
OLR Bill Analysis

sSB 842

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION, ELIMINATION OF THE ACCUMULATED GAAP DEFICIT, RESTRUCTURING OF ECONOMIC RECOVERY NOTES AND OTHER PURPOSES.

SUMMARY:

This bill authorizes up to \$1.454 billion in state general obligation (GO) bonds for FY 14 and up to \$1.507 billion for FY 15 for state capital projects and grant programs, including school construction, water quality, and economic development projects; farmland and open space acquisition and preservation; improvements to state buildings and property; and grants to municipalities and nonprofit entities.

The bill additionally authorizes up to (1) \$712.4 million in revenue bonds over the two years for Clean Water Fund loans and (2) \$706.9 million in special tax obligation (STO) bonds in FY 14 for transportation projects, including \$60 million for the town-aid road grant program. It also cancels \$9.9 million in GO bond authorizations for past years.

The bill authorizes the treasurer to issue (1) up to \$750 million in bonds, notes, or other obligations to reduce the state's accumulated General Fund deficit, determined according to generally accepted accounting principles (GAAP) and (2) additional bonds or other debt to fund up to two years of interest payable or accrued on the bonds and issuance costs. It also commits the state to paying off the remaining GAAP deficit in annual increments over 13 years and authorizes actions to assure bondholders that the state will do so.

The bill (1) delays, from FY 14 to FY 16, the requirement that the state begin paying off the accumulated GAAP deficit in equal increments and (2) shortens, from 15 to 13 years, the period over which

it makes these payments. It extends by two years, from July 1, 2016 to July 1, 2018, the maturity date for the economic recovery notes (ERNs) issued to fund the FY 09 deficit.

The bill expands the list of projects eligible for funding under the Local Capital Improvement Program (LoCIP) and earmarks a portion of the bonds authorized under the program for manufacturing transition and municipal revenue sharing grants for municipalities. It transfers, from the Department of Construction Services (DCS) to the Department of Administrative Services (DAS), responsibility for existing bond authorizations for school construction and various state capital projects (see COMMENT). It also requires the governor and Office of Policy and Management (OPM) secretary to meet at least quarterly with the Finance, Revenue and Bonding Committee's leadership to discuss priorities for consideration at State Bond Commission meetings.

Lastly, the bill repeals laws requiring the use of unappropriated General Fund surpluses to (1) reduce the state's GAAP deficit and (2) redeem outstanding ERNs and economic recovery revenue bonds (ERBs), thus restoring a requirement that these surpluses be deposited in the Budget Reserve ("Rainy Day") Fund at the end of each fiscal year.

EFFECTIVE DATE: July 1, 2013 for FY 14 bond authorizations and July 1, 2014 for FY 15 authorizations. Other sections are effective July 1, 2013 unless otherwise noted below.

§§ 1-38 — BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS AND GRANTS

The bill authorizes up to \$534.5 million in GO bonds for FY 14 and up to \$578.3 million for FY 15 for the state capital projects and grant programs listed in Table 1. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The bill 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.

Table 1: GO Bond Authorizations for FYs 14 and 15

§§	AGENCY	FOR	FY 14	FY 15
State Projects and Programs				
2(a), 21(a)	OPM	Design and implement the consolidation of higher education systems with the state's CORE system	\$5,000,000	\$5,000,000
		Design and implementation of the Criminal Justice Information Sharing System	7,900,000	5,500,000
		Information technology capital investment program	50,000,000	25,000,000
		Transit-oriented development predevelopment fund, provided the fund (1) is developed as a public-private partnership and (2) raises at least \$2 million from nonstate resources	1,000,000	0
2(b), 21(b)	Department of Veterans' Affairs	Alterations, renovations, and improvements to state buildings and grounds	750,000	750,000
2(c), 21(c)	DAS	Alterations and improvements to comply with the American with Disabilities Act (ADA)	2,000,000	2,000,000
		Development, including acquisition and equipment, of a new thermal facility for the capitol area district heating and cooling system in Hartford	29,000,000	0
		Infrastructure repairs and improvements, including (1) fire, safety, and ADA compliance improvements and (2) improvements to state-owned buildings and grounds, including (a) energy conservation, off-site improvements, and preservation of unoccupied buildings and grounds and (b) office development, acquisition, renovations for additional parking, and security improvements	25,000,000	25,000,000
		Removal or encapsulation of asbestos and hazardous materials in state-owned buildings	10,000,000	10,000,000
2(d), 21(d)	Department of Emergency Services and Public Protection (DESPP)	Design, construction, and equipment for a consolidated communications center at the Middletown headquarters building	4,000,000	0
		Replacement and upgrade of radio communication systems	19,500,000	45,000,000

