AN ACT CONCERNING BOND COVENANTS AND THE BOND
ISSUANCE CAP AND REQUIRING A STUDY OF BOND COVENANTS.

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

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the general statutes is repealed and the following is substituted in lieu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

(aa) (1) For each fiscal year during which general obligation bonds
or credit revenue bonds issued on and after May 15, 2018, and prior to
July 1, 2020, shall be outstanding, the state of Connecticut shall comply
with the provisions of (A) section 4-30a of the general statutes, revision
of 1958, revised to January 1, 2017, as amended by section 704 of public
act 17-2 of the June special session, and (B) section 2-33c in effect on
October 31, 2017. (C) section 2-33a of the general statutes, revision of
1958, revised to January 1, 2017, as amended by section 709 of public
act 17-2 of the June special session, (D) subsections (d) and (g) of this
section, revision of 1958, revised to January 1, 2017, as amended by
sections 710 and 711 of public act 17-2 of the June special session, and
(E) section 3-21 of the general statutes, revision of 1958, revised to
January 1, 2017, as amended by section 712 of public act 17-2 of the
June special session.] The state of Connecticut does hereby pledge to
and agree with the holders of any bonds, notes and other obligations
issued pursuant to subdivision (2) of this subsection that no public or
special act of the General Assembly taking effect on or after May 15, 2018, and prior to July 1, 2028, shall alter the obligation to comply with the provisions of the sections [and subsections] set forth in subparagraphs (A) [to (E), inclusive,] and (B) of this subdivision, until such bonds, notes or other obligations, together with the interest thereon, are fully met and discharged, provided nothing in this subsection shall preclude such alteration (i) if and when adequate provision shall be made by law for the protection of the holders of such bonds, or (ii) (I) if and when the Governor declares an emergency or the existence of extraordinary circumstances, in which the provisions of section 4-85 are invoked, (II) at least three-fifths of the members of each chamber of the General Assembly vote to alter such required compliance during the fiscal year for which the emergency or existence of extraordinary circumstances are determined, and (III) any such alteration is for the fiscal year in progress only.

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

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

(NEW) (bb) (1) For each fiscal year during which general obligation bonds or credit revenue bonds issued on and after July 1, 2019, and prior to July 1, 2021, shall be outstanding, the state of Connecticut shall comply with the provisions of (A) section 2-33a of the general statutes, revision of 1958, revised to January 1, 2017, as amended by section 709 of public act 17-2 of the June special session, (B) subsections (d) and (g) of this section, revision of 1958, revised to January 1, 2017, as amended by sections 710 and 711 of public act 17-2 of the June special session, and (C) section 3-21 of the general statutes, revision of 1958, revised to January 1, 2017, as amended by section 712 of public act 17-2 of the
June special session and section 3 of this act. The state of Connecticut does hereby pledge to and agree with the holders of any bonds, notes and other obligations issued pursuant to subdivision (2) of this subsection that no public or special act of the General Assembly taking effect on or after July 1, 2019, and prior to July 1, 2029, shall alter the obligation to comply with the provisions of the sections and subsections set forth in subparagraphs (A) to (C), inclusive, of this subdivision, until such bonds, notes or other obligations, together with the interest thereon, are fully met and discharged, provided nothing in this subsection shall preclude such alteration (i) if and when adequate provision shall be made by law for the protection of the holders of such bonds, or (ii) (I) if and when the Governor declares an emergency or the existence of extraordinary circumstances, in which the provisions of section 4-85 are invoked, (II) at least three-fifths of the members of each chamber of the General Assembly vote to alter such required compliance during the fiscal year for which the emergency or existence of extraordinary circumstances are determined, and (III) any such alteration is for the fiscal year in progress only.

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

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

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

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

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

(B) Notwithstanding section 4-85, the Governor shall not approve allotment requisitions pursuant to said section that would result in the issuance of general obligation bonds or notes pursuant to section 3-20 or credit revenue bonds pursuant to section 3-20j that exceed in the aggregate one billion nine hundred million dollars in any fiscal year. Commencing July 1, 2019, and each fiscal year thereafter, the aggregate limit shall be adjusted in accordance with any change in the consumer price index for all urban consumers for the preceding calendar year, less food and energy, as published by the United States Department of Labor, Bureau of Labor Statistics. Not later than April 1, 2018, and April first annually thereafter, the Governor shall provide the Treasurer with a list of general obligation bond and credit revenue bond expenditures that can be made July first commencing the next fiscal year totaling not more than one billion nine hundred million dollars. Commencing July 1, 2019, and each fiscal year thereafter, the aggregate limit shall be adjusted in accordance with any change in the consumer price index for all urban consumers for the preceding
calendar year, less food and energy, as published by the United States Department of Labor, Bureau of Labor Statistics. The Governor shall post such list on the Internet web site of the office of the Governor.

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

Sec. 4. (Effective from passage) The Secretary of the Office of Policy and Management, the Attorney General, the Comptroller and the Treasurer, or their designees, shall study the use of bond covenants, including the bond covenant set forth in section 2 of this act, as a mechanism to dictate state spending and bonding. Such study shall include, but not be limited to, the legality of such covenants, the possible long-term financial and economic effects of such covenants, the possible impact of such covenants on the operations of state government, including the state's ability to fund social service programs, public education and workforce development programs, and recommendations for alternative methods the General Assembly may use to implement prudent long-term fiscal decision-making. Not later than January 1, 2019, the secretary, Attorney General, Comptroller and Treasurer shall jointly submit a report, in accordance with the provisions of section 11-4a of the general statutes, of the findings of such study to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding.

This act shall take effect as follows and shall amend the following sections:
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<td>May 15, 2018</td>
<td>3-20(aa)</td>
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<td>2</td>
<td>July 1, 2019</td>
<td>3-20</td>
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<tr>
<td>3</td>
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<td>4</td>
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**FIN**  
Joint Favorable Subst.