

OFFICE OF FISCAL ANALYSIS

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sHB-5590

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

AMENDMENT

LCO No.: 5986

File Copy No.: 643

House Calendar No.: 423

OFA Fiscal Note

See Fiscal Note Details

The amendment strikes the underlying bill and its associated fiscal impact.

The amendment makes changes to bond authorizations and bond related programs. Table 1 below summarizes the increases and reductions made to General Obligation (GO) bonds in FY 19:

**Table 1: FY 19 Increases and Reductions to GO Bond Authorizations
(in millions)**

Description	FY 19 \$
General Obligation (GO) Bonds	
New Authorizations	182.0
Reductions to Existing Authorizations	-406.3
TOTAL GO BONDS	-224.3

To the extent that the reduced bond authorizations otherwise would have been allocated and spent, the amendment has the potential to slightly lower debt service costs after the biennium.

The amendment makes a number of changes and corrections to

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5/9/18
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previous bond authorizations, including restoring authorizations to bond programs when necessary to reach allocated levels, and making concurrent cancellations where applicable.

Transportation Bonds

Section 41 requires specified amounts of GO bond funding be allocated for transportation projects for CY 18 and CY 19. If the increased allocations result in additional issuances beyond what was otherwise allowed under the bond issuance caps, there is a potential for increased debt service payments after the biennium.

Bond Caps

Section 16 exempts bond refundings and bond anticipation notes from the General Obligation (GO) bond issuance cap. To the extent refundings would not otherwise have been issued without the exemption, and those same issuances lead to debt service savings, there is the possibility for future debt service savings.

Section 44 caps the issuance of Special Tax Obligation bonds that are backed by the Special Transportation Fund (STF) at \$750 million for FY 19 and FY 20. This is expected to result in reduced debt service costs within the STF beginning in FY 19.

Other Changes

The amendment establishes or makes changes to several programs within existing bond authorizations. This may change the rate of expenditure of the authorized GO bonds, with a commensurate change in future debt service payments. Established or expanded programs include:

- Expanding the purpose and programs of CTNext, a subsidiary of Connecticut Innovations, Incorporated,
- Establishing a grant for “multimedia interoperable communication systems” for school security projects, and
- Establishing the Apprenticeship Connecticut initiative.

Within the amendment, there is an expansion of certain tax credit programs within Connecticut Innovations, Inc., which has an uncertain

revenue impact because: 1) it is uncertain how many, if any, additional businesses would choose to participate in the program, and 2) it is unclear how tax credits held by any such business would be impacted by such participation.

Municipal Impact

To the extent that newly authorized bonds, or newly obligated authorizations, are allocated, the amendment will result in an additional revenue gain to various municipalities.

The Out Years

To the extent that bonds are allocated and issued, debt service payments may extend up to 20 years from the time, and under of the terms, of issuance.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.