

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$
Treasurer, Debt Serv.	GF - Cost	See Below
Resources of the General Fund	GF - Precludes Revenue Gain	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 23 \$
Various Municipalities	Potential Revenue Gain	See Below

Explanation

BONDING

Table 1 below summarizes the increases and reductions made to General Obligation (GO) bonds in FY 23.¹

¹ The fiscal impact is limited to just those bond authorizations changed in the bill and does not reflect the overall amount of bond authorizations effective under current law in FY 23.

Table 1: FY 22 and FY 23 Increases and Reductions to GO, STO, and CWF Bond Authorizations (in millions)

Description	FY 23 \$
General Obligation (GO) Bonds	
New Authorizations	337.8
Changes to Prior Authorizations	128.0
Reductions to Current Authorizations	(100.5)
NET TOTAL GO BONDS	365.3

Table 2 indicates the eventual total General Fund fiscal impact of the bill, through debt service, if all bonds authorized by the bill are allocated by the State Bond Commission and issued by the Office of the State Treasurer. If new authorizations are fully allocated when effective, there would be a cost to the General Fund for debt service of approximately \$18.3 million in FY 24. The remaining debt service costs identified in Table 2 would be repaid after FY 24.

Table 2: Net GO Bond Authorizations and Estimated Total Debt Service Cost (in millions)

Fiscal Year Authorized	Authorization Amount \$	Total Estimated Debt Service Cost ¹ \$
2023	365.3	522.6
¹ Debt service estimates based on market rates and repaid over 20 year terms.		

Municipal Impact of Bonding Provisions

To the extent authorized bonds are allocated by the State Bond Commission, new authorizations for multiple bond programs, including programs regarding municipal traffic signals, municipal purchase of electric buses, school HVAC construction, open space conservation, and clean water programs, will result in potential revenue gain to various municipalities.

Baby Bonds Program Changes

Besides the \$50 million increase in GO bonds for the Baby Bonds program reflected in the totals provided above, the bill eliminates the FY 34 authorization for the program of \$50 million. The bill also alters technical and administrative aspects of the program. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes future authorized GO bond funds to be available, expended, or to be expended more rapidly than they otherwise would have been.

The bill also exempts disbursements from the fund from state and local taxes, which precludes a potential revenue gain to the state beginning in FY 40.

The Out Years

To the extent that bonds are allocated and issued, debt service payments may extend up to 20 years from the time, and under of the terms, of issuance.