



House of Representatives

General Assembly

File No. 545

February Session, 2006

Substitute House Bill No. 5814

House of Representatives, April 18, 2006

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE BONDING PROCESS.

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

1 Section 1. Subsection (g) of section 3-20 of the 2006 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (g) (1) With the exception of refunding bonds, whenever a bond act
5 empowers the State Bond Commission to authorize bonds for any
6 project or purpose or projects or purposes, and whenever the State
7 Bond Commission finds that the authorization of such bonds will be in
8 the best interests of the state, it shall authorize such bonds by
9 resolution adopted by the approving vote of at least a majority of said
10 commission. No such resolution shall be so adopted by the State Bond
11 Commission unless it finds that there has been filed with it (A) any
12 human services facility colocation statement to be filed with the
13 Secretary of the Office of Policy and Management, if so requested by
14 the secretary, pursuant to section 4b-23, as amended; (B) a statement

15 from the Commissioner of Agriculture pursuant to section 22-6, for
16 projects which would convert twenty-five or more acres of prime
17 farmland to a nonagricultural use; (C) prior to the meeting at which
18 such resolution is to be considered, any capital development impact
19 statement required to be filed with the Secretary of the Office of Policy
20 and Management; [and] (D) a statement as to the full cost of the project
21 or purpose when completed and the estimated operating cost for any
22 structure, equipment or facility to be constructed or acquired; and (E)
23 such requests and such other documents as it or said bond act require,
24 provided no resolution with respect to any school building project
25 financed pursuant to section 10-287d, as amended, or any interest
26 subsidy financed pursuant to section 10-292k, as amended, shall
27 require the filing of any statements pursuant to subparagraph (A), (B),
28 (C), [or] (D) or (E) of this subdivision and provided further any
29 resolution requiring a capital impact statement shall be deemed not
30 properly before the State Bond Commission until such capital
31 development impact statement is filed. Any such resolution so
32 adopted by the State Bond Commission shall recite the bond act under
33 which said commission is empowered to authorize such bonds and the
34 filing of all requests and other documents, if any, required by it or such
35 bond act, and shall state the principal amount of the bonds authorized
36 and a description of the purpose or project for which such bonds are
37 authorized. Such description shall be sufficient if made merely by
38 reference to a numbered subsection, subdivision or other applicable
39 section of such bond act.

40 (2) The agenda of each meeting shall be made available to the
41 members of the commission not later than [four] five business days
42 prior to the meeting at which such agenda is to be considered. The day
43 of the meeting shall count as one of the business days. The agenda of
44 each meeting, or any supporting documents included with such
45 agenda, shall include a reference to the statute or public or special act
46 which is the source of any funds to be used for any project on such
47 agenda, including any contingency funds and any reuse or reallocation
48 of funds previously approved for any other use or project, and a
49 notation of the outside source from which any funds for any such

50 project were received, if any. The secretary of the commission shall
51 provide the members with copies of any agreement entered into by the
52 state with any private entity receiving bond funds in connection with
53 any item on the agenda. Any item on the agenda that is revised after
54 its placement thereon, or any supplemental item that is proposed for
55 the agenda subsequent to the time such agenda has been agreed upon,
56 shall be tabled and held for consideration for inclusion on a
57 subsequent agenda.

58 (3) Upon adoption of a resolution, the principal amount of the
59 bonds authorized therein for such purpose or project shall be deemed
60 to be an appropriation and allocation of such amount for such purpose
61 or project, respectively, and subject to approval by the Governor of
62 allotment thereof and to any authorization for such project or purpose
63 that may otherwise be required, contracts may be awarded and
64 obligations incurred with respect to any such project or purpose in
65 amounts not in the aggregate exceeding such authorized principal
66 amount, notwithstanding that such contracts and obligations may at a
67 particular time exceed the amount of the proceeds from the sale of
68 such bonds theretofore received by the state. In any such resolution so
69 adopted, the State Bond Commission may include provision for the
70 date or dates of such bonds, the maturity of such bonds and,
71 notwithstanding the provisions of any bond act taking effect prior to
72 July 1, 1973, provision for either serial or term, sinking fund or other
73 reserve fund requirements, if any, due dates of the interest thereon, the
74 form of such bonds, the denominations and designation of such bonds,
75 registration, conversion and transfer privileges and the terms of
76 redemption with or without premium and the date and manner of sale
77 of such bonds, provisions for the consolidation of such bonds with
78 other bonds including refunding bonds for the purpose of sale as
79 provided in subsection (h) of this section, limitations with respect to
80 the interest rate or rates on such bonds, provisions for receipt and
81 deposit or investment of the good faith deposit pending delivery of
82 such bonds and such other terms and conditions of such bonds and of
83 the issuance and sale thereof as the State Bond Commission may
84 determine to be in the best interest of the state, provided the State

