



Senate

General Assembly

File No. 21

February Session, 2004

Substitute Senate Bill No. 30

Senate, February 27, 2004

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING AN AUTHORIZATION OF BONDS OF THE STATE FOR HIGHER EDUCATION CAPITAL IMPROVEMENTS AND OTHER PURPOSES.

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

1 Section 1. (*Effective from passage*) The State Bond Commission shall
2 have power, in accordance with the provisions of sections 1 to 7,
3 inclusive, of this act, from time to time to authorize the issuance of
4 bonds of the state in one or more series and in principal amounts in the
5 aggregate, not exceeding \$195,751,390.

6 Sec. 2. (*Effective from passage*) The proceeds of the sale of said bonds,
7 to the extent hereinafter stated, shall be used for the purpose of
8 acquiring, by purchase or condemnation, undertaking, constructing,
9 reconstructing, improving or equipping, or purchasing land or
10 buildings or improving sites for the projects hereinafter described,
11 including payment of architectural, engineering, demolition or related
12 costs in connection therewith, or of payment of the cost of long-range

13 capital programming and space utilization studies as hereinafter
14 stated:

15 (a) For the Department of Public Works: Removal or encapsulation
16 of asbestos in state-owned buildings, not exceeding \$2,500,000.

17 (b) For the Community-Technical College System:

18 (1) All Community-Technical Colleges:

19 (A) New and replacement instruction, research and/or laboratory
20 equipment, not exceeding \$9,000,000;

21 (B) Alterations, renovations and improvements to facilities
22 including fire, safety, energy conservation and code compliance, not
23 exceeding \$7,050,000;

24 (C) System Technology Initiative, not exceeding \$5,000,000;

25 (2) At Asnuntuck Community-Technical College: Acquisition of and
26 improvements to existing buildings, not exceeding \$2,400,000;

27 (3) At Housatonic Community-Technical College: Campus
28 expansion, not exceeding \$5,665,740;

29 (4) At Manchester Community-Technical College: Campus
30 improvements, not exceeding \$3,170,000;

31 (5) At Naugatuck Valley Community-Technical College: Additional
32 parking, not exceeding \$2,000,000;

33 (6) At Norwalk Community-Technical College: Master plan
34 development, not exceeding \$6,573,792;

35 (7) At Quinebaug Valley Community-Technical College: Facility
36 development, including parking, not exceeding \$8,873,858.

37 (c) For the Connecticut State University System:

38 (1) At All Universities:

39 (A) New and replacement instruction, research, laboratory, and
40 physical plant and administrative equipment, not exceeding
41 \$10,000,000;

42 (B) Alterations, repairs and improvements-Auxiliary Services
43 buildings, not exceeding \$5,000,000;

44 (C) System telecom infrastructure upgrades, improvements, and
45 expansions, not exceeding \$2,410,000;

46 (D) Land and property acquisitions, not exceeding \$2,000,000;

47 (2) At Central Connecticut State University:

48 (A) New maintenance facility/salt storage shed, not exceeding
49 \$1,297,000;

50 (B) Alterations, renovations and improvements to facilities,
51 including fire, safety, energy conservation and code compliance
52 improvements, not exceeding \$3,277,000;

53 (C) New swing space classroom/office facility, not exceeding
54 \$20,203,000;

55 (D) Various ventilation and air conditioning system improvements,
56 not exceeding \$743,000;

57 (3) At Western Connecticut State University:

58 (A) Purchase of equipment for the new science facility, not
59 exceeding \$3,500,000;

60 (B) Alterations, renovations and improvements to facilities,
61 including fire, safety, energy conservation and code compliance
62 improvements, not exceeding \$1,595,000;

63 (C) New Fine and Performing Arts Building, not exceeding
64 \$5,792,000;

65 (4) At Southern Connecticut State University:

66 (A) Addition and renovations to Buley Library, not exceeding
67 \$23,350,000;

68 (B) Alterations, renovations and improvements to facilities,
69 including fire, safety, energy conservation and code compliance
70 improvements, not exceeding \$1,584,000;

