Equipment Purchase Fund, the Connecticut Development Authority's (CDA) Connecticut Works Fund, and the Manufacturing Assistance Act.

The bill eliminates authority for up to \$200 million in state and city tax increment financing (TIF) for Bridgeport's Steel Point Project, a proposed waterfront commercial and retail center. Under current law, CDA has until January 1, 2003 to issue bonds for the project.

With respect to state grants for school facilities, the bill:

1. reduces reimbursements for the capital costs of regional vocational agriculture and special education facilities and interdistrict magnet schools from 100% to 95%, but allows the education commissioner to reimburse up to 100% of a magnet school's cost if it is vital to school desegregation efforts or needed to comply with a court order;
2. requires school districts to secure approval for the local shares of school construction project costs before applying for state grant authorizations;
3. limits annual school construction grant commitments to \$1 billion; and
4. establishes special provisions for various Waterbury school construction and renovation projects.

Beginning this year instead of waiting until 2007, the bill requires the Clean Water Fund to support certain types of sewer projects entirely with loans instead of providing grants for 20% of their cost. It also requires such projects to meet additional conditions.

The bill establishes two new housing programs:

1. a revolving loan fund to help owners renovate and repair qualifying apartment buildings in distressed municipalities to meet the State Building Code and
2. a three-year demonstration program to provide matching grants to replace wooden windows in pre-1950 two-to-six family buildings.

The bill also requires the Department of Economic and Community Development (DECD) to consult with the Connecticut Housing Finance Authority (CHFA), Office of Policy and Management (OPM) secretary, and state treasurer to arrange to transfer all or part of its housing loan portfolio to CHFA (Sec. 17).

The bill:

1. earmarks \$5 million in urban action bonds for small business gap financing (Sec. 1(b)) and
2. allows municipalities to use Local Capital Improvement Project (LoCIP) funds to buy automatic external defibrillators (Sec. 3).

For Adraien's Landing, the UConn football stadium, and related projects, the bill:

1. reduces, from \$5 million to \$3 million, the amount of financial assistance the Capital City Economic Development Authority (CCEDA) must give before Hartford may negotiate special taxing arrangements for the projects and
2. requires the OPM secretary to submit annual reports to legislative leaders and the Finance, Revenue and Bonding Committee on the progress of the Adraien's Landing and stadium projects, including detailed cost projections, completion timelines and targets, and information on compliance with hiring and contracting goals for minorities, small business, women, and Hartford and East Hartford residents.

EFFECTIVE DATE: July 1, 2002, except for the provision reducing the threshold for special tax arrangements between Hartford and Adraien's Landing and related projects, which is effective on passage.

BOND AUTHORIZATION CHANGES

The bill changes total bond authorizations and amounts effective July 1, 2002 for various programs as shown in Table 1.

Table 1: Proposed Bond Authorization Changes

Bill Section	Program	Total Authorization (million)			Effective July 1, 2002 (million)		
		Current	Proposed	Change	Current	Proposed	Change
1 (b)	Urban Action Bonds	\$953.696	\$913.696	(\$40.0)	\$142.0	\$122.0	(\$20.0)
2	Capital Equipment Purchase Fund	227.5	230.0	2.5	17.0	19.5	2.5
10	School construction interest subsidy grants	121.1	171.1	50.0	None	50.0	50.0
12	Clean Water Fund	797.83	761.03	(36.8)	40.0	3.2	(36.8)
13	CDA Connecticut Works Fund	128.0	95.0	(33.0)	No provision		
14	Manufacturing Assistance Act	\$525.3	505.3	(20.0)	30.0	10.0	(20.0)
21	Capital Region Education Council for New Britain early childhood magnet school expenses	1.8	0.5	(1.3)	No provision		

STEEL POINT (SEC. 22)

The bill repeals provisions authorizing up to \$200 million in state and city funding for the Steel Point project in Bridgeport. Under current law, CDA has until January 1, 2003 to issue bonds for the project up to a limit of \$120 million or 20% of the project's cost, whichever is less. The bill also eliminates authority for the state's other economic development agencies to provide funds for the project. The other agencies are Connecticut Innovations, Inc. and DECD.

The bill eliminates state and local TIF mechanisms for the project. These provisions allow (1) CDA to issue bonds and back them with

incremental sales and admission tax revenue generated throughout the project area and (2) Bridgeport to issue bonds and back them with incremental taxes, properties in the project area and the income they produce, financial assistance from public and private sources, or any combination of these assets. In eliminating the TIF financing for the project, the bill also eliminates requirements for CDA to conduct an economic analysis of the project, for the city to apply to CDA for the bond issue, and certain reporting requirements.

