



General Assembly

February Session, 2008

**Bill No. 25**

LCO No. 448

\*00448 \_\_\_\_\_ \*

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

SEN. MCKINNEY, 28<sup>th</sup> Dist.

REP. CAFERO, 142<sup>nd</sup> Dist.

**AN ACT CONCERNING CERTAIN BOND AUTHORIZATIONS FOR  
CAPITAL IMPROVEMENTS AND OTHER PURPOSES.**

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 general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2008*):

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 of the 2008 supplement to the

15 general statutes; (B) a statement from the Commissioner of Agriculture  
16 pursuant to section 22-6, for projects which would convert twenty-five  
17 or more acres of prime farmland to a nonagricultural use; (C) prior to  
18 the meeting at which such resolution is to be considered, any capital  
19 development impact statement required to be filed with the Secretary  
20 of the Office of Policy and Management; (D) a statement as to the full  
21 cost of the project or purpose when completed and the estimated  
22 operating cost for any structure, equipment or facility to be  
23 constructed or acquired; and (E) such requests and such other  
24 documents as it or said bond act [~~require~~] requires, provided no  
25 resolution with respect to any school building project financed  
26 pursuant to section 10-287d of the 2008 supplement to the general  
27 statutes or any interest subsidy financed pursuant to section 10-292k of  
28 the 2008 supplement to the general statutes shall require the filing of  
29 any statements pursuant to subparagraph (A), (B), (C), (D) or (E) of  
30 this subdivision and provided further any resolution requiring a  
31 capital impact statement shall be deemed not properly before the State  
32 Bond Commission until such capital development impact statement is  
33 filed. Any such resolution so adopted by the State Bond Commission  
34 shall recite the bond act under which said commission is empowered  
35 to authorize such bonds and the filing of all requests and other  
36 documents, if any, required by it or such bond act, and shall state the  
37 principal amount of the bonds authorized and a description of the  
38 purpose or project for which such bonds are authorized. Such  
39 description shall be sufficient if made merely by reference to a  
40 numbered subsection, subdivision or other applicable section of such  
41 bond act.

42 (2) The agenda of each meeting shall be made available to the  
43 members of the commission not later than five business days prior to  
44 the meeting at which such agenda is to be considered. The day of the  
45 meeting shall count as one of the business days. The agenda of each  
46 meeting, or any supporting documents included with such agenda,  
47 shall include a reference to the statute or public or special act which is  
48 the source of any funds to be used for any project on such agenda,

49 including any contingency funds and any reuse or reallocation of  
50 funds previously approved for any other use or project, and a notation  
51 of the outside source from which any funds for any such project were  
52 received, if any.

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

83 prior to exercise of such powers by the Treasurer shall elect to  
84 reassume the same. Such powers shall be exercised from time to time  
85 in such manner as the Treasurer shall determine to be in the best  
86 interests of the state and the Treasurer shall file a certificate of  
87 determination setting forth the details thereof with the secretary of the  
88 State Bond Commission on or before the date of delivery of such  
89 bonds, the details of which were determined by the Treasurer in  
90 accordance with such delegation.

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

97 [(5)] (4) The State Bond Commission may authorize the  
98 Commissioner of Economic and Community Development to defer  
99 payments of interest or principal, or a portion thereof, in the case of a  
100 troubled loan, as defined in subdivision (1) of subsection (e) of section  
101 8-37x, made by the commissioner under any provision of the general  
102 statutes.

103 Sec. 2. Section 10-287d of the 2008 supplement to the general  
104 statutes is repealed and the following is substituted in lieu thereof  
105 (*Effective July 1, 2008*):

106 For the purposes of funding (1) grants to projects that have received  
107 approval of the State Board of Education pursuant to sections 10-287 of  
108 the 2008 supplement to the general statutes and 10-287a, subsection (a)  
109 of section 10-65 of the 2008 supplement to the general statutes and  
110 section 10-76e, (2) grants to assist school building projects to remedy  
111 safety and health violations and damage from fire and catastrophe,  
112 and (3) regional vocational-technical school projects pursuant to  
113 section 10-283b of the 2008 supplement to the general statutes, the  
114 State Treasurer is authorized and directed, subject to and in

