



Senate

General Assembly

File No. 706

January Session, 2005

Substitute Senate Bill No. 1045

Senate, May 5, 2005

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 INCREASING CERTAIN BOND AUTHORIZATIONS FOR CAPITAL IMPROVEMENTS.

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

1 Section 1. Subsections (a) and (b) of section 4-66c of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2005*):

4 (a) For the purposes of subsection (b) of this section, the State Bond
5 Commission shall have power, from time to time to authorize the
6 issuance of bonds of the state in one or more series and in principal
7 amounts not exceeding in the aggregate [nine hundred eighty-two
8 million four hundred eighty-seven thousand five hundred forty-four]
9 one billion one hundred forty-two million four hundred eighty-seven
10 thousand five hundred forty-four dollars, provided [seventy-five
11 million five hundred thousand] eighty million dollars of said
12 authorization shall be effective July 1, [2004] 2006. All provisions of

13 section 3-20, or the exercise of any right or power granted thereby,
14 which are not inconsistent with the provisions of this section, are
15 hereby adopted and shall apply to all bonds authorized by the State
16 Bond Commission pursuant to this section, and temporary notes in
17 anticipation of the money to be derived from the sale of any such
18 bonds so authorized may be issued in accordance with said section 3-
19 20 and from time to time renewed. Such bonds shall mature at such
20 time or times not exceeding twenty years from their respective dates as
21 may be provided in or pursuant to the resolution or resolutions of the
22 State Bond Commission authorizing such bonds. None of said bonds
23 shall be authorized except upon a finding by the State Bond
24 Commission that there has been filed with it a request for such
25 authorization, which is signed by or on behalf of the Secretary of the
26 Office of Policy and Management and states such terms and conditions
27 as said commission in its discretion may require. Said bonds issued
28 pursuant to this section shall be general obligations of the state and the
29 full faith and credit of the state of Connecticut are pledged for the
30 payment of the principal of and interest on said bonds as the same
31 become due, and accordingly as part of the contract of the state with
32 the holders of said bonds, appropriation of all amounts necessary for
33 punctual payment of such principal and interest is hereby made, and
34 the Treasurer shall pay such principal and interest as the same become
35 due.

36 (b) (1) The proceeds of the sale of said bonds, to the extent
37 hereinafter stated, shall be used, subject to the provisions of
38 subsections (c) and (d) of this section, for the purpose of redirecting,
39 improving and expanding state activities which promote community
40 conservation and development and improve the quality of life for
41 urban residents of the state as hereinafter stated: [(1)] (A) For the
42 Department of Economic and Community Development: Economic
43 and community development projects, including administrative costs
44 incurred by the Department of Economic and Community
45 Development, not exceeding sixty-seven million five hundred ninety-
46 one thousand six hundred forty-two dollars, one million dollars of
47 which shall be used for a grant to the development center program and

48 the nonprofit business consortium deployment center approved
49 pursuant to section 32-411; [(2)] (B) for the Department of
50 Transportation: Urban mass transit, not exceeding two million dollars;
51 [(3)] (C) for the Department of Environmental Protection: Recreation
52 development and solid waste disposal projects, not exceeding one
53 million nine hundred ninety-five thousand nine hundred two dollars;
54 [(4)] (D) for the Department of Social Services: Child day care projects,
55 elderly centers, shelter facilities for victims of domestic violence,
56 emergency shelters and related facilities for the homeless,
57 multipurpose human resource centers and food distribution facilities,
58 not exceeding thirty-nine million one hundred thousand dollars,
59 provided four million dollars of said authorization shall be effective
60 July 1, 1994; [(5)] (E) for the Department of Economic and Community
61 Development: Housing projects, not exceeding three million dollars;
62 [(6)] (F) for the Office of Policy and Management: [(A)] (i) Grants-in-
63 aid to municipalities for a pilot demonstration program to leverage
64 private contributions for redevelopment of designated historic
65 preservation areas, not exceeding one million dollars; [(B)] (ii) grants-
66 in-aid for urban development projects including economic and
67 community development, transportation, environmental protection,
68 public safety, children and families and social services projects and
69 programs, including, in the case of economic and community
70 development projects administered on behalf of the Office of Policy
71 and Management by the Department of Economic and Community
72 Development, administrative costs incurred by the Department of
73 Economic and Community Development, not exceeding [eight
74 hundred sixty-seven million eight hundred thousand] one billion
75 twenty-seven million eight hundred thousand dollars, provided
76 [eighty-two million five hundred thousand] eighty million dollars of
77 said authorization shall be effective July 1, [2004] 2006.

