



STATE OF CONNECTICUT  
HOUSE OF REPRESENTATIVES  
HARTFORD, CONNECTICUT 06106-1591

THEMIS KLARIDES  
HOUSE REPUBLICAN LEADER

**Testimony Regarding Governor's Bill Number 11**  
**Finance, Revenue and Bonding Committee**  
**February 26, 2016**

Chairmen Fonfara and Berger Ranking Members Frantz and Davis, and Members of the Finance, Revenue, and Bonding Committee, the House Republican Caucus would like to comment on SB 11 - AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES.

We appreciate the steps Governor Malloy is taking in this bill to reduce the amount of bond authorizations. At the time when the Governor developed this plan, we were headed to a point where the state would be eclipsing the statutory bond cap, at which point the Governor has the obligation to propose such reductions.

The concern of our caucus is less with what's in this bill and more about the effectiveness of the bond cap as it currently is written. Basically, the current cap says that state debt cannot exceed 1.6 times the amount of net General Fund tax revenue. "Debt" includes bond authorizations as well as outstanding obligations. Bond authorizations have nothing to do with taxpayers actually incurring costs related to debt.

We believe that an effective bond cap should be tied to the point in the bond process when taxpayers will incur costs. Therefore, we submitted a proposal (HB 5157) to cap the dollar amount of bond allocations and the amount of bond issuance authorized by the State Bond Commission. Again, our primary concern in crafting an effective bond cap should be the taxpayers of Connecticut and their ability to afford the related debt service.

The current bond cap will not warn us about borrowing too much money until we have reached a crisis, as we find ourselves in now. The changes that we have proposed will give advanced warning so that we can better protect taxpayers.

On another note, the recent revenue erosion will put the state even further over the current bond cap. We will need to do some serious work to reduce bond authorizations by significantly more than what the Governor has proposed in this bill.

Thank you for the opportunity to testify. I look forward to working with you to help solve our immediate problems and to create a more effective bond cap.