

OLR BILL ANALYSIS

SB 25 (LCO 410)

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES.

SUMMARY:

This bill authorizes up to \$181.2 million in new state general obligation (GO) bonds for FY 13 for state capital projects and grant programs, including improvements to state facilities and information technology infrastructure and grants to towns, schools, and nonprofit entities.

It also increases certain FY 13 bond authorizations enacted in 2011 by up to \$160.875 million, including an additional \$92.5 million for state facility repairs and improvements and \$62.5 million for housing development and rehabilitation. It repeals \$9.5 million in authorizations for FY 13 and cancels \$11.8 million in bond authorizations for past years.

It authorizes up to \$90 million in additional special tax obligation (STO) bonds for state bridge repairs and improvements.

Finally, the bill eliminates a municipal grant program for renewable energy and energy efficient generation sources and replaces it with a financial assistance program for any entities undertaking these types of projects.

EFFECTIVE DATE: July 1, 2012

§§ 1-15—BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS AND GRANTS

The bill authorizes \$181,216,485 in GO bonds for FY 13 for state capital projects and grants programs. Table 1 lists the purpose and amounts of these bond authorizations. The bonds are subject to standard issuance procedures and have a maximum term of 20 years. The bill includes a standard provision requiring private entities receiving bond-funded grants for facilities to repay a portion of the

grant if a facility ceases to be used for the grant's purpose within 10 years of the entity receiving it.

Table 1: GO Bond Authorizations for FY 13

§§	AGENCY	FOR	FY 13
2 (a)	Office of Policy and Management (OPM)	Information technology capital investment program	\$50,000,000
2 (b)	Department of Administrative Services (DAS)	Removal or encapsulation of asbestos in state-owned buildings	5,000,000
		Construction, improvements, repairs, renovations, and land acquisition at fire training schools	28,200,000
2 (c)	Department of Emergency Services and Public Protection (DESPP)	Design and construction of an emergency services facility, including canine training, vehicle impound areas, and a fleet maintenance and administration facility (Cancels existing authorization for emergency facility in Cheshire (see Table 3))	5,256,985
		Design and construction of a firearms training facility and vehicle operations training center (Cancels existing authorization for Mulcahy Complex in Meriden (see Table 3))	6,576,000
9 (a)	OPM	Grants to municipalities for computer-assisted mass appraisal systems	38,500
9 (b)	Department of Energy and Environmental Protection (DEEP)	Natural gas and heating oil conversion pilot program for residential customers who heat with electricity	1,000,000
		Underground storage tank petroleum clean-up program	5,000,000
		Pilot program to establish energy microgrids to support critical municipal infrastructure	5,000,000
9 (c)	Department of Economic and Community Development (DECD)	Grants to nursing homes for alterations, renovations, and improvements to convert to other uses ("right-sizing")	10,000,000
9 (d)	Department of Education (SDE)	Grants for <i>Sheff</i> magnet school program start-up costs: Purchasing a building or portable classrooms, leasing space, and purchasing equipment, including computers and classroom furniture, provided that title to any such building that ceases to be used as an interdistrict magnet school may revert to the state as the education commissioner determines.	9,145,000

		Grants for expanding the availability of high-quality school models: Alterations, repairs, improvements, technology, equipment, acquisition, and capital start-up costs	25,000,000
		Grants for low-performing schools in targeted local and regional school districts: Alterations, repairs, improvements, technology, and equipment	25,000,000
		Grants to towns and tax-exempt organizations for facility improvements and minor capital repairs to licensed school readiness programs and state-funded day care centers operated by such towns and organizations	5,000,000
9 (e)	Department of Children and Families (DCF)	Grants to private nonprofit mental health clinics for children: Expansion and fire, safety, and environmental improvements	1,000,000

§§ 27-36—CHANGES TO FY 13 BOND AUTHORIZATIONS IN PA 11-57

Increases to FY 13 Authorizations

The bill increases certain FY 13 bond authorizations enacted in PA 11-57, as listed in Table 2.

Table 2: Increases to FY 13 Bond Authorizations in PA 11-57

§	AGENCY	FOR	PA 11-57 AUTH. FOR FY 13	ADDITIONAL AMOUNT UNDER BILL	TOTAL AUTH. FOR FY 13
28	DAS	State Office Building, Hartford: Exterior renovations and improvements, including installation of air conditioning	\$21,500,000	\$2,500,000	\$24,000,000
		State-owned buildings and grounds: Infrastructure repairs and improvements	12,500,000	92,500,000	105,000,000
30	DPS (transfers to DESPP)	Buildings and grounds: Alterations and improvements, including utilities, mechanical systems, and energy conservation projects	2,212,000	1,375,000	3,587,000
32	DECD	Housing development and rehabilitation	25,000,000	62,500,000	87,500,000
36	OPM	Capital Equipment Purchase	22,900,000	2,000,000	24,900,000

		Fund			
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§ 29—Repeal of FY 13 Authorizations for DCS

The bill repeals the following FY 13 authorizations for DCS:

1. \$5 million for the removal or encapsulation of asbestos in state buildings;
2. \$2.5 million for infrastructure repairs and improvements to state-owned buildings and grounds; and
3. \$2 million for land acquisition, construction, improvements, repairs, and renovations at fire training schools;

§§ 31-32—DECD Housing Development and Rehabilitation Bonds

The bill increases an existing bond authorization for DECD for housing development and rehabilitation by \$62,500,000, from \$25 million to \$87.5 million (see Table 2). Of these funds, it designates up to:

1. \$12.5 million for congregate housing development,
2. \$1 million for grants for accessibility modifications for those transitioning from institutions to homes under the Money Follows the Person program; and
3. \$30 million for revitalizing state moderate rental housing units in the Connecticut Housing Finance Authority’s State Housing Portfolio.

