



General Assembly

February Session, 2002

Raised Bill No. 315

LCO No. 1377

Referred to Committee on Planning and Development

Introduced by:
(PD)

AN ACT CONCERNING SHORT TERM BORROWING BY MUNICIPALITIES.

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

1 Section 1. Section 7-378a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2002*):

3 Notwithstanding the provisions of sections 7-264 and 7-378, and any
4 other public or special act or charter which limits the renewal of
5 temporary notes issued in anticipation of the receipt of the proceeds of
6 bond issues to two years or any lesser period of time from the date of
7 the original notes, any municipality, as defined in section 7-369, may
8 renew any temporary notes for a period of not more than [four] eight
9 years from the date of the original issue of such temporary notes if the
10 municipality promptly applies all project grant payments toward
11 project costs or toward payment of such temporary notes as the same
12 shall become due and payable or deposits such grants in trust for such
13 purposes and if the legislative body of such municipality (1) authorizes
14 the inclusion in the annual budget for each year or otherwise
15 appropriates sufficient sums, from funds other than project grants or
16 note proceeds, to retire notes equal to at least one-twentieth of the

17 town's estimated net cost of the project no later than [three years from]
18 the next year after the date of the original issue of such temporary
19 notes; [and again no later than four years from the date of the original
20 issue of such temporary notes;] (2) reduces the principal amount of
21 each bond issue when sold by the amount spent under subdivision (1)
22 of this section, and provides for the payment or amortization of the
23 principal of such bonds in annual installments commencing no later
24 than [five] nine years from the date of original issue of the temporary
25 notes being permanently financed by such bonds; (3) reduces the
26 maximum authorized term of the bonds when sold by not less than the
27 number of months by which the date of issue exceeds two years from
28 the date of the original notes. For sewer projects the annual payments
29 required under said subdivision (1) shall be at least one-thirtieth of the
30 town's estimated net cost of the sewer project. Any federal or state
31 grants which are to be paid over a period of years to reimburse the
32 municipality for a portion of principal due on bonds or notes may be
33 used in computing the municipality's net cost of the project. That
34 portion of the proceeds of the issue of any such temporary notes being
35 issued as part of a common sale, which portion is not used to refund
36 outstanding temporary notes, shall be deemed a separate loan and be
37 considered to have a separate original issue date. Each such portion of
38 any such temporary notes may be renewed in accordance with the
39 provisions of this section.

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

PD

Joint Favorable C/R

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