



House of Representatives

General Assembly

File No. 439

February Session, 2014

Substitute House Bill No. 5163

House of Representatives, April 8, 2014

The Committee on Commerce reported through REP. PERONE of the 137th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT AUTHORIZING BONDS OF THE STATE FOR ECONOMIC DEVELOPMENT PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective July 1, 2014*) (a) For the purposes described in
2 subsection (b) of this section, the State Bond Commission shall have
3 the power from time to time to authorize the issuance of bonds of the
4 state in one or more series and in principal amounts not exceeding in
5 the aggregate four million dollars.

6 (b) The proceeds of the sale of said bonds, to the extent of the
7 amount stated in subsection (a) of this section, shall be used by the
8 Department of Economic and Community Development for the
9 purpose of providing a grant-in-aid to the Klein Memorial Auditorium
10 for the expansion of the box office and an addition to the facility to be
11 used for a free after-school program in media and the performing arts.

12 (c) All provisions of section 3-20 of the general statutes, or the
13 exercise of any right or power granted thereby, which are not

14 inconsistent with the provisions of this section are hereby adopted and
15 shall apply to all bonds authorized by the State Bond Commission
16 pursuant to this section, and temporary notes in anticipation of the
17 money to be derived from the sale of any such bonds so authorized
18 may be issued in accordance with said section 3-20 and from time to
19 time renewed. Such bonds shall mature at such time or times not
20 exceeding twenty years from their respective dates as may be provided
21 in or pursuant to the resolution or resolutions of the State Bond
22 Commission authorizing such bonds. None of said bonds shall be
23 authorized except upon a finding by the State Bond Commission that
24 there has been filed with it a request for such authorization which is
25 signed by or on behalf of the Secretary of the Office of Policy and
26 Management and states such terms and conditions as said commission,
27 in its discretion, may require. Said bonds issued pursuant to this
28 section shall be general obligations of the state and the full faith and
29 credit of the state of Connecticut are pledged for the payment of the
30 principal of and interest on said bonds as the same become due, and
31 accordingly and as part of the contract of the state with the holders of
32 said bonds, appropriation of all amounts necessary for punctual
33 payment of such principal and interest is hereby made, and the State
34 Treasurer shall pay such principal and interest as the same become
35 due.

36 Sec. 2. (*Effective July 1, 2014*) (a) For the purposes described in
37 subsection (b) of this section, the State Bond Commission shall have
38 the power from time to time to authorize the issuance of bonds of the
39 state in one or more series and in principal amounts not exceeding in
40 the aggregate one million five hundred thousand dollars.

41 (b) The proceeds of the sale of said bonds, to the extent of the
42 amount stated in subsection (a) of this section, shall be used by the
43 Department of Economic and Community Development for the
44 purpose of providing a grant-in-aid to the city of Waterbury, to be
45 used by the Waterbury Development Corporation to implement a
46 feasibility and environmental study and design of a prospective
47 mixed-use multicultural center with park grounds that will be utilized

48 by nonprofit organizations providing social services, youth programs,
49 educational training, professional development and recreational
50 programs.

51 (c) All provisions of section 3-20 of the general statutes, or the
52 exercise of any right or power granted thereby, which are not
53 inconsistent with the provisions of this section are hereby adopted and
54 shall apply to all bonds authorized by the State Bond Commission
55 pursuant to this section, and temporary notes in anticipation of the
56 money to be derived from the sale of any such bonds so authorized
57 may be issued in accordance with said section 3-20 and from time to
58 time renewed. Such bonds shall mature at such time or times not
59 exceeding twenty years from their respective dates as may be provided
60 in or pursuant to the resolution or resolutions of the State Bond
61 Commission authorizing such bonds. None of said bonds shall be
62 authorized except upon a finding by the State Bond Commission that
63 there has been filed with it a request for such authorization which is
64 signed by or on behalf of the Secretary of the Office of Policy and
65 Management and states such terms and conditions as said commission,
66 in its discretion, may require. Said bonds issued pursuant to this
67 section shall be general obligations of the state and the full faith and
68 credit of the state of Connecticut are pledged for the payment of the
69 principal of and interest on said bonds as the same become due, and
70 accordingly and as part of the contract of the state with the holders of
71 said bonds, appropriation of all amounts necessary for punctual
72 payment of such principal and interest is hereby made, and the State
73 Treasurer shall pay such principal and interest as the same become
74 due.

