

OFFICE OF FISCAL ANALYSIS

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sHB-6482

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

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

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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.