

OFFICE OF FISCAL ANALYSIS

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sSB-887

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Treasurer, Debt Serv.	TF - Cost	See Below	See Below

Note: GF=General Fund; TF=Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
All Municipalities	Revenue Gain	See Below	See Below

Explanation

Table 1 below summarizes the increases and reductions made to General Obligation (GO) bonds, Special Tax Obligation (STO) bonds, and Clean Water Fund (CWF) revenue bonds in FY 22 and FY 23.

Table 1: FY 22 and FY 23 Increases and Reductions to GO, STO, and CWF Bond Authorizations (in millions)

Description	FY 22 \$	FY 23 \$
General Obligation (GO) Bonds		
New Authorizations	1,753.4	1,565.1
Reductions to Current Authorizations	(143.6)	-
NET TOTAL GO BONDS	1,609.8	1,565.1
Special Tax Obligation (STO) Bonds		

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NET TOTAL STO BONDS	836.9	929.6
Clean Water Fund (CWF) Revenue Bonds		
NET TOTAL CWF BONDS	281.0	237.0

Table 2 indicates the eventual total General Fund fiscal impact of the bill, through debt service, if all bonds authorized by the bill 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, \$80.5 million in FY 23. The remaining debt service costs identified in Table 2 would be repaid after the biennium.

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

Fiscal Year Authorized	Authorization Amount \$	Total Estimated Debt Service Cost¹ \$
2022	1,609.8	2,270.9
2023	1,565.1	2,207.9
TOTAL	3,174.9	4,478.8

¹Debt service estimates 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 Special Tax Obligation (STO) bonds authorized by the bill are allocated by the State Bond Commission and issued by the Office of the State Treasurer. If new STO authorizations are fully allocated, there would be an annual cost to the STF for debt service of approximately \$67.2 million from bonds authorized in FY 22 and \$74.6 million from funds authorized in FY 23. Total debt service costs for STO bond authorizations are identified in Table 3, most of which would be repaid after the biennium.

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

Fiscal Year Authorized	Authorization Amount \$	Total Estimated Debt Service Cost¹\$
2022	836.9	1,343.1
2023	929.6	1,491.9
TOTAL	1,766.5	2,835.0

¹ Debt service estimates based on market rates and repaid over 20 year terms.

Clean Water Fund Revenue Bonds

Clean Water Fund Revenue bonds are issued and repaid using the resources of the Clean Water Fund. These bonds are not expected to have an impact on appropriated funds.

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 \$166 million in each of FY 22 and FY 23, including revenue from three programs (Local Capital Improvement Program (LoCIP) - \$30 million each year, Town Aid Road (TAR) - \$60 million each year, and Grants for Municipal Purposes - \$76 million each year). New authorizations for multiple other bond programs, including programs regarding school construction, urban development projects, and drinking water programs, will also result in additional revenue gain to various municipalities.

The Out Years

To the extent that bonds are allocated and issued, debt service payments may extend up to 20 years from the time, and under of the terms, of issuance.