



# Senate

General Assembly

**File No. 617**

January Session, 2023

Senate Bill No. 1227

*Senate, April 17, 2023*

The Committee on Government Administration and Elections reported through SEN. FLEXER of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING THE BONDING AUTHORITY OF THE CONNECTICUT MUNICIPAL REDEVELOPMENT AUTHORITY, THE REPORTING OF MATERIAL FINANCIAL OBLIGATIONS BY STATE AGENCIES, TAX-EXEMPT PROCEEDS FUND REFERENCES, AND THE NOTIFICATION OF THE SALE OR LEASE OF PROJECTS FINANCED WITH BOND PROCEEDS.***

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

1 Section 1. Section 8-169oo of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The board of directors of the Connecticut Municipal  
4 Redevelopment Authority is authorized from time to time to issue its  
5 bonds, notes and other obligations in such principal amounts as in the  
6 opinion of the board shall be necessary to provide sufficient funds for  
7 carrying out the purposes set forth in section 8-169jj, as amended by this  
8 act, including the payment, funding or refunding of the principal of, or  
9 interest or redemption premiums on, any bonds, notes and other  
10 obligations issued by it, whether the bonds, notes or other obligations

11 or interest to be funded or refunded have or have not become due, the  
12 establishment of reserves to secure such bonds, notes and other  
13 obligations, loans made by the authority and all other expenditures of  
14 the authority incident to and necessary or convenient to carry out the  
15 purposes set forth in section 8-169jj, as amended by this act.

16 (b) Every issue of bonds, notes or other obligations shall be a general  
17 obligation of the authority payable out of any moneys or revenues of the  
18 authority and subject only to any agreements with the holders of  
19 particular bonds, notes or other obligations pledging any particular  
20 moneys or revenues. Any such bonds, notes or other obligations may be  
21 additionally secured by any grant or contributions from any  
22 department, agency or instrumentality of the United States or person or  
23 a pledge of any moneys, income or revenues of the authority from any  
24 source whatsoever.

25 (c) Notwithstanding any other provision of any law, any bonds, notes  
26 or other obligations issued by the authority pursuant to this section shall  
27 be fully negotiable within the meaning and for all purposes of title 42a.  
28 Any such bonds, notes or other obligations shall be legal investments  
29 for all trust companies, banks, investment companies, savings banks,  
30 building and loan associations, executors, administrators, guardians,  
31 conservators, trustees and other fiduciaries and pension, profit-sharing  
32 and retirement funds.

33 (d) Bonds, notes or other obligations of the authority shall be  
34 authorized by resolution of the board of directors of the authority and  
35 may be issued in one or more series and shall bear such date or dates,  
36 mature at such time or times, in the case of any such note, or any renewal  
37 thereof, not exceeding the term of years as the board shall determine  
38 from the date of the original issue of such notes, and, in the case of  
39 bonds, not exceeding thirty years from the date thereof, bear interest at  
40 such rate or rates, be in such denomination or denominations, be in such  
41 form, either coupon or registered, carry such conversion or registration  
42 privileges, have such rank or priority, be executed in such manner, be  
43 payable from such sources in such medium of payment at such place or

44 places within or without this state, and be subject to such terms of  
45 redemption, with or without premium, as such resolution or resolutions  
46 may provide.

47 (e) Bonds, notes or other obligations of the authority may be sold at  
48 public or private sale at such price or prices as the board shall determine.

49 (f) Bonds, notes or other obligations of the authority may be refunded  
50 and renewed from time to time as may be determined by resolution of  
51 the board, provided any such refunding or renewal shall be in  
52 conformity with any rights of the holders of such bonds, notes or other  
53 obligations.

54 (g) [Except as provided in section 8-169qq, bonds] Bonds, notes or  
55 other obligations of the authority issued under the provisions of this  
56 section shall not be deemed to constitute a debt or liability of the state  
57 or of any political subdivision thereof other than the authority, or a  
58 pledge of the faith and credit of the state or of any such political  
59 subdivision other than the authority, and shall not constitute bonds or  
60 notes issued or guaranteed by the state within the meaning of section 3-  
61 21, but shall be payable solely from the funds as provided in this section.  
62 All such bonds, notes or other obligations shall contain on the face  
63 thereof a statement to the effect that, unless otherwise provided by law,  
64 neither the state of Connecticut nor any political subdivision thereof  
65 other than the authority shall be obligated to pay the same or the interest  
66 thereof except from revenues or other funds of the authority and that  
67 neither the faith and credit nor the taxing power of the state of  
68 Connecticut or of any political subdivision thereof other than the  
69 authority is pledged to the payment of the principal of, or the interest  
70 on, such bonds, notes or other obligations.

71 (h) Any resolution or resolutions authorizing the issuance of bonds,  
72 notes or other obligations may contain provisions, except as limited by  
73 existing agreements with the holders of bonds, notes or other  
74 obligations, which shall be a part of the contract with the holders  
75 thereof, as to the following: (1) The pledging of all or any part of the  
76 moneys received by the authority to secure the payment of the principal

