
OLR Bill Analysis

sSB 12

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS AND OTHER PURPOSES AND CONCERNING THE CONNECTICUT BABY BOND TRUST PROGRAM AND GRANTS FOR CERTAIN LAW ENFORCEMENT EQUIPMENT AND HOMELESSNESS PREVENTION AND RESPONSE.

SUMMARY

This bill authorizes \$465.8 million in new general obligation (GO) bonds for FY 23 for state projects and grant programs. This includes grants for school air quality improvements (\$100 million), traffic signal modernization (\$75 million), and matching funds for federal Infrastructure Investment and Jobs Act projects and programs (\$75 million). It also cancels \$100.5 million in existing GO bond authorizations.

The bill also does the following:

1. makes various changes to the Connecticut Baby Bond Trust program, including modifying the program's bond authorization schedule and exempting the trust's disbursements, rather than its property and earnings, from all state and local taxes;
2. extends, to FY 23, the Office of Policy and Management (OPM) municipal grant program for costs associated with purchasing eligible police body cameras, digital data storage devices or services, and dashboard cameras; and
3. changes the purposes for which the Department of Housing (DOH) may use the bond-funded homelessness prevention and response fund.

EFFECTIVE DATE: July 1, 2022, except the Baby Bond program changes are effective upon passage.

§§ 1-15 & 38-39 — NEW BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS

The bill authorizes state GO bonds in FY 23 for the state projects and grant programs listed in the table below. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The bill includes a standard provision requiring, as a condition of bond authorizations for grants to private entities, each granting agency to include repayment provisions in its grant contract if the facility for which the grant is made ceases to be used for the grant purposes within 10 years of receipt. (It exempts the Connecticut Higher Education Supplemental Loan Authority (CHESLA) grants from this requirement.) The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table 1: GO Bond Authorizations for State Projects and Grant Programs (FY 23)

§	Agency	For	Amount
STATE PROJECTS			
2(a)	OPM	State matching funds for projects and programs allowed under the federal Infrastructure Investment and Jobs Act	\$75,000,000
2(b)	Agricultural Experiment Station	Renovations and improvements to Jenkins Laboratory greenhouses	800,000
2(c)	Department of Transportation	Assisting municipalities to modernize existing traffic signal equipment and operations	75,000,000
		Matching funds necessary for municipalities, school districts, and school bus operators to submit federal grant applications in order to maximize federal funding for purchasing or leasing zero-emission electric school buses and electric vehicle charging infrastructure	20,000,000
		Constructing, altering, renovating, and improving noise barriers	5,000,000
38	Connecticut State Colleges and Universities	Constructing, improving, or equipping child care centers on or near college and university campuses, including paying associated architectural, engineering, or demolition service costs	10,000,000
39	DOH	Developing housing for health care workers in collaboration with the chief workforce officer	20,000,000

§	Agency	For	Amount
GRANTS			
9(a)	OPM	Grants to food resource organizations for capital improvements	10,000,000
9(b)	Department of Administrative Services (DAS)	Grants for school air quality improvements, including upgrading, replacing, or installing heating, ventilation, and air conditioning equipment	100,000,000
9(c)	Department of Agriculture	Grants for farmland restoration and climate resiliency	7,000,000
9(d)	CHESLA	Grants to state residents who graduate from a state university or college for student loan reimbursement	15,000,000

§§ 16-23 — CONNECTICUT BABY BOND TRUST PROGRAM

The Connecticut Baby Bond Trust program, administered by the state treasurer, authorizes up to \$600 million in bonds to provide designated beneficiaries (i.e., babies born on or after July 1, 2021, whose births were covered under HUSKY) up to \$3,200 in a state trust. Once they reach age 18, designated beneficiaries that meet the program’s eligibility requirements may receive the funds, including any investment earnings, to be used for an eligible expenditure (e.g., education, buying a home or investing in a business in Connecticut, and personal financial investments).

The bill makes various changes to the program, as described below, including minor, technical, and conforming changes and corrections.

Amounts Transferred for Designated Beneficiaries

Under current law, the state treasurer must establish an accounting for each designated beneficiary and may transfer up to \$3,200 from the program’s bond proceeds to the trust to be credited to the beneficiary’s accounting at birth. The bill eliminates the requirement that (1) each designated beneficiary have an accounting and (2) the transferred funds come from these bond proceeds (see *Bond Authorization* below). It also allows the transfer to be made after the designated beneficiary’s birth, rather than at birth.

Under current law, if a designated beneficiary fails to submit a valid

claim before his or her 30th birthday or dies before doing so, the amount of his or her accounting is credited back to the trust's assets. The bill instead requires that this amount be retained by the trust to credit to designated beneficiaries born in subsequent years.

Existing law requires the treasurer to proportionately reduce the transfer amount for any year in which the bond funds are insufficient to provide the \$3,200 transfer to each beneficiary. The bill also requires, for any year in which these funds exceed the amount required to provide the transfer, that any excess be kept by the trust to credit to designated beneficiaries born in later years. It also makes technical and conforming changes.

