

# OFFICE OF FISCAL ANALYSIS

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HB-5518

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES, AND CONCERNING MUNICIPAL REPORTS ON CERTAIN PROPERTY TAX EXEMPTIONS, VALIDATION OF A REFERENDUM AND HIGHWAY PROJECTS.

AMENDMENT

LCO No.: 3087

## ***OFA Fiscal Note***

### ***See Fiscal Note Details***

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

Table 1 below summarizes the increases and reductions made to General Obligation (GO) bonds, Special Tax Obligation (STO) bonds, and Clean Water Revenue (CWF) fund bonds in FY 20 and FY 21.

**Table 1: FY 20 and FY 21 Increases and Reductions to GO, STO, and CWF Bond Authorizations (in millions)**

Description	FY 20 \$	FY 21 \$
<b>General Obligation (GO) Bonds</b>		
New Authorizations	1,374.5	1,310.5
Reductions to Current Authorizations	(3.4)	-
Changes to Prior Authorizations Effective in Biennium	(140.4)	119.8
<b>NET TOTAL GO BONDS</b>	<b>1,230.7</b>	<b>1,430.3</b>
<b>Special Tax Obligation (STO) Bonds</b>		
<b>NET TOTAL STO BONDS</b>	<b>777.6</b>	<b>782.4</b>

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<b>Clean Water Fund (CWF) Revenue Bonds</b>		
<b>NET TOTAL CWF BONDS</b>	<b>-</b>	<b>84.0</b>

Table 2 indicates the eventual total General Fund fiscal impact of the bill, through debt service, if all bonds authorized by the bill are allocated by the State Bond Commission and issued by the Office of the State Treasurer. If new authorizations are fully allocated when effective, there would be a cost to the General Fund for debt service of approximately, \$61.5 million in FY 21. The remaining debt service costs identified in Table 2 would be repaid after the biennium.

**Table 2: Net GO Bond Authorizations and Estimated Total Debt Service Cost (in millions)**

<b>Fiscal Year Authorized</b>	<b>Authorization Amount \$</b>	<b>Total Estimated Debt Service Cost<sup>1</sup> \$</b>
2020	1,230.7	1,760.8
2021	1,430.3	2,046.3
<b>TOTAL</b>	<b>2,661.0</b>	<b>3,807.1</b>
<sup>1</sup> Debt service estimates based on market rates and repaid over 20 year terms.		

Table 3 indicates the eventual total Special Transportation Fund fiscal impact of the bill, through debt service, if all Special Tax Obligation (STO) bonds authorized by the bill are allocated by the State Bond Commission and issued by the Office of the State Treasurer. If new STO authorizations are fully allocated, there would be an annual cost to the Special Transportation Fund for debt service of approximately, \$62.4 million from bonds authorized in FY 20 and \$62.8 million from funds authorized in FY 21. Total debt service costs for STO bond authorizations are identified in Table 3, most of which would be repaid after the biennium.

**Table 3: STO Bond Authorizations and Estimated Debt Service Cost for the Infrastructure Improvement Program (in millions)**

<b>Fiscal Year Authorized</b>	<b>Authorization Amount \$</b>	<b>Total Estimated Debt Service Cost<sup>1</sup>\$</b>
2020	777.6	1,248.0
2021	782.4	1,255.6
<b>TOTAL</b>	<b>1,560.0</b>	<b>2,503.6</b>

<sup>1</sup> Debt service estimates based on market rates and repaid over 20 year terms.

### **Clean Water Fund Revenue Bonds**

Clean Water Fund Revenue bonds are issued and repaid using the resources of the Clean Water Fund. These bonds are not expected to have an impact on appropriated funds.

### **Municipal Impact of Bonding Provisions**

To the extent authorized bonds are allocated by the State Bond Commission, the bill will result in a collective municipal revenue gain of at least \$166 million in each of FY 20 and FY 21, including revenue from three programs (Local Capital Improvement Program (LoCIP) - \$30 million each year, Town Aid Road (TAR) - \$60 million each year, and Grants for Municipal Purposes - \$76 million each year). New authorizations for multiple other bond programs, including programs regarding school construction, urban development projects, and drinking water programs, will also result in additional revenue gain to various municipalities.

*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.*