

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 12-189—sSB 25

Finance, Revenue and Bonding Committee

**AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE
FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER
PURPOSES**

SUMMARY: This act authorizes up to \$621.1 million in new general obligation (GO) bonds for FY 13, including up to \$372.7 million for state and local capital projects and grant programs. The authorizations provide funding for education, economic development, energy, mortgage assistance, and information technology programs.

The act increases certain FY 13 bond authorizations enacted in 2011 by \$248.4 million, including adding \$180 million for repairs and improvements to state buildings and grounds and \$62.5 million for housing development and rehabilitation. It repeals \$10.5 million in authorizations for FY 13 and cancels \$11.8 million in bond authorizations for past years.

It authorizes up to \$90 million in special tax obligation (STO) bonds for state bridge repairs and improvements and \$30 million in STO bonds for the town-aid road grant program.

Finally, the act replaces a municipal grant program for renewable energy and energy efficient generation sources with a broader financial assistance program for any entities undertaking these types of projects.

EFFECTIVE DATE: July 1, 2012, except provisions concerning the following are effective upon passage: (1) Capitol Region Education Council (CREC) grants, (2) a bond authorization in sSB 1 (a bill that did not become law), (3) using outside funds in bond-funded projects, and (4) a provision in sSB 360 (a bill that did not become law).

**§§ 1-15, 39-40, 42-43 & 48—BOND AUTHORIZATIONS FOR STATE
AGENCY PROJECTS AND GRANTS**

The act authorizes \$372.7 million in GO bonds for FY 13 for state capital projects and grant programs. Table 1 lists the purposes and amounts of these bond authorizations. The bonds are subject to standard issuance procedures and have a maximum term of 20 years. The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the entity receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose. The act exempts certain grants from these repayment requirements.

OLR PUBLIC ACT SUMMARY

Table 1: GO Bond Authorizations for FY 13

§§	AGENCY	FOR	FY 13
State Projects and Programs			
2(a)	Office of Policy and Management (OPM)	Information technology capital investment program	\$50,000,000
2(b)	Department of Construction Services (DCS)	Removal or encapsulation of asbestos in state-owned buildings (see § 26)	5,000,000
		Construction, improvements, repairs, renovations, and land acquisition at fire training schools (see § 26)	28,200,000
2(c)	Department of Emergency Services and Public Protection (DESPP)	Design and construction of an emergency services facility, including canine training, vehicle impound areas, and a fleet maintenance and administration facility (Cancels existing authorization for emergency facility in Cheshire (§ 17, see Table 3))	5,256,985
		Design and construction of a firearms training facility and vehicle operations training center (Cancels existing authorization for Mulcahy Complex in Meriden (§§ 19 & 23, see Table 3))	6,576,000
2(d)	Judicial Department	Development of juvenile court building in Meriden or Middletown	1,000,000
2(e)	Department of Economic and Community Development (DECD)	Implementation of a minority business enterprise assistance program to help such businesses obtain surety bonds, including bid, performance, and payment bonds, for capital projects, which may be run by a contracted nonprofit entity; earmarks \$2 million each to nonprofits that give priority to minority business enterprises located in the northern and southern halves of the state	4,000,000
Grants			
9(a)	OPM	Grants to municipalities for computer-assisted mass appraisal systems	\$38,500
		Grants to municipalities for the incentive housing zone program	2,000,000
9(b), 39, 48	Department of Energy and Environment Protection (DEEP)	Study and assess feasible options to plan, design, acquire, and construct structural and nonstructural improvements to mitigate flooding conditions that caused property damage due to 2011 storms, including a cost benefit and environmental impact analysis of the alternatives	2,000,000
		Program to establish energy microgrids to support critical municipal infrastructure	25,000,000
		Implementation of a buy-out program for homeowners and businesses that receive Federal Emergency Management Agency (FEMA) funds for flood hazard mitigation or property damage due to storms in 2011 and subsequent years	2,000,000
		Grants to municipalities and nonprofits, including museums, for cultural and entertainment-related economic development projects	5,000,000