77 of and interest on any bonds, notes or other obligations or of any issue  
78 thereof; (2) the pledging of all or part of the assets of the authority to  
79 secure the payment of the principal of and interest on any bonds, notes  
80 or other obligations or of any issue thereof; (3) the establishment of  
81 reserves or sinking funds, the making of charges and fees to provide for  
82 the same, and the regulation and disposition thereof; (4) limitations on  
83 the purpose to which the proceeds of sale of bonds, notes or other  
84 obligations may be applied and pledging such proceeds to secure the  
85 payment of the bonds, notes or other obligations, or of any issues  
86 thereof; (5) limitations on the issuance of additional bonds, notes or  
87 other obligations, the terms upon which additional bonds, bond  
88 anticipation notes or other obligations may be issued and secured, the  
89 refunding or purchase of outstanding bonds, notes or other obligations  
90 of the authority; (6) the procedure, if any, by which the terms of any  
91 contract with the holders of any bonds, notes or other obligations of the  
92 authority may be amended or abrogated, the amount of bonds, notes or  
93 other obligations the holders of which must consent thereto and the  
94 manner in which such consent may be given; (7) limitations on the  
95 amount of moneys to be expended by the authority for operating,  
96 administrative or other expenses of the authority; (8) the vesting in a  
97 trustee or trustees of such property, rights, powers and duties in trust as  
98 the authority may determine, which may include any or all of the rights,  
99 powers and duties of any trustee appointed by the holders of any bonds,  
100 notes or other obligations and limiting or abrogating the right of the  
101 holders of any bonds, notes or other obligations of the authority to  
102 appoint a trustee or limiting the rights, powers and duties of such  
103 trustee; (9) provision for a trust agreement by and between the authority  
104 and a corporate trustee which may be any trust company or bank having  
105 the powers of a trust company within or without the state, which  
106 agreement may provide for the pledging or assigning of any assets or  
107 income from assets to which or in which the authority has any rights or  
108 interest, and may further provide for such other rights and remedies  
109 exercisable by the trustee as may be proper for the protection of the  
110 holders of any bonds, notes or other obligations of the authority and not  
111 otherwise in violation of law. Such agreement may provide for the

112 restriction of the rights of any individual holder of bonds, notes or other  
113 obligations of the authority. All expenses incurred in carrying out the  
114 provisions of such trust agreement may be treated as a part of the cost  
115 of operation of the authority. The trust agreement may contain any  
116 further provisions which are reasonable to delineate further the  
117 respective rights, duties, safeguards, responsibilities and liabilities of  
118 the authority, individual and collective holders of bonds, notes and  
119 other obligations of the authority and the trustees; (10) covenants to do  
120 or refrain from doing such acts and things as may be necessary or  
121 convenient or desirable in order to better secure any bonds, notes or  
122 other obligations of the authority, or which, in the discretion of the  
123 authority, will tend to make any bonds, notes or other obligations to be  
124 issued more marketable, notwithstanding that such covenants, acts or  
125 things may not be enumerated herein; and (11) any other matters of like  
126 or different character, which in any way affect the security or protection  
127 of the bonds, notes or other obligations.

128 (i) Any pledge made by the authority of income, revenues or other  
129 property shall be valid and binding from the time the pledge is made.  
130 The income, revenue, such state taxes as the authority shall be entitled  
131 to receive or other property so pledged and thereafter received by the  
132 authority shall immediately be subject to the lien of such pledge without  
133 any physical delivery thereof or further act, and the lien of any such  
134 pledge shall be valid and binding as against all parties having claims of  
135 any kind in tort, contract or otherwise against the authority, irrespective  
136 of whether such parties have notice thereof.

137 (j) The board of directors of the authority is authorized and  
138 empowered to obtain from any department, agency or instrumentality  
139 of the United States any insurance or guarantee as to, or of or for the  
140 payment or repayment of, interest or principal or both, or any part  
141 thereof, on any bonds, notes or other obligations issued by the authority  
142 pursuant to the provisions of this section and, notwithstanding any  
143 other provisions of sections 8-169ii to 8-169ss, inclusive, to enter into any  
144 agreement, contract or any other instrument whatsoever with respect to  
145 any such insurance or guarantee except to the extent that such action

146 would in any way impair or interfere with the authority's ability to  
147 perform and fulfill the terms of any agreement made with the holders  
148 of the bonds, bond anticipation notes or other obligations of the  
149 authority.

150 [(k) Neither the members of the board of directors of the authority  
151 nor any person executing bonds, notes or other obligations of the  
152 authority issued pursuant to this section shall be liable personally on  
153 such bonds, notes or other obligations or be subject to any personal  
154 liability or accountability by reason of the issuance thereof, nor shall any  
155 director, officer or employee of the authority be personally liable for  
156 damage or injury caused in the performance of such director, officer or  
157 employee's duties and within the scope of employment or appointment  
158 as such director, officer or employee, provided the conduct of such  
159 director, officer or employee was found not to have been wanton,  
160 reckless, wilful or malicious. The authority shall protect, save harmless  
161 and indemnify its directors, officers or employees from financial loss  
162 and expense, including legal fees and costs, if any, arising out of any  
163 claim, demand, suit or judgment by reason of alleged negligence or  
164 alleged deprivation of any person's civil rights or any other act or  
165 omission resulting in damage or injury, if the director, officer or  
166 employee is found to have been acting in the discharge of his or her  
167 duties or within the scope of his or her employment and such act or  
168 omission is found not to have been wanton, reckless, wilful or  
169 malicious.]

170 [(l)] (k) The board of directors of the authority [shall have power to]  
171 may purchase bonds, notes or other obligations of the authority out of  
172 any funds available for such purpose. The authority may hold, cancel or  
173 resell such bonds, notes or other obligations subject to and in accordance  
174 with agreements with holders of its bonds, notes and other obligations.

175 [(m)] (l) All moneys received pursuant to the authority of this section,  
176 whether as proceeds from the sale of bonds or as revenues, shall be  
177 deemed to be trust funds to be held and applied solely as provided in  
178 this section. Any officer with whom, or any bank or trust company with

179 which, such moneys shall be deposited shall act as trustee of such  
180 moneys and shall hold and apply the same for the purposes of section  
181 8-169jj, as amended by this act, and the resolution authorizing the bonds  
182 of any issue or the trust agreement securing such bonds may provide.

183 [(n)] (m) Any holder of bonds, notes or other obligations issued under  
184 the provisions of this section, and the trustee or trustees under any trust  
185 agreement, except to the extent the rights herein given may be restricted  
186 by any resolution authorizing the issuance of or any such trust  
187 agreement securing such bonds, may, either at law or in equity, by suit,  
188 action, mandamus or other proceeding, protect and enforce any and all  
189 rights under the laws of the state or granted under this section or under  
190 such resolution or trust agreement and may enforce and compel the  
191 performance of all duties required by this section or by such resolution  
192 or trust agreement to be performed by the authority or by any officer,  
193 employee or agent of the authority, including the fixing, charging and  
194 collecting of the rates, rents, fees and charges herein authorized and  
195 required by the provisions of such resolution or trust agreement to be  
196 fixed, established and collected.