71 (C) Earl Hall various upgrades, including mechanical and electrical
72 improvements, not exceeding \$4,273,000;

73 (D) Jennings Hall various mechanical and electrical improvements,
74 not exceeding \$798,000;

75 (5) At Eastern Connecticut State University:

76 (A) Alterations, renovations and improvements to facilities,
77 including fire, safety, energy conservation and code compliance
78 improvements, not exceeding \$650,000;

79 (B) Planning for a parking garage and roadway improvements, not
80 exceeding \$257,000;

81 (C) New science building, including a greenhouse, not exceeding
82 \$55,874,000;

83 (D) Alterations, renovations and improvements to facilities,
84 including fire, safety, energy conservation and code compliance
85 improvements, including improvements to the south electrical loop,
86 not exceeding \$915,000.

87 Sec. 3. (NEW) (*Effective from passage*) All provisions of section 3-20 of
88 the general statutes or the exercise of any right or power granted
89 thereby which are not inconsistent with the provisions of this act are
90 hereby adopted and shall apply to all bonds authorized by the State
91 Bond Commission pursuant to sections 1 to 7, inclusive, of this act, and
92 temporary notes issued in anticipation of the money to be derived
93 from the sale of any such bonds so authorized may be issued in
94 accordance with said section 3-20 and from time to time renewed. Such

95 bonds shall mature at such time or times not exceeding twenty years
96 from their respective dates as may be provided in or pursuant to the
97 resolution or resolutions of the State Bond Commission authorizing
98 such bonds.

99 Sec. 4. (*Effective from passage*) None of said bonds shall be authorized
100 except upon a finding by the State Bond Commission that there has
101 been filed with it a request for such authorization, which is signed by
102 the Secretary of the Office of Policy and Management or by or on
103 behalf of such state officer, department or agency and stating such
104 terms and conditions as said commission, in its discretion, may
105 require.

106 Sec. 5. (*Effective from passage*) For the purposes of sections 1 to 7,
107 inclusive, of this act, "state moneys" means the proceeds of the sale of
108 bonds authorized pursuant to said sections 1 to 7, inclusive, or of
109 temporary notes issued in anticipation of the moneys to be derived
110 from the sale of such bonds. Each request filed as provided in section 4
111 of this act for an authorization of bonds shall identify the project for
112 which the proceeds of the sale of such bonds are to be used and
113 expended and, in addition to any terms and conditions required
114 pursuant to said section 4, shall include the recommendation of the
115 person signing such request as to the extent to which federal, private
116 or other moneys then available or thereafter to be made available for
117 costs in connection with any such project should be added to the state
118 moneys available or becoming available hereunder for such project. If
119 the request includes a recommendation that some amount of such
120 federal, private or other moneys should be added to such state
121 moneys, then, if and to the extent directed by the State Bond
122 Commission at the time of authorization of such bonds, said amount of
123 such federal, private or other moneys then available, or thereafter to be
124 made available for costs in connection with such project, may be added
125 to any state moneys available or becoming available hereunder for
126 such project and shall be used for such project. Any other federal,
127 private or other moneys then available or thereafter to be made
128 available for costs in connection with such project shall, upon receipt,

129 be used by the State Treasurer, in conformity with applicable federal
130 and state law, to meet the principal of outstanding bonds issued
131 pursuant to sections 1 to 7, inclusive, of this act, or to meet the
132 principal of temporary notes issued in anticipation of the money to be
133 derived from the sale of bonds theretofore authorized pursuant to said
134 sections 1 to 7, inclusive, for the purpose of financing such costs, either
135 by purchase or redemption and cancellation of such bonds or notes or
136 by payment thereof at maturity. Whenever any of the federal, private
137 or other moneys so received with respect to such project are used to
138 meet the principal of such temporary notes or whenever principal of
139 any such temporary notes is retired by application of revenue receipts
140 of the state, the amount of bonds theretofore authorized in anticipation
141 of which such temporary notes were issued, and the aggregate amount
142 of bonds which may be authorized pursuant to section 1 of this act,
143 shall each be reduced by the amount of the principal so met or retired.
144 Pending use of the federal, private or other moneys so received to meet
145 principal as hereinabove directed, the amount thereof may be invested
146 by the State Treasurer in bonds or obligations of, or guaranteed by, the
147 state or the United States or agencies or instrumentalities of the United
148 States, shall be deemed to be part of the debt retirement funds of the
149 state, and net earnings on such investments shall be used in the same
150 manner as the moneys so invested.