OLR PUBLIC ACT SUMMARY

		Grant to the Connecticut Housing Finance Authority (CHFA) for its Emergency Mortgage Assistance Program (EMAP) (see § 49)	60,000,000
		Underground storage tank petroleum clean-up program: authorizes \$9 million in each of the four following fiscal years (FYs 13–16)	9,000,000
9(d)	Department of Public Health	Grants to community health centers and primary care organizations for renovation, improvement, and expansion of facilities, including land or building acquisition and purchasing equipment; earmarks up to \$15 million for member centers affiliated with the Community Health Center Association of Connecticut and \$15 million for Community Health Center, Inc.	30,000,000
9(e)	Department of Education (SDE)	Grants for <i>Sheff</i> magnet school program start-up costs: purchasing a building or portable classrooms, leasing space, and purchasing equipment, including computers and classroom furniture, provided that title to any such building that ceases to be used as an interdistrict magnet school may revert to the state as the education commissioner determines (§ 42 exempts CREC from repayment requirements for grants awarded under this section)	13,645,000
		Grants for expanding the availability of high-quality school models: alterations, repairs, improvements, technology, equipment, acquisition, and capital start-up costs	25,000,000
		Grants for low-performing schools in targeted local and regional school districts: alterations, repairs, improvements, technology, and equipment	16,000,000
		Grants to towns and tax-exempt organizations for facility improvements and minor capital repairs to school readiness programs and state-funded day care centers operated by towns and organizations	10,000,000
9(f)	Department of Children and Families (DCF)	Grants to private nonprofit mental health clinics for children: expansion and fire, safety, and environmental improvements	1,000,000
40	DESPP	Implementation of a buy-out program for homeowners and businesses that receive FEMA funds for flood hazard mitigation or property damage due to storms in 2011 and subsequent years	2,000,000

§§ 39-40 – DEEP and DESPP Buy-Out Program

The act authorizes \$4 million in bonds in FY 13 for DEEP and DESPP (see Table 1) to implement a buy-out program that provides grants to homeowners and businesses that receive FEMA funds for flood hazard mitigation or property damage due to storms in 2011 and subsequent years. It limits the grant amount to \$50,000 or the limit set by the applicable FEMA program, whichever is less. The act’s grant repayment requirements do not apply to the grants awarded under the buy-out program.

To be eligible, applicants must (1) qualify for funding under a FEMA

OLR PUBLIC ACT SUMMARY

mitigation grant program designed to provide post-disaster assistance to homeowners and businesses and (2) meet any eligibility criteria the respective department establishes. The agencies must give priority to eligible applicants with property damage that occurred during an emergency or major disaster in the state declared by the president.

§ 43 – Capital Region Development Authority

The act authorizes up to \$60 million in bonds for the Capital Region Development Authority (CRDA) to provide grants or loans to encourage residential housing development in downtown Hartford. PA 12-147 redesignates the Capital City Economic Development Authority as the CRDA and expands the scope of the projects it oversees to include, among other things, residential housing development in areas outside downtown Hartford. The act’s grant repayment requirement does not apply to grants awarded under the CRDA program.

§ 48 – Underground Storage Tank Program

The act authorizes up to \$9 million in bonds for each of the following four fiscal years (FY 13 through FY 16) for DEEP to provide payment or reimbursement of approved claims under the underground storage tank petroleum clean-up program.

§§ 25-31, 34 & 41—CHANGES TO FY 13 BOND AUTHORIZATIONS IN PA 11-57

Changes to FY 13 Authorizations

The act changes certain FY 13 bond authorizations enacted in PA 11-57, as listed in Table 2.