197 [(o)] (n) The authority may make representations and agreements for  
198 the benefit of the holders of any bonds, notes or other obligations of the  
199 state which are necessary or appropriate to ensure the exclusion from  
200 gross income for federal income tax purposes of interest on bonds, notes  
201 or other obligations of the state from taxation under the Internal  
202 Revenue Code of 1986 or any subsequent corresponding internal  
203 revenue code of the United States, as amended from time to time,  
204 including agreement to pay rebates to the federal government of  
205 investment earnings derived from the investment of the proceeds of the  
206 bonds, notes or other obligations of the authority. Any such agreement  
207 may include: (1) A covenant to pay rebates to the federal government of  
208 investment earnings derived from the investment of the proceeds of the  
209 bonds, notes or other obligations of the authority; (2) a covenant that the  
210 authority will not limit or alter its rebate obligations until its obligations  
211 to the holders or owners of such bonds, notes or other obligations are  
212 finally met and discharged; and (3) provisions to (A) establish trust and

213 other accounts which may be appropriate to carry out such  
214 representations and agreements, (B) retain fiscal agents as depositories  
215 for such funds and accounts, and (C) provide that such fiscal agents may  
216 act as trustee of such funds and accounts.

217 Sec. 2. Section 8-169qq of the general statutes is repealed and the  
218 following is substituted in lieu thereof (*Effective from passage*):

219 [(a) The state shall protect, save harmless and indemnify the  
220 directors, officers and employees of the Connecticut Municipal  
221 Redevelopment Authority from financial loss and expenses, including  
222 legal fees and costs, if any, arising out of any claim, demand, suit or  
223 judgment based upon any alleged act or omission of any such director,  
224 officer or employee in connection with, or any other legal challenge to,  
225 authority development projects within a Connecticut Municipal  
226 Redevelopment Authority development district, provided any such  
227 director, officer or employee is found to have been acting in the  
228 discharge of such director, officer or employee's duties or within the  
229 scope of such director, officer or employee's employment and any such  
230 act or omission is found not to have been wanton, reckless, wilful or  
231 malicious.

232 (b) In the event any bond, note or other obligation of the authority  
233 cannot be paid by the authority, the state shall assume the liability of  
234 and make payment on such debt.]

235 (a) For the purposes of this section, "required minimum capital  
236 reserve" means the maximum amount permitted to be deposited in a  
237 special capital reserve fund by the Internal Revenue Code of 1986, or  
238 any subsequent corresponding internal revenue code of the United  
239 States, as amended from time to time, to permit the interest on the bonds  
240 of the Connecticut Municipal Redevelopment Authority secured by  
241 such special capital reserve fund to be excluded from gross income for  
242 federal tax purposes.

243 (b) The authority may, in connection with the issuance of bonds, the  
244 refunding of bonds previously issued by the authority or the issuance



245 of bonds to effect a refinancing or other restructuring with respect to one  
246 or more projects, establish one or more special capital reserve funds. The  
247 authority may pay into such special capital reserve funds (1) any  
248 moneys appropriated and made available by the state for the purposes  
249 of such special capital reserve funds, (2) any proceeds of the sale of  
250 bonds or notes of the authority, to the extent provided in the resolution  
251 of said authority authorizing the issuance of such bonds or notes, and  
252 (3) any moneys made available to the authority from any other source  
253 for the purposes of such special capital reserve funds. The amount of  
254 bonds of the authority secured by special capital reserve funds shall not  
255 exceed fifty million dollars in the aggregate.

256 (c) (1) Except as otherwise provided in this section, the moneys held  
257 in or credited to any special capital reserve fund established under this  
258 section shall be used for:

259 (A) The payment of the principal and interest as such payments  
260 become due, whether due at maturity or by mandatory sinking fund  
261 installments, on bonds of the authority secured by such special capital  
262 reserve fund; or

263 (B) The purchase of such bonds and the payment of any redemption  
264 premium required to be paid when such bonds are redeemed prior to  
265 maturity, including reimbursement of a provider of bond insurance or  
266 of a credit or liquidity facility that has paid such redemption premium.

267 (2) The authority may prohibit, except for the purpose of paying the  
268 principal of and interest and redemption premium on bonds of the  
269 authority secured by a special capital reserve fund for which other  
270 moneys of the authority are not available, the withdrawal of moneys in  
271 any special capital reserve fund in an amount that would result in the  
272 balance of such special capital reserve fund being less than (A) the  
273 maximum amount of principal and interest becoming due by reason of  
274 maturity or a required sinking fund installment on the bonds of the  
275 authority outstanding in the then current or any succeeding calendar  
276 year, or (B) the required minimum capital reserve.

277 (3) The authority may provide at any time that it shall not issue bonds  
278 secured by a special capital reserve fund if the required minimum  
279 capital reserve on the bonds outstanding and the bonds to be issued and  
280 secured by the same special capital reserve fund at the time of issuance  
281 exceeds the moneys in the special capital reserve fund, unless the  
282 authority deposits proceeds from the bonds to be issued or moneys from  
283 other sources into such special capital reserve fund, in an amount that,  
284 together with the amount then in such special capital reserve fund, will  
285 be not less than the required minimum capital reserve.

286 (d) (1) (A) Prior to December first, annually, the authority shall  
287 deposit, for any special capital reserve fund for which the balance is  
288 below the required minimum capital reserve, the full amount required  
289 to meet the required minimum capital reserve for such special capital  
290 reserve fund. Such deposit shall be made from any resources available  
291 to the authority not otherwise pledged or dedicated to another purpose.

292 (B) On or prior to December first, annually, but after the authority has  
293 made any deposits required under subparagraph (A) of this  
294 subdivision, there shall be deemed appropriated from the General Fund  
295 any sums necessary to restore the balance of each such special capital  
296 reserve fund to the required minimum capital reserve amount. The  
297 amount of any such sum shall be allotted and paid to the authority upon  
298 the certification of such sum by the chairperson or vice-chairperson of  
299 the authority to the Secretary of the Office of Policy and Management,  
300 the Treasurer and the joint standing committees of the General  
301 Assembly having cognizance of matters relating to planning and  
302 development and finance, revenue and bonding.