		Alterations and improvements to buildings and grounds, including utilities, mechanical systems, and energy conservation	5,000,000	5,000,000
		Alterations, renovations, and improvements to the Forensic Science Laboratory in Meriden	1,500,000	0
2(e), 21(e)	Department of Motor Vehicles	Alterations, renovations, and improvements to buildings and grounds	1,703,000	1,697,000
2(f), 21(f)	Military Department	Alterations and improvements to buildings and grounds, including utilities, mechanical systems, and energy conservation	1,000,000	1,000,000
		State matching funds for anticipated federal reimbursable projects	2,000,000	2,000,000
		Renovations and improvements to the skylight and water and heating systems at the William A. O'Neill Armory in Hartford	3,150,000	0
2(g), 21(g)	Department of Energy and Environmental Protection (DEEP)	Dam repairs, including state-owned dams	6,000,000	5,000,000
		Energy efficiency and renewable energy projects in state-owned buildings	0	25,000,000
		Various flood control improvements, flood repair, erosion damage repairs, and municipal dam repairs	4,500,000	6,900,000
		Recreation and Natural Heritage Trust Program: recreation, open space, and resource management	10,000,000	10,000,000
2(h), 21(h)	Capitol Region Development Authority	Alterations, renovations, and improvements to the Connecticut Convention Center, XL Center, and Rentschler Field	5,139,000	3,727,500
2(i), 21(i)	Department of Developmental Services (DDS)	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including improvements in compliance with current codes and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other interior and exterior building renovations and additions at all state-owned facilities	5,000,000	5,000,000
2(j), 21(j)	Department of Mental Health and Addiction Services	Design and installation of sprinkler systems in direct patient care buildings, including related fire safety improvements	2,275,000	4,175,000

		(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including improvements in compliance with current codes and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other interior and exterior building renovations and additions at all state-owned facilities	0	5,000,000
2(k), 21(k)	Department of Education (SDE)	For the technical high school system: Alterations and improvements to buildings and grounds, including new and replacement equipment, tools and supplies necessary to update curricula, vehicles, and technology upgrades	28,000,000	15,500,000
2(l), 21(l)	Board of Regents for Higher Education (BOR)	All community colleges: New and replacement instruction, research, or laboratory equipment	9,000,000	5,000,000
		All community colleges: System technology initiative	5,000,000	5,000,000
		All community colleges: Alterations, and improvements to facilities, including fire, safety, energy conservation, code compliance and acquisition of property	2,000,000	5,000,000
		Quinebaug Community College: Parking and site improvements	2,189,622	0
		Quinebaug Community College: Heating, ventilating, and air conditioning system improvements	1,750,000	0
		Tunxis Community College: Feasibility study for acquiring of property to create a premanufacturing workspace and relocate continuing education operations	250,000	0
		Middlesex Community College: New academic building planning, design, and construction	4,800,000	39,200,000
		Housatonic Community College: Parking garage improvements	0	3,907,258
		Housatonic Community College: Implementation of phase III of the master plan for renovations and additions to Lafayette Hall	0	40,467,047
2(m), 21(m)	Department of Correction	Renovations and improvements to existing state-owned buildings for inmate housing, programming and staff training space, additional inmate capacity, and for support facilities and off-site improvements	10,000,000	10,000,000
2(n), 21(n)	Department of Children and Families (DCF)	Alterations, renovations, and improvements to buildings and grounds	1,230,900	1,515,000
2(o), 21(o)	Judicial Department	Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities	7,500,000	7,500,000
		Development of a juvenile court in Meriden or Middletown	2,000,000	13,000,000
		Mechanical upgrades and code-required improvements at the superior courthouse in New Haven	1,000,000	8,500,000
		Security improvements at various state-owned and maintained facilities	1,000,000	1,000,000

