

OFFICE OF FISCAL ANALYSIS

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sHB-6617

AN ACT CONCERNING AUTHORIZATION OF STATE GRANT COMMITMENTS FOR SCHOOL BUILDING PROJECTS AND REVISIONS TO THE SCHOOL BUILDING PROJECTS STATUTES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$	Out Years \$
Treasurer, Debt Serv.	GF - Future Cost	See Below	See Below	635 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$	Out Years \$
Various Municipalities	Future Revenue Gain	See Below	See Below	450 million

Explanation

The bill approves a net increase of \$450 million in state grant commitments for school construction projects, which represents potential revenue gain for the specified municipalities. The grants-in-aid will be financed through the issuance of General Obligation (GO) bonds in future fiscal years. The bill does not authorize new GO bonds. The projected debt service cost to the General Fund to issue \$450 million of GO bonds at market rates is \$635 million.

The bill makes several changes to contracting requirements for the school construction process and adds new requirements regarding inclusion of water bottle filling stations. To the extent these changes alter the total cost of future projects, the altered cost would be shared

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between municipalities and the state at the appropriate reimbursement ratio.

The Out Years

The ongoing fiscal impact identified above will continue into the future subject to project completion, successful municipal application for reimbursement, and the costs of borrowing.