

Section V. Capital

PA 21-111, the 2021 bond act, as revised by PA 21-2 JSS, increases General Obligation (GO) bond authorizations by a net of \$1.71 billion in FY 22 and \$1.73 billion in FY 23. When combined with prior authorizations becoming effective in FY 22 or FY 23, total net effective GO bond authorizations are \$1.96 billion for FY 22 and \$1.90 billion for FY 23.

The bond act authorizes Special Tax Obligation (STO) bonds, backed by the Special Transportation Fund, of \$837 million in FY 22 and \$930 million in FY 23. It also increases Clean Water Fund (CWF) revenue bond authorizations by \$281 million in FY 22 and \$237 million in FY 23.

The **statutory debt limit**, established in C.G.S. 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.

The state's level of General Fund indebtedness to start FY 22 was \$23.7 billion, as estimated by the Treasurer on July 1, 2021. Based on revenue estimates adopted by the Finance, Revenue and Bonding committee during the 2021 regular legislative session, the level of indebtedness, including the changes in the bond act is 82.98% of the statutory limit. This is approximately \$2,007.5 million below the 90% threshold.

Major Programs

Several new programs were established and/or funded within the bond bill, including the following:

- Community Investment Fund 2030
 - \$175 million of GO bond funds each year for FY 23 through FY 27
 - Conditionally authorizes \$250 million each year for FY 28 through FY 32, but requires additional legislative action for these funds to become effective
 - The program funds qualified projects in designated public investment communities. Awards are determined by the board, which is comprised of various ex-officio and appointed members from the legislative and executive branches
- Connecticut Baby Bond Trust
 - \$50 million of GO bonds each year for FY 23 through FY 34
 - The program allows the Treasurer to deposit up to \$3,200 into an investment fund for each eligible child (those covered by HUSKY). Recipients can withdraw the pro-rated proceeds for a variety of eligible uses after their 18th birthday.
 - Deposits are contingent on allocation of funds by the State Bond Commission

New or increased authorizations of existing programs include:

- School Construction - \$550 million of GO bonds in FY 22 and FY 23
- Bus and Rail Facilities and Equipment - \$248 million of STO bonds in FY 22 and \$271 million in FY 23
- Clean Water Fund - \$281 million of CWF bonds in FY 22 and \$237 million in FY 23, along with \$100 million of GO bonds in each of FY 22 and FY 23
- Urban Act - \$200 million of GO bonds in FY 22 and \$40 million in FY 23

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