



General Assembly

January Session, 2009

Committee Bill No. 5227

LCO No. 4492

* HB05227FIN 042409 *

Referred to Committee on Higher Education and Employment
Advancement

Introduced by:
(HED)

***AN ACT ALLOWING TOWNS TO CREATE SCHOLARSHIP FUNDS
THROUGH MUNICIPAL BONDING.***

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

1 Section 1. (NEW) (*Effective July 1, 2009*) (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 and independent colleges or universities, as
9 defined in section 10a-37 of the general statutes, provided scholarship
10 money provided to a resident attending such an independent college
11 or university shall not be in an amount that exceeds the annual rate of
12 tuition charged to in-state students to attend The University of
13 Connecticut for the year of the scholarship.

14 (b) Any municipality that provides for bonding to fund a
15 scholarship fund for residents of the municipality or children of such

16 residents to attend public institutions of higher education in this state
17 and independent colleges or universities, as defined in section 10a-37
18 of the general statutes, under this section shall create a fund for such
19 purposes. Any proposal to create such fund, or to issue bonds for such
20 fund, shall be subject to confirmation by referendum at the next
21 regular election of such municipality. The provisions of section 7-374
22 of the general statutes shall apply to any bonds issued pursuant to this
23 section.

24 (c) There shall be paid into the fund created pursuant to subsection
25 (b) of this section the proceeds of bonds, notes or other obligations
26 issued pursuant to this section. The fund may also accept gifts,
27 donations, bequests or funds from any other legal source.

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

50 section 36a-353 of the general statutes, (F) in investment agreements
 51 with financial institutions whose long-term obligations are rated
 52 within the top two rating categories of any nationally recognized
 53 rating service or of any rating service recognized by the Banking
 54 Commissioner or whose short-term obligations are rated within the
 55 top rating category of any nationally recognized rating service or of
 56 any rating service recognized by the Banking Commissioner, or (G)
 57 investment agreements fully secured by obligations of, or guaranteed
 58 by, the United States or agencies or instrumentalities of the United
 59 States.

60 (e) The town treasurer shall submit annually a complete and
 61 detailed report of the condition of such fund to the chief executive
 62 officer, the budget-making authority and the legislative body of such
 63 municipality and such report shall be made a part of the annual report
 64 of the municipality.

65 (f) Such fund may be discontinued, after recommendation by the
 66 chief executive officer and the budget-making authority to the
 67 legislative body and upon approval of such body, and to the extent
 68 there is any remaining portion of such fund, the fund shall be
 69 converted into, or added to, a sinking fund to provide for the
 70 retirement of the bonded indebtedness of the municipality. If the
 71 municipality has no bonded indebtedness, such fund shall be
 72 transferred to the general fund of the municipality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	New section

HED *Joint Favorable*

PD *Joint Favorable*

FIN *Joint Favorable*