115 accordance with the provisions of section 3-20, to issue bonds of the  
116 state from time to time in one or more series in an aggregate amount  
117 not exceeding [six billion seven hundred eleven million eight hundred  
118 sixty thousand] seven billion eight hundred twenty-six million eight  
119 hundred sixty thousand dollars, provided [six hundred three million]  
120 five hundred ninety million dollars of said authorization shall be  
121 effective July 1, [2008] 2009, and five hundred twenty-five million  
122 dollars shall be effective July 1, 2010. Bonds of each series shall bear  
123 such date or dates and mature at such time or times not exceeding  
124 thirty years from their respective dates and be subject to such  
125 redemption privileges, with or without premium, as may be fixed by  
126 the State Bond Commission. They shall be sold at not less than par and  
127 accrued interest and the full faith and credit of the state is pledged for  
128 the payment of the interest thereon and the principal thereof as the  
129 same shall become due, and accordingly and as part of the contract of  
130 the state with the holders of said bonds, appropriation of all amounts  
131 necessary for punctual payment of such principal and interest is  
132 hereby made, and the State Treasurer shall pay such principal and  
133 interest as the same become due. The State Treasurer is authorized to  
134 invest temporarily in direct obligations of the United States, United  
135 States agency obligations, certificates of deposit, commercial paper or  
136 bank acceptances such portion of the proceeds of such bonds or of any  
137 notes issued in anticipation thereof as may be deemed available for  
138 such purpose.

139 Sec. 3. Section 10-292k of the 2008 supplement to the general statutes  
140 is repealed and the following is substituted in lieu thereof (*Effective July*  
141 *1, 2008*):

142 For purposes of funding interest subsidy grants, except for interest  
143 subsidy grants made pursuant to subsection (b) of section 10-292m, the  
144 State Treasurer is authorized and directed, subject to and in  
145 accordance with the provisions of section 3-20, to issue bonds of the  
146 state from time to time in one or more series in an aggregate amount  
147 not exceeding [three hundred eleven million nine hundred thousand]

148 three hundred thirty-six million six hundred thousand dollars,  
149 provided [~~sixteen million four hundred thousand~~] thirteen million five  
150 hundred thousand dollars of said authorization shall be effective July  
151 1, [~~2008~~] 2009, and eleven million two hundred thousand dollars shall  
152 be effective July 1, 2010. Bonds of each series shall bear such date or  
153 dates and mature at such time or times not exceeding thirty years from  
154 their respective dates and be subject to such redemption privileges,  
155 with or without premium, as may be fixed by the State Bond  
156 Commission. They shall be sold at not less than par and accrued  
157 interest and the full faith and credit of the state is pledged for the  
158 payment of the interest thereon and the principal thereof as the same  
159 shall become due, and accordingly and as part of the contract of the  
160 state with the holders of said bonds, appropriation of all amounts  
161 necessary for punctual payment of such principal and interest is  
162 hereby made, and the State Treasurer shall pay such principal and  
163 interest as the same become due. The State Treasurer is authorized to  
164 invest temporarily in direct obligations of the United States, United  
165 States agency obligations, certificates of deposit, commercial paper or  
166 bank acceptances, such portion of the proceeds of such bonds or of any  
167 notes issued in anticipation thereof as may be deemed available for  
168 such purpose.

169 Sec. 4. Section 10a-232 of the general statutes is repealed and the  
170 following is substituted in lieu thereof (*Effective July 1, 2008*):

171 (a) Revenue bonds or notes issued under the provisions of this  
172 chapter shall not be deemed to constitute a debt or liability of the state  
173 or of any political subdivision thereof or a pledge of the full faith and  
174 credit of the state or of any such political subdivision, but shall be  
175 payable solely from the revenues and funds herein provided therefor.  
176 All such revenue bonds or notes shall contain on the face thereof a  
177 statement to the effect that: (1) The state of Connecticut shall not be  
178 obligated to pay the same or the interest thereon and (2) the authority  
179 shall not be obligated to pay the same or the interest thereon except  
180 from revenues of the education loan program or programs or the

181 portion thereof for which they are issued, and that neither the full faith  
182 and credit nor the taxing power of the state of Connecticut or of any  
183 political subdivision thereof is pledged to the payment of the principal  
184 of or the interest on such bonds or notes.

