
OLR Bill Analysis

sSB 971

AN ACT CONCERNING THE STATE TREASURER AND CLIMATE CHANGE AND COASTAL RESILIENCY RESERVE FUNDS.

SUMMARY

This bill expands the options municipalities have to invest climate change and coastal resiliency reserve fund assets by allowing them to invest in any trust fund the state treasurer holds, administers, or invests. As with other investments of reserve fund assets, investments made through the state treasurer may only be in certain financial instruments authorized under existing law.

The bill also (1) authorizes the state treasurer to adopt regulations to allow for the investment of reserve fund assets and (2) makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

AUTHORIZED INVESTMENTS

Under existing law, the municipality's budget-making authority may direct the municipal treasurer to invest a portion of the reserve fund. The bill additionally allows the funds to be invested in trust funds held, administered, or invested by the treasurer. Existing law, unchanged by the bill, caps the amount that can be invested in equity securities at 40% of the total fund amount (50% if there is an asset allocation and investment policy).

Any portion of the reserve fund not invested in equity securities may be invested, for example, in the following (except where noted, references to obligations' ratings means rated by a nationally recognized rating service or a rating service recognized by the state banking commissioner):

1. bonds or obligations of, or guaranteed by, Connecticut, the

- United States, or U.S. agencies or instrumentalities;
2. obligations of a U.S. state or its political subdivisions or the obligations of an instrumentality, authority, or agency of a state or political subdivision, if the obligations are rated in the top rating categories; and
 3. obligations of a Connecticut regional school district, municipality, or metropolitan district, if they are rated in the top two rating categories.

BACKGROUND

Climate Change and Coastal Resiliency Reserve Fund

Municipalities may establish a climate change and coastal resiliency reserve fund upon the recommendation of its chief executive officer, approval of its budget-making authority, and a majority vote of its legislative body.

Reserve funds may only contain (1) funds authorized to be transferred from the municipality's general fund cash surplus at the end of a fiscal year and (2) proceeds of bonds, notes, or other obligations issued to fund property or casualty losses or projects related to the presence of pyrrhotite in residential building concrete foundations.

The funds may be invested in certain financial instruments or used to pay for municipal property losses, capital projects, and studies on mitigating climate change hazards and vulnerabilities, including acquiring land.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 26 Nay 0 (03/31/2021)