



General Assembly

January Session, 2009

Raised Bill No. 6503

LCO No. 3736

03736_____CE_

Referred to Committee on Commerce

Introduced by:

(CE)

AN ACT CONCERNING THE S.A.F.E. ACT 2009.

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

1 Section 1. (NEW) (*Effective July 1, 2009*) (a) There is established a
2 fund to be known as the "State Assisted Fund and Exchange
3 Fund". The fund shall contain any moneys required by law to be
4 deposited in the fund. Any balance remaining in the fund at the end of
5 any fiscal year shall be carried forward in the fund for the fiscal year
6 next succeeding. The fund shall be used to provide secondary market
7 capital liquidity for certain state chartered banking institutions pursuant
8 to subsection (b) of this section and to pay reasonable and necessary
9 expenses incurred in administering such capital under this section.

10 (b) The Commissioner of Economic and Community Development,
11 in consultation with the State Assisted Fund and Exchange Committee,
12 established pursuant to subsection (c) of this section, may enter into a
13 contract to provide secondary market capital liquidity for state
14 chartered banking institutions authorized by the Commissioner of
15 Economic and Community Development to originate small and mid-
16 size business credit loans and credit facilities in the state. Banks eligible

17 for funds pursuant to this section shall meet Banking Department
18 licensing and lending requirements and all such originations shall
19 meet Department of Economic and Community Development credit
20 underwriting guidelines. When no more funds are available under
21 section 2 of this act, the Department of Economic and Community
22 Development shall exchange all originations as simple whole loans
23 with the United States Treasury for an amount that is not less than the
24 total amount of all originations, including the cost of originations.

25 (c) There is established a State Assisted Fund and Exchange
26 Committee, which shall be comprised of one employee from each of
27 the following: (1) the Banking Department, (2) the Office of Policy and
28 Management, (3) the Office of the State Treasurer, (4) the Office of the
29 State Comptroller, (5) the Connecticut Development Authority, and (6)
30 the Department of Economic and Community Development. Said
31 committee shall advise the Commissioner of Economic and
32 Community Development with regard to expenditures from the State
33 Assisted Fund and Exchange Fund, established pursuant to subsection
34 (a) of this section, including, but not limited to, developing guidelines
35 for eligibility.

36 Sec. 2. (*Effective July 1, 2009*) (a) For the purposes described in
37 subsection (b) of this section, the State Bond Commission shall have
38 the power, from time to time, to authorize the issuance of bonds of the
39 state in one or more series and in principal amounts not exceeding in
40 the aggregate five billion dollars.

41 (b) The proceeds of the sale of said bonds, to the extent of the
42 amount stated in subsection (a) of this section, shall be used by the
43 Department of Economic and Community Development for the
44 purpose of providing secondary market capital liquidity for certain
45 state chartered banking institutions pursuant to subsection (b) of section
46 1 of this act.

47 (c) All provisions of section 3-20 of the general statutes, or the
48 exercise of any right or power granted thereby, which are not

49 inconsistent with the provisions of this section are hereby adopted and
50 shall apply to all bonds authorized by the State Bond Commission
51 pursuant to this section, and temporary notes in anticipation of the
52 money to be derived from the sale of any such bonds so authorized
53 may be issued in accordance with said section 3-20 and from time to
54 time renewed. Such bonds shall mature at such time or times not
55 exceeding twenty years from their respective dates as may be provided
56 in or pursuant to the resolution or resolutions of the State Bond
57 Commission authorizing such bonds. None of said bonds shall be
58 authorized except upon a finding by the State Bond Commission that
59 there has been filed with it a request for such authorization which is
60 signed by or on behalf of the Secretary of the Office of Policy and
61 Management and states such terms and conditions as said commission,
62 in its discretion, may require. Said bonds issued pursuant to this
63 section shall be general obligations of the state and the full faith and
64 credit of the state of Connecticut are pledged for the payment of the
65 principal of and interest on said bonds as the same become due, and
66 accordingly and as part of the contract of the state with the holders of
67 said bonds, appropriation of all amounts necessary for punctual
68 payment of such principal and interest is hereby made, and the State
69 Treasurer shall pay such principal and interest as the same become
70 due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	New section
Sec. 2	<i>July 1, 2009</i>	New section

Statement of Purpose:

To provide access to business credit for certain qualified Connecticut businesses and balance sheet liquidity for Connecticut banks.

[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.]