151 Sec. 6. (*Effective from passage*) Any balance of proceeds of the sale of
152 said bonds authorized for any project described in section 2 of this act
153 in excess of the cost of such project may be used to complete any other
154 project described in said section 2 if the State Bond Commission shall
155 so determine and direct. Any balance of proceeds of the sale of said
156 bonds in excess of the costs of all the projects described in said section
157 2 shall be deposited to the credit of the General Fund.

158 Sec. 7. (*Effective from passage*) Said bonds issued pursuant to sections
159 1 to 7, inclusive, of this act, shall be general obligation bonds of the
160 state and the full faith and credit of the state of Connecticut are
161 pledged for the payment of the principal of and interest on said bonds
162 as the same become due, and accordingly and as part of the contract of

163 the state with the holders of said bonds, appropriation of all amounts
164 necessary for punctual payment of such principal and interest is
165 hereby made, and the State Treasurer shall pay such principal and
166 interest as the same become due.

167 Sec. 8. Subsection (a) of section 3-21 of the general statutes is
168 repealed and the following is substituted in lieu thereof (*Effective from*
169 *passage*):

170 (a) No bonds, notes or other evidences of indebtedness for
171 borrowed money payable from General Fund tax receipts of the state
172 shall be authorized by the General Assembly or issued except such as
173 shall not cause the aggregate amount of the total amount of bonds,
174 notes or other evidences of indebtedness payable from General Fund
175 tax receipts authorized by the General Assembly but which have not
176 been issued and the total amount of such indebtedness which has been
177 issued and remains outstanding to exceed one and six-tenths times the
178 total General Fund tax receipts of the state for the fiscal year in which
179 any such authorization will become effective or in which such
180 indebtedness is issued, as estimated for such fiscal year by the joint
181 standing committee of the General Assembly having cognizance of
182 finance, revenue and bonding in accordance with section 2-35. In
183 computing such aggregate amount of indebtedness at any time, there
184 shall be excluded or deducted, as the case may be, (1) the principal
185 amount of all such obligations as may be certified by the Treasurer (A)
186 as issued in anticipation of revenues to be received by the state during
187 the period of twelve calendar months next following their issuance and
188 to be paid by application of such revenue, or (B) as having been
189 refunded or replaced by other indebtedness the proceeds and
190 projected earnings on which or other funds are held in escrow to pay
191 and are sufficient to pay the principal, interest and any redemption
192 premium until maturity or earlier planned redemption of such
193 indebtedness, or (C) as issued and outstanding in anticipation of
194 particular bonds then unissued but fully authorized to be issued in the
195 manner provided by law for such authorization, provided, so long as
196 any of said obligations are outstanding, the entire principal amount of