Under current law, CDA can use the bond proceeds to provide financial assistance to government agencies and people and organizations operating businesses within the Steel Point project area. The recipients can use the funds for many different kinds of development activities and projects. They can acquire and improve land; demolish, remove, or rehabilitate structures; and construct, reconstruct, or rehabilitate buildings and infrastructure. They can also use the funds to relocate people and organizations the project displaces.

Recipients can develop hotels, restaurants, conference centers, a movie theater complex, a museum, a retail shopping center, docks and marina facilities, and other recreation and entertainment facilities. They can also develop rail systems, roadways, bulkheads, docks, pollution control facilities, and parking facilities.

SCHOOL CONSTRUCTION

Regional Vocational Agriculture Centers and Regional Special Education Facilities (Secs. 4 and 5)

The bill reduces, from 100% to 95% of the eligible costs, the state reimbursement for (1) building, acquiring, renovating, expanding, improving, or equipping a regional vocational agriculture center or expanding or improving its equipment or (2) buying, building or rebuilding, equipping, and furnishing a regional special education facility. It also requires state grants for such projects to be paid in progress payments like regular school construction grants, rather than in a lump sum.

Interdistrict Magnet Schools (Sec. 6)

The bill reduces, from 100% to 95%, the state reimbursement for the reasonable capital costs of buying, building, extending, replacing,

leasing, carrying out a major alteration of, or buying equipment for, an interdistrict magnet school. But the bill allows the education commissioner to reimburse up to 100% of the costs for projects (1) the commissioner determines are vital to the state's desegregation efforts or (2) needed to comply with court orders.

By law, the commissioner may approve grants only for interdistrict magnet schools that reduce racial, ethnic, and economic isolation.

Local Approval (Sec. 9(a))

Starting July 1, 2002, the bill requires school districts to secure funding for the local share of a school construction project before applying for a state grant. (School construction grant applications are due by June 30 annually.) For projects filed before July 1, 2002 for submission to the General Assembly for the 2003 priority list, the bill requires a school district to secure local authorization before December 1, 2002. The state reimbursement percentages applicable to projects requiring prior authorization are those in effect in the fiscal year during which the district secures local funding authorization for the project.

The state reimburses school districts for between 20% and 80% of eligible school construction costs, depending on wealth, with certain types of projects eligible for a 5% or 10% bonus. The remaining portion is the local share.

Annual Grant Commitment Limit (Sec. 9(b))

Starting with the 2004 priority list, the bill limits the total amount the education commissioner can request for school construction grant commitments to \$1 billion per year. Eligible projects left off a list because of limit must be listed first for the following year.

Waterbury School Improvement Grants (Sec. 7)

The bill allows Waterbury to carry over up to \$1.7 million in unspent school improvement grant funds from FYs 2000-01 (\$600,000) and 2001-02 (\$1.1 million) for an additional two years and one year, respectively. Current law requires improvement projects to be completed in the same year as the grant award. Grants help priority districts and districts with priority schools pay for alterations, repairs, and improvements to buildings and grounds that are not eligible for

school construction grants.

Waterbury School Construction Projects (Sec. 8)

The bill allows school construction projects in towns operating under state governance (i.e., Waterbury) a one-time waiver to allow them to be added to the 2002 school construction priority list after the State Department of Education (SDE) submits it to the General Assembly. As required by law, SDE submitted the 2002 list by December 15, 2001. Current law generally prohibits adding projects to the list after SDE submits it to the legislature.

Consolidated School Construction Grant Applications for Certain Distressed Municipalities (Sec. 16)

The bill allows distressed municipalities with more than 90,000 people to submit a consolidated grant application for several school construction projects and be eligible for a single grant for the state share of all the projects. If OPM determines that such a city cannot reasonably issue debt to cover its share of the project costs, the bill allows discretionary federal block grant funds to be considered the local share despite restrictions limiting use of those funds to specific schools.

The bill also classifies these projects as renovations for purposes of school construction grants. By law, to be eligible for a school construction grant, a renovation project must (1) produce a school with a useful life comparable to that of a new school and (2) cost less than building a new school.

SEWER PROJECT FUNDING (SEC. 11)

Starting with FY 2001-02, the bill funds eligible water quality projects that address only sewer collection and conveyance systems entirely through loans rather than with 20% grants and 80% loans. The law already requires all eligible water quality projects to be 100% funded through loans, starting in FY 2006-07.

The bill also requires the Department of Environmental Protection to rate, rank, and fund sewer collection and conveyance system projects separately from other eligible water pollution control projects. It allows such projects to be considered only if they are either (1) highly consistent with the state conservation and development plan or (2)

primarily needed as the most cost-effective solution for an existing area-wide pollution problem and incorporate minimal growth capacity.