Table 2: Changes to FY 13 Bond Authorizations in PA 11-57

§	AGENCY	FOR	PA 11-57 AUTH. FOR FY 13	CHANGE	TOTAL AUTH. FOR FY 13
25	Department of Administrative Services (DAS)	State Office Building, Hartford: exterior renovations and improvements, including installation of air conditioning	\$21,500,000	\$2,500,000	\$24,000,000
		State-owned buildings and grounds: infrastructure repairs and improvements	12,500,000	180,000,000	192,500,000
27	Department of Public Safety (DPS) (transfers to DESPP)	Buildings and grounds: alterations and improvements, including utilities, mechanical systems, and energy conservation projects	2,212,000	1,375,000	3,587,000
28	Judicial Department	State-owned and maintained facilities and grounds: alterations, renovations, and improvements	5,000,000	(1,000,000)	4,000,000
30	DECD	Housing development and rehabilitation (see below)	25,000,000	62,500,000	87,500,000
34	OPM	Capital Equipment Purchase Fund	22,900,000	2,000,000	24,900,000

OLR PUBLIC ACT SUMMARY

§ 26—*Repeal of FY 13 Authorizations for DCS*

The act repeals the following FY 13 authorizations for DCS:

1. \$5 million for the removal or encapsulation of asbestos in state buildings;
2. \$2.5 million for infrastructure repairs and improvements to state-owned buildings and grounds; and
3. \$2 million for land acquisition, construction, improvements, repairs, and renovations at fire training schools.

§§ 29-30—*DECD Housing Development and Rehabilitation Bonds*

The act increases an existing bond authorization for DECD for housing development and rehabilitation by \$62,500,000, from \$25 million to \$87.5 million (see Table 2). Of these funds, it designates up to:

1. \$30 million to revitalize low and moderate income housing units of CHFA's state housing loan portfolio;
2. \$12.5 million for congregate housing development;
3. \$1 million for grants for accessibility modifications for those transitioning from institutions to homes under the Money Follows the Person program (a Department of Social Services (DSS) program that moves people out of nursing homes or other institutional settings into less-restrictive, community-based settings); and
4. \$500,000 to purchase upgrades and software for the homeless information system.

§ 31—*DSS Grants for Community Programs*

The act modifies a \$10 million bond authorization to DSS for community program grants by eliminating child day care projects, domestic violence shelters, and food distribution facilities from the permissible uses. As under prior law, DSS may use the bond funds for grants to neighborhood facilities, elderly centers, and multipurpose human resource centers. Under the act, it may also use the funds for any facilities related to these permissible uses.

§ 41—*Exemption from Grant Repayment Requirements*

The act exempts CREC from liability for repaying a grant for capital start-up costs. The State Department of Education (SDE) awarded the grant under PA 11-57, which authorized \$6.25 million for grants for *Sheff* magnet school start-up costs.

§§ 32-33 & 47—*STO BONDS FOR STATE BRIDGES AND TOWN-AID ROAD PROGRAM*

The act increases by \$90 million, from \$33 million to \$123 million, an STO bond authorization for the Department of Transportation (DOT) for state bridge improvement, rehabilitation, and replacement. It also authorizes up to \$30 million in STO bonds for the town-aid road grant program.

OLR PUBLIC ACT SUMMARY

§§ 16-23, 35 & 38—BOND CANCELLATIONS AND CHANGES TO EXISTING AUTHORIZATIONS

Cancellations

The act cancels all or part of existing bond authorizations for the state agency capital projects listed in Table 3.

Table 3: Bond Cancellations

§	Agency	For	Existing Authorization	Amount Cancelled
17	DPS (now DESPP)	Emergency services facility in Cheshire, including a canine training and vehicle impound area (§ 2(c) reauthorizes the project and eliminates the requirement that the facility be located in Cheshire)	\$5,256,985	\$5,256,985
19,23	DPS (now DESPP)	Alterations, renovations, and improvements to Building 5 at the Mulcahy Complex in Meriden (§ 2(c) reauthorizes the project without specifying its location)	6,576,000	6,576,000
22	DAS	Infrastructure repairs and improvements	5,000,000	180

§ 20—DESPP Shooting Range

The act eliminates a requirement that DESPP use an existing \$1.75 million authorization for improvements to its shooting range in Simsbury, thus allowing it to use the bond funds at any DESPP shooting range.

§ 35—Correction in Prior Authorization for DOT

The act makes a technical correction in a prior \$625.65 million authorization for DOT for rail rolling stock and maintenance facilities, rights-of-way, other property acquisition, and related projects.

