



Senate

General Assembly

File No. 31

February Session, 2004

Senate Bill No. 149

Senate, March 11, 2004

The Committee on Energy and Technology reported through SEN. PETERS of the 20th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT EXTENDING THE BORROWING POWER OF THE
SOUTHEASTERN CONNECTICUT WATER AUTHORITY.***

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

1 Section 1. Section 31 of number 381 of the special acts of 1967, as
2 amended by section 4 of number 206 of the special acts of 1969, section
3 1 of special act 73-95, special act 76-54, special act 81-38 and section 1 of
4 special act 90-28, is amended to read as follows (*Effective July 1, 2004*):

5 (a) The state bond commission may insure in the name of the state
6 and may make advance commitments to insure any sums borrowed by
7 the authority not exceeding in the aggregate fifteen million dollars for
8 the purpose of providing working capital and organizational funds for
9 the authority. In the event the state becomes liable as a result of default
10 with respect to any such sums borrowed by the authority which were
11 insured by the state, necessary payment shall be made by the state
12 treasurer from funds appropriated for debt service. For the purposes of
13 this section and of section 33 of [this act] special act 381 of 1967, as

14 amended, organizational funds shall include, but shall not be limited
 15 to, cost of acquisition of private water companies having not more than
 16 four thousand five hundred service connections. Whatever sums are
 17 borrowed by the authority under the provisions of this section shall be
 18 repaid to the lender or lenders of the same on or before July 1, [2016]
 19 2045. Whenever the authority applies to the state bond commission for
 20 insurance of borrowings to be insured by the state pursuant to this
 21 section, it shall submit to the state treasurer and the secretary of the
 22 state bond commission a financial plan evidencing the authority's
 23 ability to support such indebtedness.

24 (b) For the period during which any sums borrowed and insured in
 25 accordance with subsection (a) of this section are outstanding, the
 26 authority shall submit to the state treasurer a copy of its adopted
 27 budget for each fiscal year showing revenues adequate to meet all debt
 28 service payable by the authority during such fiscal year. Upon
 29 completion of the authority's annual audit for each fiscal year, the
 30 authority shall submit a copy thereof to the state treasurer.

This act shall take effect as follows:	
Section 1	<i>July 1, 2004</i>

ET *Joint Favorable*

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	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill extends from July 1, 2016 to July 1, 2045, the deadline for the Southeastern Connecticut Water Authority in Groton to repay outstanding bonds.

If the Authority does not issue any additional bonds with a direct guarantee during the extended time period, there will be no fiscal impact. To the degree that the bill increases the likelihood that the Authority will issue such bonds, the state would incur a contingent liability. The liability would only be realized in the event the Authority was unable to make debt service payments. If the state were required to appropriate funds for this purpose, there would be a negative effect on the state's cash flow and a loss of short-term interest on the appropriated funds.

Under current statute, the Southeastern Connecticut Regional Water Authority is permitted to issue up to \$15 million in bonds backed by a direct guarantee by the State of Connecticut, subject to the approval of the State Bond Commission. This guarantee commits the General Fund to immediately make debt service payments if the Authority has insufficient funds to meet its obligation. As of 12/16/03, a total \$0.7 million in guaranteed bonds remained outstanding. Amounts owed by the Authority are to be repaid by 7/1/2016.

OLR Bill Analysis

SB-149

***AN ACT EXTENDING THE BORROWING POWER OF THE
SOUTHEASTERN CONNECTICUT WATER AUTHORITY.***

SUMMARY:

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Report

Yea 16 Nay 0