



House of Representatives

General Assembly

File No. 506

January Session, 2009

Substitute House Bill No. 6103

House of Representatives, April 6, 2009

The Committee on Environment reported through REP. ROY, R. of the 119th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING INVESTMENT IN LONG ISLAND SOUND INDUSTRIES AND BOND ISSUES FOR CLEAN WATER FUND PROJECTS.

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

1 Section 1. (*Effective from passage*) The Department of Economic and
2 Community Development, in coordination with the Department of
3 Environmental Protection, shall investigate the creation of a program
4 to provide economic assistance to businesses that impact the
5 environment of Long Island Sound, including, but not limited to, such
6 businesses in the fishing, lobstering, harvesting of oysters, clams,
7 mussels and other molluscan shellfish, boating and recreation
8 industries. Not later than July 1, 2010, the Commissioner of Economic
9 and Community Development shall report the results of such
10 investigation, in accordance with the provisions of section 11-4a of the
11 general statutes, to the joint standing committee of the General
12 Assembly having cognizance of matters relating to commerce.

13 Sec. 2. Subsection (a) of section 22a-483 of the general statutes is

14 repealed and the following is substituted in lieu thereof (*Effective July*
15 *1, 2009*):

16 (a) For the purposes of sections 22a-475 to 22a-483, inclusive, as
17 amended by this act, the State Bond Commission shall have the power,
18 from time to time to authorize the issuance of bonds of the state in one
19 or more series and in principal amounts, not exceeding in the
20 aggregate [nine hundred] one billion one hundred sixty-one million
21 thirty thousand dollars, provided [ninety] one hundred million dollars
22 of said authorization shall be effective July 1, [2008] 2010.

23 Sec. 3. Subsection (d) of section 22a-483 of the general statutes is
24 repealed and the following is substituted in lieu thereof (*Effective July*
25 *1, 2009*):

26 (d) Notwithstanding the foregoing, nothing herein shall preclude
27 the State Bond Commission from authorizing the issuance of revenue
28 bonds, in principal amounts not exceeding in the aggregate [one billion
29 seven hundred fifty-three million four hundred thousand] two billion
30 one hundred thirty-eight million four hundred thousand dollars,
31 provided one hundred [eighty] ninety-two million five hundred
32 thousand dollars of said authorization shall be effective July 1, [2008]
33 2010, that are not general obligations of the state of Connecticut to
34 which the full faith and credit of the state of Connecticut are pledged
35 for the payment of the principal and interest. Such revenue bonds shall
36 mature at such time or times not exceeding thirty years from their
37 respective dates as may be provided in or pursuant to the resolution or
38 resolutions of the State Bond Commission authorizing such revenue
39 bonds. The revenue bonds, revenue state bond anticipation notes and
40 revenue state grant anticipation notes authorized to be issued under
41 sections 22a-475 to 22a-483, inclusive, as amended by this act, shall be
42 special obligations of the state and shall not be payable from nor
43 charged upon any funds other than the revenues or other receipts,
44 funds or moneys pledged therefor as provided in said sections 22a-475
45 to 22a-483, inclusive, including the repayment of municipal loan
46 obligations; nor shall the state or any political subdivision thereof be

47 subject to any liability thereon except to the extent of such pledged
48 revenues or the receipts, funds or moneys pledged therefor as
49 provided in said sections 22a-475 to 22a-483, inclusive. The issuance of
50 revenue bonds, revenue state bond anticipation notes and revenue
51 state grant anticipation notes under the provisions of said sections
52 22a-475 to 22a-483, inclusive, shall not directly or indirectly or
53 contingently obligate the state or any political subdivision thereof to
54 levy or to pledge any form of taxation whatever therefor or to make
55 any appropriation for their payment. The revenue bonds, revenue state
56 bond anticipation notes and revenue state grant anticipation notes
57 shall not constitute a charge, lien or encumbrance, legal or equitable,
58 upon any property of the state or of any political subdivision thereof,
59 except the property mortgaged or otherwise encumbered under the
60 provisions and for the purposes of said sections 22a-475 to 22a-483,
61 inclusive. The substance of such limitation shall be plainly stated on
62 the face of each revenue bond, revenue state bond anticipation note
63 and revenue state grant anticipation note issued pursuant to said
64 sections 22a-475 to 22a-483, inclusive, shall not be subject to any
65 statutory limitation on the indebtedness of the state and such revenue
66 bonds, revenue state bond anticipation notes and revenue state grant
67 anticipation notes, when issued, shall not be included in computing
68 the aggregate indebtedness of the state in respect to and to the extent
69 of any such limitation. As part of the contract of the state with the
70 owners of such revenue bonds, revenue state bond anticipation notes
71 and revenue state grant anticipation notes, all amounts necessary for
72 the punctual payment of the debt service requirements with respect to
73 such revenue bonds, revenue state bond anticipation notes and
74 revenue state grant anticipation notes shall be deemed appropriated,
75 but only from the sources pledged pursuant to said sections 22a-475 to
76 22a-483, inclusive. The proceeds of such revenue bonds or notes may
77 be deposited in the Clean Water Fund for use in accordance with the
78 permitted uses of such fund. Any expense incurred in connection with
79 the carrying out of the provisions of this section, including the costs of
80 issuance of revenue bonds, revenue state bond anticipation notes and
81 revenue state grant anticipation notes may be paid from the accrued

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 10 \$	FY 11 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

Section 1 of the bill requires the Department of Economic and Community Development (DECD) in coordination with the Department of Environmental Protection to investigate a program to provide economic assistance to businesses impacting the environment of Long Island Sound. This has no fiscal impact.

Section 2 authorizes \$100 million in General Obligation (GO) bonds for Clean Water Fund grants-in-aid. The total General Fund debt service cost for principal and interest payments on this amount over 20 years assuming a 5.0% interest rate, is \$152.5 million. The first year that the state will experience costs associated with the bonds depends on when they are allocated through the State Bond Commission and when the funds are expended.

Section 3 authorizes \$385 million in Clean Water Fund revenue bonds. The interest cost in each fiscal year to bond \$385 million over a 20 year term, assuming a 5% interest rate, is \$587.1 million. The debt service cost for these bonds is paid primarily with revenue from: (1) investment earnings on the reserves and assets held in the reserve fund required by statute, and (2) loan payments from towns who receive Clean Water Fund low-interest loans. This reduces the debt service cost for the General Fund to a minimal amount.

The Out Years

The General Fund debt service costs noted above would continue for 20 years after the GO bonds are issued.

OLR Bill Analysis

sHB 6103

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SUMMARY:

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Change of Reference

Yea 18 Nay 1 (03/10/2009)

Environment Committee

Joint Favorable Substitute

Yea 30 Nay 0 (03/20/2009)