



General Assembly

Substitute Bill No. 1235

January Session, 2023



AN ACT IMPLEMENTING THE TREASURER'S RECOMMENDATIONS CONCERNING THE INVESTMENT ADVISORY COUNCIL AND RELATED STATUTES AND CONCERNING THE BABY BOND TRUST PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-13a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The Treasurer, with the advice and consent of the Investment
4 Advisory Council, shall appoint a chief investment officer and may
5 appoint a deputy chief investment officer, [and] principal investment
6 officers, investment officers and other personnel to assist the chief
7 investment officer, for the Connecticut retirement pension and trust
8 funds, who shall serve at the pleasure of the Treasurer and whose
9 compensation shall be determined by the Treasurer within salary
10 ranges established by the Treasurer in consultation with the
11 Investment Advisory Council. The provisions of section 4-40 shall not
12 apply to the compensation of [said] such officers and personnel. The
13 chief investment officer shall be sworn to the faithful discharge of
14 duties under law and shall, under the direction of the Treasurer and
15 subject to the provisions of sections 3-13 to 3-13d, inclusive, and 3-31b,
16 advise the Treasurer on investing the trust funds of the state. [Said]
17 The chief investment officer shall also perform such other duties as the

18 Treasurer may direct. [In addition to said officers, the Treasurer may
19 appoint investment officers and other personnel to assist said chief
20 investment officer, which officers and other personnel shall serve at
21 the pleasure of the Treasurer.]

22 (b) The Treasurer may retain professional investment counsel to
23 evaluate and recommend to the Treasurer changes in the portfolio of
24 the state's trust and other funds. [Said] Such counsel shall inform the
25 Treasurer of suitable investment opportunities and shall investigate
26 the investment merit of any security or group of securities.

27 (c) The cost of operating the investment department including the
28 cost of personnel and professional investment counsel retained under
29 sections 3-13 to 3-13d, inclusive, and 3-31b shall be paid by the
30 Treasurer charging the income derived from the trust funds.

31 Sec. 2. Section 3-13b of the general statutes is repealed and the
32 following is substituted in lieu thereof (*Effective from passage*):

33 (a) (1) There is created an Investment Advisory Council [which] that
34 shall consist of the following:

35 [(1)] (A) The Secretary of the Office of Policy and Management who
36 shall serve as an ex-officio member of said council; [(2) the State]

37 (B) The Treasurer who shall serve as an ex-officio member of said
38 council; [(3) five]

39 (C) (i) Five public members all of whom shall be experienced in
40 matters relating to investments. The Governor, the president pro
41 tempore of the Senate, the Senate minority leader, the speaker of the
42 House of Representatives and the minority leader of the House of
43 Representatives shall each appoint one such public member to serve
44 for a term of four years. [No such public member or such member's
45 business organization or affiliate shall directly or indirectly contract
46 with or provide any services for the investment of trust funds of the
47 state of Connecticut during the time of such member's service on said

48 council and for one year thereafter. The term of each public member in
49 office on June 30, 1983, shall end on July 1, 1983.] The appointing
50 authority shall fill all vacancies of the public members; [(4) three]

51 (ii) Such public members shall recuse themselves from discussions
52 or votes related to any direct or indirect contract with such public
53 member or such member's business organization or affiliate for the
54 provision of any services for the investment of trust funds of the state;

55 (D) Three representatives of the teachers' unions, and two
56 representatives of the state employees' unions. On or before July 15,
57 1983, the teachers' unions shall jointly submit to the [State] Treasurer a
58 list of three nominees, and the state employees' unions or a majority
59 thereof who represent a majority of state employees shall jointly
60 submit to the Treasurer a list of two nominees. On or before July 30,
61 1983, the Governor shall appoint five members of the council from
62 such lists, for terms of two years. Any person appointed to fill a
63 vacancy or to be a new member at the expiration of a given term,
64 whose predecessor in that position was either a representative of one
65 of the teachers' unions or one of the state employees' unions, shall also
66 be a representative of such respective union group. Any such
67 appointee shall be appointed by the Governor from a list of nominees
68 submitted to the Treasurer by the teachers' unions or state employees'
69 unions or such majority thereof, as the case may be, within thirty days
70 of notification by the Treasurer of the existence of a vacancy or a
71 prospective vacancy, or the expiration or prospective expiration of a
72 term.