303 (C) For the purposes of this subdivision, obligations acquired as an  
304 investment for any special capital reserve fund shall be valued at  
305 amortized cost.

306 (2) Subject to any agreement or agreements with holders of  
307 outstanding bonds or notes of the authority, any amount allotted and  
308 paid to the authority pursuant to subdivision (1) of this subsection shall  
309 be repaid to the state from moneys of the authority, at such time as such

310 moneys are not required for any other corporate purposes of the  
311 authority. Such repayment shall occur not later than one year after the  
312 date the following liabilities are met and fully discharged by the  
313 authority: (A) All bonds and notes of the authority that were issued  
314 before, on or after the date such allotted amount was paid to the  
315 authority; (B) all interest on such bonds and notes and on any unpaid  
316 installments of interest; and (C) all costs and expenses incurred in  
317 connection with any action or proceeding by or on behalf of the holders  
318 of such bonds or notes.

319 (e) (1) The authority shall not issue bonds secured by a special capital  
320 reserve fund until and unless:

321 (A) The authority has determined, and has provided such  
322 determination to the Secretary of the Office of Policy and Management  
323 or the secretary's deputy and to the Treasurer or the Deputy Treasurer,  
324 that the revenues from the project shall be sufficient to (i) pay the  
325 principal of and interest on the bonds issued to finance the project, (ii)  
326 establish, increase and maintain any reserves deemed advisable by the  
327 authority to secure the payment of the principal of and interest on such  
328 bonds, (iii) pay the cost of maintaining the project in good repair and  
329 properly insured, and (iv) pay such other costs of the project as may be  
330 required;

331 (B) The issuance has been approved by the Secretary of the Office of  
332 Policy and Management or the secretary's deputy; and

333 (C) The authority has provided the documentation required under  
334 subsection (a) of section 1-124 to the Treasurer or the Deputy Treasurer  
335 and the issuance has been approved by the Treasurer or the Deputy  
336 Treasurer pursuant to said subsection.

337 (2) The approval by the Secretary of the Office of Policy and  
338 Management or the secretary's deputy may provide for the waiver or  
339 modification of the requirements of this section as the secretary deems  
340 necessary or appropriate to effectuate such issuance, subject to any  
341 applicable tax covenants of the authority and the state.

342 (f) Nothing in this section shall preclude the authority from  
343 establishing other debt service reserve funds that are not special capital  
344 reserve funds in connection with the issuance of bonds or notes of the  
345 authority.

346 Sec. 3. (NEW) (*Effective from passage*) (a) As used in this section, (1)  
347 "person" means any (A) state officer, (B) state agency, department, board  
348 or commission, or (C) state employee, or any agent thereof. "Person"  
349 includes The University of Connecticut Health Care Finance  
350 Corporation, and (2) "financial obligation" has the same meaning as  
351 provided in 17 CFR 240.15c2-12, as amended from time to time.

352 (b) (1) Before any person incurs any financial obligation of the state  
353 or enters into any agreement to covenants, events of default, remedies,  
354 priority rights or other similar terms in connection with a financial  
355 obligation of the state, where such financial obligation (A) is in excess of  
356 one million dollars, or (B) encumbers property or rights of the state  
357 material to the operations of the state, such person shall notify the  
358 Treasurer of such proposed financial obligation or agreement and  
359 submit any documents pursuant to which such financial obligation is to  
360 be incurred or such agreement is to be entered into. No such person shall  
361 incur any such financial obligation or enter into any such agreement  
362 until such person has received a written acknowledgment pursuant to  
363 subdivision (2) of this subsection.

364 (2) Upon receipt of such notification and documents, the Treasurer  
365 shall determine whether the information provided is adequate for the  
366 Treasurer to timely meet required disclosure obligations under federal  
367 securities law. The Treasurer may request additional information the  
368 Treasurer deems necessary to make such determination. Upon the  
369 Treasurer's satisfaction that adequate information has been provided for  
370 the Treasurer to timely meet required disclosure obligations under  
371 federal securities law, the Treasurer or the Treasurer's designee shall  
372 provide written acknowledgment to the person seeking to incur such  
373 financial obligation or enter into such agreement. The Treasurer may  
374 establish, and revise from time to time, exemptions from such

375 notification and submission requirements as the Treasurer determines  
376 are consistent with the state's disclosure obligations under federal  
377 securities law.

378 Sec. 4. Subsection (x) of section 3-20 of the general statutes is repealed  
379 and the following is substituted in lieu thereof (*Effective July 1, 2023*):

380 (x) Notwithstanding any provision of the general statutes, public acts  
381 or special acts, [upon] any sale, lease or other disposition to or use by a  
382 nongovernmental entity of all or a portion of any project financed with  
383 proceeds of bonds of the state the interest on which is not included in  
384 gross income pursuant to Section 103 of the Internal Revenue Code of  
385 1986, or any subsequent corresponding internal revenue code of the  
386 United States, as amended from time to time, [amended,] that would  
387 otherwise cause such bonds to be treated as private activity bonds  
388 within the meaning of Section 141 of said internal revenue code [, the]  
389 shall be subject to the prior approval of the Treasurer. The Treasurer is  
390 authorized to transfer all or a portion of the proceeds received with  
391 respect to and at the time of such disposition or use, in an amount not  
392 less than the amount required by said internal revenue code to preserve  
393 the exclusion from gross income of interest on such bonds, (1) to the  
394 General Fund to pay debt service on, including redemption, defeasance  
395 or purchase of, outstanding bonds of the state the interest on which is  
396 not included in gross income pursuant to Section 103 of said internal  
397 revenue code, (2) with the approval of the State Bond Commission, in  
398 lieu of the issuance of bonds, to the appropriate account or fund for any  
399 projects or purposes authorized by the State Bond Commission  
400 pursuant to a bond act and with the same force and effect as bond  
401 proceeds, thereby reducing the authority to issue bonds by such dollar  
402 amount, provided in any event that any such transfer does not cause the  
403 interest on the subject bonds to become included in gross income  
404 pursuant to Section 103 of said internal revenue code.