85 Bond Commission may delegate to the Treasurer all or any part of the
86 foregoing powers in which event the Treasurer shall exercise such
87 powers until the State Bond Commission, by adoption of a resolution
88 prior to exercise of such powers by the Treasurer shall elect to
89 reassume the same. Such powers shall be exercised from time to time
90 in such manner as the Treasurer shall determine to be in the best
91 interests of the state and the Treasurer shall file a certificate of
92 determination setting forth the details thereof with the secretary of the
93 State Bond Commission on or before the date of delivery of such
94 bonds, the details of which were determined by the Treasurer in
95 accordance with such delegation.

96 (4) On or before January 1, 2007, and annually thereafter, the
97 Secretary of the Office of Policy and Management shall submit a report
98 to the joint standing committee of the General Assembly having
99 cognizance of matters relating to finance, revenue and bonding, which
100 report shall update, for all outstanding bond allocations, the statement
101 required under subparagraph (D) of subdivision (1) of this subsection.

102 [(4)] (5) The State Bond Commission may authorize the
103 Commissioner of Economic and Community Development to defer
104 payments of interest or principal, or a portion thereof, in the case of a
105 troubled loan, as defined in subdivision (1) of subsection (e) of section
106 8-37x, made by the commissioner under any provision of the general
107 statutes.

108 Sec. 2. Subsection (a) of section 32-383 of the general statutes is
109 repealed and the following is substituted in lieu thereof (*Effective from*
110 *passage*):

111 (a) All provisions of section 3-20, as amended by this act, or the
112 exercise of any right or power granted thereby which are not
113 inconsistent with the provisions of sections 32-382 to 32-385, inclusive,
114 are hereby adopted and shall apply to all bonds authorized by the
115 State Bond Commission pursuant to said sections, and temporary or
116 interim notes in anticipation of the money to be derived from the sale
117 of any such bonds so authorized may be issued in accordance with

118 said section 3-20 and from time to time renewed provided no filings
119 required by [subdivisions (1) and (2)] subparagraphs (A) and (B) of
120 subdivision (1) of subsection (g) of said section 3-20 shall be required.
121 Such bonds shall mature at such time or times not exceeding thirty
122 years from either their respective dates or the estimated completion
123 date of the stadium facility as referred to in subdivision (5) of section
124 32-397, as may be provided in or pursuant to the resolution or
125 resolutions of the State Bond Commission authorizing such bonds.
126 None of said bonds shall be authorized except upon a finding by the
127 State Bond Commission that there has been filed with it a request for
128 such authorization, which is signed by the secretary stating such terms
129 and conditions as said commission, in its discretion, may require. Such
130 bonds issued pursuant to section 32-382 shall be general obligations of
131 the state and the full faith and credit of the state of Connecticut are
132 pledged for the payment of the principal of and interest on such bonds,
133 including temporary or interim notes, as the same become due, and
134 accordingly and as part of the contract of the state with the holders of
135 such bonds, appropriation of all amounts necessary for punctual
136 payment of such principal and interest is hereby made including with
137 respect to interest on temporary or interim notes and principal thereof
138 to the extent not funded with renewals thereof or bonds, and the
139 Treasurer shall pay such principal and interest as the same become
140 due.

