

Planning and Development Committee JOINT FAVORABLE REPORT

Bill No.: SB-967

AN ACT AUTHORIZING THE BOROUGH OF NAUGATUCK TO ISSUE

Title: PENSION DEFICIT FUNDING BONDS.

Vote Date: 3/21/2021

Vote Action: Joint Favorable

PH Date: 3/5/2021

File No.:

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SPONSORS OF BILL:

N/A

REASONS FOR BILL:

Naugatuck eliminated defined benefit pension plans in 2012 after increased life expectancies made them unsustainable. This bill aims to authorize the issuing of pension deficit funding bonds to remedy Naugatuck's short-term strain.

RESPONSE FROM ADMINISTRATION/AGENCY:

N/A

NATURE AND SOURCES OF SUPPORT:

Office of N. Warren "Pete" Hess, Mayor of Naugatuck: Voiced support. The bill would allow Naugatuck to issue bonds to fund or unfund liabilities in the Borough's Employee and Police and Fire Pension Funds. Since 2003, the investment assumption for earnings has decreased to 7 1/8%, and all actuarially required contributions have been made. Actuaries have again recommended decreasing the rate to around 3%. Testimony claims the Borough should now issue general obligation bonds to fill the gap in lower rates.

N. Warren "Pete" Hess, Mayor of Naugatuck: Voiced support. Claimed this bill would allow the Borough to issue obligation bonds to fund unfunded liabilities in its Employee and Police and Fire Pension Funds. The Borough eliminated all defined benefit pension plans in 2012. As a result, Naugatuck is strained in the short term, but strong in the long, and the bill will help ease the transition.

Rosa C. Rebimbas, 70th House Dist.; **David Labriola, 131st House District;** **Jorge Cabrera, 17th Senate District;** **Joan Hartley, 15th Senate District:** Voiced support and echoed the Mayor of Naugatuck's statement.

NATURE AND SOURCES OF OPPOSITION:

N/A

Reported by: Colin Savino

Date: 3/22/2021