185 (b) Notwithstanding the foregoing, (1) the constituent units of the  
186 state system of higher education may participate in one or more  
187 education loan programs with the authority and may incur  
188 indebtedness pursuant to authority loans, and (2) the authority may  
189 create and establish one or more reserve funds to be known as special  
190 capital reserve funds and may pay into such special capital reserve  
191 funds (A) any moneys appropriated and made available by the state  
192 for the purposes of such funds, (B) any proceeds of sale of notes or  
193 bonds, to the extent provided in the resolution of the authority  
194 authorizing the issuance thereof, and (C) any other moneys which may  
195 be made available to the authority for the purpose of such funds from  
196 any other source or sources. The moneys held in or credited to any  
197 special capital reserve fund established under this section, except as  
198 hereinafter provided, shall be used solely for the payment of the  
199 principal of bonds of the authority secured by such capital reserve  
200 fund as the same become due, the purchase of such bonds of the  
201 authority, the payment of interest on such bonds of the authority or the  
202 payment of any redemption premium required to be paid when such  
203 bonds are redeemed prior to maturity; provided, the authority shall  
204 have power to provide that moneys in any such fund shall not be  
205 withdrawn therefrom at any time in such amount as would reduce the  
206 amount of such funds to less than the maximum amount of principal  
207 and interest becoming due by reason of maturity or a required sinking  
208 fund installment in any succeeding calendar year on the bonds of the  
209 authority then outstanding and secured by such special capital reserve  
210 fund, or such lesser amount specified by the authority in its resolution  
211 authorizing the issuance of any such bonds, such amount being herein  
212 referred to as the "required minimum capital reserve", except for the  
213 purpose of paying such principal of, redemption premium and interest  
214 on such bonds of the authority secured by such special capital reserve

215 becoming due and for the payment of which other moneys of the  
216 authority are not available. The authority may provide that it shall not  
217 issue bonds at any time if the required minimum capital reserve on  
218 outstanding bonds secured by a special capital reserve fund and the  
219 bonds then to be issued and secured by a special capital reserve fund  
220 will exceed the amount of such special capital reserve fund at the time  
221 of issuance, unless the authority, at the time of the issuance of such  
222 bonds, shall deposit in such special capital reserve fund from the  
223 proceeds of the bonds so to be issued, or otherwise, an amount which,  
224 together with the amount then in such special capital reserve fund, will  
225 be not less than the required minimum capital reserve. The authority  
226 may, as part of the contract of the authority with the owners of such  
227 bonds, provide that on or before December first, annually, there is  
228 deemed to be appropriated from the state General Fund such sums, if  
229 any, as shall be certified by the chairman of the authority to the  
230 Secretary of the Office of Policy and Management and the Treasurer of  
231 the state, as necessary to restore each such special capital reserve fund  
232 to the amount equal to the required minimum capital reserve of such  
233 fund, and such amounts shall be allotted and paid to the authority. For  
234 the purpose of evaluation of any such special capital reserve fund,  
235 obligations acquired as an investment for any such fund shall be  
236 valued at amortized cost. Nothing contained in this section shall  
237 preclude the authority from establishing and creating other debt  
238 service reserve funds in connection with the issuance of bonds or notes  
239 of the authority. Subject to any agreement or agreements with owners  
240 of outstanding notes and bonds of the authority, any amount or  
241 amounts allotted and paid to the authority pursuant to this section  
242 shall be repaid to the state from moneys of the authority at such time  
243 as such moneys are not required for any other of its corporate  
244 purposes and in any event shall be repaid to the state on the date one  
245 year after all bonds and notes of the authority theretofore issued on the  
246 date or dates such amount or amounts are allotted and paid to the  
247 authority or thereafter issued, together with interest on such bonds  
248 and notes, with interest on any unpaid installments of interest and all

249 costs and expenses in connection with any action or proceeding by or  
 250 on behalf of the owners thereof, are fully met and discharged.  
 251 Notwithstanding any other provisions contained in this chapter, the  
 252 aggregate amount of bonds outstanding at any time secured by such  
 253 special capital reserve funds authorized to be created and established  
 254 by this section shall not exceed [one hundred seventy million] three  
 255 hundred million dollars and no such bonds shall be issued to pay  
 256 program costs unless the authority is of the opinion and determines  
 257 that the revenues to be derived from the program shall be sufficient (1)  
 258 to pay the principal of and interest on the bonds issued to finance the  
 259 program, (2) to establish, increase and maintain any reserves deemed  
 260 by the authority to be advisable to secure the payment of the principal  
 261 of and interest on such bonds, (3) to pay the cost of maintaining and  
 262 servicing the program and keeping it properly insured, and (4) to pay  
 263 such other costs of the program as may be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2008	3-20(g)
Sec. 2	July 1, 2008	10-287d
Sec. 3	July 1, 2008	10-292k
Sec. 4	July 1, 2008	10a-232

**Statement of Purpose:**

To implement the Governor's budget recommendations.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*