141 Sec. 3. Subsection (c) of section 32-614 of the general statutes is
142 repealed and the following is substituted in lieu thereof (*Effective from*
143 *passage*):

144 (c) All provisions of section 3-20, as amended by this act, or the
145 exercise of any right or power granted thereby which are not
146 inconsistent with the provisions of this section are hereby adopted and
147 shall apply to all bonds authorized by the State Bond Commission
148 pursuant to said section 3-20, and temporary or interim notes in
149 anticipation of the money to be derived from the sale of any such
150 bonds so authorized may be issued in accordance with said section 3-
151 20, and from time to time renewed provided no filings required by

152 [subdivisions (1) and (2)] subparagraphs (A) and (B) of subdivision (1)
153 of subsection (g) of said section 3-20 shall be required. Such bonds
154 shall mature at such time or times not exceeding twenty years from
155 either their respective dates. None of said bonds shall be authorized
156 except upon a finding by the State Bond Commission that there has
157 been filed with it a request for such authorization, which is signed by
158 the Secretary of the Office of Policy and Management stating such
159 terms and conditions as said commission, in its discretion, may
160 require. Such bonds issued pursuant to this section shall be general
161 obligations of the state and the full faith and credit of the state of
162 Connecticut are pledged for the payment of the principal of and
163 interest on such bonds, including temporary or interim notes, as the
164 same become due, and accordingly and as part of the contract of the
165 state with the holders of such bonds, appropriation of all amounts
166 necessary for punctual payment of such principal and interest is
167 hereby made including with respect to interest on temporary or
168 interim notes and principal thereof to the extent not funded with
169 renewals thereof or bonds, and the State Treasurer shall pay such
170 principal and interest as the same become due.

171 Sec. 4. Subsection (c) of section 32-616 of the general statutes is
172 repealed and the following is substituted in lieu thereof (*Effective from*
173 *passage*):

174 (c) All provisions of section 3-20, as amended by this act, or the
175 exercise of any right or power granted thereby which are not
176 inconsistent with the provisions of this section are hereby adopted and
177 shall apply to all bonds authorized by the State Bond Commission
178 pursuant to said section 3-20, and temporary or interim notes in
179 anticipation of the money to be derived from the sale of any such
180 bonds so authorized may be issued in accordance with said section 3-
181 20, and from time to time renewed provided no filings required by
182 [subdivisions (1) and (2)] subparagraphs (A) and (B) of subdivision (1)
183 of subsection (g) of said section 3-20 shall be required. Such bonds
184 shall mature at such time or times not exceeding twenty years from
185 either their respective dates. None of said bonds shall be authorized

186 except upon a finding by the State Bond Commission that there has
187 been filed with it a request for such authorization, which is signed by
188 the Secretary of the Office of Policy and Management stating such
189 terms and conditions as said commission, in its discretion, may
190 require. Such bonds issued pursuant to section 32-614, as amended by
191 this act, shall be general obligations of the state and the full faith and
192 credit of the state of Connecticut are pledged for the payment of the
193 principal of and interest on such bonds, including temporary or
194 interim notes, as the same become due, and accordingly and as part of
195 the contract of the state with the holders of such bonds, appropriation
196 of all amounts necessary for punctual payment of such principal and
197 interest is hereby made including with respect to interest on temporary
198 or interim notes and principal thereof to the extent not funded with
199 renewals thereof or bonds, and the State Treasurer shall pay such
200 principal and interest as the same become due.

201 Sec. 5. Subsection (d) of section 32-652 of the general statutes is
202 repealed and the following is substituted in lieu thereof (*Effective from*
203 *passage*):

204 (d) All provisions of section 3-20, as amended by this act, and the
205 exercise of any right or power granted thereby which is not
206 inconsistent with the provisions of this section, are hereby adopted
207 and shall apply to all bonds authorized pursuant to this section, and
208 temporary or interim notes in anticipation of the money to be derived
209 from the sale of any such bonds so authorized may be issued in
210 accordance with said section 3-20 and from time to time renewed
211 provided no filings required by [subdivisions (1) and (2)]
212 subparagraphs (A) and (B) of subdivision (1) of subsection (g) of said
213 section 3-20 shall be required.