78 (2) (A) Five million dollars of the grants-in-aid authorized in
79 subparagraph [(B)] (F)(ii) of subdivision [(6)] (1) of this subsection may
80 be made available to private nonprofit organizations for the purposes
81 described in said subparagraph [(B)] (F)(ii). (B) Twelve million dollars
82 of the grants-in-aid authorized in subparagraph [(B)] (F)(ii) of

83 subdivision [(6)] (1) of this subsection may be made available for
84 necessary renovations and improvements of libraries. (C) Five million
85 dollars of the grants-in-aid authorized in subparagraph [(B)] (F)(ii) of
86 subdivision [(6)] (1) of this subsection shall be made available for small
87 business gap financing. (D) Ten million dollars of the grants-in-aid
88 authorized in subparagraph [(B)] (F)(ii) of subdivision [(6)] (1) of this
89 subsection may be made available for regional economic development
90 revolving loan funds. (E) Funds authorized in subparagraph (F)(ii) of
91 subdivision (1) of this subsection may be made available to improve
92 the competitiveness of defense manufacturing in the state and provide
93 support for the United States Naval Submarine Base in Groton. (F) Not
94 more than one million four hundred thousand dollars of the grants-in-
95 aid authorized in subparagraph (F)(ii) of subdivision (1) of this
96 subsection shall be made available for rehabilitation and renovation of
97 the Black Rock Library in Bridgeport. (G) Not more than two million
98 five hundred thousand dollars of the grants-in-aid authorized in
99 subparagraph (F)(ii) of subdivision (1) of this subsection shall be made
100 available for site acquisition, renovation and rehabilitation for the
101 Institute for the Hispanic Family in Hartford.

102 Sec. 2. Subsections (a) and (b) of section 4-66g of the general statutes
103 are repealed and the following is substituted in lieu thereof (*Effective*
104 *July 1, 2005*):

105 (a) For the purposes described in subsection (b) of this section, the
106 State Bond Commission shall have the power, from time to time, to
107 authorize the issuance of bonds of the state in one or more series and
108 in principal amounts not exceeding in the aggregate [sixty] one
109 hundred million dollars, provided twenty million dollars of said
110 authorization shall be effective July 1, [2004] 2006.

111 (b) The proceeds of the sale of said bonds, to the extent of the
112 amount stated in subsection (a) of this section, shall be used by the
113 Office of Policy and Management for a Small Town Economic
114 Assistance Program the purpose of which shall be to provide grants-
115 in-aid to any municipality [which (1)] that is not economically

116 distressed within the meaning of subsection (b) of section 32-9p, does
117 not have an urban center in any plan adopted by the General
118 Assembly pursuant to section 16a-30 and is not a public investment
119 community within the meaning of subdivision (9) of subsection (a) of
120 section 7-545, [and (2) has a population, as defined in subdivision (27)
121 of section 10-262f, under thirty thousand.] Such grants shall be used for
122 purposes for which funds would be available under section 4-66c, as
123 amended by this act. No municipality may receive more than five
124 hundred thousand dollars in any one fiscal year under said program.

125 Sec. 3. Subsection (a) of section 4a-10 of the general statutes is
126 repealed and the following is substituted in lieu thereof (*Effective July*
127 *1, 2005*):

128 (a) For the purposes described in subsection (b) of this section, the
129 State Bond Commission shall have the power, from time to time to
130 authorize the issuance of bonds of the state in one or more series and
131 in principal amounts not exceeding in the aggregate [two hundred
132 forty-eight million] three hundred million five hundred fifty thousand
133 dollars, provided [eighteen million] twenty-five million fifty thousand
134 dollars of said authorization shall be effective July 1, [2004] 2006.

