



General Assembly

**Substitute Bill No. 5611**

February Session, 2008

\*        HB05611FIN        040208        \*

**AN ACT CONCERNING MUNICIPAL BONDING TO PERMIT TOWNS  
TO FUND SCHOLARSHIP FUNDS FOR RESIDENTS.**

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

1       Section 1. (NEW) (*Effective July 1, 2008*) (a) A municipality, as  
2 defined in section 7-369 of the general statutes, may authorize the  
3 issuance of bonds, notes or other obligations in accordance with the  
4 provisions of chapter 109 of the general statutes for the purpose of  
5 funding a scholarship fund established pursuant to subsection (b) of  
6 this section to provide for tuition for residents of the municipality or  
7 children of such residents attending public institutions of higher  
8 education in this state.

9       (b) Any municipality that provides for bonding to fund a  
10 scholarship fund for residents of the municipality or children of such  
11 residents to attend public institutions of higher education in this state  
12 under this section shall create a fund for such purposes. Any proposal  
13 to create such fund, or to issue bonds for such fund, shall be subject to  
14 confirmation by referendum at the next regular election of such  
15 municipality. The provisions of section 7-374 of the general statutes  
16 shall apply to any bonds issued pursuant to this section.

17       (c) There shall be paid into such fund the proceeds of bonds, notes  
18 or other obligations issued pursuant to this section.

19 (d) The budget-making authority of such municipality may, from  
20 time to time, direct the town treasurer to invest such portion of such  
21 fund as in its opinion is advisable, provided: (1) Not more than forty  
22 per cent of the total amount of the fund shall be invested in equity  
23 securities, and (2) any portion of such fund not so invested may be  
24 invested in: (A) Bonds or obligations of, or guaranteed by, the state or  
25 the United States, or agencies or instrumentalities of the United States,  
26 (B) certificates of deposit, commercial paper, savings accounts and  
27 bank acceptances, (C) the obligations of any state of the United States  
28 or any political subdivision thereof or the obligations of any  
29 instrumentality, authority or agency of any state or political  
30 subdivision thereof, provided at the time of investment such  
31 obligations are rated within the top rating categories of any nationally  
32 recognized rating service or of any rating service recognized by the  
33 Banking Commissioner and applicable to such obligations, (D) the  
34 obligations of any regional school district in this state, of any  
35 municipality in this state or any metropolitan district in this state,  
36 provided at the time of investment such obligations of such  
37 government entity are rated within one of the top two rating categories  
38 of any nationally recognized rating service or of any rating service  
39 recognized by the Banking Commissioner and applicable to such  
40 obligations, (E) in any fund in which a trustee may invest pursuant to  
41 section 36a-353 of the general statutes, (F) in investment agreements  
42 with financial institutions whose long-term obligations are rated  
43 within the top two rating categories of any nationally recognized  
44 rating service or of any rating service recognized by the Banking  
45 Commissioner or whose short-term obligations are rated within the  
46 top rating category of any nationally recognized rating service or of  
47 any rating service recognized by the Banking Commissioner, or (G)  
48 investment agreements fully secured by obligations of, or guaranteed  
49 by, the United States or agencies or instrumentalities of the United  
50 States.

51 (e) The town treasurer shall submit annually a complete and  
52 detailed report of the condition of such fund to the chief executive

