



General Assembly

January Session, 2013

**Raised Bill No. 1116**

LCO No. 4493



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT CONCERNING THE USE OF CERTAIN REVENUES TO PROVIDE FUNDS FOR 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2 repealed and the following is substituted in lieu thereof (*Effective from*  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 Treasurer shall transfer the following amounts into a special fund  
11 to be known as the Budget Reserve Fund: (1) An amount equal to fifty  
12 per cent of any projected surplus in the General Fund for the current  
13 fiscal year as determined in the Comptroller's January cumulative  
14 monthly financial statement pursuant to section 3-115; (2) any amounts

15 received from a sale of surplus state property pursuant to subsection  
16 (c) of section 4b-21; (3) any amounts in excess of the estimated  
17 revenues in the revised consensus revenue estimate issued on April  
18 thirtieth pursuant to section 2-36c; and (4) an amount equal to any  
19 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 Treasurer shall transfer the amount in subdivision (1) of this  
24 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  
55 guaranteed by the United States government, and [(C)] (iii) securities  
56 backed by United States government obligations as collateral and for  
57 which interest and principal payments on the collateral generally flow  
58 immediately through to the security holder.

59 Sec. 2. (NEW) (*Effective from passage*) Any payment to the state as a  
60 settlement of a court action shall, at the discretion of the Secretary of  
61 the Office of Policy and Management, be deposited in the state's trust  
62 fund for other postemployment benefits, the State Employees  
63 Retirement Fund or the Teachers' Retirement Fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	4-30a(a)
Sec. 2	<i>from passage</i>	New section

**Statement of Purpose:**

To bolster the revenue stream dedicated to the use of the Budget Reserve Fund.

*[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.]*