



Senate

General Assembly

File No. 654

January Session, 2015

Senate Bill No. 458

Senate, April 15, 2015

The Committee on Planning and Development reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE MATURITY DATE FOR MUNICIPAL BONDS ISSUED IN CONJUNCTION WITH CERTAIN LOANS FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE.

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

1 Section 1. Subsection (a) of section 7-380c of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (a) Notwithstanding the provisions of sections 7-234, 7-236, 7-263
5 and 7-371 or any other public or special act or charter or ordinance or
6 resolution which limits or imposes conditions on the final maturity of,
7 or the due date of the last sinking fund payment for, bonds issued by
8 any municipality, as defined in section 7-369, [for the purpose of
9 acquisition or construction of all or any part of a sewerage system, as
10 those terms are defined in section 7-245, or for the acquisition,
11 construction, extension, enlargement or maintenance of a municipal
12 water supply system or the extension of water mains,] the last
13 installment of any series of [such] bonds issued by a municipality shall

14 mature, or the last sinking fund payment for such series of bonds shall
 15 be due, not later than forty years from the date of issue of such series,
 16 provided that such bonds are issued in conjunction with a water, [or]
 17 waste or community facility loan from the United States Department of
 18 Agriculture [pursuant to Subtitle A of the Consolidated Farm and
 19 Rural Development Act, Title III of P.L. 87-128 (7 USC 1992 et seq.) or
 20 Section 2322 of the Food, Agriculture, Conservation, and Trade Act of
 21 1990, Title XXIII of P.L. 101-624 (7 USC 1926-1) as from time to time
 22 amended, and any regulations promulgated thereunder] authorized
 23 pursuant to 7 USC 1926, as amended from time to time, or any
 24 successor loan program or programs thereto as confirmed by the
 25 Office of General Counsel of the United States Department of
 26 Agriculture, or pursuant to any regulations promulgated thereunder.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	7-380c(a)

PD *Joint Favorable*

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: None

Municipal Impact: See Below

Explanation

The bill extends the maximum term, from 20 years to 40 years, of certain municipal bonds associated with loans from the U.S. Department of Agriculture (USDA).

To the extent that this allows municipalities to obtain more loans from USDA, there is a revenue increase.

Additionally, there is a short term savings associated with longer terms, as it could reduce municipal annual debt service costs. This savings, however, could potentially be offset by an increase in the overall cost of the bond issuance.

These loans are only available to municipalities with populations of less than 20,000. As such, there is no fiscal impact to any municipality with a population over 20,000.

The Out Years

See Above

OLR Bill Analysis**SB 458*****AN ACT CONCERNING THE MATURITY DATE FOR MUNICIPAL BONDS ISSUED IN CONJUNCTION WITH CERTAIN LOANS FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE.*****SUMMARY:**

This bill extends, from 20 years to 40 years, the maximum term of municipal bonds issued in connection with a community facility loan from the U.S. Department of Agriculture (USDA). Existing law allows municipalities to issue 40-year bonds for municipal waterworks or sewer system bonds issued in connection with USDA loans.

The law limits municipal bond terms to 20 years unless the general statutes or a special act expressly allows another term (e.g., 30 years for municipal pension deficit funding bonds and school construction projects).

EFFECTIVE DATE: Upon passage

BACKGROUND***USDA Community Facilities Direct Loans & Grant Program***

The USDA's Community Facilities Direct Loan & Grant program provides low-interest loans, grants, or both to develop essential community facilities in rural areas and towns (i.e., those with populations of 20,000 or less). Recipients can use the funds to construct, expand, or improve essential community facilities (e.g., medical or dental clinics, town halls, fire departments, libraries, and food pantries), purchase equipment, and pay related project expenses.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 21 Nay 0 (03/27/2015)