



General Assembly

Substitute Bill No. 643

February Session, 2002

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. Subsection (a) of section 4-30a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2002*):

4 (a) After the accounts for the General Fund have been closed for
5 each fiscal year and the Comptroller has determined the amount of
6 unappropriated surplus in said fund, after any amounts required by
7 provision of law to be transferred for other purposes have been
8 deducted, the amount of such surplus shall be transferred by the State
9 Treasurer to a special fund to be known as the Budget Reserve Fund.
10 When the amount in said fund equals [five per cent] seven and one-
11 half per cent of the net General Fund appropriations for the fiscal year
12 in progress, no further transfers shall be made by the Treasurer to said
13 fund and the amount of such surplus in excess of that transferred to
14 said fund shall be deemed to be appropriated to the State Employees
15 Retirement Fund, in addition to the contributions required pursuant to
16 section 5-156a, but not exceeding five per cent of the unfunded past
17 service liability of the system as set forth in the most recent actuarial
18 valuation certified by the Retirement Commission. Such surplus in
19 excess of the amounts transferred to the Budget Reserve Fund and the
20 state employees retirement system shall be deemed to be appropriated

21 for: (1) Redeeming prior to maturity any outstanding indebtedness of
22 the state selected by the Treasurer in the best interests of the state; (2)
23 purchasing outstanding indebtedness of the state in the open market at
24 such prices and on such terms and conditions as the Treasurer shall
25 determine to be in the best interests of the state for the purpose of
26 extinguishing or defeasing such debt; (3) providing for the defeasance
27 of any outstanding indebtedness of the state selected by the Treasurer
28 in the best interests of the state by irrevocably placing with an escrow
29 agent in trust an amount to be used solely for, and sufficient to satisfy,
30 scheduled payments of both interest and principal on such
31 indebtedness; or (4) any combination of these methods. Pending the
32 use or application of such amount for the payment of interest and
33 principal, such amount may be invested in (A) direct obligations of the
34 United States government, including state and local government
35 treasury securities that the United States Treasury issues specifically to
36 provide state and local governments with required cash flows at yields
37 that do not exceed Internal Revenue Service arbitrage limits, (B)
38 obligations guaranteed by the United States government, and (C)
39 securities backed by United States government obligations as collateral
40 and for which interest and principal payments on the collateral
41 generally flow immediately through to the security holder.

This act shall take effect as follows:	
Section 1	July 1, 2002

APP *Joint Favorable Subst.*