405 Sec. 5. Subsection (a) of section 3-37 of the general statutes is repealed  
406 and the following is substituted in lieu thereof (*Effective July 1, 2023*):

407 (a) The Treasurer shall, annually, on or before December thirty-first,

408 submit a final audited report to the Governor and a copy of such report  
409 to the Investment Advisory Council, which shall include the following  
410 information concerning the activities of the office of the State Treasurer  
411 for the immediately preceding fiscal year ending June thirtieth: (1)  
412 Complete financial statements and accompanying footnotes for the  
413 combined investment funds prepared in accordance with generally  
414 accepted accounting principles, which financial statements shall be  
415 audited in accordance with generally accepted auditing standards and  
416 supplementary schedules depicting the interests of the component  
417 retirement plans and trust funds; (2) complete financial statements and  
418 accompanying footnotes for the Short Term Investment Fund prepared  
419 in accordance with generally accepted accounting principles and  
420 supplementary schedules listing all assets held by the Short Term  
421 Investment Fund; (3) a discussion and review of the performance of the  
422 combined investment funds and Short Term Investment Fund for such  
423 fiscal year in accordance with recognized and appropriate performance  
424 presentation and disclosure, including an analysis of the return earned  
425 by the portfolio and each combined investment fund as well as the risk  
426 profile of the portfolio and each combined investment fund according  
427 to investment industry standards; (4) the activities and transactions in  
428 such reasonable detail as is appropriate of the cash management  
429 division including information on the state's cash receipts and  
430 disbursements for the fiscal year, and the debt management division;  
431 [including the financial statements of the tax-exempt proceeds fund  
432 prepared in accordance with generally accepted accounting principles;]  
433 (5) financial statements and accompanying footnotes as well as a  
434 summary of operating results for the Second Injury Fund for such fiscal  
435 year; (6) a financial summary and report on the activities of the state's  
436 unclaimed property program for such fiscal year; (7) a listing of the  
437 companies from which state funds were divested based upon such  
438 companies' business in Sudan, pursuant to the provisions of section 3-  
439 21e, and any companies identified by the Treasurer as companies from  
440 which investment of state funds has been declared impermissible by the  
441 Treasurer, pursuant to the provisions of section 3-21e; and (8) such other  
442 information as the Treasurer deems of interest to the public.

443 Sec. 6. Subsection (q) of section 3-62h of the general statutes is  
444 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
445 *2023*):

446 (q) Any moneys held by the Treasurer or by a trustee pursuant to an  
447 indenture of trust with respect to abandoned property fund bonds  
448 including pledged revenues, other pledged receipts, funds or moneys  
449 and proceeds from the sale of such abandoned property fund bonds,  
450 may, pending the use or application of the proceeds thereof for an  
451 authorized purpose, be (1) invested and reinvested in such obligations,  
452 securities and investments as are set forth in subsection (f) of section 3-  
453 20 [ ] and in participation certificates in the Short Term Investment  
454 Funds created under sections 3-27a and 3-27f<sub>2</sub> [and in participation  
455 certificates or securities of the Tax-Exempt Proceeds Fund created under  
456 section 3-24a] or (2) deposited or redeposited in such bank or banks as  
457 shall be provided in the proceedings. Unless the proceedings provide  
458 otherwise, proceeds from investments authorized by this subsection,  
459 less amounts required under the proceedings authorizing the issuance  
460 of abandoned property fund bonds for the payment of Special  
461 Abandoned Property Fund financing costs relating to such abandoned  
462 property fund bonds, shall be credited to the Special Abandoned  
463 Property Fund.

464 Sec. 7. Subsection (d) of section 7-406n of the general statutes is  
465 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
466 *2023*):

467 (d) Any moneys held by the Treasurer or by a trustee pursuant to an  
468 indenture of trust with respect to municipal pension solvency account  
469 bonds including pledged revenues, other pledged receipts, funds or  
470 moneys and proceeds from the sale of such municipal pension solvency  
471 account bonds, may, pending the use or application of such proceeds  
472 for an authorized purpose, be (1) invested and reinvested in such  
473 obligations, securities and investments as are set forth in subsection (f)  
474 of section 3-20 [ ] and in participation certificates in the Short Term  
475 Investment Funds created under sections 3-27a and 3-27f<sub>2</sub> [and in

476 participation certificates or securities of the Tax-Exempt Proceeds Fund  
477 created under section 3-24a,] or (2) deposited or redeposited in such  
478 bank or banks as shall be provided in the proceedings authorizing the  
479 issuance of municipal pension solvency account bonds. Unless the  
480 proceedings provide otherwise, proceeds from investments authorized  
481 by this subsection, less amounts required under the proceedings for the  
482 payment of municipal pension solvency loan costs relating to such  
483 municipal pension solvency account bonds, shall be credited to the  
484 municipal pension solvency account.

485 Sec. 8. Subdivision (9) of subsection (b) of section 8-169jj of the general  
486 statutes is repealed and the following is substituted in lieu thereof  
487 (*Effective July 1, 2023*):

488 (9) Invest any funds not needed for immediate use or disbursement  
489 in obligations issued or guaranteed by the United States or the state,  
490 including the Short Term Investment Fund, [and the Tax-Exempt  
491 Proceeds Fund,] and in other obligations that are legal investments for  
492 savings banks in this state, and in-time deposits or certificates of deposit  
493 or other similar banking arrangements secured in such manner as the  
494 authority determines;

495 Sec. 9. Subsection (b) of section 8-336o of the general statutes is  
496 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
497 *2023*):

498 (b) Any moneys held in the Housing Trust Fund may, pending the  
499 use or application of the proceeds thereof for an authorized purpose, be  
500 (1) invested and reinvested in such obligations, securities and  
501 investments as are set forth in subsection (f) of section 3-20 [, and in  
502 participation certificates in the Short Term Investment Fund created  
503 under sections 3-27a and 3-27f, [and in participation certificates or  
504 securities of the Tax-Exempt Proceeds Fund created under section 3-  
505 24a,] (2) deposited or redeposited in such bank or banks at the direction  
506 of the Treasurer, or (3) invested in participation units in the combined  
507 investment funds, as defined in section 3-31b. Unless otherwise  
508 provided pursuant to subsection (c) of this section, proceeds from



509 investments authorized by this subsection shall be credited to the  
510 Housing Trust Fund.