135 Sec. 4. Subsection (a) of section 7-538 of the general statutes is
136 repealed and the following is substituted in lieu thereof (*Effective July*
137 *1, 2005*):

138 (a) For the purposes described in subsection (b) of this section, the
139 State Bond Commission shall have the power, from time to time, to
140 authorize the issuance of bonds of the state in one or more series and
141 in principal amounts not exceeding in the aggregate [four hundred
142 sixty-five million dollars] five hundred twenty-five million dollars,
143 provided thirty million dollars of said authorization shall be effective
144 July 1, 2006.

145 Sec. 5. Section 10-287d of the general statutes is repealed and the
146 following is substituted in lieu thereof (*Effective July 1, 2005*):

147 For the purposes of funding (1) grants to projects that have received
148 approval of the State Board of Education pursuant to sections 10-287
149 and 10-287a, subsection (a) of section 10-65 and section 10-76e, (2)
150 grants to assist school building projects to remedy safety and health
151 violations and damage from fire and catastrophe, and (3) regional
152 vocational-technical school projects pursuant to section 10-283b, the
153 State Treasurer is authorized and directed, subject to and in
154 accordance with the provisions of section 3-20, to issue bonds of the
155 state from time to time in one or more series in an aggregate amount
156 not exceeding [four billion one hundred seventy-one million eight
157 hundred sixty thousand dollars, provided six hundred twenty-five
158 million five hundred thousand] five billion four hundred one million
159 eight hundred sixty thousand dollars, provided six hundred fifty
160 million dollars of said authorization shall be effective July 1, [2004]
161 2006. Bonds of each series shall bear such date or dates and mature at
162 such time or times not exceeding thirty years from their respective
163 dates and be subject to such redemption privileges, with or without
164 premium, as may be fixed by the State Bond Commission. They shall
165 be sold at not less than par and accrued interest and the full faith and
166 credit of the state is pledged for the payment of the interest thereon
167 and the principal thereof as the same shall become due, and
168 accordingly and as part of the contract of the state with the holders of
169 said bonds, appropriation of all amounts necessary for punctual
170 payment of such principal and interest is hereby made, and the State
171 Treasurer shall pay such principal and interest as the same become
172 due. The State Treasurer is authorized to invest temporarily in direct
173 obligations of the United States, United States agency obligations,
174 certificates of deposit, commercial paper or bank acceptances such
175 portion of the proceeds of such bonds or of any notes issued in
176 anticipation thereof as may be deemed available for such purpose.

177 Sec. 6. Section 10-292k of the general statutes is repealed and the
178 following is substituted in lieu thereof (*Effective July 1, 2005*):

179 For purposes of funding interest subsidy grants, except for interest
180 subsidy grants made pursuant to subsection (b) of section 10-292m, the

181 State Treasurer is authorized and directed, subject to and in
182 accordance with the provisions of section 3-20, to issue bonds of the
183 state from time to time in one or more series in an aggregate amount
184 not exceeding [two hundred thirty-one million one hundred thousand]
185 two hundred eighty-one million one hundred thousand dollars,
186 provided [thirty-three] twenty-five million dollars of said
187 authorization shall be effective July 1, [2004] 2006. Bonds of each series
188 shall bear such date or dates and mature at such time or times not
189 exceeding thirty years from their respective dates and be subject to
190 such redemption privileges, with or without premium, as may be fixed
191 by the State Bond Commission. They shall be sold at not less than par
192 and accrued interest and the full faith and credit of the state is pledged
193 for the payment of the interest thereon and the principal thereof as the
194 same shall become due, and accordingly and as part of the contract of
195 the state with the holders of said bonds, appropriation of all amounts
196 necessary for punctual payment of such principal and interest is
197 hereby made, and the State Treasurer shall pay such principal and
198 interest as the same become due. The State Treasurer is authorized to
199 invest temporarily in direct obligations of the United States, United
200 States agency obligations, certificates of deposit, commercial paper or
201 bank acceptances, such portion of the proceeds of such bonds or of any
202 notes issued in anticipation thereof as may be deemed available for
203 such purpose.

204 Sec. 7. Subsection (a) of section 12-242uu of the general statutes is
205 repealed and the following is substituted in lieu thereof (*Effective July*
206 *1, 2005*):

207 (a) The State Bond Commission shall have power, in accordance
208 with the provisions of this section from time to time to authorize the
209 issuance of bonds of the state in one or more series and in principal
210 amounts in the aggregate, not exceeding [thirty-five million five
211 hundred thousand] thirty-three million two hundred sixty thousand
212 dollars.