214 Sec. 6. Subsection (e) of section 32-653 of the general statutes is
215 repealed and the following is substituted in lieu thereof (*Effective from*
216 *passage*):

217 (e) All provisions of section 3-20, as amended by this act, and the
218 exercise of any right or power granted thereby which is not

219 inconsistent with the provisions of this section are hereby adopted and
220 shall apply to all bonds authorized pursuant to this section and
221 temporary or interim notes in anticipation of the money to be derived
222 from the sale of any such bonds so authorized may be issued in
223 accordance with said section 3-20 and from time to time renewed
224 provided no filings required by [subdivisions (1) and (2)]
225 subparagraphs (A) and (B) of subdivision (1) of subsection (g) of said
226 section 3-20 shall be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	3-20(g)
Sec. 2	<i>from passage</i>	32-383(a)
Sec. 3	<i>from passage</i>	32-614(c)
Sec. 4	<i>from passage</i>	32-616(c)
Sec. 5	<i>from passage</i>	32-652(d)
Sec. 6	<i>from passage</i>	32-653(e)

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 07 \$	FY 08 \$
Policy & Mgmt., Off.	GF - Cost	30,000	30,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires various agencies, for which the Bond Commission authorizes a bond, to file a statement with the commission as to the full cost of the project or purpose when completed and the estimated operating cost for any structure, equipment or facility to be constructed or acquired. Whereas, most agencies currently prepare such an analysis, most agencies will not incur any costs. The Office of Policy and Management (OPM) may incur costs to develop these cost estimates for changes in private provider rates resulting from non-profit entities receiving bond funds. It is anticipated that OPM will require no more than one half-time staff person with an annual salary of \$30,000. It should be noted that sHB 5007, the budget bill, as favorably reported by the Appropriations Committee contains \$335,000 for additional staff. It is uncertain if these funds would be available for this purpose.

The bill requires OPM to report on all outstanding bond allocations, which results in no fiscal impact on the agency as such information is monitored by the agency. The bill makes a variety of other changes that have no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 5814

AN ACT CONCERNING THE BONDING PROCESS.

SUMMARY:

This bill:

1. requires the Office of Policy and Management (OPM) secretary to issue the agenda for State Bond Commission meetings sooner;
2. requires any item that is revised after being placed on the agenda, or proposed to be added to an agenda that has been agreed on, to be held for a future agenda;
3. requires the OPM secretary to provide the commission with copies of agreements with private entities receiving bond funds in connection with an item;
4. adds to statements that must be filed with the commission before it approves bond allocations;
5. requires the OPM secretary to provide annual cost updates to the Finance, Revenue and Bonding Committee on outstanding bond allocations; and
6. makes technical changes (§§ 2-6).

EFFECTIVE DATE: Upon passage

BOND COMMISSION AGENDAS

The bill requires meeting agendas to be available to commission members at least five, rather than at least four, business days before a meeting. It requires any item that is either revised after being placed on an agenda, or proposed for an agenda after the agenda is agreed on,

to be tabled and held for consideration for a future agenda. (The bill does not say who agrees on the agendas.)

INFORMATION REQUIRED BEFORE BOND ALLOCATIONS

The bill requires the OPM secretary, in addition to the information and supporting documents already required for agenda items, to give commission members a copy of any agreement between the state and a private entity receiving bond funds in connection with an agenda item.

It also adds to the statements that must be filed with the commission before it may approve a bond allocation for a particular project or purpose. In addition to the currently required statements concerning human service facility colocation and farmland and capital development impacts, the bill requires the commission to have received a statement of the (1) full completed cost of the project or purpose receiving the allocation and (2) estimated operating cost of any structure, facility, or equipment being built or acquired.

ANNUAL COST UPDATE

Starting January 1, 2007, the bill requires the OPM secretary to file an annual report with the Finance, Revenue and Bonding Committee that updates, for all outstanding bond allocations, (1) the full completed cost of the project or purpose that received the allocation and (2) the estimated operating costs of any structure, facility, or equipment being built or acquired.

BACKGROUND

State Bond Commission

The State Bond Commission is a 10-member executive-legislative committee consisting of the governor, treasurer, comptroller, attorney general, the OPM secretary, public works commissioner, and the co-chairs and ranking members of the Finance, Revenue and Bonding Committee. The commission meets periodically (usually monthly) to allocate bonds the General Assembly has authorized to particular projects. The governor chairs the commission and controls its agenda. The OPM secretary acts as the commission's secretary and keeps its

records and minutes.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 45 Nay 4 (04/03/2006)