75 Sec. 3. (*Effective July 1, 2014*) (a) For the purposes described in
76 subsection (b) of this section, the State Bond Commission shall have
77 the power from time to time to authorize the issuance of bonds of the
78 state in one or more series and in principal amounts not exceeding in
79 the aggregate five hundred thousand dollars.

80 (b) The proceeds of the sale of said bonds, to the extent of the

81 amount stated in subsection (a) of this section, shall be used by the
82 Department of Economic and Community Development for the
83 purpose of providing a grant-in-aid to the Willow Plaza Community
84 Center in the city of Waterbury to complete the expansion of the
85 center.

86 (c) All provisions of section 3-20 of the general statutes, or the
87 exercise of any right or power granted thereby, which are not
88 inconsistent with the provisions of this section are hereby adopted and
89 shall apply to all bonds authorized by the State Bond Commission
90 pursuant to this section, and temporary notes in anticipation of the
91 money to be derived from the sale of any such bonds so authorized
92 may be issued in accordance with said section 3-20 and from time to
93 time renewed. Such bonds shall mature at such time or times not
94 exceeding twenty years from their respective dates as may be provided
95 in or pursuant to the resolution or resolutions of the State Bond
96 Commission authorizing such bonds. None of said bonds shall be
97 authorized except upon a finding by the State Bond Commission that
98 there has been filed with it a request for such authorization which is
99 signed by or on behalf of the Secretary of the Office of Policy and
100 Management and states such terms and conditions as said commission,
101 in its discretion, may require. Said bonds issued pursuant to this
102 section shall be general obligations of the state and the full faith and
103 credit of the state of Connecticut are pledged for the payment of the
104 principal of and interest on said bonds as the same become due, and
105 accordingly and as part of the contract of the state with the holders of
106 said bonds, appropriation of all amounts necessary for punctual
107 payment of such principal and interest is hereby made, and the State
108 Treasurer shall pay such principal and interest as the same become
109 due.

110 Sec. 4. (*Effective July 1, 2014*) (a) For the purposes described in
111 subsection (b) of this section, the State Bond Commission shall have
112 the power from time to time to authorize the issuance of bonds of the
113 state in one or more series and in principal amounts not exceeding in
114 the aggregate one million dollars.

115 (b) The proceeds of the sale of said bonds, to the extent of the
116 amount stated in subsection (a) of this section, shall be used by the
117 Department of Economic and Community Development for the
118 purpose of providing a grant-in-aid to the Railroad Museum of New
119 England in the town of Thomaston, for construction and renovation of
120 the facility.

121 (c) All provisions of section 3-20 of the general statutes, or the
122 exercise of any right or power granted thereby, which are not
123 inconsistent with the provisions of this section are hereby adopted and
124 shall apply to all bonds authorized by the State Bond Commission
125 pursuant to this section, and temporary notes in anticipation of the
126 money to be derived from the sale of any such bonds so authorized
127 may be issued in accordance with said section 3-20 and from time to
128 time renewed. Such bonds shall mature at such time or times not
129 exceeding twenty years from their respective dates as may be provided
130 in or pursuant to the resolution or resolutions of the State Bond
131 Commission authorizing such bonds. None of said bonds shall be
132 authorized except upon a finding by the State Bond Commission that
133 there has been filed with it a request for such authorization which is
134 signed by or on behalf of the Secretary of the Office of Policy and
135 Management and states such terms and conditions as said commission,
136 in its discretion, may require. Said bonds issued pursuant to this
137 section shall be general obligations of the state and the full faith and
138 credit of the state of Connecticut are pledged for the payment of the
139 principal of and interest on said bonds as the same become due, and
140 accordingly and as part of the contract of the state with the holders of
141 said bonds, appropriation of all amounts necessary for punctual
142 payment of such principal and interest is hereby made, and the State
143 Treasurer shall pay such principal and interest as the same become
144 due.

145 Sec. 5. (*Effective July 1, 2014*) (a) For the purposes described in
146 subsection (b) of this section, the State Bond Commission shall have
147 the power from time to time to authorize the issuance of bonds of the
148 state in one or more series and in principal amounts not exceeding in

149 the aggregate five hundred thousand dollars.

150 (b) The proceeds of the sale of said bonds, to the extent of the
151 amount stated in subsection (a) of this section, shall be used by the
152 Department of Economic and Community Development for the
153 purpose of providing a grant-in-aid to the Eastern Connecticut
154 Performing Arts Association to renovate and remodel an existing
155 theater to create a new performing arts center.

