



General Assembly

February Session, 2002

**Bill No. 5030**

LCO No. 231

Referred to Committee on Appropriations

Introduced by:

REP. WARD, 86<sup>th</sup> Dist.

SEN. DELUCA, 32<sup>nd</sup> Dist.

**AN ACT INCREASING THE AMOUNT OF UNAPPROPRIATED SURPLUS TRANSFERRED TO THE BUDGET RESERVE FUND.**

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

1 Section 1. Section 4-30a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2002*):

3 (a) After the accounts for the General Fund have been closed for  
4 each fiscal year and the Comptroller has determined the amount of  
5 unappropriated surplus in said fund, after any amounts required by  
6 provision of law to be transferred for other purposes have been  
7 deducted, the amount of such surplus shall be transferred by the State  
8 Treasurer to a special fund to be known as the Budget Reserve Fund.  
9 When the amount in said fund equals [five] seven per cent of the net  
10 General Fund appropriations for the fiscal year in progress, no further  
11 transfers shall be made by the Treasurer to said fund and the amount  
12 of such surplus in excess of that transferred to said fund shall be  
13 deemed to be appropriated to the State Employees Retirement Fund, in  
14 addition to the contributions required pursuant to section 5-156a, but

15 not exceeding five per cent of the unfunded past service liability of the  
16 system as set forth in the most recent actuarial valuation certified by  
17 the Retirement Commission. Such surplus in excess of the amounts  
18 transferred to the Budget Reserve Fund and the state employees  
19 retirement system shall be deemed to be appropriated for: (1)  
20 Redeeming prior to maturity any outstanding indebtedness of the state  
21 selected by the Treasurer in the best interests of the state; (2)  
22 purchasing outstanding indebtedness of the state in the open market at  
23 such prices and on such terms and conditions as the Treasurer shall  
24 determine to be in the best interests of the state for the purpose of  
25 extinguishing or defeasing such debt; (3) providing for the defeasance  
26 of any outstanding indebtedness of the state selected by the Treasurer  
27 in the best interests of the state by irrevocably placing with an escrow  
28 agent in trust an amount to be used solely for, and sufficient to satisfy,  
29 scheduled payments of both interest and principal on such  
30 indebtedness; or (4) any combination of these methods. Pending the  
31 use or application of such amount for the payment of interest and  
32 principal, such amount may be invested in (A) direct obligations of the  
33 United States government, including state and local government  
34 treasury securities that the United States Treasury issues specifically to  
35 provide state and local governments with required cash flows at yields  
36 that do not exceed Internal Revenue Service arbitrage limits, (B)  
37 obligations guaranteed by the United States government, and (C)  
38 securities backed by United States government obligations as collateral  
39 and for which interest and principal payments on the collateral  
40 generally flow immediately through to the security holder.

41 (b) Moneys in said Budget Reserve Fund shall be expended only as  
42 provided in this subsection. When in any fiscal year the Comptroller  
43 has determined the amount of a deficit applicable with respect to the  
44 immediately preceding fiscal year, to the extent necessary, the amount  
45 of funds credited to said Budget Reserve Fund shall be deemed to be  
46 appropriated for purposes of funding such deficit.

47 (c) The Treasurer is authorized to invest all or any part of said fund

48 in accordance with the provisions of section 3-31a. The interest derived  
49 from the investment of said fund shall be credited to the General Fund.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>

**Statement of Purpose:**

To implement the Governor's budget recommendations.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*