



House of Representatives

General Assembly

File No. 655

January Session, 2021

Substitute House Bill No. 6659

House of Representatives, May 10, 2021

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE ESTABLISHMENT OF THE CONNECTICUT BABY BOND TRUST.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2021*) As used in this section and
2 sections 2 to 8, inclusive, of this act:

3 (1) "Designated beneficiary" means an individual born on or after July
4 1, 2021, whose birth was subject to medical coverage provided under
5 HUSKY Health, as defined in section 17b-290 of the general statutes;

6 (2) "Eligible expenditure" means an expenditure associated with any
7 of the following, each as prescribed by the Treasurer: (A) Education of a
8 designated beneficiary; (B) purchase of a home in Connecticut by a
9 designated beneficiary; (C) investment in a business in Connecticut by
10 a designated beneficiary; or (D) any investment in financial assets or
11 personal capital that provides long-term gains to wages or wealth; and

12 (3) "Trust" means the Connecticut Baby Bond Trust.

13 Sec. 2. (NEW) (*Effective July 1, 2021*) (a) There is established the
14 Connecticut Baby Bond Trust. The trust shall constitute an
15 instrumentality of the state and shall perform essential governmental
16 functions as provided in sections 1 to 8, inclusive, of this act. The trust
17 shall receive and hold all payments and deposits or contributions
18 intended for the trust, as well as gifts, bequests, endowments or federal,
19 state or local grants and any other funds from any public or private
20 source and all earnings until disbursed in accordance with section 7 of
21 this act.

22 (b) The amounts on deposit in the trust shall not constitute property
23 of the state and the trust shall not be construed to be a department,
24 institution or agency of the state. Amounts on deposit in the trust shall
25 not be commingled with state funds and the state shall have no claim to
26 or against, or interest in, such funds. Any contract entered into by or any
27 obligation of the trust shall not constitute a debt or obligation of the state
28 and the state shall have no obligation to any designated beneficiary or
29 any other person on account of the trust and all amounts obligated to be
30 paid from the trust shall be limited to amounts available for such
31 obligation on deposit in the trust. The amounts on deposit in the trust
32 may only be disbursed in accordance with the provisions of section 7 of
33 this act. The trust shall continue in existence as long as it holds any
34 deposits or has any obligations and until its existence is terminated by
35 law and upon termination any unclaimed assets shall return to the state.
36 Property of the trust shall be governed by section 3-61a of the general
37 statutes.

38 (c) The Treasurer shall be responsible for the receipt, maintenance,
39 administration, investing and disbursements of amounts from the trust.
40 The trust shall not receive deposits in any form other than cash.

41 Sec. 3. (NEW) (*Effective July 1, 2021*) The Treasurer, on behalf of the
42 trust and for purposes of the trust, may:

43 (1) Receive and invest moneys in the trust in any instruments,
44 obligations, securities or property in accordance with section 4 of this
45 act;

46 (2) Enter into one or more contractual agreements, including
47 contracts for legal, actuarial, accounting, custodial, advisory,
48 management, administrative, advertising, marketing and consulting
49 services for the trust and pay for such services from the assets of the
50 trust;

51 (3) Procure insurance in connection with the trust's property, assets,
52 activities or deposits to the trust;

53 (4) Apply for, accept and expend gifts, grants or donations from
54 public or private sources to enable the trust to carry out its objectives;

55 (5) Adopt regulations in accordance with chapter 54 of the general
56 statutes for purposes of this act;

57 (6) Sue and be sued;

58 (7) Establish one or more funds within the trust; and

59 (8) Take any other action necessary to carry out the purposes of this
60 act, and incidental to the duties imposed on the Treasurer pursuant to
61 this act.

62 Sec. 4. (NEW) (*Effective July 1, 2021*) Notwithstanding the provisions
63 of sections 3-13 to 3-13h, inclusive, of the general statutes, the Treasurer
64 shall invest the amounts on deposit in the trust in a manner reasonable
65 and appropriate to achieve the objectives of the trust, exercising the
66 discretion and care of a prudent person in similar circumstances with
67 similar objectives. The Treasurer shall give due consideration to rate of
68 return, risk, term or maturity, diversification of the total portfolio within
69 the trust, liquidity, the projected disbursements and expenditures and
70 the expected payments, deposits, contributions and gifts to be received.
71 The Treasurer shall not require the trust to invest directly in obligations
72 of the state or any political subdivision of the state or in any investment
73 or other fund administered by the Treasurer. The assets of the trust shall
74 be continuously invested and reinvested in a manner consistent with the
75 objectives of the trust until disbursed for qualified expenses as defined
76 by this act or expended on expenses incurred by the operations of the

77 trust.

78 Sec. 5. (NEW) (*Effective July 1, 2021*) The property of the trust and the
79 earnings on the trust shall be exempt from all taxation by the state and
80 all political subdivisions of the state.