213 Sec. 8. Subsection (a) of section 17b-735 of the general statutes is

214 repealed and the following is substituted in lieu thereof (*Effective July*
215 *1, 2005*):

216 (a) For the purposes described in section 17b-734 and for the
217 payment of any administrative expenses of the Department of Social
218 Services related thereto the State Bond Commission shall have the
219 power, from time to time, to authorize the issuance of bonds of the
220 state in one or more series and principal amounts not exceeding in the
221 aggregate [seven million seven hundred seventy-five thousand] six
222 million twenty-four thousand seven hundred ninety-eight dollars,
223 provided one million dollars of said authorization shall be effective
224 July 1, 2000.

225 Sec. 9. Section 22-26hh of the general statutes is repealed and the
226 following is substituted in lieu thereof (*Effective July 1, 2005*):

227 The State Bond Commission shall have power, from time to time, to
228 authorize the issuance of bonds of the state in one or more series and
229 in principal amounts not exceeding in the aggregate [eighty-nine
230 million seven hundred fifty thousand] one hundred seven million
231 seven hundred fifty thousand dollars, the proceeds of which shall be
232 used for the purposes of section 22-26cc, provided not more than [two]
233 ten million dollars of said authorization shall be effective July 1, [2004]
234 2006, and further provided not more than two million dollars shall be
235 used for the purposes of section 22-26jj. All provisions of section 3-20,
236 or the exercise of any right or power granted thereby which are not
237 inconsistent with the provisions of this section are hereby adopted and
238 shall apply to all bonds authorized by the State Bond Commission
239 pursuant to this section, and temporary notes in anticipation of the
240 money to be derived from the sale of any such bonds so authorized
241 may be issued in accordance with said section 3-20 and from time to
242 time renewed. Such bonds shall mature at such time or times not
243 exceeding twenty years from their respective dates as may be provided
244 in or pursuant to the resolution or resolutions of the State Bond
245 Commission authorizing such bonds. None of said bonds shall be
246 authorized except upon a finding by the State Bond Commission that

247 there has been filed with it a request for such authorization, which is
248 signed by or on behalf of the Secretary of the Office of Policy and
249 Management and states such terms and conditions as said commission,
250 in its discretion, may require. Said bonds issued pursuant to this
251 section shall be general obligations of the state and the full faith and
252 credit of the state of Connecticut are pledged for the payment of the
253 principal of and interest on said bonds as the same become due, and
254 accordingly and as part of the contract of the state with the holders of
255 said bonds, appropriation of all amounts necessary for punctual
256 payment of such principal and interest is hereby made, and the
257 Treasurer shall pay such principal and interest as the same become
258 due.

259 Sec. 10. Subsection (a) of section 22a-483 of the general statutes is
260 repealed and the following is substituted in lieu thereof (*Effective July*
261 *1, 2005*):

262 (a) For the purposes of sections 22a-475 to 22a-483, inclusive, as
263 amended by this act, the State Bond Commission shall have the power,
264 from time to time to authorize the issuance of bonds of the state in one
265 or more series and in principal amounts, not exceeding in the
266 aggregate [seven hundred forty-one million thirty thousand dollars]
267 seven hundred eighty-one million thirty thousand dollars, provided
268 twenty million dollars of said authorization shall be effective July 1,
269 2006.

270 Sec. 11. Subsection (d) of section 22a-483 of the general statutes is
271 repealed and the following is substituted in lieu thereof (*Effective July*
272 *1, 2005*):

273 (d) Notwithstanding the foregoing, nothing herein shall preclude
274 the State Bond Commission from authorizing the issuance of revenue
275 bonds, in principal amounts not exceeding in the aggregate [one billion
276 two hundred thirty-eight million four hundred thousand] one billion
277 three hundred thirty-eight million four hundred thousand dollars,
278 provided one hundred [fifty-eight] million dollars of said
279 authorization shall be effective July 1, [2002] 2006, that are not general

