



House of Representatives

General Assembly

File No. 37

January Session, 2023

Substitute House Bill No. 6482

House of Representatives, March 8, 2023

The Committee on Environment reported through REP. GRESKO of the 121st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT AUTHORIZING BONDING FOR BIKEWAYS, GREENWAYS AND RECREATIONAL TRAILS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 23-103 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July 1,*
3 *2023*):

4 (a) For the purposes described in subsection (b) of this section, the
5 State Bond Commission shall have the power, from time to time to
6 authorize the issuance of bonds of the state in one or more series and in
7 principal amounts not exceeding [in the aggregate twenty-two] three
8 million dollars per annum for each of the fiscal years ending June 30,
9 2025, to June 30, 2029, inclusive.

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

Section 1	<i>July 1, 2023</i>	23-103(a)
-----------	---------------------	-----------

ENV Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$	Out Years
Treasurer, Debt Serv.	GF - Cost	See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill cancels \$22 million of current General Obligation (GO) bonds authorized for the Bikeways, Greenways, and Recreational Trails program. All \$22 million of GO bonds have previously been allocated by the State Bond Commission, including \$12 million since the start of 2021.

Removing or reducing the authorization after the funds have been allocated and issued but prior to full repayment of the up to 20-year bonds would result in the state breaking its contract with the holders of such bonds, which would be expected to negatively impact the state's credit rating and increase overall borrowing costs going forward. A portion of the current authorization was issued as part of the 2021 Series A General Obligation Bond issuance.

It is not clear that the State Treasurer would be able to certify the validity of the indebtedness as required under CGS 3-21(d) because the bonds have been allocated and issued. If the amounts specified are not certified, the fiscal impact is uncertain.

The bill also appears to authorize up to \$15 million in GO bonds, with

the State Bond Commission allowed to act on up to \$3 million for each fiscal year from FY 25 through FY 29. However, the bill is missing certain language that typically accompanies authorizations of new debt, which may prevent the State Bond Commission from being able to act on the bonds.

To the extent the new bonds authorized are certified by the Treasurer, and are fully allocated and expended, there would be an increase in annual General Fund debt service costs until such bonds are fully repaid. At current market rates, total repayment costs over 20 years for \$15 million of GO bond authorizations are estimated to be approximately \$23.3 million.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.

OLR Bill Analysis

sHB 6482

AN ACT AUTHORIZING BONDING FOR BIKEWAYS, GREENWAYS AND RECREATIONAL TRAILS.

SUMMARY

This bill authorizes up to \$3 million per year, for FYs 25 through 29, in general obligation bonds for the Department of Energy and Environmental Protection’s existing bikeway, pedestrian walkway, recreational trail, and greenway grant program. The bill also eliminates the current \$22 million aggregate bond authorization for the program.

By law, this program provides grants to municipalities, districts, government agencies, and organizations. Grants may be used for, among other things, planning; design; land acquisition; construction; equipment; trail amenities and facilities; parking lots; benches; and publications for bikeways, walkways, greenways, and multiuse or recreational trails.

EFFECTIVE DATE: July 1, 2023

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 32 Nay 0 (02/17/2023)