



# House of Representatives

General Assembly

**File No. 493**

February Session, 2010

House Bill No. 5394

*House of Representatives, April 13, 2010*

The Committee on Appropriations reported through REP. GERAGOSIAN of the 25th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT INCREASING THE AMOUNT OF UNAPPROPRIATED SURPLUS DEPOSITED IN THE BUDGET RESERVE FUND.***

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

1 Section 1. Subsection (a) of section 4-30a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2010*):

4 (a) After the accounts for the General Fund have been closed for  
5 each fiscal year and the Comptroller has determined the amount of  
6 unappropriated surplus in said fund, after any amounts required by  
7 provision of law to be transferred for other purposes have been  
8 deducted, the amount of such surplus shall be transferred by the State  
9 Treasurer to a special fund to be known as the Budget Reserve Fund.  
10 When the amount in said fund equals [ten] fifteen per cent of the net  
11 General Fund appropriations for the fiscal year in progress, no further  
12 transfers shall be made by the Treasurer to said fund and the amount  
13 of such surplus in excess of that transferred to said fund shall be  
14 deemed to be appropriated to the State Employees Retirement Fund, in

15 addition to the contributions required pursuant to section 5-156a, but  
 16 not exceeding five per cent of the unfunded past service liability of the  
 17 system as set forth in the most recent actuarial valuation certified by  
 18 the Retirement Commission. Such surplus in excess of the amounts  
 19 transferred to the Budget Reserve Fund and the state employees  
 20 retirement system shall be deemed to be appropriated for: (1)  
 21 Redeeming prior to maturity any outstanding indebtedness of the state  
 22 selected by the Treasurer in the best interests of the state; (2)  
 23 purchasing outstanding indebtedness of the state in the open market at  
 24 such prices and on such terms and conditions as the Treasurer shall  
 25 determine to be in the best interests of the state for the purpose of  
 26 extinguishing or defeasing such debt; (3) providing for the defeasance  
 27 of any outstanding indebtedness of the state selected by the Treasurer  
 28 in the best interests of the state by irrevocably placing with an escrow  
 29 agent in trust an amount to be used solely for, and sufficient to satisfy,  
 30 scheduled payments of both interest and principal on such  
 31 indebtedness; or (4) any combination of these methods. Pending the  
 32 use or application of such amount for the payment of interest and  
 33 principal, such amount may be invested in (A) direct obligations of the  
 34 United States government, including state and local government  
 35 treasury securities that the United States Treasury issues specifically to  
 36 provide state and local governments with required cash flows at yields  
 37 that do not exceed Internal Revenue Service arbitrage limits, (B)  
 38 obligations guaranteed by the United States government, and (C)  
 39 securities backed by United States government obligations as collateral  
 40 and for which interest and principal payments on the collateral  
 41 generally flow immediately through to the security holder.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2010	4-30a(a)

**APP**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note******State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill increases, from ten to fifteen percent, the maximum amount that may be deposited in to the Budget Reserve Fund. This could increase the amount of funding deposited in this fund in future years but has no direct fiscal impact.

***The Out Years******State Impact:*** See Above***Municipal Impact:*** None

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**OFA Bill Analysis**

**HB 5394**

***AN ACT INCREASING THE AMOUNT OF UNAPPROPRIATED SURPLUS DEPOSITED IN THE BUDGET RESERVE FUND.***

**SUMMARY:**

The bill increases, from ten to fifteen percent, the maximum amount that may be deposited in to the Budget Reserve Fund.

EFFECTIVE DATE: July 1, 2010

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable

Yea 51 Nay 1 (03/25/2010)