HOUSING

Rental Housing Revolving Loan Fund (Sec. 18)

The bill establishes a revolving fund to provide low-interest loans to renovate and repair apartment buildings located in distressed municipalities to meet the State Building Code. The fund consists of an unspecified amount the law requires to be deposited in it plus (1) investment earnings on the fund balance, (2) fund balances carried forward from prior years, and (3) loan repayments.

Loans must go to building owners. To be eligible, a building must have no more than 20 residential units, which may include a unit occupied by the owner. The bill allows the DECD commissioner to:

1. require an owner applying for a loan to submit (a) a copy of the building inspector's report listing the code violations in the building and (b) a cost estimate for the repairs to correct the violations;
2. prioritize loans by such factors as types of repairs to be financed, building location, the owner's ability to repay, and the extent to which the repairs will extend the building's useful life;
3. contract with nonprofit organizations to administer the fund while retaining sole authority to approve loans; and
4. adopt regulations to establish application procedures and set loan priorities.

Window Replacement Program (Sec. 19)

The bill requires the DECD commissioner to establish a three-year matching grant demonstration program to promote environmentally safe housing and energy conservation by repairing and replacing wooden windows in two-to-six-family buildings built before 1950. The commissioner must run the program in at least three municipalities, at least two with populations of 100,000 or over and at least one with a smaller population. The maximum grant is \$100 per window.

The bill allows the commissioner to contract out program operation to

one or more entities and requires him to adopt regulations to implement it. The program ends on June 30, 2005. The commissioner must report to the Housing Committee by February 1, 2005 on (1) the number of eligible buildings that received assistance, (2) costs, (3) program effectiveness, and (4) his recommendation for expanding the program and making it permanent.

ADRAIEN'S LANDING, UCONN STADIUM, AND RELATED PROJECTS

Tax Agreements (Sec. 15)

The bill reduces, from \$5 million to \$3 million, the amount of financial assistance the CCEDA must give to certain types of projects before Hartford may negotiate and fix assessments on retail, commercial, and residential uses for up to 15 years. The change applies to projects within the Adriaen's Landing site and to:

1. the convention center,
2. the downtown higher education center,
3. the civic center and coliseum renovation project,
4. riverfront infrastructure development and improvements,
5. up to 1,000 downtown housing units,
6. demolition or redevelopment of vacant buildings, and
7. additional downtown parking.

Progress Reports (Sec. 20)

Starting by February 1, 2003, the bill requires the OPM secretary to submit annual reports to the six legislative leaders and the Finance, Revenue and Bonding Committee on the status of the Adriaen's Landing and UConn football stadium projects. The secretary must present the report to the Finance Committee at a committee meeting held during the regular session in the year the report is due.

The report must have separate sections on each project and must include:

1. a detailed budget estimate for the overall project;
2. a current project timeline from beginning to end, with significant milestones;
3. for each part of the project, (a) a description, (b) a detailed current budget with a comparison to the budget presented to the General

- Assembly before May 2, 2000, (c) a projected completion date, (d) changes in planning or execution from the prior year and reasons for the change, and (e) end-of-year status;
4. problems arising during the past year and potential future problems;
 5. compliance with small and minority business set-asides and provisions requiring efforts to hire qualified minorities and Hartford and East Hartford residents for construction jobs, including (a) a description of each contract entered into in the prior year, (b) whether any contractors are women-owned, minority, or small-business enterprises as defined in the minority set-aside law, (c) the value of any such contract, (d) whether any subcontractors meet set-aside law criteria, (e) the number of jobs associated with the contract, including the number held by Hartford and East Hartford residents, women, and minorities, and (f) affirmative action steps and measures to correct deficiencies;
 6. detailed annual projected operating budgets for each facility, including how much state and municipal funding will be required; and
 7. a timeline showing when operating expenses may be incurred before completion, including what share of such expenses the state and the host municipality will provide each year.

BACKGROUND

Related Bills

sSB 43, (File 500) "An Act Concerning Authorization of State Grant Commitments for School Building Projects," reported favorably by the Education and Finance, Revenue and Bonding committees, also waives the law that generally bars adding school construction projects to the priority list after the SDE submits it to the General Assembly to add "multiple" Waterbury projects totaling \$8,475,000 to the bill's 2002 project authorization list.

sSB 32, "An Act Concerning the Authorization of Bonds of the State for Capitol Improvements and other Purposes," reported favorably by the Finance, Revenue and Bonding Committee, authorizes \$10 million for waterfront remediation and predevelopment costs for Bridgeport Landing, which is the same area that would have been developed using the TIF financing this bill eliminates.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 44 Nay 1