73 (2) All members of the council shall serve until their respective
74 successors are appointed and have qualified. No public member of the
75 council shall serve more than two consecutive terms. [which
76 commence on or after July 1, 1983.]

77 (b) The Governor shall designate one of the members to be
78 chairperson of the council to serve as such at the Governor's pleasure.
79 The Treasurer shall serve as secretary of said council. A majority of the

80 members of the council then in office shall constitute a quorum for the
81 transaction of any business, and action shall be by the vote of a
82 majority of the members present at a meeting. Votes by members on
83 investment policies shall be recorded in the minutes of each meeting.
84 Members of said council shall not be compensated for their services
85 but shall be reimbursed for all necessary expenses incurred in the
86 performance of their duties as members of said council. The council
87 shall meet at least once during each calendar quarter and at such other
88 times as the chairperson deems necessary or upon the request of a
89 majority of the members in office. Special meetings shall be held at the
90 request of such majority after notice in accordance with the provisions
91 of section 1-225. Any member who fails to attend three consecutive
92 meetings or who fails to attend fifty per cent of all meetings held
93 during any calendar year shall be deemed to have resigned from office.

94 (c) (1) The Treasurer shall recommend to the Investment Advisory
95 Council an investment policy statement [which] that shall set forth the
96 standards governing investment of trust funds by the Treasurer. Such
97 statement shall include, with respect to each trust fund, without
98 limitation, (A) investment objectives; (B) asset allocation policy and
99 risk tolerance; (C) asset class definitions, including specific types of
100 permissible investments within each asset class and any specific
101 limitations or other considerations governing the investment of any
102 funds; (D) investment manager guidelines; (E) investment
103 performance evaluation guidelines; (F) guidelines for the selection and
104 termination of providers of investment-related services who shall
105 include, but not be limited to, investment advisors, external money
106 managers, investment consultants, custodians, broker-dealers, legal
107 counsel, and similar investment industry professionals; and (G) proxy
108 voting guidelines. A draft of the statement shall be submitted to the
109 Investment Advisory Council at a meeting of said council and shall be
110 made available to the public. Notice of such availability shall be
111 published in at least one newspaper having a general circulation in
112 each municipality in the state which publication shall be not less than
113 two weeks prior to such meeting. Said council shall review the draft

114 statement and shall publish any recommendations it may have for
115 changes to such statement in the manner provided for publication of
116 the statement by the Treasurer. The Treasurer shall thereafter adopt
117 the statement, including any such changes the Treasurer deems
118 appropriate, with the approval of a majority of the members appointed
119 to said council. If a majority of the members appointed to said council
120 fail to approve such statement, [said] such majority shall provide the
121 reasons for its failure to approve to the Treasurer who may submit an
122 amended proposed statement at a subsequent regular or special
123 meeting of said council. Such revised proposed statement shall be
124 made available to the public in accordance with the provisions of the
125 Freedom of Information Act, as defined in section 1-200. Any revisions
126 or additions to the investment policy statement shall be made in
127 accordance with the procedures set forth in this subdivision for the
128 adoption of the statement. The Treasurer shall annually review the
129 investment policy statement and shall consult with the Investment
130 Advisory Council regarding possible revisions to such statement.

131 (2) All trust fund investments by the [State] Treasurer shall be
132 reviewed by [said] the Investment Advisory Council. The Treasurer
133 shall provide to the council all information regarding such investments
134 which the Treasurer deems relevant to the council's review and such
135 other information as may be requested by the council. The Treasurer
136 shall provide a report at each regularly scheduled meeting of the
137 Investment Advisory Council as to the status of the trust funds and
138 any significant changes [which] that may have occurred or [which]
139 that may be pending with regard to the funds. The council shall
140 promptly notify the Auditors of Public Accounts and the Comptroller
141 of any unauthorized, illegal, irregular or unsafe handling or
142 expenditure of trust funds or breakdowns in the safekeeping of trust
143 funds or contemplated action to do the same within [their] said
144 council's knowledge. The Governor may direct the Treasurer to change
145 any investments made by the Treasurer when in the judgment of said
146 council such action is for the best interest of the state. Said council
147 shall, at the close of the fiscal year, make a complete examination of the

148 security investments of the state and determine as of June thirtieth, the
149 value of such investments in the custody of the Treasurer and report
150 thereon to the Governor, the General Assembly and beneficiaries of
151 trust funds administered, held or invested by the Treasurer. With the
152 approval of the Treasurer and the council, [said] such report may be
153 included in the Treasurer's annual report.