81 Sec. 6. (NEW) (*Effective July 1, 2021*) (a) Notwithstanding any
82 provision of the general statutes, no moneys invested in the Connecticut
83 Baby Bond Trust shall be considered to be an asset for purposes of
84 determining an individual's eligibility for assistance under the
85 temporary family assistance program, as described in section 17b-112 of
86 the general statutes, programs funded under the federal Low Income
87 Home Energy Assistance Program block grant and the federally
88 appropriated weatherization assistance program.

89 (b) Notwithstanding any provision of the general statutes, no moneys
90 invested in the trust shall be considered to be an asset for purposes of
91 determining an individual's eligibility for need-based, institutional aid
92 grants offered to an individual at the public eligible educational
93 institutions in the state.

94 Sec. 7. (NEW) (*Effective July 1, 2021*) (a) The Treasurer shall establish
95 in the Connecticut Baby Bond Trust an accounting for each designated
96 beneficiary. Each such accounting shall include the amount transferred
97 to the trust pursuant to section 8 of this act, plus the designated
98 beneficiary's pro rata share of total net earnings from investments of
99 sums held in the trust.

100 (b) Upon a designated beneficiary's eighteenth birthday and
101 completion of a financial literacy requirement as prescribed by the
102 Treasurer, such beneficiary shall become eligible to receive the total sum
103 of the accounting under subsection (a) of this section to be used for a
104 qualified expense. The Treasurer may adopt regulations, in accordance
105 with the provisions of chapter 54 of the general statutes, to carry out the
106 purposes of this section.

107 (c) A designated beneficiary may submit a claim for such accounting

108 until his or her thirtieth birthday, as prescribed by the Treasurer,
 109 provided such designated beneficiary is a resident of the state at the time
 110 of such claim. If a designated beneficiary (1) is deceased before his or
 111 her eighteenth birthday, or (2) fails to submit a valid claim, as
 112 determined by the Treasurer, before his or her thirtieth birthday, such
 113 accounting shall be credited back to the assets of the trust.

114 (d) The Treasurer and the Department of Social Services shall enter
 115 into a memorandum of understanding to establish information sharing
 116 practices in order to carry out the purposes of this act.

117 Sec. 8. (NEW) (*Effective July 1, 2021*) Upon the birth of a designated
 118 beneficiary, the Treasurer shall transfer five thousand dollars from the
 119 General Fund to the trust to be credited toward the accounting of such
 120 designated beneficiary as described in section 7 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	New section
Sec. 2	<i>July 1, 2021</i>	New section
Sec. 3	<i>July 1, 2021</i>	New section
Sec. 4	<i>July 1, 2021</i>	New section
Sec. 5	<i>July 1, 2021</i>	New section
Sec. 6	<i>July 1, 2021</i>	New section
Sec. 7	<i>July 1, 2021</i>	New section
Sec. 8	<i>July 1, 2021</i>	New section

APP *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do 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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Resources of the General Fund	GF - Cost	\$70-\$80 million	\$70-\$80 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires a deposit from the General Fund to the Connecticut Baby Bond Trust starting in FY 22 for each baby born in the state under the HUSKY Health program. Total annual cost is dependent on the number of eligible recipients and is expected to begin between \$70 million (14,000 eligible births) and \$80 million (16,000 eligible births). Administrative costs of the program would be paid from investment returns of the Trust.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of eligible babies born.

OFA Bill Analysis

HB 6659

AN ACT CONCERNING THE ESTABLISHMENT OF THE CONNECTICUT BABY BOND TRUST.

SUMMARY:

The bill establishes the Connecticut Baby Bond Trust, and requires a \$5000 deposit from the General Fund to the Trust at the time of every eligible birth. The purpose of the Trust is to take in and invest money on behalf of "designated beneficiaries," who may spend a portion of fund proceeds on eligible expenditures on or after their 18th birthday.

Designated beneficiaries are those persons born after July 1, 2021 under medical coverage provided under HUSKY Health, as defined in CGS 17b-290. Funds are accessible to a designated beneficiary if they are living in Connecticut on their 18th birthday. Eligible expenses include education, homeownership, business ownership, or "investment in financial assets or personal capital that provides long-term gains to wages or wealth" as defined by the Treasurer.

The Connecticut Baby Bond Trust is empowered to receive, hold, and invest the monies deposited into the Trust, and to pay for administrative expenses from the investment proceeds of the Trust. Deposits in the Trust and the trust itself are not property of the state or within any department, institution, or agency of the state, and are to be held separate from state funds. Contracts of the Trust are not debts or obligations of the state. Property and earnings of the Trust are exempt from taxation by the State and all political subdivisions of the State.

Monies invested in the Trust are not considered assets of the beneficiaries for purposes of the temporary family assistance program, the federal Low Income Home Energy Assistance Program block grant and the weatherization assistance program, or for determining

eligibility for need-based aid at public educational institutions in the State.

EFFECTIVE DATE: July 1, 2021

COMMITTEE ACTION

Appropriations

Joint Favorable Substitute

Yea 34 Nay 16