



General Assembly

Substitute Bill No. 1116

January Session, 2013



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. Section 4-30a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) [After the accounts for the General Fund have been closed for
4 each fiscal year and the Comptroller has determined the amount of
5 unappropriated surplus in said fund, after any amounts required by
6 provision of law to be transferred for other purposes have been
7 deducted, the amount of such surplus shall be transferred by the State
8 Treasurer to a special fund to be known as the Budget Reserve Fund.]
9 The Treasurer shall transfer the following amounts into a special fund
10 to be known as the Budget Reserve Fund: (1) Any net General Fund
11 revenue for the fiscal year in progress in the revised consensus revenue
12 estimate issued on January fifteenth pursuant to section 2-36c, that is in
13 excess of the statement of estimated revenue for the fiscal year in
14 progress contained in the most recent state budget act passed by the
15 legislature; (2) any amounts received from a sale of surplus state
16 property pursuant to subsection (c) of section 4b-21; (3) any net
17 General Fund revenue for the fiscal year in progress in the revised
18 consensus revenue estimate issued on April thirtieth pursuant to
19 section 2-36c, that is in excess of the revised consensus revenue

20 estimate for the fiscal year in progress issued on the immediately
21 preceding January fifteenth pursuant to section 2-36c, not including
22 any amounts transferred pursuant to subdivision (1) of this subsection;
23 and (4) an amount equal to any unappropriated surplus remaining in
24 the General Fund after any amounts required by provision of law to be
25 transferred for other purposes have been deducted as determined by
26 the Comptroller after the accounts for the General Fund have been
27 closed for each fiscal year. The Treasurer shall transfer the amount in
28 subdivision (1) of this subsection not later than five days after the
29 Comptroller issues the January cumulative monthly financial
30 statement pursuant to section 3-115. The Treasurer shall transfer the
31 amount in subdivision (3) of this subsection not later than five days
32 after the Comptroller issues the April cumulative monthly financial
33 statement pursuant to section 3-115.

34 (b) When the amount in said fund equals [ten] fifteen per cent of the
35 net General Fund appropriations for the fiscal year in progress, no
36 further transfers shall be made by the Treasurer to said fund and the
37 [amount of such surplus] amounts listed in subsection (a) of this
38 section in excess of that transferred to said fund shall be deemed to be
39 appropriated to the State Employees Retirement Fund, in addition to
40 the contributions required pursuant to section 5-156a, but not
41 exceeding five per cent of the unfunded past service liability of the
42 system as set forth in the most recent actuarial valuation certified by
43 the Retirement Commission. Such [surplus] amounts listed in
44 subsection (a) of this section in excess of the amounts transferred to the
45 Budget Reserve Fund and the state employees retirement system shall
46 be deemed to be appropriated for: (1) Redeeming prior to maturity any
47 outstanding indebtedness of the state selected by the Treasurer in the
48 best interests of the state; (2) purchasing outstanding indebtedness of
49 the state in the open market at such prices and on such terms and
50 conditions as the Treasurer shall determine to be in the best interests of
51 the state for the purpose of extinguishing or defeasing such debt; (3)
52 providing for the defeasance of any outstanding indebtedness of the
53 state selected by the Treasurer in the best interests of the state by

54 irrevocably placing with an escrow agent in trust an amount to be used
55 solely for, and sufficient to satisfy, scheduled payments of both interest
56 and principal on such indebtedness; or (4) any combination of these
57 methods. Pending the use or application of such amount for the
58 payment of interest and principal, such amount may be invested in (A)
59 direct obligations of the United States government, including state and
60 local government treasury securities that the United States Treasury
61 issues specifically to provide state and local governments with
62 required cash flows at yields that do not exceed Internal Revenue
63 Service arbitrage limits, (B) obligations guaranteed by the United
64 States government, and (C) securities backed by United States
65 government obligations as collateral and for which interest and
66 principal payments on the collateral generally flow immediately
67 through to the security holder.

68 [(b)] (c) Moneys in said Budget Reserve Fund shall be expended
69 only as provided in this subsection. When in any fiscal year the
70 Comptroller has determined the amount of a deficit applicable with
71 respect to the immediately preceding fiscal year, to the extent
72 necessary, the amount of funds credited to said Budget Reserve Fund
73 shall be deemed to be appropriated for purposes of funding such
74 deficit.

75 [(c)] (d) The Treasurer is authorized to invest all or any part of said
76 fund in accordance with the provisions of section 3-31a. The interest
77 derived from the investment of said fund shall be credited to the
78 General Fund.

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

84 Sec. 3. Section 10a-8c of the general statutes is repealed and the
85 following is substituted in lieu thereof (*Effective from passage*):

86 (a) Except as provided in subsection (b) of this section,
 87 notwithstanding the provisions of sections 10a-77a, 10a-99a, 10a-109c,
 88 10a-109i and 10a-143a, no funds shall be appropriated to the Office of
 89 Higher Education for grants pursuant to subdivision (2) of subsection
 90 (a) of section 10a-77a, subdivision (2) of subsection (a) of section 10a-
 91 99a, subdivision (2) of subsection (b) of section 10a-109i and
 92 subdivision (2) of subsection (a) of section 10a-143a: (1) Until such time
 93 as the amount in the Budget Reserve Fund, established in section 4-
 94 30a, as amended by this act, equals [ten] fifteen per cent of the net
 95 General Fund appropriations for the fiscal year in progress, (2) the
 96 amount of the grants appropriated shall be reduced proportionately if
 97 the amount available is less than the amount required for such grants,
 98 and (3) the amount of funds available to be appropriated during any
 99 fiscal year for such grants shall not exceed twenty-five million dollars.

100 (b) Endowment fund eligible gifts that meet the criteria set forth in
 101 subdivision (2) of subsection (a) of section 10a-77a, subdivision (2) of
 102 subsection (a) of section 10a-99a, subdivision (2) of subsection (b) of
 103 section 10a-109i and subdivision (2) of subsection (a) of section 10a-
 104 143a made by donors during the period from January 1, 2005, to June
 105 30, 2005, shall be matched by the Office of Higher Education in an
 106 amount equal to one-half of the total amount of endowment fund
 107 eligible gifts received. The board shall transfer the amount of the
 108 match to the endowment funds of the constituent units in accordance
 109 with section 10a-8b.

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>from passage</i> | 4-30a |
| Sec. 2 | <i>from passage</i> | New section |
| Sec. 3 | <i>from passage</i> | 10a-8c |

Statement of Legislative Commissioners:

References to "surplus" in section 1(b) were changed to "amounts listed in subsection (a) of this section", for accuracy, and sec. 3 was added to

the bill, amending section 10a-8c of the general statutes, for conformity.

FIN *Joint Favorable Subst.*