

# OFFICE OF FISCAL ANALYSIS

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sSB-10

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE.

## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Treasurer, Debt Serv.	TF - Cost	See Below	See Below
Department of Economic & Community Development	GF - Cost	307,000	307,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	124,575	124,575

Note: GF=General Fund; TF=Transportation Fund

### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
All Municipalities	Revenue Gain	See Below	See Below

### ***Explanation***

Table 1 below summarizes the increases and reductions made to General Obligation (GO) bonds and Special Tax Obligation (STO) bonds in FY 25.

**Table 1: FY 25 Increases and Reductions to GO and STO Bond Authorizations (in millions)**

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.25% of payroll in FY 25.

Description	FY 25 \$
<b>General Obligation (GO) Bonds</b>	
New Authorizations	485.2
Changes to Pending Authorizations	-10.0
Reductions to Current Authorizations	-22.4
<b>NET TOTAL GO BONDS</b>	<b>452.8</b>
<b>Special Tax Obligations (STO) Bonds</b>	
<b>NET TOTAL STO BONDS</b>	<b>111.5</b>

**Table 2** indicates the eventual total General Fund fiscal impact of the bill, through debt service, if all GO bonds authorized by the bill for FY 25 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 \$22.6 million in FY 26. The remaining debt service costs identified in Table 2 would be repaid after FY 26.

The debt service associated with additional GO bond authorizations that become effective after FY 25 are shown in Table 2 and discussed further in the Out Years section below.

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

Fiscal Year Authorized	Authorization Amount \$	Total Estimated Debt Service Cost <sup>1</sup> \$
2025	452.8	647.8
2026-2029	1,154.0	1,651.0
<b>TOTAL</b>	<b>1,606.8</b>	<b>2,298.8</b>

<sup>1</sup> Debt service estimates are based on market rates and repaid over 20-year terms.

**Table 3** indicates the eventual total Special Transportation Fund (STF) fiscal impact of the bill, through debt service, if all STO bonds authorized by the bill for FY 25 are allocated by the State Bond Commission and issued by the Office of the State Treasurer. If new STO authorizations are fully allocated when effective, there would be a cost to the STF for debt service of approximately \$8.5 million in FY 25. The remaining debt service costs identified in Table 3 would be repaid after FY 26.

**Table 3: STO Bond Authorizations and Estimated Debt Service Cost for the Infrastructure Improvement Program (in millions)**

<b>Fiscal Year Authorized</b>	<b>Authorization Amount \$</b>	<b>Total Estimated Debt Service Cost<sup>1</sup>\$</b>
2025	111.5	178.9
<sup>1</sup> Debt service estimates are 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, the bill will result in a collective municipal revenue gain of at least \$15 million in FY 25 from the Local Capital Improvement Program (LoCIP). New authorizations for multiple other bond programs may also result in additional revenue gain to various municipalities.

### **Legacy Investment Fund**

In addition to the bonds authorized, which are included in the totals discussed elsewhere, Section 50 results in a total annualized cost of \$431,575 to administer the Legacy Investment Fund (LIF) established in this provision. The bill requires the Department of Economic and Community Development (DECD) to provide administrative staff and support for LIF with appropriations and without the use of bond funds. DECD will require one state program manager and two Economic and Community Development analysts at a cost of \$302,000 for salary and \$124,575 for fringe benefits and \$5,000 in other expenses to administer

the program.

### ***The Out Years***

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

### **Bond Authorizations After FY 25**

Sections 18-21, 50, and 52 include bond authorizations where a portion of the funds becomes effective after FY 25. The authorizations from these sections for FY 25 are included in the totals shown in Table 1. Sections 18-21 authorizes a total of \$524 million of GO bonds after FY 25 for the UConn 2000 program. Section 50 authorizes a total of \$600 million of GO bonds after FY 25 for the Legacy Investment Fund (\$150 million annually for FY 26 through FY 29). Section 52 authorizes a total of \$30 million of GO bonds after FY 25 for the Office of Legislative Management (\$15 million in each of FY 26 and FY 27). Total authorizations after FY 25 are shown in Table 4.

**Table 4: GO Bond Authorizations After FY 25 (in millions)**

<b>Fiscal Year Authorized</b>	<b>Authorization Amount \$</b>
2026	316.0
2027	306.0
2028	282.0
2029	250.0
<b>TOTAL</b>	<b>1,154.0</b>

To the extent these future authorizations are fully allocated, there would be a total cost to the General Fund for debt service of approximately \$1,651.0 million after FY 25, as reflected in Table 2.