



General Assembly

January Session, 2023

Raised Bill No. 6560

LCO No. 3246



Referred to Committee on PLANNING AND DEVELOPMENT

Introduced by:
(PD)

***AN ACT CONCERNING CERTAIN MUNICIPALITIES UNDER THE
OVERSIGHT OF THE MUNICIPAL ACCOUNTABILITY REVIEW
BOARD.***

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

1 Section 1. Section 7-576j of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

3 (a) The Secretary of the Office of Policy and Management and the
4 State Treasurer may enter the state into a contract with any designated
5 tier III or tier IV municipality for the provision of contract assistance to
6 such municipality in accordance with the provisions of this section. Any
7 such contract assistance shall be limited to an amount equal to (1) the
8 annual debt service on the outstanding amount of (A) refunding bonds
9 to be issued by such municipality pursuant to section 7-370c, or (B) any
10 other bonds or notes issued by such municipality, provided such
11 refunding bonds or other bonds or notes are for payment, funding,
12 refunding, redemption, replacement or substitution of bonds, notes or
13 other obligations previously issued by such municipality, plus (2) costs
14 of issuance on any such refunding bonds and any other costs or

15 expenses, including, but not limited to, any tax payments, that result
16 directly from the refunding of debt.

17 (b) Any contract described in subsection (a) of this section may
18 provide that such contract assistance that is necessary to make debt
19 service payments on behalf of such municipality shall be paid directly
20 by the state to the municipality, trustee, paying agent or holder of the
21 refunding bonds, other bonds or notes that are the subject of such
22 contract.

23 (c) Notwithstanding the provisions of subsection (a) of this section,
24 no such contract shall be entered into by the secretary and the Treasurer
25 unless (1) such designated tier III or tier IV municipality files a certificate
26 with the secretary and the Treasurer that sets forth the amount of debt
27 service and costs of issuance expected to be paid on any such refunding
28 bonds to be secured by such state assistance contract, and (2) such
29 contract is filed by the secretary and the Treasurer with the clerks of the
30 House of Representatives and the Senate and approved by the General
31 Assembly. The General Assembly may, by resolution, approve such
32 contract by a majority vote of each chamber or may reject such contract
33 by a majority vote of either chamber. Such contract shall be deemed
34 rejected if the General Assembly fails to vote to approve or reject such
35 contract (A) prior to the adjournment of the regular session of the
36 General Assembly during which such contract is filed, (B) prior to the
37 adjournment of the regular session of the General Assembly first
38 following the date on which such contract is filed if the General
39 Assembly is not in regular session on such date, or (C) prior to the
40 adjournment of a special session convened before the next regular
41 session of the General Assembly for the purpose of considering such
42 contract if the General Assembly is not in regular session on the date on
43 which such contract is filed, provided, if the contract is filed less than
44 thirty days before the end of a regular session, the General Assembly
45 may vote to approve or reject the contract (i) within thirty days after the
46 first day of a special session convened before the next regular session of
47 the General Assembly for the purpose of considering such contract, or
48 (ii) within thirty days after the first day of the next regular session of the

49 General Assembly.

50 (d) In making any requisite finding or determination for the purpose
51 of entering into or executing any contract described in subsection (a) of
52 this section, the secretary and the Treasurer may rely upon any reports
53 or estimates of experts, as appropriate, to evaluate the feasibility of any
54 such refunding of debt.

55 (e) Any provision of a contract described in subsection (a) of this
56 section shall constitute a full faith and credit obligation of the state and
57 as part of any such contractual obligation of the state to such
58 municipality, trustee, paying agent or holder of any such refunding
59 bonds, other bonds or notes, as applicable, appropriation of all amounts
60 necessary to timely meet the terms of such contractual obligation is
61 hereby made and the State Treasurer shall pay such amounts as the
62 same become due to such municipality, trustee, paying agent or holder,
63 as applicable.

64 (f) Any designated tier III or tier IV municipality that enters into a
65 contract with the state pursuant to subsection (a) of this section may
66 pledge such contract assistance of the state as security for the payment
67 of such refunding bonds issued by such municipality.

68 (g) In lieu of contract assistance in accordance with subsection (a) of
69 this section, the secretary and the Treasurer may agree to provide other
70 forms of credit support to any designated tier III or tier IV municipality,
71 including, but not limited to, an assumption of all or any portion of any
72 bonds, notes or other obligations of such municipality or issuance of
73 new state obligations in replacement of such bonds, notes or other
74 obligations, provided such credit support shall not exceed the amount
75 of contract assistance that could otherwise be provided by the state to
76 such municipality in accordance with subsection (a) of this section.

77 (h) Nothing in this section shall be construed to limit the total funds
78 available to a distressed municipality.

79 (i) The secretary and the Treasurer shall not enter into a contract, as

80 described in subsection (a) of this section, with any municipality that
81 files for bankruptcy.

82 Sec. 2. (NEW) (*Effective July 1, 2023*) (a) The Auditors of Public
83 Accounts shall conduct an audit of each municipality designated as a
84 tier II municipality in accordance with the provisions of section 7-576b
85 of the general statutes, tier III municipality in accordance with the
86 provisions of section 7-576c of the general statutes or tier IV
87 municipality in accordance with the provisions of section 7-576e of the
88 general statutes, and each of said municipalities' administrative units,
89 for each fiscal year that any such municipality is subject to the oversight
90 of the Municipal Accountability Review Board established pursuant to
91 section 7-576d of the general statutes. The Auditors of Public Accounts
92 shall report the findings of each audit conducted pursuant to this section
93 to the Municipal Accountability Review Board, the Secretary of the
94 Office of Policy and Management and the State Treasurer.

95 (b) Each municipality and administrative unit described in this
96 section shall provide the Auditors of Public Accounts access to all
97 financial reports, data, audits, statements and other records or
98 documentation as said auditors may require to conduct an audit
99 pursuant to this section, including, but not limited to, (1) proposed
100 budgets, (2) monthly reports of the financial condition of the
101 municipality, (3) the status of the municipality's current annual budget
102 and progress under its financial plan for the then-current fiscal year, (4)
103 estimates of the operating results for all funds or accounts to the end of
104 the then-current fiscal year, (5) pension plan and debt projections, (6)
105 statements and projections of the municipality's general fund cash flow
106 reserves, (7) the number of municipal employees on the municipal
107 payroll, and (8) debt service requirements on all bonds and notes of the
108 municipality for the following month.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023</i>	7-576j
Sec. 2	<i>July 1, 2023</i>	New section

Statement of Purpose:

To require (1) legislative approval of certain contracts executed between the Office of Policy and Management, the Treasurer and certain municipalities under the oversight of the Municipal Accountability Review Board, and (2) the Auditors of Public Accounts to conduct annual audits of such municipalities.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]