Housing Projects				
9, 28	Department of Housing (DOH)	Housing development and rehabilitation, including improvements to various kinds of state-assisted affordable housing; earmarks (1) \$30 million to revitalize moderate rental housing units in the Connecticut Housing Finance Authority's state housing portfolio, (2) \$1 million to develop adult family homes, and (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 program that moves people out of nursing homes or other institutional settings into less restrictive, community-based settings)	70,000,000	70,000,000
		Supportive housing initiatives	20,000,000	0
Grants				
13(a), 32(a)	OPM	Grants to private, nonprofit, tax-exempt health and human service organizations for alterations, renovations, improvements, additions, and new construction, including (1) health, safety, ADA compliance, and energy conservation improvements; (2) information technology systems; (3) technology for independence; and (4) purchase of vehicles	20,000,000	20,000,000
13(b), 32(b)	Department of Agriculture	Farm Reinvestment program	500,000	500,000
13(c), 32(c)	DEEP	Grants to municipalities for open space acquisition and development for conservation or recreational purposes	10,000,000	10,000,000
		Grants to municipalities for improvements to incinerators and landfills, including bulky waste landfills	1,400,000	1,000,000
		Grants for identifying, investigating, containing, removing, or mitigating contaminated industrial sites in urban areas	5,000,000	5,000,000
		Grants to municipalities for providing potable water	0	1,000,000
13(d), 32(d)	Department of Economic and Community Development (DECD)	Grants to nursing homes for alterations, renovations, and improvements for conversion to other uses in support of right-sizing	10,000,000	10,000,000
		Small Business Express program	50,000,000	50,000,000
		Regional brownfield redevelopment loan fund	20,000,000	10,000,000
13(e)	DOH	Grants to municipalities for the incentive housing zone program	2,000,000	0
13(f), 32(e)	Department of Public Health	Stem Cell Research Fund	10,000,000	10,000,000
13(g), 32(f)	Department of Transportation (DOT)	Grants for improvements to ports and marinas, including dredging and navigational direction	5,000,000	5,000,000
13(h), 32(g)	SDE	Grants for Sheff 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	17,000,000	7,500,000

		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	11,500,000	15,000,000
		Grants to targeted local and regional school districts for alterations, repairs, improvements, technology, and equipment in low-performing schools	0	10,000,000
13(i), 32(h)	State Library	Grants to public libraries not located in distressed municipalities for construction, renovations, expansions, energy conservation, and handicapped accessibility	5,000,000	5,000,000

§§ 39-45 — TRANSPORTATION PROJECTS

The bill authorizes up to \$706.9 million in STO bonds in FY 14 for DOT's capital improvement program, as shown in Table 2. The authorizations include \$141 million for bus and rail facilities and equipment and \$113 million for DOT's Interstate highway program.

Table 2: STO Bond Authorizations for DOT Projects

<i>Authorized Program Areas</i>	<i>FY 14</i>
Bureau of Engineering and Highway Operations	
Interstate highway program	\$113,000,000
Urban systems	8,500,000
Intrastate highway program	54,000,000
Environmental compliance, soil and groundwater remediation, hazardous materials abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or near state-owned properties or related to DOT operations	5,000,000
State bridge improvement, rehabilitation, and replacement	33,000,000
Capital resurfacing and related reconstruction	68,900,000
Fix-it-First bridge repair program	60,687,500
Fix-it-First road repair program	55,000,000
Local Transportation Capital Program	45,000,000
Town-aid road (see below)	60,000,000
Local bridge program	15,000,000
Preliminary engineering studies to improve and widen the interchange of I-91 and I-84 in Hartford	200,000
Bureau of Aviation and Ports	
Developing and improving general aviation airports, including grants to municipal airports other than Bradley International Airport	2,000,000
Bureau of Public Transportation	
Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects	141,000,000
Long-term infrastructure investment plan (see below)	2,000,000
Preliminary engineering studies for upgrades of MetroNorth track infrastructure between New Haven and New York state	200,000
Bureau of Administration	
Department facilities	18,731,600
STO bonds, cost of issuance and debt service reserve	24,700,000

§ 40 — Town-Aid Road (TAR)

The bill authorizes up \$60 million in STO bonds annually for FY 14

to fund TAR grants to municipalities. The law requires the state to allocate specified annual amounts from DOT appropriations to provide grants to towns for highway and bridge improvements and for emergency aid to repair damage to roads, bridges, and dams caused by natural disasters. The authorizations in this bill replace these allocations from DOT's annual budget.