280 obligations of the state of Connecticut to which the full faith and credit
281 of the state of Connecticut are pledged for the payment of the principal
282 and interest. Such revenue bonds shall mature at such time or times
283 not exceeding thirty years from their respective dates as may be
284 provided in or pursuant to the resolution or resolutions of the State
285 Bond Commission authorizing such revenue bonds. The revenue
286 bonds, revenue state bond anticipation notes and revenue state grant
287 anticipation notes authorized to be issued under sections 22a-475 to
288 22a-483, inclusive, as amended by this act, shall be special obligations
289 of the state and shall not be payable from nor charged upon any funds
290 other than the revenues or other receipts, funds or moneys pledged
291 therefor as provided in said sections 22a-475 to 22a-483, inclusive,
292 including the repayment of municipal loan obligations; nor shall the
293 state or any political subdivision thereof be subject to any liability
294 thereon except to the extent of such pledged revenues or the receipts,
295 funds or moneys pledged therefor as provided in said sections 22a-475
296 to 22a-483, inclusive. The issuance of revenue bonds, revenue state
297 bond anticipation notes and revenue state grant anticipation notes
298 under the provisions of said sections 22a-475 to 22a-483, inclusive,
299 shall not directly or indirectly or contingently obligate the state or any
300 political subdivision thereof to levy or to pledge any form of taxation
301 whatever therefor or to make any appropriation for their payment. The
302 revenue bonds, revenue state bond anticipation notes and revenue
303 state grant anticipation notes shall not constitute a charge, lien or
304 encumbrance, legal or equitable, upon any property of the state or of
305 any political subdivision thereof, except the property mortgaged or
306 otherwise encumbered under the provisions and for the purposes of
307 said sections 22a-475 to 22a-483, inclusive. The substance of such
308 limitation shall be plainly stated on the face of each revenue bond,
309 revenue state bond anticipation note and revenue state grant
310 anticipation note issued pursuant to said sections 22a-475 to 22a-483,
311 inclusive, shall not be subject to any statutory limitation on the
312 indebtedness of the state and such revenue bonds, revenue state bond
313 anticipation notes and revenue state grant anticipation notes, when
314 issued, shall not be included in computing the aggregate indebtedness

315 of the state in respect to and to the extent of any such limitation. As
316 part of the contract of the state with the owners of such revenue bonds,
317 revenue state bond anticipation notes and revenue state grant
318 anticipation notes, all amounts necessary for the punctual payment of
319 the debt service requirements with respect to such revenue bonds,
320 revenue state bond anticipation notes and revenue state grant
321 anticipation notes shall be deemed appropriated, but only from the
322 sources pledged pursuant to said sections 22a-475 to 22a-483, inclusive.
323 The proceeds of such revenue bonds or notes may be deposited in the
324 Clean Water Fund for use in accordance with the permitted uses of
325 such fund. Any expense incurred in connection with the carrying out
326 of the provisions of this section, including the costs of issuance of
327 revenue bonds, revenue state bond anticipation notes and revenue
328 state grant anticipation notes may be paid from the accrued interest
329 and premiums or from any other proceeds of the sale of such revenue
330 bonds, revenue state bond anticipation notes or revenue state grant
331 anticipation notes and in the same manner as other obligations of the
332 state. All provisions of subsections (g), (k), (l), (s) and (u) of section
333 3-20 or the exercise of any right or power granted thereby which are
334 not inconsistent with the provisions of said sections 22a-475 to 22a-483,
335 inclusive, are hereby adopted and shall apply to all revenue bonds,
336 state revenue bond anticipation notes and state revenue grant
337 anticipation notes authorized by the State Bond Commission pursuant
338 to said sections 22a-475 to 22a-483, inclusive. For the purposes of
339 subsection (o) of section 3-20, "bond act" shall be construed to include
340 said sections 22a-475 to 22a-483, inclusive.

341 Sec. 12. Subsection (a) of section 32-235 of the general statutes is
342 repealed and the following is substituted in lieu thereof (*Effective July*
343 *1, 2005*):

344 (a) For the purposes described in subsection (b) of this section, the
345 State Bond Commission shall have the power, from time to time to
346 authorize the issuance of bonds of the state in one or more series and
347 in principal amounts not exceeding in the aggregate [four hundred
348 ninety-five million three hundred thousand dollars] five hundred five

349 million three hundred thousand dollars, provided five million dollars
 350 of said authorization shall be effective July 1, 2006.