§ 38—Manufacturing Assistance Act (MAA) Reserved Amount

The act increases, from \$2 million to \$4 million, the amount of previously authorized MAA bond funds reserved for a DECD grant to companies affected by the Quinnipiac Bridge construction. As under prior law, the companies may use the grants to offset the increased cost of transporting goods or materials brought by ships or vessels to the port of New Haven.

§§ 36-37—RENEWABLE ENERGY AND EFFICIENT ENERGY FINANCE PROGRAM

OLR PUBLIC ACT SUMMARY

Prior law required Connecticut Innovations, Inc. (CII) to establish a municipal renewable energy and efficient energy generation grant program for municipalities to purchase and operate, for municipal buildings, (1) renewable energy sources and (2) energy-efficient generation sources. The act eliminates this program and requires the Clean Energy Finance and Investment Authority (CEFIA) to establish a renewable energy and efficient energy finance program for any entities, not just municipalities, undertaking these types of projects.

It transfers an existing \$18 million bond authorization for the municipal grant program, which the Bond Commission never allocated, to CEFIA for the financing program. The bonds are subject to standard statutory issuance and repayment requirements and their proceeds go into a separate account within the Clean Energy Fund.

Program Administration

The act requires CEFIA to establish the program in consultation with DEEP, DECD, and the state treasurer. Prior law required CII to establish the municipal program in consultation with the Public Utilities Regulatory Authority, SDE, and DESPP.

CEFIA must develop an application form for the program by November 1, 2012, and can receive applications starting on this date. As under prior law for the municipal program, applications must include a complete description of the proposed generation source.

Type of Assistance and Eligible Projects

Under prior law, the grants were for municipalities to purchase and operate (1) renewable energy sources, including solar energy, geothermal energy, and fuel cells or other energy-efficient hydrogen-fueled energy or (2) energy-efficient generation sources, including cogeneration units that are at least 65% efficient, for municipal buildings. Under the act, the program includes grants, loans, or other types of financial assistance for any entities purchasing, installing, and operating these types of projects.

Prior law required CII to give priority to applications for grants for disaster relief centers and high schools. Each grant had to make the cost of purchasing and operating the generation source competitive with the municipality's current electricity expenses.

The act instead requires CEFIA to give priority to applications for projects that use major system components manufactured or assembled in Connecticut. The financial assistance must make the cost of purchasing, installing, and operating the generation source competitive with the grid's or other end users' current electricity expenses.

Reporting Requirement

CEFIA, instead of CII, must annually report on the program's effectiveness to the Energy and Technology Committee beginning by January 1, 2013.

Workforce Development Grants

OLR PUBLIC ACT SUMMARY

The act allows CEFA to use up to 2.5% of the program funds to make grants to support workforce development initiatives in connection with the projects.

§§ 44-45 – UNEMPLOYED ARMED FORCES MEMBER SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM

sSB 1 would have authorized \$10 million in bonds for a new Unemployed Armed Forces Member Subsidized Training and Employment Program, with \$5 million available upon passage and the balance available in FY 14. The act would have made the entire \$10 million available in FY 13, but sSB1 did not become law.

§ 46 – USE OF OUTSIDE FUNDS IN BOND-FUNDED PROJECTS

The act incorporates into the state general obligation bond procedure act a standard bond provision concerning the use of federal, private, or other funds used to finance projects funded with GO bonds.

It requires any bond issuance request filed with the State Bond Commission to (1) identify the project for which the bond proceeds will be used and (2) include the recommendation of the person signing the request as to how much federal, private, or other money currently or soon to be available for the project should be added to the bond proceeds. If the State Bond Commission directs it, any such funds available may be added to the project's bond proceeds and used either to fund the project or pay off the principal on outstanding bonds or bond anticipation notes. If outside funds are used to retire bonds, the total amount of bonds issued for the project must be reduced by a corresponding amount.

The act authorizes the treasurer to invest the outside funds before using them to retire bonds and makes this money legally part of the state's debt retirement funds. Any investment earnings on the outside funds must be used in the same manner as the funds themselves.

§ 49 – EMAP PROGRAM

The act would have repealed a provision in sSB 360, which did not become law, authorizing \$60 million to finance CHFA's EMAP program.

OLR Tracking: RP:KM:CR:ro:tjo:eh