§ 45 — Long-Term Infrastructure Investment Plan

The bill requires the DOT commissioner to hire an independent consultant to (1) prepare a long-term infrastructure investment plan for the state's transportation and (2) regularly meet with the DOT and DECD commissioners and the chairpersons and ranking members of the (a) Finance, Revenue and Bonding, Commerce, and Transportation committees and (b) Finance Committee's transportation bonding subcommittee.

The plan must:

1. identify current and projected transportation problems and needs, considering future population and employment growth and major growth corridors;
2. provide a comprehensive multimodal plan that considers various transportation systems, including (a) highways and roads, (b) airports, (c) ports, (d) railroads, (e) other mass transit systems, and (f) walking and biking paths;
3. provide a blueprint for connectivity among the various systems;
4. consider the environmental impacts of the various systems, including the impact of climate change on existing or future transportation systems;
5. identify economic development opportunities arising from infrastructure improvement projects; and
6. develop (a) long-range plans and short-range programs identifying specific projects and (b) a financial plan for

implementing them.

The consultant must (1) submit, to the DOT commissioner, a draft plan by January 15, 2014 and final plan by March 1, 2014 and (2) provide copies of both to the legislators listed above. The bill expressly authorizes the Finance, Revenue and Bonding Committee to hold an informational hearing on the draft plan.

EFFECTIVE DATE: Upon passage

§ 46 — STATE BOND COMMISSION PRIORITIES

The bill requires the governor and OPM secretary to meet at least quarterly with the chairpersons and ranking members of the Finance, Revenue and Bonding Committee and chairpersons of the Finance Committee's bonding subcommittee to consult on priorities for projects to be considered at State Bond Commission meetings.

§§ 47-63 — BOND AUTHORIZATIONS FOR STATUTORY PROGRAMS AND GRANTS

The bill increases bond authorization limits for various statutory grants and purposes and allocates new bonding for these purposes for FY 14 and FY 15, as shown in Table 3.

Table 3: Statutory Bond Authorizations for FY 14 and FY 15

§	Agency	Purpose/Fund	FY 14	FY 15
47	OPM	Urban Action (economic and community development project grants)	\$50,000,000	\$50,000,000
48	OPM	Small Town Economic Assistance Program (STEAP)	20,000,000	20,000,000
49	OPM	Capital Equipment Purchase Fund	40,000,000	35,000,000
52	OPM	LoCIP (see below)	86,429,907	86,429,907
53	DECD	Housing Trust Fund	30,000,000	30,000,000
54	SDE	Charter school capital expenses	5,000,000	5,000,000
55	SDE	School construction projects	510,300,000	469,900,000
56	SDE	School construction interest subsidy grants	1,000,000	4,300,000
60	DEEP	Farmland preservation	10,000,000	10,000,000
61	DEEP	Clean Water Fund grants	67,000,000	218,000,000
62	DEEP	Clean Water Fund loans (revenue bonds)	380,430,000	331,970,000
63	DECD	Manufacturing Assistance Act	100,000,000	0

§§ 50-52 — LoCIP Expansion and Municipal Grants

Eligible Projects. The bill expands the list of projects eligible for LoCIP funding to include:

1. bikeway and greenway establishment;

2. land acquisition, including open space, and costs associated with making land available for public use;
3. technology acquisition related to implementing SDE's Common Core State Standards;
4. technology upgrades, including improvements to expand public access to government information through e-portals and kiosks; and
5. for FYs 13 and 14 only, (a) snow removal equipment and (b) capital expenditures made to improve public safety or facilitate regional cooperation.

LoCIP, administered by OPM, reimburses municipalities for the cost of eligible local capital improvement projects, such as road, bridge, and public building construction activities. OPM annually allocates LoCIP funds to municipalities according to a statutory formula.

The bill allows a municipality to apply for LoCIP funds to reimburse any FY 13 expenditures it incurred for any of these additional projects regardless of the application deadlines set under existing law.

Under current law, LoCIP applications must include a certification that the project for which the municipality is requesting reimbursement is consistent with its local capital improvement plan. The bill allows the OPM secretary, for any fiscal year, to (1) authorize reimbursement for any of the additional projects before the municipality has added the project to its local capital improvement plan and (2) require the municipality to certify that it is taking steps to amend its plan to include the project.

EFFECTIVE DATE: Upon passage for the provision expanding the list of LoCIP-eligible projects.

