OFFICE OF FISCAL ANALYSIS
Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
http://www.cga.ct.gov/ofa

sSB-70
AN ACT ESTABLISHING THE CONNECTICUT INFRASTRUCTURE BANK.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 $	FY 21 $
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a new quasi-state governmental agency known as the "Connecticut Infrastructure Bank," with the tasks of planning, financing and otherwise supporting infrastructure improvements involving transportation, transit-oriented development, and networks of telecommunications and energy transmission / distribution. The bill endows the Connecticut Infrastructure Bank with various powers such as issuing bonds, raising revenues through the imposition of fees for the use of its projects or services, making expenditures and entering into contracts.

<u>Contingent liability of the State</u>

The bill extends the state's credit to bonds issued by the Connecticut Infrastructure Bank via a special capital reserve fund or SCRF, subject to review and approval by the State Treasurer. Special capital reserve fund arrangements make the state liable for underlying debt if the issuing quasi-state governmental agency does not maintain the reserve or otherwise fails to make required debt payments ("contingent liability").[1] In the event that a quasi-state governmental agency does not maintain the minimum reserve as of December 1st of any year, funds are deemed appropriated from the state General Fund. Any such draw on the General fund is not subject to the constitutional spending cap.

While this represents a potential cost to the state, the impact to the General Fund is expected to be minimal as the Office of the State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless the Connecticut Infrastructure Bank can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds.

Administration

The bill specifies that employees of the Connecticut Infrastructure Bank are not state employees, and places the Connecticut Infrastructure Bank within the Connecticut Green Bank for administrative purposes, only. As the bill does not provide for the transfer of any current state employees to the Connecticut Infrastructure Bank, there is no personnel-associated fiscal impact to the state.

In accordance with the bill, the Connecticut Infrastructure Bank may impose fees for its services to cover costs. To the extent that revenues generated by the agency's fees are insufficient or untimely to cover costs incurred, it is unclear whether other resources would be available (particularly for start-up costs). It is presumed that no state funding will be used to support the Connecticut Infrastructure Bank, unless otherwise appropriated. However, if it is determined that the state will provide funding or a grant, then a state cost would be incurred.

There is no state cost for the Office of the State Treasurer to review a SCRF arrangement or for the Commissioner of the Department of Transportation to review annual reports submitted by the Connecticut

[1] Contingent liabilities do not count against the state's statutory limits on bonding.

Infrastructure Bank in accordance with the bill.

Other

The potential impact to other state, municipal or other quasi-state governmental agencies resulting from the activities of the Connecticut Infrastructure Bank is uncertain, pending future decisions by the Connecticut Infrastructure Bank, the Office of the State Treasurer, and any memoranda of understanding made with the Connecticut Green Bank.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, subject to the terms of any agreements and the issuance of bonds.