§ 33—DSS Grants for Community Programs

The bill limits a \$10 million bond authorization to the Department of Social Services (DSS) for community program grants by eliminating child day care projects, domestic violence shelters, and food distribution facilities from the permissible uses. As under current law, DSS may use the bond funds for grants to neighborhood facilities, elderly centers, multipurpose human resource centers and any related facilities.

STO Bond Authorization for State Bridges (§§ 34-35)

The bill increases by \$90 million, from \$33 million to \$123 million, a STO bond authorization for the Department of Transportation (DOT)

for state bridge improvement, rehabilitation, and replacement.

§§ 16-26, 37-38—BOND CANCELLATIONS AND CHANGES TO EXISTING AUTHORIZATIONS

Cancellations

The bill cancels all or part of existing bond authorizations for the state agency capital projects listed in Table 3.

Table 3: Bond Cancellations

§	Agency	For	Existing Authorization	Amount Cancelled
17	DPS (now DESPP)	Emergency services facility in Cheshire, including a canine training and vehicle impound area (§ 2(c) reauthorizes the project and eliminates requirement that the facility be located in Cheshire)	\$5,256,985	\$5,256,985
21,25	DPS (now DESPP)	Alterations, renovations, and improvements to Building 5 at the Mulcahy Complex in Meriden (§ 2(c) reauthorizes the project without specifying that it be located at the Mulcahy Complex in Meriden)	6,576,000	6,576,000
24	DAS (transfers to Department of Construction Services (DCS))	Infrastructure repairs and improvements	5,000,000	180

§§ 18, 20, 24, 26, 37—Authorizations Transferred from DCS to DAS

In conformity with the proposed consolidation of DCS and DAS (see HB 5016), this bill transfers from DCS to DAS responsibility for existing bond authorizations for school construction projects and the following capital projects related to state buildings and property:

1. various security improvements;
2. infrastructure repairs and improvements, improvements to state-owned buildings and grounds, and preservation of unoccupied buildings and grounds;
3. capital construction, improvements, repairs, renovations, and land acquisition at fire training schools; and

4. removal or encapsulation of asbestos in state buildings;

§ 22—DESPP Shooting Range

The bill eliminates a restriction that DESPP use an existing \$1.75 million authorization for improvements to its shooting range in Simsbury, thus allowing it to use the bond funds at any DESPP shooting range.

§ 38—Correction in Prior Authorization for DOT

The bill makes a technical correction in a prior \$625.65 million authorization for DOT for rail rolling stock and maintenance facilities, rights-of-way, other property acquisition, and related projects.

§§ 39-40—RENEWABLE ENERGY AND EFFICIENT ENERGY FINANCE PROGRAM

Current law requires Connecticut Innovations, Inc. (CII) to establish a municipal renewable energy and efficient energy generation grant program for municipalities to purchase and operate, for municipal buildings, (1) renewable energy sources and (2) energy-efficient generation sources. The bill eliminates this program and requires the Clean Energy Finance and Investment Authority (CEFIA) to establish a renewable energy and efficient energy finance program for any entities, not just municipalities, undertaking these types of projects (see BACKGROUND).

It transfers an existing \$18 million bond authorization for the municipal grant program, which the Bond Commission never allocated, to CEFIA for the financing program. The bonds are subject to standard statutory issuance and repayment requirements and their proceeds go into a separate account within the Clean Energy Fund.

Program Administration

The bill requires CEFIA to establish the program in consultation with DEEP, DECD, and the State Treasurer. CEFIA must develop an application for program by November 1, 2012 and can receive applications starting on this date. As under current law, applications must include a complete description of the proposed generation source.

Type of Assistance and Eligible Projects

Under current law, the grants are for municipalities to purchase and operate, (1) renewable energy sources, including solar energy, geothermal energy, and fuel cells or other energy-efficient hydrogen-

fueled energy or (2) energy-efficient generation sources, including cogeneration units that are at least 65% efficient, for municipal buildings. The bill expands the scope of the program to include grants, loans, or other types of financial assistance for any entities purchasing, installing, and operating these types of projects.

Under current law, CII must give priority to applications for grants for disaster relief centers and high schools. Each grant must make the cost of purchasing and operating the generation source competitive with the municipality's current electricity expenses.

Under the bill, CEFIA must give priority to applications for projects that use major system components manufactured or assembled in Connecticut. The financial assistance must make the cost of purchasing, installing, and operating the generation source competitive with the grid's or other end users' current electricity expenses.

Reporting Requirement

By January 1, annually, starting in 2013, CEFIA, instead of CII, must report on the program's effectiveness to the Energy and Technology Committee.

Workforce Development Grants

The bill allows CEFIA to use up to 2.5% of the program funds to make grants to support workforce development initiatives in connection with the projects.

BACKGROUND

CEFIA

PA 11-80 created CEFIA, a quasi-public authority, to administer the Clean Energy Fund, rather than CII. CEFIA also replaced the Renewable Energy Investments Board that was responsible for developing the plan for spending money in the fund and related functions.