Bond Authorization and Municipal Grants. The bill authorizes \$86,429,907 in GO bonds each year for FYs 14 and 15 under LoCIP but earmarks \$56,429,907 of the bond proceeds in each of those fiscal years

to OPM to distribute for manufacturing transition grants to municipalities equal to 62% of the amount each municipality received in FY 13. OPM must distribute any remaining funds to municipalities according to the municipal revenue sharing formula under the existing Municipal Revenue Sharing Account. Under that formula, funds are distributed as follows:

1. 50% on a per capita basis, according to the most recent federal 10-year census and
2. 50% according to an existing property tax relief formula that apportions funds based on a municipality's population, adjusted equalized net grand list per capita, and per capita income of town residents.

§§ 57-58 — Construction Grants for Public Libraries

The bill increases, from one-third to one-half of total construction costs, the State Library Board's grants for public library construction for project applications submitted on or after July 1, 2013. As under current law, the maximum grant is \$1 million. The grants are subject to available funding.

It also allows the board to make grants to public libraries for emergency repairs to buildings and equipment of up to one-half of the repair cost, up to \$100,000 for each approved project. The grants are subject to the board's approval and available funding.

§ 59 — Microgrid Grant and Loan PILOT Program

The bill eliminates the \$15 million limit on total grants and loans that DEEP may issue under its microgrid grant and loan pilot program. PA 12-148 required DEEP to establish the program to help develop microgrid infrastructure to support critical facilities, including hospitals, police and fire stations, water and sewage treatment plants, and correctional facilities.

§§ 64-65 — GAAP BONDS

The bill authorizes the treasurer to issue up to \$750 million in bonds to reduce the state's accumulated General Fund deficit, determined

according to GAAP, as reported in the state's FY 13 audited financial statements. It also authorizes the treasurer to issue (1) additional bonds or other debt to fund up to two years of interest payable or accrued on the bonds and issuance costs and (2) refunding bonds to retire GAAP bonds issued under the bill. The bonds are state general obligations and must mature before June 30, 2028.

State Commitment to Repaying GAAP Deficit

Starting in FY 16 and for each fiscal year thereafter in which the GAAP bonds are outstanding, the bill automatically appropriates from the General Fund an amount, distributed from FY 16 to FY 28, equal to the difference between the (1) accumulated General Fund GAAP deficit as of June 30, 2013, estimated by the OPM secretary, and (2) amount of GAAP bonds authorized under the bill. The appropriations cease in the fiscal years following the year in which the comptroller's annual financial report to the governor states that there is no GAAP deficit for such fiscal year.

The bill pledges that the state will not treat the GAAP bond proceeds as General Fund revenue or use them for any current or future budget appropriation. It also promises, and authorizes the state treasurer to promise bondholders, that the General Assembly will not reduce the GAAP deficit appropriation until the state repays the GAAP bonds in full. It allows the state to reduce this appropriation (1) if it protects bondholders' rights in another way; (2) in an emergency or extraordinary circumstance, provided certain conditions are met; or (3) in other circumstances permitted under the bonds' terms.

Emergency Reduction in State Contribution. The bill allows the state to reduce the GAAP deficit appropriation while the GAAP bonds are outstanding if all of the following conditions are met.

1. The governor must declare an emergency or the existence of extraordinary circumstances.
2. The governor must invoke the statute that (a) gives him discretion, and (b) requires him whenever the comptroller

projects a General Fund budget deficit greater than 1%, to reduce appropriated accounts by up to 5% and total fund appropriations by up to 3%.

3. At least three-fifths of the members of each chamber of the General Assembly approve must approve the reduction.

Treasurer's Powers to Secure Bonds

The bill allows the treasurer to set any terms and conditions she thinks will help sell the bonds. To this end, she can determine their principal amounts, interest rates, repayment schedules, and redemption terms as well as any additional security they require. The bill allows her to make reimbursement, remarketing, standby purchase, or any other type of marketing agreement for the bonds that serves the state's best interests. Security for the bonds can include a credit line or insurance policy from a commercial bank or insurer authorized to do business in Connecticut. The bill commits the state to repay amounts drawn on any credit line or other security backing the bonds.

State and Federal Tax Benefits

The bill exempts interest on, and gains from the sale of, the bonds from all taxes imposed by the state or under its authority, except estate or succession taxes. It also authorizes the treasurer to structure the bonds so that their interest is included or excluded from federal taxes.

