



General Assembly

Substitute Bill No. 6586

January Session, 2011

* HB06586F IN 040711 *

**AN ACT CONCERNING THE USE OF CERTAIN REVENUES TO
PROVIDE FUNDS FOR THE BUDGET RESERVE FUND, CAPITAL
DEBT PAYMENTS AND PENSION PAYMENTS.**

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2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

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 The State Treasurer shall transfer the following amounts into a special
11 fund to be known as the Budget Reserve Fund: (1) An amount equal to
12 fifty per cent of any projected surplus in the General Fund for the
13 current fiscal year as determined in the Comptroller's January
14 cumulative monthly financial statement pursuant to section 3-115; (2)
15 any amounts received from a sale of surplus state property pursuant to
16 subsection (c) of section 4b-21; (3) any amounts in excess of the
17 estimated revenues in the revised consensus revenue estimate issued
18 on April thirtieth pursuant to section 2-36c; and (4) an amount equal to
19 any unappropriated surplus remaining in the General Fund after any

20 amounts required by provision of law to be transferred for other
21 purposes have been deducted as determined by the Comptroller after
22 the accounts for the General Fund have been closed for each fiscal
23 year. The State Treasurer shall transfer the amount in subdivision (1) of
24 this subsection not later than five days after the Comptroller issues the
25 January cumulative monthly financial statement pursuant to section 3-
26 115. When the amount in [said fund] the Budget Reserve Fund equals
27 [ten] fifteen per cent of the net General Fund appropriations for the
28 fiscal year in progress, no further transfers shall be made by the
29 Treasurer to said fund and the amount of such surplus in excess of that
30 transferred to said fund shall be deemed to be appropriated to the
31 State Employees Retirement Fund, in addition to the contributions
32 required pursuant to section 5-156a, but not exceeding five per cent of
33 the unfunded past service liability of the system as set forth in the most
34 recent actuarial valuation certified by the Retirement Commission.
35 Such surplus in excess of the amounts transferred to the Budget
36 Reserve Fund and the state employees retirement system shall be
37 deemed to be appropriated for: [(1)] (A) Redeeming prior to maturity
38 any outstanding indebtedness of the state selected by the Treasurer in
39 the best interests of the state; [(2)] (B) purchasing outstanding
40 indebtedness of the state in the open market at such prices and on such
41 terms and conditions as the Treasurer shall determine to be in the best
42 interests of the state for the purpose of extinguishing or defeasing such
43 debt; [(3)] (C) providing for the defeasance of any outstanding
44 indebtedness of the state selected by the Treasurer in the best interests
45 of the state by irrevocably placing with an escrow agent in trust an
46 amount to be used solely for, and sufficient to satisfy, scheduled
47 payments of both interest and principal on such indebtedness; or [(4)]
48 (D) any combination of these methods. Pending the use or application
49 of such amount for the payment of interest and principal, such amount
50 may be invested in [(A)] (i) direct obligations of the United States
51 government, including state and local government treasury securities
52 that the United States Treasury issues specifically to provide state and
53 local governments with required cash flows at yields that do not
54 exceed Internal Revenue Service arbitrage limits, [(B)] (ii) obligations