511 Sec. 10. Subsection (b) of section 32-7o of the general statutes is  
512 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
513 *2023*):

514 (b) Any moneys held in the Connecticut Manufacturing Innovation  
515 Fund may, pending the use or application of the proceeds thereof for an  
516 authorized purpose, be (1) invested and reinvested in such obligations,  
517 securities and investments as are set forth in subsection (f) of section 3-  
518 20 [.] and in participation certificates in the Short Term Investment Fund  
519 created under sections 3-27a and 3-27f<sub>2</sub> [and in participation certificates  
520 or securities of the Tax-Exempt Proceeds Fund created under section 3-  
521 24a,] (2) deposited or redeposited in any bank or banks, at the direction  
522 of the Treasurer, or (3) invested in participation units in the combined  
523 investment funds, as defined in section 3-31b. Proceeds from  
524 investments authorized by this subsection shall be credited to the  
525 Connecticut Manufacturing Innovation Fund.

526 Sec. 11. Subdivision (6) of subsection (b) of section 32-602 of the  
527 general statutes is repealed and the following is substituted in lieu  
528 thereof (*Effective July 1, 2023*):

529 (6) To invest any funds not needed for immediate use or  
530 disbursement in obligations issued or guaranteed by the United States  
531 of America or the state of Connecticut, including the Short Term  
532 Investment Fund, [and the Tax-Exempt Proceeds Fund,] and in other  
533 obligations which are legal investments for savings banks in this state  
534 and in time deposits or certificates of deposit or other similar banking  
535 arrangements secured in such manner as the authority determines;

536 Sec. 12. Section 10-63b of the general statutes is repealed and the  
537 following is substituted in lieu thereof (*Effective from passage*):

538 Within thirty days of receipt of an application pursuant to section 10-  
539 63a the regional board of education shall call for the appointment of a

540 committee to study issues relating to withdrawal or dissolution. The  
541 committee shall consist of the following: One member of the board of  
542 education of each town within the district, to be selected by each such  
543 board, if any, or if none, an elector to be elected by the legislative body  
544 in such town; one member of the board of finance or comparable fiscal  
545 body of each town within the district to be selected by each such board  
546 or body; two members of the regional board of education, to be selected  
547 by such board, no more than one of whom may be a resident of a town  
548 making the application for the appointment of the committee; one  
549 member to be appointed by the Commissioner of Education, who shall  
550 not be a resident of any town within the district; [the State Treasurer or  
551 the Treasurer's designee,] and one member to be appointed by the  
552 regional board of education, who [shall be] is an expert in municipal  
553 bonding and financing and who shall not be a resident of any town  
554 within the district. The members shall receive no compensation for their  
555 services, but their expenses and those incurred by the regional board in  
556 connection with withdrawal or dissolution procedures shall be paid by  
557 the towns applying for withdrawal or dissolution. The appointee of the  
558 Commissioner of Education shall call the first meeting of the committee,  
559 and the committee shall organize and function in accordance with  
560 section 10-41.

561 Sec. 13. Subdivision (3) of subsection (a) of section 10-283 of the  
562 general statutes is repealed and the following is substituted in lieu  
563 thereof (*Effective July 1, 2023*):

564 (3) (A) All final calculations completed by the Department of  
565 Administrative Services for school building projects shall include a  
566 computation of the state grant for the school building project amortized  
567 on a straight line basis over a twenty-year period for school building  
568 projects with costs equal to or greater than two million dollars and over  
569 a ten-year period for school building projects with costs less than two  
570 million dollars. Any town or regional school district which abandons,  
571 sells, leases, demolishes or otherwise redirects the use of such a school  
572 building project to other than a public school use during such  
573 amortization period shall refund to the state the unamortized balance of

574 the state grant remaining as of the date the abandonment, sale, lease,  
575 demolition or redirection occurs. The amortization period for a project  
576 shall begin on the date the project was accepted as complete by the local  
577 or regional board of education. A town or regional school district  
578 required to make a refund to the state pursuant to this subdivision may  
579 request forgiveness of such refund if the building is redirected for public  
580 use. The Department of Administrative Services shall include as an  
581 addendum to the annual school construction priority list all those towns  
582 requesting forgiveness. General Assembly approval of the priority list  
583 containing such request shall constitute approval of such request. This  
584 subdivision shall not apply to projects to correct safety, health and other  
585 code violations or to remedy certified school indoor air quality  
586 emergencies approved pursuant to subsection (b) of this section or  
587 projects subject to the provisions of section 10-285c.

588 (B) If the board of governors for an independent institution of higher  
589 education, as defined in subsection (a) of section 10a-173, or the  
590 equivalent of such a board, on behalf of the independent institution of  
591 higher education, that operates an interdistrict magnet school makes  
592 private use of any portion of a school building in which such operator  
593 received a school building project grant pursuant to this chapter, such  
594 operator shall annually submit a report to the Commissioner of  
595 Education that demonstrates that such operator provides an equal to or  
596 greater than in-kind or supplemental benefit of such institution's  
597 facilities to students enrolled in such interdistrict magnet school that  
598 outweighs the private use of such school building. If the commissioner  
599 finds that the private use of such school building exceeds the in-kind or  
600 supplemental benefit to magnet school students, the commissioner may  
601 require such institution to refund to the state the unamortized balance  
602 of the state grant.