The bill allows the treasurer to make whatever representations and agreements are necessary or appropriate to ensure that note holders receive available federal tax benefits on note interest. The agreements may include (1) promises to provide secondary market disclosure information; (2) arrangements for the information to be provided through an agent or trustee; and (3) remedies, limited to specific performance, for breaching an agreement. (A "secondary market" is any sale after the initial public offering.)

The bill indemnifies state elected and appointed officials and employees from financial losses, including legal fees, arising out of

claims of negligence in providing secondary market disclosure information or performing other duties under any agreement to do so. The indemnification does not cover willful and wanton fraud.

Investment

The bill makes the bonds legal investments for banks, insurance companies, fiduciaries, and public bodies and allows public officers to accept them for any purpose for which they may receive or deposit state obligations.

Legal Actions Relating To GAAP Bonds

The bill allows the Hartford Superior Court to enter a judgment against the state based on (1) an express contract between the state and holders of the bonds or (2) contracts or agreements the bill allows the treasurer to make relating to the bonds. Such a judgment must include any claim or set-off the state has against the plaintiffs. The case must be heard without a jury. The bill reserves to the state all legal defenses in such a case except governmental immunity and allows either party to move that the action have privilege in its trial assignment.

EFFECTIVE DATE: Upon passage

§§ 66-67 — ERNS

The bill extends by two years, from July 1, 2016 to July 1, 2018, the maturity date for the ERNs issued to fund the FY 09 deficit. It also authorizes the treasurer to issue refunding bonds for the ERNs without certifying that the state reasonably expects to achieve net debt service savings as a result of the refunding.

EFFECTIVE DATE: Upon passage

§ 68 — GAAP IMPLEMENTATION

Existing law requires the state's budget and financial statements to conform to GAAP starting in FY 14.

The bill delays, (1) from July 1, 2013 to July 1, 2015, the date by which the comptroller must establish an opening combined balance sheet for all appropriated funds based on GAAP and (2) from June 30,

2013 to June 30, 2015, the date by which he must aggregate and set up as a deferred charge on the combined balance sheet the accrued and unpaid expenses and liabilities and other adjustments for GAAP purposes.

Under current law, the state must pay off this deferred charge in equal annual increments over 15 years, starting in FY 14. The bill instead requires the state to make these payments over 13 years, starting in FY 16.

§ 114 — USE OF BUDGET SURPLUSES

The bill repeals laws requiring unappropriated General Fund surpluses to be used (1) starting with FY 14, first to pay the annual GAAP increment and (2) from FY 10 to FY 17, to redeem outstanding ERNs before they mature and then to reduce the state's obligations for ERBs, which were never issued. In doing so, it restores a requirement that the state treasurer transfer any unappropriated General Fund surpluses at the end of each fiscal year to the Budget Reserve ("Rainy Day") Fund.

The bill also repeals a law requiring the comptroller, for FY 12 and FY 13, to apply \$75 million and \$50 million, respectively, of any such surplus to any net increase in the unreserved negative General Fund balance for FY 11 before allocating the balance as otherwise required.

EFFECTIVE DATE: Upon passage

§§ 55, 69, 71-76 & 78-81 — CHANGES IN PRIOR GO BOND AUTHORIZATIONS

§§ 55, 69, 73-74, 76 & 80 — *Authorizations Transferred from DCS to DAS*

The bill transfers, from DCS to DAS, responsibility for existing bond authorizations for school construction projects and the following capital projects related to state buildings and property:

1. various security improvements;
2. infrastructure repairs and improvements, improvements to state-

owned buildings and grounds, and preservation of unoccupied buildings and grounds;

3. capital construction, improvements, repairs, renovations, and land acquisition at fire training schools; and
4. removal or encapsulation of asbestos in state buildings;

EFFECTIVE DATE: Upon passage, except for the school construction provision, which is effective July 1, 2013.

§§ 71, 78-79 & 81 — Authorizations Transferred from DECD to DOH

The bill transfers, from DECD to DOH, responsibility for existing bond authorizations for (1) housing development and rehabilitation and (2) a grant to the Connecticut Housing Finance Authority for its Emergency Mortgage Assistance Program.

