



General Assembly

Amendment

February Session, 2018

LCO No. 3993



Offered by:
SEN. FASANO, 34th Dist.

To: Subst. Senate Bill No. 442

File No. 398

Cal. No. 229

"AN ACT CONCERNING MARKETING OF THE STATE BY FIRST FIVE PLUS BUSINESSES AND OTHER RECIPIENTS OF SUBSTANTIAL FINANCIAL ASSISTANCE."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 7-576j of the 2018 supplement to the general
4 statutes is repealed and the following is substituted in lieu thereof
5 (*Effective from passage*):

6 (a) The Secretary of the Office of Policy and Management and the
7 State Treasurer may enter the state into a contract with any designated
8 tier III or tier IV municipality, upon such municipality's request, and
9 after approval of the contract by the joint standing committees of the
10 General Assembly having cognizance of matters relating to
11 appropriations and finance, for the provision of contract assistance to
12 such municipality in accordance with the provisions of this section.
13 The contract shall not be signed or executed until such time that said
14 committees have approved the contract. Any such contract assistance

15 shall be limited to an amount equal to (1) the annual debt service on
16 the outstanding amount of (A) refunding bonds to be issued by such
17 municipality pursuant to section 7-370c, or (B) any other bonds or
18 notes issued by such municipality, provided such refunding bonds or
19 other bonds or notes are for payment, funding, refunding, redemption,
20 replacement or substitution of bonds, notes or other obligations
21 previously issued by such municipality, plus (2) costs of issuance on
22 any such refunding bonds and any other costs or expenses, including,
23 but not limited to, any tax payments, that result directly from the
24 refunding of debt.

25 (b) Any contract described in subsection (a) of this section may
26 provide that such contract assistance that is necessary to make debt
27 service payments on behalf of such municipality shall be paid directly
28 by the state to the municipality, trustee, paying agent or holder of the
29 refunding bonds, other bonds or notes that are the subject of such
30 contract.

31 (c) Notwithstanding the provisions of subsection (a) of this section,
32 no such contract shall be entered into by the secretary and the
33 Treasurer unless such designated tier III or tier IV municipality files a
34 certificate with the secretary, and the Treasurer and the joint standing
35 committees of the General Assembly having cognizance of matters
36 relating to appropriations and finance that sets forth the amount of
37 debt service and costs of issuance expected to be paid on any such
38 refunding bonds to be secured by such state assistance contract.

39 (d) In making any requisite finding or determination for the
40 purpose of entering into, or executing or approving any contract
41 described in subsection (a) of this section, the secretary, and the
42 Treasurer and the joint standing committees of the General Assembly
43 having cognizance of matters relating to appropriations and finance
44 may rely upon any reports or estimates of experts, as appropriate, to
45 evaluate the feasibility of any such refunding of debt.

46 (e) Any provision of a contract described in subsection (a) of this

47 section shall constitute a full faith and credit obligation of the state and
48 as part of any such contractual obligation of the state to such
49 municipality, trustee, paying agent or holder of any such refunding
50 bonds, other bonds or notes, as applicable, appropriation of all
51 amounts necessary to timely meet the terms of such contractual
52 obligation is hereby made and the State Treasurer shall pay such
53 amounts as the same become due to such municipality, trustee, paying
54 agent or holder, as applicable.

55 (f) Any designated tier III or tier IV municipality that enters into a
56 contract with the state pursuant to subsection (a) of this section may
57 pledge such contract assistance of the state as security for the payment
58 of such refunding bonds issued by such municipality.

59 (g) In lieu of contract assistance in accordance with subsection (a) of
60 this section, the secretary and the Treasurer may agree to provide other
61 forms of credit support to any designated tier III or tier IV
62 municipality, including, but not limited to, an assumption of all or any
63 portion of any bonds, notes or other obligations of such municipality
64 or issuance of new state obligations in replacement of such bonds,
65 notes or other obligations, provided such credit support shall not
66 exceed the amount of contract assistance that could otherwise be
67 provided by the state to such municipality in accordance with
68 subsection (a) of this section.

69 (h) Nothing in this section shall be construed to limit the total funds
70 available to a distressed municipality.

71 (i) The secretary and the Treasurer shall not enter into a contract, as
72 described in subsection (a) of this section, with any municipality that
73 files for bankruptcy.

74 (j) Notwithstanding any provision of the general statutes, for the
75 fiscal year ending June 30, 2020, and any subsequent fiscal year, the
76 total amount of all appropriated statutory aid paid to any designated
77 tier III or IV municipality that received contract assistance pursuant to
78 this section, excluding the equalization aid grant paid to any such

79 designated tier III or IV municipality pursuant to section 10-262i, shall
 80 be reduced from the amount of total appropriated statutory aid paid to
 81 any such designated tier III or IV municipality for the fiscal year
 82 ending June 30, 2019, excluding the equalization aid grant paid to any
 83 such designated tier III or IV municipality pursuant to section 10-262i.
 84 The reduction shall be in an amount equal to the debt service paid by
 85 the state in the applicable fiscal year on behalf of such designated tier
 86 III or IV municipality pursuant to any contract for financial assistance
 87 entered into by the state and such designated tier III or IV municipality
 88 pursuant to this section.

89 (k) The Municipal Accountability Review Board shall make
 90 recommendations to the Governor and the joint standing committee of
 91 the General Assembly having cognizance of the budgets of state
 92 agencies on the amount of funding needed for the Municipal
 93 Restructuring Fund to enable any such municipality to meet the fiscal
 94 needs of such municipality in accordance with any plan approved
 95 pursuant to subsection (a) of section 7-576i and with due regard to the
 96 reductions required by subsection (j) of this section. Such
 97 recommendations to the Governor shall be timely made for the
 98 purposes of the Governor's budget proposal."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>from passage</i>	7-576j