351 Sec. 13. Subsection (a) of section 3 of public act 96-250, as amended
 352 by section 15 of public act 04-1 of the May special session, is repealed
 353 and the following is substituted in lieu thereof (*Effective July 1, 2005*):

354 (a) For the purposes described in subsection (b) of this section, the
 355 State Bond Commission shall have the power, from time to time to
 356 authorize the issuance of bonds of the state in one or more series and
 357 in principal amounts not exceeding in the aggregate [~~three~~] four
 358 million dollars, provided one million dollars of said authorization shall
 359 be effective July 1, 2006.

360 Sec. 14. (*Effective from passage*) Notwithstanding the provisions of
 361 sections 22a-475 to 22a-483, inclusive, of the general statutes, as
 362 amended by this act, the town of Enfield shall be eligible for a grant-in-
 363 aid of not more than two million eight hundred thousand dollars for
 364 additional funding of eligible costs under said sections to assist the
 365 town in its upgrade of a wastewater treatment plant.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2005</i>	4-66c(a) and (b)
Sec. 2	<i>July 1, 2005</i>	4-66g(a) and (b)
Sec. 3	<i>July 1, 2005</i>	4a-10(a)
Sec. 4	<i>July 1, 2005</i>	7-538(a)
Sec. 5	<i>July 1, 2005</i>	10-287d
Sec. 6	<i>July 1, 2005</i>	10-292k
Sec. 7	<i>July 1, 2005</i>	12-242uu(a)
Sec. 8	<i>July 1, 2005</i>	17b-735(a)
Sec. 9	<i>July 1, 2005</i>	22-26hh
Sec. 10	<i>July 1, 2005</i>	22a-483(a)
Sec. 11	<i>July 1, 2005</i>	22a-483(d)
Sec. 12	<i>July 1, 2005</i>	32-235(a)
Sec. 13	<i>July 1, 2005</i>	PA 96-250, Sec. 3(a)
Sec. 14	<i>from passage</i>	New section

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 06 \$	FY 07 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Department of Agriculture	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	Revenue Gain	See Below	See Below

Explanation

The bill: (1) authorizes \$795.5 million in new General Obligation (GO) bonds and cancels \$1.8 million in GO bonds in FY 06, and (2) authorizes \$866.1 million in GO bonds in FY 07. The interest cost to bond \$795.5 million over 20 years, assuming a 5.0% interest rate, is \$417.6 million. The interest cost to bond \$866.1 million over 20 years, assuming a 5.0% interest rate, is \$454.7 million.

The bill also authorizes \$100 million in Clean Water Fund revenue bonds in FY 07. The interest cost to bond this amount over 20 years, assuming a 5% interest rate, is \$52.5 million. The debt service cost of Clean Water Fund revenue bonds is partially offset by revenue from: (1) investment earnings on the bond reserve fund required by statute, and (2) loan payments from towns who receive Clean Water Fund low-interest loans. This reduces the effective interest rate for the General Fund to an estimated 1.15% in FY 07.

Further Explanation

The table below summarizes statutory changes to language and bond authorizations for sSB 1045:

sSB 1045: Statutory Changes to Language and Bond Authorizations

<u>Bill Section</u>	<u>Agency/Description</u>	<u>FY 06</u>	<u>FY 07</u>
<u>Office of Policy and Management</u>			
Sec. 3	Capital Equipment Purchase Fund	\$27,500,000	\$25,050,000
Sec. 4	Local Capital Improvement Program (LoCIP)	\$30,000,000	\$30,000,000
Sec. 1b	Urban Action grants-in-aid	\$80,000,000	\$80,000,000
Sec. 1b	Urban Action grants-in-aid bond funds may be made available to improve the competitiveness of defense manufacturing in the state and provide support for the United States Naval Submarine Base in Groton	-	-
Sec. 1b	Urban Action grants-in-aid - Not more than \$1,400,000 shall be made available for rehabilitation and renovation of the Black Rock Library in Bridgeport and not more than \$2,500,000 shall be made available for site acquisition, renovation and rehabilitation for the Institute for the Hispanic Family in Hartford	-	-
Sec. 2	Small Town Economic Assistance Plan (STEAP) grants-in-aid	\$20,000,000	\$20,000,000
Sec. 2	STEAP: 6 towns currently ineligible for STEAP or Urban Act are made eligible for STEAP	-	-
	Subtotal	\$157,500,000	\$155,050,000
<u>Department of Agriculture</u>			
Sec. 9	Farmland Preservation Program	\$8,000,000	\$10,000,000
<u>Department of Environmental Protection</u>			
Sec. 10	Clean Water Fund - General Obligation Bonds	\$20,000,000	\$20,000,000
Sec. 11	Clean Water Fund: Revenue Bonds.	0	\$100,000,000
Sec. 13	Special Contaminated Property Remediation and Insurance Fund	0	\$1,000,000
	Subtotal GO Bonds	\$20,000,000	\$21,000,000
	Subtotal Revenue Bonds	0	\$100,000,000
<u>Dept. of Economic and Community Development</u>			
Sec. 12	Manufacturing Assistance Act	\$5,000,000	\$5,000,000
<u>Department of Social Services</u>			
Sec. 8	Grants to municipalities and state agencies for the purpose of planning, site preparation, construction, renovation or acquisition of facilities for use as child care facilities to be used primarily by the children of their employees	(\$1,750,202)	0
<u>Department of Education</u>			
Sec. 5	School construction grants-in-aid – progress payments	\$580,000,000	\$650,000,000
Sec. 6	School construction grants-in-aid – interest	\$25,000,000	\$25,000,000

sSB 1045: Statutory Changes to Language and Bond Authorizations

<u>Bill Section</u>	<u>Agency/Description</u>	<u>FY 06</u>	<u>FY 07</u>
	payments		
		Subtotal \$605,000,000	\$675,000,000
		Net General Obligation Bond Increase \$793,749,798	\$866,050,000
		Revenue Bond Increase 0	\$100,000,000
<u>Additional Provisions</u>			
Sec. 7	Reduce by \$22.4 million the GO bond authorization that was used to purchase the right to exclude interest accrued on state and municipal bonds from the corporation business tax		
Sec. 14	Provide the Town of Enfield with a \$2.8 million Clean Water Fund grant-in-aid to upgrade its wastewater treatment plant		

Office of Policy and Management

Capital Equipment Purchase Fund (CEPF): Section 3 authorizes \$27.5 million in FY 06 and \$25.1 million in FY 07 to the Office of Policy and Management (OPM) for CEPF. These funds would be allocated to executive branch agencies (excluding higher education) to purchase equipment that costs over \$1,000 per unit and has a useful life of over five years. Funding for this equipment has been removed from agency operating budgets. It should be noted that OPM is not obligated to provide these moneys to the agencies, since they would be provided through Bond Commission action, and the bond bill does not specify the distribution of funds by agency

Department of Agriculture

Farmland Preservation Program: The bill provides \$8 million in FY 06 and \$10 million in FY 07 for the Farmland Preservation Program. The Department of Agriculture (DOAG) has historically administered funds averaging under \$2 million per year for this program, which currently has a staff of 2 property agents. It is anticipated that DOAG will require a minimum of 2 additional property agents, an administrative assistant and a staff attorney to administer the increased level of resources provided by the bill and ensure compliance. The anticipated cost for this these staff positions is

\$175,000 in each of FY 06 and FY 07, plus fringe benefits¹.

Department of Environmental Protection

Special Contaminated Property Remediation and Insurance Fund (SCPRIF): Section 13 provides an additional \$1 million in FY 07 for the SCPRIF program. sSb1215 expands the activities for which SCPRIF can be used in FY 06. If that bill becomes law, funding needs could increase over funding availability and delay assistance to applicants.

Clean Water Fund Grants-in-Aid (GO bonds) - The bill authorizes \$20 million in each of FY 06 and FY 07. This level of funding will limit the ability of the state to finance the projects on the priority list so that funding will not be available for some municipal water pollution projects that are ready to start and waiting for state financing.

Municipal

The bill changes GO bond authorizations for programs that may be used to finance grants-in-aid to municipalities, including the Small Town Economic Assistance Program (STEAP), Local Capital Improvement Program (LoCIP), school construction grants-in-aid to municipalities, the Urban Action Program and Clean Water Fund grants-in-aid.