Bond Authorization

Current law authorizes the treasurer to issue up to \$600 million in state general obligation bonds for the program, in amounts of up to \$50 million per year from FYs 23-34. The bill increases the FY 23 authorization to \$100 million and eliminates the \$50 million authorization for FY 34. It also authorizes the program's implementation expenses to be added to the capped amount of bonds authorized for each year of the program.

Current law requires the Baby Bonds program to be funded with bonds from a specific bond issuance and incorporates certain provisions relating to this issuance, including the treasurer's powers in connection with the bond sale and certain legal actions related to the bonds. The bill instead subjects the bonds authorized under the program to standard statutory bond procedures and repayment requirements.

State and Local Tax Exemption

The bill exempts disbursements from the trust, rather than the trust's property and earnings, from all state and local taxes.

Treasurer Oversight

The bill explicitly subjects the treasurer's trust investments to the same oversight and requirements that the law establishes for other treasurer-administered funds, such as the Teachers' Pension Fund, the State Employee Retirement Fund, and the Connecticut Municipal

Employees' Retirement Fund (e.g., investment review by the Investment Advisory Council).

Abandoned Property

The bill exempts the trust's property from the law for determining when property held by a fiduciary is presumed abandoned.

Impact on Assistance Programs and Need-Based Aid

The bill prohibits disbursements from the trust from being considered assets or income when determining an individual's eligibility for (1) state-administered assistance programs, to the extent allowed by federal law, or (2) need-based, institutional aid grants offered at the state's public eligible educational institutions. In doing so, it eliminates similar provisions in current law that applied to funds invested in the trust.

§§ 24 & 27-37 — CHANGES TO EXISTING AUTHORIZATIONS

§§ 24, 28-30, 33 & 34 — *Increases to Existing Authorizations*

The bill increases the amounts authorized for the existing bond authorizations, as shown in Table 2.

Table 2: Increases to Existing Authorizations

§	Agency	Purpose/Fund	Current Authorization	Bill's Authorization	Increase
24	OPM	Capital Equipment Purchase Fund	\$10,000,000	\$25,000,000	\$15,000,000
28	Department of Energy and Environmental Protection (DEEP)	Connecticut bikeway, pedestrian walkway, recreational trail, and greenway grant program	3,000,000	6,000,000	3,000,000
30	Department of Economic and Community Development	Grant to the Connecticut Science Center	10,500,000	20,500,000	10,000,000
34	DEEP	Alterations, renovations, and new construction at state parks and other recreation	15,000,000	30,000,000	15,000,000

§	Agency	Purpose/Fund	Current Authorization	Bill's Authorization	Increase
		facilities, including Americans with Disabilities Act improvements			
35	Department of Correction	Alterations, renovations, and improvements to existing state-owned buildings for inmate housing, programming and staff training space, additional inmate capacity, support facilities, and off-site improvements	10,000,000	40,000,000	30,000,000
37	DEEP	Grants to municipalities for open space acquisition and development for conservation or recreational purposes	10,000,000	15,000,000	5,000,000

§§ 27 & 31-32 — *Cancellations and Reductions*

The bill cancels or reduces the authorizations shown in Table 3.

Table 3: Bond Cancellations and Reductions

§	Agency	Purpose/Fund	Current Authorization	Amount Cancelled
27	DAS	School construction projects	\$550,000,000	\$100,000,000
32	Department of Motor Vehicles	Development of a master plan for department facilities	500,000	500,000

§ 25 — GRANT PROGRAM FOR PURCHASING ELIGIBLE BODY AND DASHBOARD CAMERAS AND RELATED EQUIPMENT AND SERVICES

The bill extends, to FY 23, the OPM-administered municipal grant program for costs associated with purchasing eligible police body

cameras, digital data storage devices or services, and certain dashboard cameras. By law, the grants are for up to 50% of the associated costs for distressed municipalities and 30% for all other municipalities.

§ 26 — HOMELESS PREVENTION AND RESPONSE FUND

Existing law authorizes up to \$30 million to DOH for a homelessness prevention and response fund. Under current law, the fund is to provide forgivable loans and grants to landlords (1) participating in a rapid rehousing program (e.g., waiving security deposits or abating rent for a designated period) and (2) abating rent for scattered supportive housing units, by among other things, capitalizing operating and replacement reserves for these units. The bill limits the fund's purposes to providing grants to capitalize operating and replacement reserves in supportive housing units.

BACKGROUND

Related Bills

sSB 384, favorably reported by the Finance, Revenue and Bonding Committee, contains the same changes to the Baby Bond program.

sSB 4 (File 406), favorably reported by the Transportation and Finance, Revenue and Bonding committees, authorizes (1) \$75 million in GO bonds to assist municipalities with modernizing existing traffic signals and (2) \$20 million in GO bonds for DEEP to provide matching funds necessary to maximize federal funding for buying or leasing zero-emission school buses.

sSB 428 (File 449), favorably reported by the Education Committee, requires the DAS to administer a reimbursement grant program beginning in FY 23 for the cost of school indoor air quality improvements, including the installation, replacement, or upgrading of heating, ventilation, and air-conditioning systems.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 49 Nay 2 (04/06/2022)