



General Assembly

February Session, 2010

Raised Bill No. 5501

LCO No. 2331

02331_____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, 2010*) (a) There is established a
2 fund to be known as the "State Assisted Fund and Exchange Fund".
3 The fund shall contain any moneys required by law to be deposited in
4 the fund. Any balance remaining in the fund at the end of any fiscal
5 year shall be carried forward in the fund for the fiscal year next
6 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 by the Commissioner of Economic and Community
10 Development in administering such capital under this section.

11 (b) The Commissioner of Economic and Community Development,
12 in consultation with the State Assisted Fund and Exchange Committee,
13 established pursuant to subsection (c) of this section, may enter into a
14 contract to provide (1) secondary market capital liquidity for state
15 chartered banking institutions authorized by the Commissioner of
16 Economic and Community Development to originate small and mid-

17 size business credit loans and credit facilities in the state, and (2)
18 liquidity to quasi-public and economic development agencies to
19 originate small and mid-size business credit loans to small businesses
20 on a local or regional level. Banks eligible for funds pursuant to this
21 section shall meet Banking Department licensing and lending
22 requirements and all such originations shall meet Department of
23 Economic and Community Development credit underwriting
24 guidelines. When funds are no longer available under section 2 of this
25 act, the Department of Economic and Community Development shall
26 exchange all originations as simple whole loans with the United States
27 Treasury for an amount that is not less than the total amount of all
28 originations, including the cost of originations.

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

40 Sec. 2. (*Effective July 1, 2010*) (a) For the purposes described in
41 subsection (b) of this section, the State Bond Commission shall have
42 the power, from time to time, to authorize the issuance of bonds of the
43 state in one or more series and in principal amounts not exceeding in
44 the aggregate five million dollars. Any such issuance shall be subject to
45 the availability of federal funding.

46 (b) The proceeds of the sale of said bonds, to the extent of the
47 amount stated in subsection (a) of this section, shall be used by the
48 Department of Economic and Community Development for the

49 purpose of providing secondary market capital liquidity for certain
50 state chartered banking institutions pursuant to subsection (b) of section
51 1 of this act.

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

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2010</i> | New section |
| Sec. 2 | <i>July 1, 2010</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.]