154 (d) The Investment Advisory Council shall be within the office of
155 the [State] Treasurer for administrative purposes only.

156 (e) For the purposes of this section, "teachers' union" means a
157 representative organization for certified professional employees, as
158 defined in section 10-153b, and "state employees' union" means an
159 organization certified to represent state employees, pursuant to section
160 5-275.

161 Sec. 3. Section 3-13i of the general statutes is repealed and the
162 following is substituted in lieu thereof (*Effective from passage*):

163 (a) On and after January 1, 2001, or on and after the first adoption of
164 an investment policy statement under section 3-13b, as amended by
165 this act, whichever is later, any contract for services related to the
166 investment of trust funds, as defined in section 3-13c, as amended by
167 this act, shall be subject to the investment policy statement adopted
168 under section 3-13b, as amended by this act. [No contract for services
169 related to the investment of such funds shall be awarded to a provider
170 of such services until the Treasurer's recommendation of a provider is
171 reviewed by the Investment Advisory Council. The] If any contract for
172 services related to the investment of trust funds deviates from such
173 investment policy statement, the Treasurer shall provide notice of
174 [such] the Treasurer's recommendation concerning the selection of
175 such provider at a meeting of the council. Not later than forty-five
176 days after such meeting, the council may file a written review of the
177 Treasurer's recommendation [concerning the selection of such
178 provider] with the Office of the Treasurer where it shall be available
179 for public inspection. The Treasurer may proceed to award the contract

180 after such forty-five-day period.

181 (b) Commencing with the calendar quarter ending September 30,
182 2023, and each calendar quarter thereafter, the Treasurer shall submit a
183 report to the Investment Advisory Council regarding contracts
184 awarded during each such calendar quarter for services related to the
185 investment of trust funds. The initial report shall include all such
186 contracts awarded and in effect on July 1, 2023, and each report shall
187 include the name of each provider awarded any such contract and the
188 value of such contract.

189 Sec. 4. Section 3-36b of the general statutes is repealed and the
190 following is substituted in lieu thereof (*Effective from passage*):

191 (a) Commencing July 1, 2023, there is established the Connecticut
192 Baby Bond Trust. The trust shall constitute an instrumentality of the
193 state and shall perform essential governmental functions as provided
194 in sections 3-36a to 3-36h, inclusive, as amended by this act. The trust
195 shall receive and hold all payments and deposits or contributions
196 intended for the trust, as well as gifts, bequests, endowments or
197 federal, state or local grants and any other funds from any public or
198 private source and all earnings until disbursed in accordance with
199 [section] sections 3-36c, 3-36d and 3-36g, as amended by this act.

200 (b) The amounts on deposit in the trust shall not constitute property
201 of the state and the trust shall not be construed to be a department,
202 institution or agency of the state. Amounts on deposit in the trust shall
203 not be commingled with state funds and the state shall have no claim
204 to or against, or interest in, such funds. Any contract entered into by or
205 any obligation of the trust shall not constitute a debt or obligation of
206 the state and the state shall have no obligation to any designated
207 beneficiary or any other person on account of the trust and all amounts
208 obligated to be paid from the trust shall be limited to amounts
209 available for such obligation on deposit in the trust. The amounts on
210 deposit in the trust may only be disbursed in accordance with the
211 provisions of [section] sections 3-36c, 3-36d and 3-36g, as amended by

212 this act. The trust shall continue in existence as long as it holds any
213 deposits or has any obligations and until its existence is terminated by
214 law and upon termination any unclaimed assets shall return to the
215 state. Property of the trust shall not be governed by section 3-61a.

216 (c) The Treasurer shall be responsible for the receipt, maintenance,
217 administration, investing and disbursements of amounts from the
218 trust. The trust shall not receive deposits in any form other than cash.

219 Sec. 5. Section 3-36e of the general statutes is repealed and the
220 following is substituted in lieu thereof (*Effective from passage*):

221 [The property of the trust and the earnings on] Disbursements from
222 the trust shall be exempt from all taxation by the state and all political
223 subdivisions of the state.

