



General Assembly

February Session, 2018

Raised Bill No. 5590

LCO No. 3021



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING BOND COVENANTS AND THE BOND ISSUANCE CAP.

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

1 Section 1. Subsection (aa) of section 3-20 of the 2018 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective May 15, 2018*):

4 (aa) (1) For each fiscal year during which general obligation bonds
5 or credit revenue bonds issued on and after May 15, 2018, and prior to
6 July 1, 2020, shall be outstanding, the state of Connecticut shall comply
7 with the provisions of (A) section 4-30a of the general statutes, revision
8 of 1958, revised to January 1, 2017, as amended by section 704 of public
9 act 17-2 of the June special session, and (B) section 2-33c in effect on
10 October 31, 2017; (C) section 2-33a of the general statutes, revision of
11 1958, revised to January 1, 2017, as amended by section 709 of public
12 act 17-2 of the June special session, (D) subsections (d) and (g) of this
13 section, revision of 1958, revised to January 1, 2017, as amended by
14 sections 710 and 711 of public act 17-2 of the June special session, and

15 (E) section 3-21 of the general statutes, revision of 1958, revised to
16 January 1, 2017, as amended by section 712 of public act 17-2 of the
17 June special session.] The state of Connecticut does hereby pledge to
18 and agree with the holders of any bonds, notes and other obligations
19 issued pursuant to subdivision (2) of this subsection that no public or
20 special act of the General Assembly taking effect on or after May 15,
21 2018, and prior to July 1, 2028, shall alter the obligation to comply with
22 the provisions of the sections [and subsections] set forth in
23 subparagraphs (A) [to (E), inclusive,] and (B) of this subdivision, until
24 such bonds, notes or other obligations, together with the interest
25 thereon, are fully met and discharged, provided nothing in this
26 subsection shall preclude such alteration (i) if and when adequate
27 provision shall be made by law for the protection of the holders of
28 such bonds, or (ii) (I) if and when the Governor declares an emergency
29 or the existence of extraordinary circumstances, in which the
30 provisions of section 4-85 are invoked, (II) at least three-fifths of the
31 members of each chamber of the General Assembly vote to alter such
32 required compliance during the fiscal year for which the emergency or
33 existence of extraordinary circumstances are determined, and (III) any
34 such alteration is for the fiscal year in progress only.

35 (2) The Treasurer shall include this pledge and undertaking in
36 general obligation bonds and credit revenue bonds issued on or after
37 May 15, 2018, and prior to July 1, 2020, provided such pledge and
38 undertaking (A) shall be applicable for a period of ten years from the
39 date of first issuance of such bonds, and (B) shall not apply to
40 refunding bonds issued for bonds issued under this subdivision.

41 Sec. 2. Section 3-20 of the 2018 supplement to the general statutes is
42 amended by adding subsection (bb) as follows (*Effective July 1, 2019*):

43 (NEW) (bb) (1) For each fiscal year during which general obligation
44 bonds or credit revenue bonds issued on and after July 1, 2019, and
45 prior to July 1, 2021, shall be outstanding, the state of Connecticut shall
46 comply with the provisions of (A) section 2-33a of the general statutes,

47 revision of 1958, revised to January 1, 2017, as amended by section 709
48 of public act 17-2 of the June special session, (B) subsections (d) and (g)
49 of this section, revision of 1958, revised to January 1, 2017, as amended
50 by sections 710 and 711 of public act 17-2 of the June special session,
51 and (C) section 3-21 of the general statutes, revision of 1958, revised to
52 January 1, 2017, as amended by section 712 of public act 17-2 of the
53 June special session and section 3 of this act. The state of Connecticut
54 does hereby pledge to and agree with the holders of any bonds, notes
55 and other obligations issued pursuant to subdivision (2) of this
56 subsection that no public or special act of the General Assembly taking
57 effect on or after July 1, 2019, and prior to July 1, 2029, shall alter the
58 obligation to comply with the provisions of the sections and
59 subsections set forth in subparagraphs (A) to (C), inclusive, of this
60 subdivision, until such bonds, notes or other obligations, together with
61 the interest thereon, are fully met and discharged, provided nothing in
62 this subsection shall preclude such alteration (i) if and when adequate
63 provision shall be made by law for the protection of the holders of
64 such bonds, or (ii) (I) if and when the Governor declares an emergency
65 or the existence of extraordinary circumstances, in which the
66 provisions of section 4-85 are invoked, (II) at least three-fifths of the
67 members of each chamber of the General Assembly vote to alter such
68 required compliance during the fiscal year for which the emergency or
69 existence of extraordinary circumstances are determined, and (III) any
70 such alteration is for the fiscal year in progress only.

