



General Assembly

Amendment

February Session, 2018

LCO No. 4794



Offered by:

REP. ROJAS, 9th Dist.

SEN. FONFARA, 1st Dist.

To: Subst. House Bill No. 5590

File No. 643

Cal. No. 423

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

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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4 the general statutes is repealed and the following is substituted in lieu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

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

14 act 17-2 of the June special session, (D) subsections (d) and (g) of this
15 section, revision of 1958, revised to January 1, 2017, as amended by
16 sections 710 and 711 of public act 17-2 of the June special session, and
17 (E) section 3-21 of the general statutes, revision of 1958, revised to
18 January 1, 2017, as amended by section 712 of public act 17-2 of the
19 June special session.] The state of Connecticut does hereby pledge to
20 and agree with the holders of any bonds, notes and other obligations
21 issued pursuant to subdivision (2) of this subsection that no public or
22 special act of the General Assembly taking effect on or after May 15,
23 2018, and prior to July 1, [2028] 2023, shall alter the obligation to
24 comply with the provisions of the [sections and subsections] section 4-
25 30a as set forth in [subparagraphs (A) to (E), inclusive, of] this
26 subdivision, until such bonds, notes or other obligations, together with
27 the interest thereon, are fully met and discharged, provided nothing in
28 this subsection shall preclude such alteration (i) if and when adequate
29 provision shall be made by law for the protection of the holders of
30 such bonds, or (ii) (I) if and when the Governor declares an emergency
31 or the existence of extraordinary circumstances, in which the
32 provisions of section 4-85 are invoked, (II) at least three-fifths of the
33 members of each chamber of the General Assembly vote to alter such
34 required compliance during the fiscal year for which the emergency or
35 existence of extraordinary circumstances are determined, and (III) any
36 such alteration is for the fiscal year in progress and the succeeding
37 fiscal year only.

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

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

46 (NEW) (bb) (1) For each fiscal year during which general obligation

47 bonds or credit revenue bonds issued on and after July 1, 2019, and
48 prior to July 1, 2021, shall be outstanding, the state of Connecticut shall
49 comply with the provisions of (A) section 2-33c of the general statutes
50 in effect on October 1, 2017, (B) section 2-33a of the general statutes,
51 revision of 1958, revised to January 1, 2017, as amended by section 709
52 of public act 17-2 of the June special session, (C) subsections (d) and (g)
53 of this section, revision of 1958, revised to January 1, 2017, as amended
54 by sections 710 and 711 of public act 17-2 of the June special session,
55 and (D) section 3-21 of the general statutes, revision of 1958, revised to
56 January 1, 2017, as amended by section 712 of public act 17-2 of the
57 June special session and section 3 of this act. The state of Connecticut
58 does hereby pledge to and agree with the holders of any bonds, notes
59 and other obligations issued pursuant to subdivision (2) of this
60 subsection that no public or special act of the General Assembly taking
61 effect on or after July 1, 2019, and prior to July 1, 2024, shall alter the
62 obligation to comply with the provisions of the sections and
63 subsections set forth in subparagraphs (A) to (D), inclusive, of this
64 subdivision, until such bonds, notes or other obligations, together with
65 the interest thereon, are fully met and discharged, provided nothing in
66 this subsection shall preclude such alteration (i) if and when adequate
67 provision shall be made by law for the protection of the holders of
68 such bonds, or (ii) (I) if and when the Governor declares an emergency
69 or the existence of extraordinary circumstances, in which the
70 provisions of section 4-85 are invoked, (II) at least three-fifths of the
71 members of each chamber of the General Assembly vote to alter such
72 required compliance during the fiscal year for which the emergency or
73 existence of extraordinary circumstances are determined, and (III) any
74 such alteration is for the fiscal year in progress and the succeeding
75 fiscal year only.

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

81 refunding bonds issued for bonds issued under this subdivision.

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

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

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

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

107 (B) Notwithstanding section 4-85, the Governor shall not approve
108 allotment requisitions pursuant to said section that would result in the
109 issuance of general obligation bonds or notes pursuant to section 3-20
110 or credit revenue bonds pursuant to section 3-20j that exceed in the
111 aggregate one billion nine hundred million dollars in any fiscal year.
112 Commencing July 1, 2019, and each fiscal year thereafter, the aggregate

113 limit shall be adjusted in accordance with any change in the consumer
114 price index for all urban consumers for the preceding calendar year,
115 less food and energy, as published by the United States Department of
116 Labor, Bureau of Labor Statistics. Not later than April 1, 2018, and
117 April first annually thereafter, the Governor shall provide the
118 Treasurer with a list of general obligation bond and credit revenue
119 bond expenditures that can be made July first commencing the next
120 fiscal year totaling not more than one billion nine hundred million
121 dollars. Commencing July 1, 2019, and each fiscal year thereafter, the
122 aggregate limit shall be adjusted in accordance with any change in the
123 consumer price index for all urban consumers for the preceding
124 calendar year, less food and energy, as published by the United States
125 Department of Labor, Bureau of Labor Statistics. The Governor shall
126 post such list on the Internet web site of the office of the Governor.

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

136 Sec. 4. (*Effective from passage*) The Secretary of the Office of Policy
137 and Management, the Attorney General, the Comptroller and the
138 Treasurer, or their designees, shall study the use of bond covenants,
139 including the bond covenant set forth in section 2 of this act, as a
140 mechanism to dictate state spending and bonding. Such study shall
141 include, but not be limited to, the legality of such covenants, the
142 possible long-term financial and economic effects of such covenants,
143 the possible impact of such covenants on the operations of state
144 government, including the state's ability to fund social service
145 programs, public education and workforce development programs,
146 and recommendations for alternative methods the General Assembly

147 may use to implement prudent long-term fiscal decision-making. Not
 148 later than March 1, 2019, the secretary, Attorney General, Comptroller
 149 and Treasurer shall jointly submit a report, in accordance with the
 150 provisions of section 11-4a of the general statutes, of the findings of
 151 such study to the joint standing committee of the General Assembly
 152 having cognizance of matters relating to finance, revenue and
 153 bonding."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>May 15, 2018</i>	3-20(aa)
Sec. 2	<i>July 1, 2019</i>	3-20
Sec. 3	<i>from passage</i>	3-21(f)
Sec. 4	<i>from passage</i>	New section