224 Sec. 6. Section 3-36f of the general statutes is repealed and the
225 following is substituted in lieu thereof (*Effective from passage*):

226 (a) Notwithstanding any provision of the general statutes, to the
227 extent permitted by federal law, no [moneys invested in]
228 disbursements from the Connecticut Baby Bond Trust shall be
229 considered to be an asset or income for purposes of determining an
230 individual's eligibility for assistance under any program administered
231 by the [Department of Social Services] state.

232 (b) Notwithstanding any provision of the general statutes, no
233 [moneys invested in] disbursements from the trust shall be considered
234 to be an asset for purposes of determining an individual's eligibility for
235 need-based, institutional aid grants offered to an individual at the
236 public eligible educational institutions in the state.

237 Sec. 7. Section 3-36g of the general statutes is repealed and the
238 following is substituted in lieu thereof (*Effective from passage*):

239 [(a) The Treasurer shall establish in the Connecticut Baby Bond
240 Trust an accounting for each designated beneficiary. Each such

241 accounting shall include the amount transferred to the trust pursuant
242 to section 3-36h, plus the designated beneficiary's pro rata share of
243 total net earnings from investments of sums held in the trust.]

244 [(b)] (a) Upon a designated beneficiary's eighteenth birthday and
245 completion of a financial literacy requirement as prescribed by the
246 Treasurer, such beneficiary shall become eligible to [receive the total
247 sum of the accounting under subsection (a) of this section to be used
248 for an eligible expenditure. The Treasurer may adopt regulations, in
249 accordance with the provisions of chapter 54, to carry out the purposes
250 of this section] request an amount, to be used for payment of an
251 eligible expenditure, of up to the total sum of the amount transferred
252 on behalf of the designated beneficiary pursuant to section 3-36h, as
253 amended by this act, and adjusted, if applicable, in accordance with
254 said section, plus the designated beneficiary's pro rata share of the
255 total net earnings from investments of sums held in the trust at the
256 time of disbursement.

257 [(c)] (b) A designated beneficiary may submit a claim [for such
258 accounting until his or her thirtieth birthday,] pursuant to subsection
259 (a) of this section, in such form and manner as prescribed by the
260 Treasurer, until such designated beneficiary's thirtieth birthday,
261 provided such designated beneficiary is a resident of the state at the
262 time of such claim. If a designated beneficiary (1) is deceased before
263 submitting a valid claim, or (2) fails to submit a valid claim, as
264 determined by the Treasurer, before [his or her thirtieth birthday, such
265 accounting shall be credited back to the assets of the trust] such
266 designated beneficiary's thirtieth birthday, the sum such designated
267 beneficiary was eligible to claim shall be retained by the trust to credit
268 to designated beneficiaries born in subsequent years.

269 [(d)] (c) Subject to obtaining adequate consent authorizing the
270 disclosure of confidential information related to designated
271 beneficiaries in accordance with all applicable state or federal laws, the
272 Treasurer and the Department of Social Services shall enter into a
273 memorandum of understanding to establish information sharing

274 practices in order to carry out the purposes of [public act 21-111]
275 sections 3-36b to 3-36h, inclusive, as amended by this act.

276 Sec. 8. Section 3-36h of the general statutes is repealed and the
277 following is substituted in lieu thereof (*Effective from passage*):

278 [Upon] After the birth of a designated beneficiary, the Treasurer
279 may transfer up to three thousand two hundred dollars [from the bond
280 proceeds issued pursuant to section 3-36i] to the trust, [to be credited
281 toward the accounting of such designated beneficiary as described in
282 section 3-36g.] For any year in which the funds [made available]
283 authorized pursuant to section 3-36i, as amended by this act, [is] are
284 insufficient to provide such amount per designated beneficiary, the
285 amount so transferred shall be reduced pro rata and the Treasurer
286 shall adjust the shares of each designated beneficiary accordingly. For
287 any year in which such funds are in excess of the amount sufficient to
288 provide such amount per designated beneficiary, the excess shall be
289 retained by the trust to credit to designated beneficiaries born in
290 subsequent years.