603 [(C) Any moneys refunded to the state pursuant to subparagraphs  
604 (A) and (B) of this subdivision shall be deposited in the state's tax-  
605 exempt proceeds fund and used not later than sixty days after  
606 repayment to pay debt service on, including redemption, defeasance or  
607 purchase of, outstanding bonds of the state the interest on which is not

608 included in gross income pursuant to Section 103 of the Internal  
 609 Revenue Code of 1986, or any subsequent corresponding internal  
 610 revenue code of the United States, as from time to time amended.]

611 Sec. 14. Subsection (b) of section 22a-260a of the general statutes is  
 612 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
 613 *2023*):

614 (b) Wherever the words "Connecticut Resources Recovery Authority"  
 615 are used in any public or special act of 2014 or in the following sections  
 616 of the general statutes, the words "Materials Innovation and Recycling  
 617 Authority" shall be substituted in lieu thereof: 1-79, 1-120, 1-124, 1-125,  
 618 [3-24d, 3-24f,] 7-329a, 12-412, 12-459, 16-1, 16-245, 16-245b, 22a-208a, 22a-  
 619 208v, 22a-209h, 22a-219b, 22a-220, 22a-241, 22a-260, 22a-261, 22a-263a,  
 620 22a-263b, 22a-268a, 22a-268b, 22a-270a, 22a-272a, 22a-282, 22a-283, 22a-  
 621 284, 32-1e and 32-658.

622 Sec. 15. Subdivision (1) of subsection (a) of section 32-11f of the  
 623 general statutes is repealed and the following is substituted in lieu  
 624 thereof (*Effective July 1, 2023*):

625 (a) (1) Wherever the term "Connecticut Development Authority" is  
 626 used in the following sections of the general statutes, the term  
 627 "Connecticut Innovations, Incorporated" shall be substituted in lieu  
 628 thereof: [3-24d, 3-24f,] 3-99d, 8-134, 8-134a, 8-192, 8-192a, 8-240m, 13b-  
 629 79w, 16-243v, 22a-134, 22a-173, 22a-259, 22a-264, 25-33a, 32-1l, 32-3, 32-  
 630 4l, 32-6j, 32-9c, 32-9n, 32-9qq, 32-22b, 32-23l, 32-23o, 32-23q, 32-23r, 32-  
 631 23s, 32-23t, 32-23v, 32-23x, 32-23z, 32-23aa, 32-23qq, 32-23ss, 32-23tt, 32-  
 632 31a, 32-61, 32-68a, 32-141, 32-222, 32-223, 32-227, 32-244, 32-244a, 32-262,  
 633 32-263, 32-265, 32-266, 32-285, 32-341, 32-477, 32-500, 32-503, 32-609, 32-  
 634 761, 32-763 and 32-768.

635 Sec. 16. Sections 3-24a to 3-24h, inclusive, of the general statutes are  
 636 repealed. (*Effective July 1, 2023*)

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>from passage</i>	8-169oo
Sec. 2	<i>from passage</i>	8-169qq
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>July 1, 2023</i>	3-20(x)
Sec. 5	<i>July 1, 2023</i>	3-37(a)
Sec. 6	<i>July 1, 2023</i>	3-62h(q)
Sec. 7	<i>July 1, 2023</i>	7-406n(d)
Sec. 8	<i>July 1, 2023</i>	8-169jj(b)(9)
Sec. 9	<i>July 1, 2023</i>	8-336o(b)
Sec. 10	<i>July 1, 2023</i>	32-7o(b)
Sec. 11	<i>July 1, 2023</i>	32-602(b)(6)
Sec. 12	<i>from passage</i>	10-63b
Sec. 13	<i>July 1, 2023</i>	10-283(a)(3)
Sec. 14	<i>July 1, 2023</i>	22a-260a(b)
Sec. 15	<i>July 1, 2023</i>	32-11f(a)(1)
Sec. 16	<i>July 1, 2023</i>	Repealer section

**GAE**      *Joint Favorable*

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 \$
Treasurer, Debt Serv.	GF - Potential Savings	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires that any bonds issued by the Municipal Redevelopment Authority (MRDA) use special capital reserve funds (SCRF) overseen by the Treasurer, and limits MRDA's aggregate SCRF-backed debt to \$50 million. To the extent MRDA issues SCRF-backed bonds in the future instead of non-SCRF-backed state-backed bonds or that MRDA's debt is limited to \$50 million where it otherwise would have been greater, there is the potential for cost savings.

**Background**

MRDA was established within the 2019 Budget Act and empowered to issue bonds backed by the state that were not specifically subject to SCRF requirements. To date, MRDA has not issued any bonds.

SCRF-backed bonds are a contingent liability of the state.<sup>1</sup> The SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance than the relevant market rate. In the

<sup>1</sup> Contingent liabilities do not count against the state's statutory limits on General Obligation bonding.

event that the SCRF is drawn down in part or completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue until the fund is replenished by the bond issuer or the underlying debt is repaid.

***The Out Years***

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

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**OLR Bill Analysis****SB 1227*****AN ACT CONCERNING THE BONDING AUTHORITY OF THE CONNECTICUT MUNICIPAL REDEVELOPMENT AUTHORITY, THE REPORTING OF MATERIAL FINANCIAL OBLIGATIONS BY STATE AGENCIES, TAX-EXEMPT PROCEEDS FUND REFERENCES, AND THE NOTIFICATION OF THE SALE OR LEASE OF PROJECTS FINANCED WITH BOND PROCEEDS.*****SUMMARY**

This bill limits the Municipal Redevelopment Authority's (MRDA) bonding authority, generally aligning it with other quasi-public agencies. Among other things, the bill does the following:

1. repeals the law requiring that the state assume liability of and make payment for MRDA debt if the authority cannot pay for its bonds, notes, or other obligations;
2. authorizes the authority to establish one or more special capital reserve funds (SCRF) to secure the principal and interest payments on bonds; and
3. caps at \$50 million the total amount of MRDA bonds that may be secured by a SCRF.