197 such particular bonds thus authorized shall be deemed to be
 198 outstanding and be included in such aggregate amount of
 199 indebtedness, or (D) as payable solely from revenues of particular
 200 public improvements, (2) the amount which may be certified by the
 201 Treasurer as the aggregate value of cash and securities in debt
 202 retirement funds of the state to be used to meet principal of
 203 outstanding obligations included in such aggregate amount of
 204 indebtedness, (3) every such amount as may be certified by the
 205 Secretary of the Office of Policy and Management as the estimated
 206 payments on account of the costs of any public work or improvement
 207 thereafter to be received by the state from the United States or agencies
 208 thereof and to be used, in conformity with applicable federal law, to
 209 meet principal of obligations included in such aggregate amount of
 210 indebtedness, (4) all authorized and issued indebtedness to fund any
 211 budget deficits of the state for any fiscal year ending on or before June
 212 30, 1991, (5) all authorized indebtedness to fund the program created
 213 pursuant to section 32-285, (6) all authorized and issued indebtedness
 214 to fund any budget deficits of the state for any fiscal year ending on or
 215 before June 30, 2002, [and] (7) all indebtedness authorized and issued
 216 pursuant to section 1 of public act 03-1 of the September 8 special
 217 session, and (8) any indebtedness represented by any agreement
 218 entered into pursuant to subsection (b) or (c) of section 3-20a as
 219 certified by the Treasurer, provided the indebtedness in connection
 220 with which such agreements were entered into shall be included in
 221 such aggregate amount of indebtedness. In computing the amount of
 222 outstanding indebtedness, only the accreted value of any capital
 223 appreciation obligation or any zero coupon obligation which has
 224 accreted and been added to the stated initial value of such obligation
 225 as of the date of any computation shall be included.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>

Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</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:

Agency Affected	Fund-Effect	FY 05	FY 06 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill authorizes \$195.8 million in General Obligation (GO) bonds in FY 04. The interest cost to bond this amount for twenty years, assuming a 5.0% interest rate, is \$102.8 million.

The bill also exempts approximately \$125 million in Economic Recovery Notes (ERNs) from the statutory cap on General Obligation bonds, as defined in CGS Sec. 3-21. The impact is to make approximately \$125 million of bonding capacity available for other purposes. The \$125 million in ERNs includes: (1) the FY 03 General Fund deficit (\$96.7 million), 2) the amount certified by OPM for retrospective reimbursements for the State's general assistance program for FY 04 (approximately \$27.1 million), and (3) associated debt issuance costs (approximately \$1.2 million.)

The table below summarizes the bond authorizations in the bill:

General Obligation Bond Authorizations in sSB 30		
Bill Section	Agency/Description	FY 04
	<u>Department of Public Works</u>	
Sec. 2(a)	Removal or encapsulation of asbestos in state-owned buildings	\$2,500,000
	<u>Regional Community-Technical College System</u>	
Sec. 2(b)(1)(A)	All Community-Technical Colleges: New and replacement instruction, research and/or laboratory equipment	\$9,000,000
Sec. 2(b)(1)(B)	All Community-Technical Colleges: Alterations, renovations and improvements to facilities including fire, safety, energy conservation and code compliance	\$7,050,000

General Obligation Bond Authorizations in sSB 30		
<u>Bill Section</u>	<u>Agency/Description</u>	<u>FY 04</u>
Sec. 2(b)(1)(C)	All Community-Technical Colleges: System Technology Initiative	\$5,000,000
Sec. 2(b)(2)	Asnuntruck Community-Technical College - Acquisition of and improvements to existing buildings	\$2,400,000
Sec. 2(b)(3)	Housatonic Community-Technical College - Campus expansion	\$5,665,740
Sec. 2(b)(4)	Manchester Community-Technical College - Campus improvements	\$3,170,000
Sec. 2(b)(5)	Naugatuck Valley Community-Technical College - Additional parking	\$2,000,000
Sec. 2(b)(6)	Norwalk Community-Technical College - Master plan development	\$6,573,792
Sec. 2(b)(7)	Quinebaug Valley Community-Technical College - Facility development, including parking	\$8,873,858
	Subtotal	\$49,733,390
<u>Connecticut State University System</u>		
Sec. 2(c)(1)(A)	All Universities - New and replacement instruction, research, laboratory and physical plant and administrative equipment	\$10,000,000
Sec. 2(c)(1)(B)	All Universities - Alterations, repairs and improvements at Auxiliary Services buildings	\$5,000,000
Sec. 2(c)(1)(C)	All Universities - System telecom infrastructure upgrades, improvement, and expansions	\$2,410,000
Sec. 2(c)(1)(D)	All Universities - Land and property acquisition	\$2,000,000
Sec. 2(c)(2)(A)	Central Connecticut State University - New maintenance facility/salt storage shed	\$1,297,000
Sec. 2(c)(2)(B)	Central Connecticut State University - Alterations and improvements to facilities, including fire, safety, energy conservation and code compliance improvements	\$3,277,000
Sec. 2(c)(2)(C)	Central Connecticut State University - New swing space classroom/office facility	\$20,203,000
Sec. 2(c)(2)(D)	Central Connecticut State University - Various ventilation and air conditioning system improvements	\$743,000
Sec. 2(c)(3)(A)	Western Connecticut State University - Purchase of equipment for the new science facility	\$3,500,000
Sec. 2(c)(3)(B)	Western Connecticut State University - Alterations, renovations and improvements to facilities including fire, safety, energy conservation and code compliance improvements	\$1,595,000
Sec. 2(c)(3)(C)	Western Connecticut State University - Fine and Performing Arts Building	\$5,792,000
Sec. 2(c)(4)(A)	Southern Connecticut State University - Addition and renovations to Buley Library	\$23,350,000
Sec. 2(c)(4)(B)	Southern Connecticut State University - Alterations, renovations and improvements to facilities, including fire,	\$1,584,000