EFFECTIVE DATE: Upon passage

§ 72 — Authorization for Baseball Field Renovations in Wallingford

The bill modifies the purpose of a previous \$525,000 GO bond authorization for a grant to Wallingford by requiring that it be used for renovations at the town's public school athletic fields, rather than the baseball field at Sheehan High School.

§ 75 — Community College Manufacturing Technology Programs

The bill expands, from three to four community colleges, the schools at which BOR may use a previous \$17.8 million GO bond authorization to establish or expand manufacturing technology programs. Current law and the bill do not specify the colleges, but require those chosen to demonstrate a commitment to precision manufacturing and ability, through space and faculty, to establish or expand such programs.

§§ 70-71, 77-78 & 82-113 — CANCELLATIONS

The bill cancels the GO bond authorizations listed in Table 4.

Table 4: Cancellations in Prior Authorizations

§	Agency or Grantee	For	Prior Authorization	Amount Cancelled
71	DECD (transfers to DOH)	Housing development and rehabilitation	\$21,000,000	\$600,000
78	DECD (transfers to DOH)	Housing development and rehabilitation	25,000,000	494,817
83	DEEP	Grants and loans to municipalities for acquiring land for public parks, recreational and water quality improvements, water mains, and water pollution control facilities, including sewer projects	5,000,000	42,000
85	State Library	Grant to West Hartford to expand the West Hartford Main Library	500,000	500,000
86	DCF	Grant to private nonprofit mental health clinics for children for fire, safety, and environmental improvements	1,000,000	9,060
88	Connecticut Commission on Culture and Tourism (CCCT)	Renovations and restoration at state-owned historic museums	1,000,000	1,000,000
88	CCCT	Old New-Gate Prison improvements	50,000	50,000
90	SDE	Grant to Project Oceanology	500,000	500,000
91	State Library	Grant to Waterbury for improvements to Silas Bronson Library	1,000,000	1,000,000
92	DCF	Grants to private, nonprofit organizations, including the Boys and Girls Clubs of America, YMCAs, YWCAs, and community centers for construction and renovation of community youth centers for neighborhood recreation or education purposes.	4,702,000	19,193
94	CCCT	Prudence Crandall Museum, Carter House Visitor Center: alterations, improvements, renovations	500,000	500,000
95	Community College System	Northwestern: Infrastructure development and improvements to the nursing and allied health program	340,000	340,000
96	Connecticut State University System	All universities: land and property acquisitions	100,000	5,490
97	Connecticut State University System	Eastern: Facility alternations, renovations, and improvements	1,165,000	22,396
97	Connecticut State University System	Eastern: Develop new parking garage	18,296,000	971,000
99	Department of Public Safety (now DESPP)	Grant to Montville to convert the old town hall to a police station	800,000	800,000
100	CCCT	Grant to restore and preserve historic structures and landmarks	300,000	100,000
101	DPH	Grant to purchase digital mobile mammography unit	500,000	500,000
102	SDE	Grant to Waterford Country School to construct a gymnasium	1,000,000	100,000
103	State Library	Grant to public libraries not located in distressed municipalities for construction, renovation, expansion, energy conservation, and handicapped accessibility	3,500,000	7,902
104	State Library	Grant to North Branford for renovations and additions to Edward Smith Library in Northford	439,025	439,025
105	DCF	Grant to Pathway-Senderos Teen Pregnancy Prevention Center in New Britain to acquire new facility	825,000	500,000
105	DCF	Grant to Child Guidance Center of Southern Connecticut in Stamford for expansion	2,000,000	500,000
107	Department of	Fire, safety, and environmental improvements to	5,000,000	44,590

	Mental Retardation (now to DDS)	regional facilities for client and staff needs		
109	CCCT	Grant to restore and preserve historic structures and landmarks	300,000	300,000
111	Community College System	Quinebaug Valley: East wing code improvements	980,367	555,710
113	DOT	Grants for improvements to ports and marinas, including dredging and navigational direction	6,000,000	1,250

EFFECTIVE DATE: July 1, 2013, except for the cancellations that transfer responsibility for the authorizations from DECD to DOH, which are effective upon passage.

COMMENT

Authorizations Transferred from DCS to DAS

The bill transfers from DCS to DAS responsibility for existing bond authorizations for school construction and various state capital projects, but DCS retains authority regarding the construction of these projects.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 33 Nay 17 (04/16/2013)