The bill also makes the following unrelated changes:

1. eliminates redundant indemnification provisions that apply specifically to MRDA (because existing generally applicable provisions giving quasi-public officials and employees the same protections already apply to MRDA (CGS § 1-125));
2. requires state employees, officers, agencies, boards, commissions (including the UConn Health Care Finance Corporation), or their



- agents to notify the state treasurer before incurring certain financial obligations that must be reported under federal securities law;
3. explicitly requires that certain property sales, leases, or other dispositions receive the state treasurer's prior approval;
  4. eliminates the requirement that the state treasurer, or his designee, serve as a member of any study committee formed on regional school district withdrawals or dissolutions (§ 12); and
  5. eliminates obsolete statutory references to the Tax-Exempt Proceeds Fund, which no longer exists (§§ 5-11 & 13-16).

EFFECTIVE DATE: Upon passage, except that the provisions on the Tax-Exempt Proceeds Fund and the treasurer's approval for certain property sales, leases, and dispositions are effective July 1, 2023.

## **§§ 1 & 2 — MRDA SCRF-BACKED BONDS**

### ***SCRF Authorization***

The bill allows MRDA to establish one or more SCRFs in connection with its bonds. It allows MRDA to pay into the SCRFs (1) any state appropriations for the SCRF; (2) proceeds from the sale of MRDA bonds, if the MRDA resolution authorizing the bonds allows it; and (3) any other funds the authority receives for a SCRF. The maximum amount of SCRF-backed bonds that MRDA may issue is \$50 million.

### ***Allowable Use of SCRFs***

The bill requires the SCRF to be used only for (1) paying principal and interest on SCRF-backed bonds, (2) buying SCRF-backed MRDA bonds before maturity, and (3) paying any premiums required to pay off the bonds before maturity. It allows MRDA to limit SCRF withdrawals so that the balance does not fall below (1) the maximum principal and interest or required sinking fund installment due on MRDA bonds maturing in the current or any future calendar year or (2) the maximum SCRF amount required to preserve the bonds' federal tax exemption (i.e., "required minimum capital reserve").

***Minimum Capital Reserve***

The bill allows MRDA to decide not to issue new SCRF-backed bonds unless it deposits enough funds into the SCRF to keep its balance at or above the minimum reserve. Before December 1 annually, MRDA must deposit the full amount required to meet the minimum reserve from any available resources not otherwise pledged or dedicated.

By December 1 annually, but after MRDA has made any required SCRF deposits, the bill automatically appropriates from the General Fund any amount needed to maintain the minimum reserve balance in the SCRF, as certified by MRDA's chairperson or vice-chairperson to the Office of Policy and Management (OPM) secretary, state treasurer, and Planning and Development and Finance, Revenue and Bonding committees. In evaluating the SCRF balance, the bill requires investments to be valued as amortized cost.

Subject to its agreements with bondholders, MRDA must repay the state from whatever funds are not needed for its other corporate purposes within one year after meeting all its obligations from bonds and notes outstanding on the date of the state allotment.

***Limitation on Issuing SCRF-Backed Bonds***

Under the bill, MRDA cannot issue bonds secured by a SCRF unless the following conditions are met:

1. it informs the OPM secretary and state treasurer, or their deputies, that project revenues are sufficient to (a) pay the bonds' principal and interest; (b) establish, increase, and maintain any reserves it deems advisable to secure principal and interest payments; (c) pay the project's maintenance and insurance costs; and (d) pay other required project costs and
2. the OPM secretary and treasurer, or their deputies, approve the issuance.

Under the bill, OPM's approval may waive or change any of the SCRF-backed bond requirements described above if the secretary deems

it necessary or appropriate for the issuance, subject to any applicable state or MRDA tax covenants.

### ***Other Debt Service Reserve Funds***

The bill specifies that these provisions do not preclude MRDA from establishing other debt service reserve funds that are not SCRFs.

### **§ 3 — PRIOR NOTICE TO TREASURER OF REPORTABLE FINANCIAL OBLIGATIONS**

The bill requires state employees, officers, agencies, boards, commissions (including the University of Connecticut Health Care Finance Corporation), or their agents to notify the state treasurer before (1) incurring certain financial obligations of the state or (2) entering into an agreement to covenants, events of default, remedies, priority rights, or other similar terms related to these state financial obligations. Along with the notice, they must also submit any documents under which the financial obligation or agreement is to be incurred or entered into.

These requirements apply to any “financial obligation” exceeding \$1 million or encumbering state property or rights that are material to its operations. Under the bill, “financial obligation” has the same meaning as under federal securities law, which is generally a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or payment for, an existing or planned debt obligation; or (3) guarantee for either of these obligations.

After receiving this notice and documentation, the bill requires the treasurer to determine whether the information provided is adequate for him to timely meet federal securities law disclosure requirements. The treasurer may request more information that he finds necessary to make this determination. If he is satisfied that the information is adequate to meet these disclosure requirements, the treasurer, or his designee, must give written acknowledgement to the person or entity seeking to incur the financial obligation or enter into the agreement. The bill prohibits them from incurring the financial obligation or entering into the agreement until they have received this written acknowledgement.

The bill allows the treasurer to establish and revise exemptions from these filing requirements as he determines are consistent with the state’s disclosure obligations under federal securities law.

**§ 4 — TREASURER APPROVAL OF CERTAIN STATE PROPERTY TRANSACTIONS**

The bill explicitly requires that certain property sales, leases, or other dispositions receive the state treasurer’s prior approval. This requirement applies to sales, leases, or other dispositions to, or uses by, a nongovernmental entity of all or a portion of a project financed by tax-exempt state bonds if doing so would cause the bonds to be treated as private activity bonds. (Private activity bonds are federally tax-exempt bonds issued by the state, municipalities, and quasi-public agencies to finance private projects that serve a public purpose. Federal law limits the volume of tax-exempt private activity bonds that can be issued each year.) As under existing law, the treasurer may transfer all or a portion of the transaction’s proceeds for specified purposes to maintain the bonds’ tax-exempt status.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable

Yea 19 Nay 0 (03/27/2023)