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Joe Courtney
Congress of the United States
2nd District, Connecticut

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Catherine Osten, Senate Chair
Planning & Development Committee
Connecticut State Capitol
Legislative Office Building
300 Capitol Avenue
Hartford, Connecticut 06106

Phillip Miller, House Chair
Planning & Development Committee
Connecticut State Capitol
Legislative Office Building
300 Capitol Avenue
Hartford, Connecticut 06106

Dear Chairwoman Osten and Chairman Miller,

I am writing to share my strong support for SB 458, an act concerning the maturity date for municipal bonds issued in conjunction with certain loans from the United States Department of Agriculture (USDA).

USDA Rural Development funds are critical to towns across Connecticut, with a mission to enhance quality of life in rural areas by improving economic opportunities and community facilities and infrastructure. During my time in Congress representing a district that relies heavily on these programs, I have worked closely with many communities in eastern Connecticut to advocate and secure support for critical projects. These funds support essential public facilities and services such as water and sewer systems, housing, health clinics, emergency service facilities, and electric and telephone service. In 2014, Rural Development loans and grants supported \$183 million in investment in Connecticut.

Over the past eight years, rural development eligibility in Connecticut and New England has come under fire, most recently during the 2014 Farm Bill negotiations. As the only member of the Connecticut delegation on the Agriculture Committee during the Farm Bill process, I was able to protect rural development eligibility in the state by preserving population definitions of “rural”—an important provision that will benefit large portions of New England through the 2020 Census. Nationally, USDA Rural Development loans have a funding term of up to 40 years (or the useful life of the facilities financed) without a penalty for early payback. However, Connecticut state law caps the maturity of most municipal construction bonds at 30 years, which ultimately limits the funding that municipalities can receive through Rural Development loans. Decades ago, both Massachusetts and Rhode Island changed the bonding limits for Rural Development loans to 40 years. As part of the same regional Rural Development office as our neighbors, a 40-year bonding limit would allow the state of Connecticut to compete on an even playing field for these much-needed USDA dollars.

By barring municipalities from 40-year funding terms, towns have needed to use unique funding channels to receive USDA Rural Development loans—a process that can add years to

construction project planning. For example, when the East Putnam Fire District needed to replace an outdated station built in 1955, a shorter-term loan was not a viable option, even after saving for a new facility since 2001. The Fire District needed 40-year bonding, so the USDA regional office came up with a creative solution—the town had to create a separate non-profit corporation, East Putnam Fire District Incorporated—to secure the \$3.3 million loan from USDA to fund the majority of the construction of the new station. While this ultimately resulted in a positive outcome, I believe that Connecticut's municipalities should not have to resort to these kinds of complicated and burdensome tactics to build much-needed projects in their towns.

The proposed bill, SB 458, would open up even more USDA Rural Development resources to the state. These loans are specifically designated to help small municipalities complete crucial projects through affordable, low-interest loans. Federally, I have been a continuous advocate for maintaining rural development eligibility in Connecticut, and it is my hope that these efforts will be complimented by this state initiative that permits towns to access the full scope of funding available to them. I applaud your leadership in this important effort, and strongly support the swift passage of this legislation to help our rural communities.

Sincerely,


JOE COURTNEY
Member of Congress