General Obligation Bond Authorizations in sSB 30		
<u>Bill Section</u>	<u>Agency/Description</u>	<u>FY 04</u>
	safety, energy conservation and code compliance improvements	
Sec. 2(c)(4)(C)	Southern Connecticut State University - Earl Hall various upgrades including mechanical and electrical improvements	\$4,273,000
Sec. 2(c)(4)(D)	Southern Connecticut State University - Jennings Hall various mechanical and electrical improvements	\$798,000
Sec. 2(c)(5)(A)	Eastern Connecticut State University - Alterations, renovations and improvements to facilities, including fire, safety, energy conservation and code compliance improvements	\$650,000
Sec. 2(c)(5)(B)	Eastern Connecticut State University - Keelor Hall demolition	\$257,000
Sec. 2(c)(5)(C)	Eastern Connecticut State University - New science building including a greenhouse	\$55,874,000
Sec. 2(c)(5)(D)	Eastern Connecticut State University - Alterations, renovations and improvements to facilities, including fire, safety, energy conservation and code compliance improvements including improvements to the south electrical loop	\$915,000
	Subtotal	\$143,518,000
	Net General Obligation Bond Increase	\$195,751,390
	<u>Additional Language</u>	
Sec. 8	The Economic Recovery Notes authorized during the September 8, 2003 Special Session are exempted from the General Obligation bond cap.	

OLR Bill Analysis

sSB 30

AN ACT CONCERNING AN AUTHORIZATION OF BONDS OF THE STATE FOR HIGHER EDUCATION CAPITAL IMPROVEMENTS AND OTHER PURPOSES**SUMMARY:**

This bill authorizes \$195,751,390 in state general obligation bonds for asbestos abatement projects in state buildings and for capital projects for the community-technical colleges and Connecticut State University. It applies the state's standard term, approval, and issuance procedures and requirements to the bonds and their proceeds.

The bill exempts the economic recovery notes authorized in 2003 from the state's statutory debt limit. The General Assembly authorized the five-year notes to fund (1) the FY 2002-03 General Fund deficit and (2) the estimated costs of repaying remaining medical bills for State Administered General Assistance and General Assistance recipients incurred before changes in medical assistance for such recipients required by legislation implementing the current state budget.

EFFECTIVE DATE: Upon passage

BACKGROUND***Statutory Debt Limit***

With some exceptions, the state's total debt payable from General Fund revenue cannot exceed 1.6 times the total General Fund revenue for the fiscal year in which the debt authorization is effective or the debt is issued. The debt limit must be calculated using the General Fund revenue estimates for each fiscal year. The law requires the Finance, Revenue and Bonding Committee to adopt the estimates, which must be included in the state budget.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 38 Nay 1