STEAP Grants-in-Aid Eligibility: The 6 towns listed in the table below are currently ineligible for either STEAP or Urban Act. Section 2 makes these towns eligible for STEAP by eliminating the STEAP population size criterion.

Towns currently ineligible for either Urban Act or STEAP grants-in-aid		
Fairfield	Greenwich	Trumbull
Glastonbury	Southington	Wallingford

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated fringe benefit reimbursement rate as a percentage of payroll is 53.91%, effective July 1, 2004. However, first year fringe benefit costs for new positions do not include pension costs lowering the rate to 22.65%. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.

OLR Bill Analysis

sSB 1045

AN ACT INCREASING CERTAIN BOND AUTHORIZATIONS FOR CAPITAL IMPROVEMENTS**SUMMARY:**

For the FY 06-07 biennium, this bill authorizes \$1.661 billion in additional state general obligation (GO) bonds for various programs and \$100 million in revenue bonds for Clean Water Fund projects (see Table 1 below). GO bond authorizations for the biennium include \$160 million for urban development projects under the Urban Act, \$60 million for local capital improvement projects for cities and towns, \$40 million for the Small Town Economic Assistance Program (STEAP), \$18 million for farmland preservation, and \$10 million for the Manufacturing Assistance Act.

Of the \$160 million authorized for Urban Act projects, the bill earmarks up to \$1.4 million for renovating and rehabilitating the Black Rock Library in Bridgeport and up to \$2.5 million for site acquisition, renovation, and rehabilitation of the Institute for the Hispanic Family in Hartford. It also allows Urban Act money to be used to (1) improve the state's defense manufacturing competitiveness and (2) support the U.S. Naval Submarine Base in Groton (§ 1).

The bill eliminates the population restrictions for STEAP eligibility, thus making the following six towns eligible for the program: Fairfield, Glastonbury, Greenwich, Southington, Trumbull, and Wallingford. Under current law, towns with populations of 30,000 or more are ineligible. The bill retains the current requirements that STEAP towns not be economically distressed, not have urban centers according to any state plan of conservation and development adopted by the General Assembly, and not be public investment communities (§2).

The bill reduces GO bond authorizations to:

1. the Office of Policy and Management (OPM) for compensating certain state and municipal bondholders for the state taking their rights to exclude certain bond interest from state

corporation taxes, from \$35.5 million to \$33.26 million (§ 7) and

2. the Department of Social Services for grants to municipalities and state agencies for child care facilities primarily for their employees, from \$7,775,000 to \$6,024,798 (§ 8).

Finally, despite Clean Water Fund grant limits, the bill makes Enfield eligible for a grant of up to \$2.8 million to pay for additional costs of upgrading its wastewater treatment plant (§ 13).

EFFECTIVE DATE: July 1, 2005, except for the grant for Enfield, which is effective on passage.

BOND AUTHORIZATIONS

The bill authorizes bonds for FYs 06 and 07 in the amounts and for the purposes shown in Table 1. Unless otherwise stated, all authorizations are for GO bonds.

Table 1: Bond Authorizations for FY 06 & FY 07

§	Agency	Purpose/Fund	Total Authorization	FY 2006	FY 2007
1	OPM	Urban development projects	\$160,000,000	\$80,000,000	\$80,000,000
2	OPM	Small Town Economic Assistance Program	40,000,000	20,000,000	20,000,000
3	OPM	Capital Equipment Purchase Fund	52,550,000	27,500,000	25,050,000
4	OPM	Local Capital Equipment Improvement Program	60,000,000	30,000,000	30,000,000
5	Education	School construction projects	1,230,000,000	580,000,000	650,000,000
6	Education	School construction interest subsidy grants	50,000,000	25,000,000	25,000,000
9	Agriculture	Farmland Preservation	18,000,000	8,000,000	10,000,000

10	Environmental Protection	Clean Water Fund general obligation bonds	40,000,000	20,000,000	20,000,000
11	Environmental Protection	Clean Water Fund revenue bonds	100,000,000	0	100,000,000
12	Economic and Community Development	Manufacturing Assistance	10,000,000	5,000,000	5,000,000
13	Environmental Protection	Special Contaminated Property Remediation and Insurance Fund	1,000,000	0	1,000,000

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 46 Nay 2