156 (c) All provisions of section 3-20 of the general statutes, or the
157 exercise of any right or power granted thereby, which are not
158 inconsistent with the provisions of this section are hereby adopted and
159 shall apply to all bonds authorized by the State Bond Commission
160 pursuant to this section, and temporary notes in anticipation of the
161 money to be derived from the sale of any such bonds so authorized
162 may be issued in accordance with said section 3-20 and from time to
163 time renewed. Such bonds shall mature at such time or times not
164 exceeding twenty years from their respective dates as may be provided
165 in or pursuant to the resolution or resolutions of the State Bond
166 Commission authorizing such bonds. None of said bonds shall be
167 authorized except upon a finding by the State Bond Commission that
168 there has been filed with it a request for such authorization which is
169 signed by or on behalf of the Secretary of the Office of Policy and
170 Management and states such terms and conditions as said commission,
171 in its discretion, may require. Said bonds issued pursuant to this
172 section shall be general obligations of the state and the full faith and
173 credit of the state of Connecticut are pledged for the payment of the
174 principal of and interest on said bonds as the same become due, and
175 accordingly and as part of the contract of the state with the holders of
176 said bonds, appropriation of all amounts necessary for punctual
177 payment of such principal and interest is hereby made, and the State
178 Treasurer shall pay such principal and interest as the same become
179 due.

180 Sec. 6. Section 13b-236 of the general statutes is repealed and the
181 following is substituted in lieu thereof (*Effective July 1, 2014*):

182 (a) For the purposes described in subsection (b) of this section, the
183 State Bond Commission shall have the power, from time to time, to
184 authorize the issuance of bonds of the state in one or more series and
185 in principal amounts not exceeding in the aggregate [seven million five
186 hundred thousand] ten million dollars.

187 (b) The proceeds of the sale of said bonds, to the extent of the
188 amount stated in subsection (a) of this section, shall be used by the
189 Department of Transportation for a program of competitive grants for
190 commercial rail freight lines operating in the state for improvements
191 and repairs to, and the modernization of, existing rail, rail beds and
192 related facilities. Such program shall include the following: (1) (A)
193 Grants of one hundred per cent of the amount necessary to improve,
194 repair or modernize state-owned rights of way, and (B) grants of
195 seventy per cent of the amount necessary to improve, repair or
196 modernize privately owned rail lines, provided the commissioner may
197 waive the requirement for a thirty per cent matching grant if such
198 improvement, repair or modernization demonstrably increases rail
199 freight traffic; and (2) preference for grants shall be given to (A)
200 proposals that are on the Department of Transportation's list of freight
201 rail projects eligible to receive funds pursuant to P.L. 111-5, the
202 American Recovery and Reinvestment Act, (B) freight rail projects that
203 improve at-grade rail crossings to eliminate hazards or increase safety,
204 [and] (C) freight rail projects that provide connection to major freight
205 generators, (D) projects that further the goals and objectives of the
206 Department of Transportation's Connecticut State Rail Plan, and (E)
207 freight rail projects that improve freight rail infrastructure by
208 increasing the capacity for rail freight traffic.

209 (c) All provisions of section 3-20, or the exercise of any right or
210 power granted thereby, which are not inconsistent with the provisions
211 of this section are hereby adopted and shall apply to all bonds
212 authorized by the State Bond Commission pursuant to this section, and
213 temporary notes in anticipation of the money to be derived from the
214 sale of any such bonds so authorized may be issued in accordance with
215 said section 3-20 and from time to time renewed. Such bonds shall

216 mature at such time or times not exceeding twenty years from their
 217 respective dates as may be provided in or pursuant to the resolution or
 218 resolutions of the State Bond Commission authorizing such bonds.
 219 None of said bonds shall be authorized except upon a finding by the
 220 State Bond Commission that there has been filed with it a request for
 221 such authorization which is signed by or on behalf of the Secretary of
 222 the Office of Policy and Management and states such terms and
 223 conditions as said commission, in its discretion, may require. Said
 224 bonds issued pursuant to this section shall be general obligations of the
 225 state and the full faith and credit of the state of Connecticut are
 226 pledged for the payment of the principal of and interest on said bonds
 227 as the same become due, and accordingly and as part of the contract of
 228 the state with the holders of said bonds, appropriation of all amounts
 229 necessary for punctual payment of such principal and interest is
 230 hereby made, and the State Treasurer shall pay such principal and
 231 interest as the same become due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014</i>	New section
Sec. 2	<i>July 1, 2014</i>	New section
Sec. 3	<i>July 1, 2014</i>	New section
Sec. 4	<i>July 1, 2014</i>	New section
Sec. 5	<i>July 1, 2014</i>	New section
Sec. 6	<i>July 1, 2014</i>	13b-236

CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Treasurer, Debt Serv.	GF - Cost	None	1,000,000

Municipal Impact: None

Explanation

The bill authorizes a total of \$10.0 million in General Obligation (GO) bonds for six grants-in-aid. The table below summarizes the state agency receiving the authorization, the recipient, the amount and the debt service cost for each grant-in-aid. Assuming that \$10 million is allocated through the State Bond Commission during FY 15 and the Office of the State Treasurer issues the bonds before the end of FY 15, the debt service cost in FY 16 will be \$1.0 million.

**New GO Bond Authorizations and Estimated Debt Service Cost
\$ millions**

Bill Sec.	Agency	Recipient	Authorization Amount	Total Debt Service Cost*	Interest	Principal
1	DECD	Klein Memorial Auditorium (Bridgeport)	4.0	6.1	2.1	4.0
2	DECD	Waterbury Development Corporation	1.5	2.3	0.8	1.5
3	DECD	Willow Plaza Community Center (Waterbury)	0.5	0.8	0.3	0.5

Bill Sec.	Agency	Recipient	Authorization Amount	Total Debt Service Cost*	Interest	Principal
4	DECD	Railroad Museum of New England (Thomaston)	1.0	1.5	0.5	1.0
5	DECD	Eastern Connecticut Performing Arts Association (Willimantic)	0.5	0.8	0.3	0.5
6	DOT	Commercial rail freight lines	2.5	3.8	1.3	2.5
TOTAL			10.0	15.3	5.3	10.0

*Figures assume that bonds are issued at 5.0% over 20 year term

The Out Years

The General Fund debt service impact identified above would continue over the 20 year term of issuance for the bonds.

OLR Bill Analysis**sHB 5163****AN ACT AUTHORIZING BONDS OF THE STATE FOR ECONOMIC DEVELOPMENT PROJECTS.****SUMMARY:**

This bill authorizes up to \$7.5 million in state general obligation (GO) bonds for Department of Economic and Community Development (DECD) grants. It also:

1. increases, by \$2.5 million, the GO bond authorization for the Department of Transportation's (DOT) commercial rail freight line competitive grant program and
2. expands the range of eligible projects receiving preference for the grants.

EFFECTIVE DATE: July 1, 2014

NEW BONDS FOR DECD GRANTS

The bill authorizes up to \$7.5 million in GO bonds for the following DECD-administered grants:

1. \$4 million to Klein Memorial Auditorium to expand its box office and add an after-school facility;
2. \$1.5 million to the city of Waterbury for the Waterbury Development Corporation to (a) implement a feasibility and environmental study and (b) design a mixed-use multicultural center with park grounds that will be used by nonprofit organizations for various programs;
3. \$500,000 to the Willow Plaza Community Center in Waterbury to complete its expansion;

4. \$1 million to the Railroad Museum of New England in Thomaston to construct and renovate its facility; and
5. \$500,000 to the Eastern Connecticut Performing Arts Association to (a) renovate and remodel its theater and (b) create a new performing arts center.

COMMERCIAL RAIL FREIGHT LINE COMPETITIVE GRANTS

The bill increases, from \$7.5 million to \$10 million, the existing bond authorization for DOT's commercial rail freight line competitive grant program (see BACKGROUND). It also expands the range of eligible projects for which the DOT commissioner must give preference to include those (a) furthering DOT's Connecticut State Rail Plan goals and objectives and (b) increasing the capacity of the state's freight rail infrastructure.

BACKGROUND

Commercial Rail Freight Line Competitive Grant Program

This DOT program awards competitive grants for improvements and repairs to, and modernization of, existing rail, rail beds, and related facilities. Specifically, it requires grants of:

1. 100% of costs to improve, repair, or modernize state-owned rights of way; and
2. 70% of costs to improve, repair, or modernize privately owned rail lines.

The DOT commissioner may waive the 30% matching grant requirement for upgrading privately owned rail lines if the work is shown to increase rail freight traffic.

The program gives preference to grants for:

1. proposals on DOT's list of freight rail projects eligible for federal funds under the 2009 American Recovery and Reinvestment Act, and

2. projects that (a) improve at-grade rail crossings to eliminate hazards or increase safety or (b) connect major freight generators.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/25/2014)