

Section V. Capital

PA 23-205, the 2023 bond act, increases General Obligation (GO) bond authorizations by a net of \$2.22 billion in FY 24 and \$2.17 billion in FY 25. When combined with prior authorizations becoming effective in FY 24 or FY 25, along with the repeal of bonds authorized for the Baby Bond Trust beginning in FY 25, total net effective GO bond authorizations are \$2.59 billion for FY 24 and \$2.45 billion for FY 25. The act also increases GO bond authorizations by a total of \$35 million in FY 23.

The bond act authorizes Special Tax Obligation (STO) bonds, backed by the Special Transportation Fund, of \$1.56 billion in FY 24 and \$1.53 billion in FY 25. It also increases Clean Water Fund (CWF) revenue bond authorizations by \$25 million in FY 25.

The state's level of General Fund indebtedness to start FY 24 was \$25.1 billion, as estimated by the Treasurer on July 1, 2023. Based on revenue estimates adopted by the Finance, Revenue and Bonding committee during the 2023 legislative session, the level of indebtedness (including the changes in the bond act) is 78.36% of the statutory limit. This is approximately \$3,721.8 million below the 90% threshold.

MAJOR PROGRAMS

The bond act includes bond authorizations for several housing programs, including:

- Housing Trust Fund – \$200 million of GO bond funds in each of FY 24 and FY 25
- Flexible Housing Program – \$100 million of GO bond funds in each of FY 24 and FY 25
- Time to Own Homeownership Program – \$75 million of GO bond funds in each of FY 24 and FY 25
- Housing Receivership Fund – \$25 million of GO bond funds in each of FY 24 and FY 25
- Multi-Family Retrofitting Projects in Environmental Justice Communities – \$50 million of GO bond funds in FY 24 and \$75 million in FY 25
- Supportive Housing – \$15 million of GO bond funds in FY 24

Other new or increased authorizations of existing programs include:

- Northeast Corridor (NEC) Modernization Match Program – \$398 million of STO bonds in FY 24 and \$438 million in FY 25
- Bus and Rail Facilities and Equipment – \$264 million of STO bonds in FY 24 and \$273 million in FY 25
- School Air Quality Grants – \$150 million of GO bonds in each of FY 24 and FY 25

The **statutory debt limit**, established in CGS Sec. 3-21, caps the aggregate amount of indebtedness that is supported by the General Fund and is set based on net tax revenues times a constant figure (1.6). When aggregate indebtedness reaches 90% of the limit, the Governor must recommend cancellation or reduction of authorized bonds.

- School Construction – \$250 million of GO bonds in FY 25
- Urban Act – \$100 million of GO bonds in each of FY 24 and FY 25
- Grants for various purposes within high poverty-low opportunity census tracts – \$50 million of GO bonds in each year from FY 24 through FY 28

All authorization changes are detailed in **Part IV. Capital Budget.**