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:

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

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

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

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

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

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

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

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

(1) Receive and invest moneys in the trust in any instruments, obligations, securities or property in accordance with section 4 of this act;
(2) Enter into one or more contractual agreements, including contracts for legal, actuarial, accounting, custodial, advisory, management, administrative, advertising, marketing and consulting services for the trust and pay for such services from the gains and earnings of the trust;

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

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

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

(6) Sue and be sued;

(7) Establish one or more funds within the trust and maintain separate accounts for each designated beneficiary; and

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

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

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

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

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

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

(b) Upon a designated beneficiary's eighteenth birthday, if such
beneficiary is a resident of the state, such beneficiary shall become
eligible to receive the total sum of the accounting under subsection (a)
of this section to be used for a qualified expense. The Treasurer may
adopt regulations, in accordance with the provisions of chapter 54 of the
general statutes, to carry out the purposes of this section.
(c) If a designated beneficiary is deceased before his or her eighteenth birthday, or is no longer a resident of the state on his or her eighteenth birthday, such accounting shall be credited back to the trust.

(d) The Treasurer shall furnish each eligible beneficiary with an annual statement relating to the individual's accounting, which shall include (1) a statement of the balance attributable to the individual, (2) a projection of the balance's growth by the time the individual attains the age of eighteen, (3) resources and information to promote financial wellness and capability, and (4) such other information as the Treasurer deems relevant.

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

This act shall take effect as follows and shall amend the following sections:

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<th>Section</th>
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<tr>
<td>Sec. 1</td>
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<td>Sec. 8</td>
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Statement of Purpose:
To establish the Connecticut Baby Bond Trust.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]