71 (2) The Treasurer shall include this pledge and undertaking in
72 general obligation bonds and credit revenue bonds issued on or after
73 July 1, 2019, and prior to July 1, 2021, provided such pledge and
74 undertaking (A) shall be applicable for a period of ten years from the
75 date of first issuance of such bonds, and (B) shall not apply to
76 refunding bonds issued for bonds issued under this subdivision.

77 Sec. 3. Subsection (f) of section 3-21 of the 2018 supplement to the
78 general statutes is repealed and the following is substituted in lieu
79 thereof (*Effective from passage*):

80 (f) (1) (A) On and after July 1, 2018, the Treasurer may not issue
81 general obligation bonds or notes pursuant to section 3-20 or credit
82 revenue bonds pursuant to section 3-20j that exceed in the aggregate
83 one billion nine hundred million dollars in any fiscal year.
84 Commencing July 1, 2019, and each fiscal year thereafter, the aggregate
85 limit shall be adjusted in accordance with any change in the consumer
86 price index for all urban consumers for the preceding calendar year,
87 less food and energy, as published by the United States Department of
88 Labor, Bureau of Labor Statistics.

89 (B) Any calculation made pursuant to subparagraph (A) of this
90 subdivision shall not include (i) any general obligation bonds issued as
91 part of CSCU 2020, as defined in subdivision (3) of section 10a-91c, or
92 UConn 2000, as defined in subdivision (25) of section 10a-109c, (ii) any
93 bonds, notes or other evidences of indebtedness for borrowed money
94 which are issued for the purpose of refunding other bonds, notes or
95 other evidences of indebtedness, or (iii) obligations in anticipation of
96 revenues to be received by the state during the twelve calendar months
97 next following their issuance.

98 (2) (A) Not later than January 1, 2018, and January first annually
99 thereafter, the Treasurer shall provide the Governor with a list of
100 allocated but unissued bonds. The Governor shall post such list on the
101 Internet web site of the office of the Governor.

102 (B) Notwithstanding section 4-85, the Governor shall not approve
103 allotment requisitions pursuant to said section that would result in the
104 issuance of general obligation bonds or notes pursuant to section 3-20
105 or credit revenue bonds pursuant to section 3-20j that exceed in the
106 aggregate one billion nine hundred million dollars in any fiscal year.
107 Commencing July 1, 2019, and each fiscal year thereafter, the aggregate
108 limit shall be adjusted in accordance with any change in the consumer
109 price index for all urban consumers for the preceding calendar year,
110 less food and energy, as published by the United States Department of
111 Labor, Bureau of Labor Statistics. Not later than April 1, 2018, and

112 April first annually thereafter, the Governor shall provide the
113 Treasurer with a list of general obligation bond and credit revenue
114 bond expenditures that can be made July first commencing the next
115 fiscal year totaling not more than one billion nine hundred million
116 dollars. Commencing July 1, 2019, and each fiscal year thereafter, the
117 aggregate limit shall be adjusted in accordance with any change in the
118 consumer price index for all urban consumers for the preceding
119 calendar year, less food and energy, as published by the United States
120 Department of Labor, Bureau of Labor Statistics. The Governor shall
121 post such list on the Internet web site of the office of the Governor.

122 (C) Any calculation made pursuant to subparagraph (B) of this
123 subdivision shall not include (i) any general obligation bonds issued as
124 part of CSCU 2020, as defined in subdivision (3) of section 10a-91c, or
125 UConn 2000, as defined in subdivision (25) of section 10a-109c, (ii) any
126 bonds, notes or other evidences of indebtedness for borrowed money
127 which are issued for the purpose of refunding other bonds, notes or
128 other evidences of indebtedness, or (iii) obligations in anticipation of
129 revenues to be received by the state during the twelve calendar months
130 next following their issuance.

This act shall take effect as follows and shall amend the following sections:		
Section 1	May 15, 2018	3-20(aa)
Sec. 2	July 1, 2019	3-20
Sec. 3	from passage	3-21(f)

Statement of Purpose:

To delay the inclusion of certain bond covenants for bonds issued during certain time periods and exclude refunding bonds and temporary borrowings from the calculation of the bond issuance cap.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]