291 Sec. 9. Section 3-36i of the general statutes is repealed and the
292 following is substituted in lieu thereof (*Effective from passage*):

293 (a) The State Bond Commission may authorize the issuance of
294 bonds of the state, in accordance with the provisions of section 3-20, in
295 principal amounts not exceeding in the aggregate six hundred million
296 dollars. The proceeds of the sale of bonds described in this section shall
297 be used for the purpose of funding the transfers provided for under
298 section 3-36h, as amended by this act. The amount authorized for the
299 issuance and sale of such bonds in each of the following fiscal years
300 shall not exceed the following corresponding amount for each such
301 fiscal year, except that, to the extent the State Bond Commission does
302 not provide for the use of all or a portion of such amount in any such
303 fiscal year, such amount not provided for shall be carried forward and
304 added to the authorized amount for the next two succeeding fiscal
305 years, and provided further, the costs of issuance, including the

306 expenses of implementing the provisions of sections 3-36b to 3-36h,
 307 inclusive, as amended by this act, and capitalized interest, if any, may
 308 be added to the capped amount in each fiscal year, and each of the
 309 authorized amounts shall be effective on July first of the fiscal year
 310 indicated as follows:

T1	Fiscal Year Ending	Amount
T2	June Thirtieth	
T3	2025	\$50,000,000
T4	2026	\$50,000,000
T5	2027	\$50,000,000
T6	2028	\$50,000,000
T7	2029	\$50,000,000
T8	2030	\$50,000,000
T9	2031	\$50,000,000
T10	2032	\$50,000,000
T11	2033	\$50,000,000
T12	2034	\$50,000,000
T13	2035	\$50,000,000
T14	2036	\$50,000,000

311 (b) [On or before the first day of September in each year,
 312 commencing September 1, 2024] Commencing with the fiscal year
 313 ending June 30, 2025, the Department of Social Services shall, not later
 314 than September first of each fiscal year, inform the Treasurer of the
 315 number of designated beneficiaries born in the prior fiscal year.
 316 Promptly thereafter, the Treasurer shall submit to the Governor and
 317 the Secretary of the Office of Policy and Management, by certified
 318 mail, a report of and a calculation of the total amount required to
 319 [deposit] be transferred to the trust [for crediting] to credit three
 320 thousand two hundred dollars [for the account of] to each such
 321 designated beneficiary born in the prior fiscal year. [as described in
 322 section 3-36g.]

323 (c) All provisions of section 3-20, or the exercise of any right or
324 power granted thereby which are not inconsistent with the provisions
325 of this section, are hereby adopted and shall apply to all bonds
326 authorized by the State Bond Commission pursuant to this section, and
327 temporary notes in anticipation of the money to be derived from the
328 sale of any such bonds so authorized may be issued in accordance with
329 section 3-20 and from time to time renewed. Such bonds shall mature
330 at such time or times not exceeding twenty years from their respective
331 dates as may be provided in or pursuant to the resolution or
332 resolutions of the State Bond Commission authorizing such bonds. All
333 such bonds, notes or other obligations shall be general obligations of
334 the state and the full faith and credit of the state of Connecticut are
335 pledged for the payment of the principal of and interest on such bonds,
336 notes or other obligations as the same shall become due, and
337 accordingly and as part of the contract of the state with the holders of
338 such bonds, notes or other obligations, appropriation of all amounts
339 necessary for punctual payment of such principal and interest is
340 hereby made, and the Treasurer shall pay such principal and interest
341 as the same become due. [All such bonds, notes or other obligations
342 shall be sold at not less than par and accrued interest in such manner
343 and on such terms as the Treasurer may determine is in the best
344 interest of the state, and shall be signed in the name of the state and on
345 its behalf by the Treasurer. All such bonds, notes or other obligations
346 shall mature at such time or times not later than twenty years after
347 their respective issuance, in such principal amounts and at such times,
348 bear such date or dates, be payable at such place or places, bear
349 interest at such rate or different or varying rates, payable at such time
350 or times, be in such denominations, be in such form with or without
351 interest coupons attached, carry such registration and transfer
352 privileges, be payable in such medium of payment, be subject to such
353 terms of redemption with or without premium and have such
354 additional security, covenant or contract provisions, as appropriate or
355 necessary to improve their marketability, as the Treasurer shall
356 determine prior to their issuance. In connection with such bonds, notes
357 or other obligations, the Treasurer may enter into such paying agent

358 agreements, indentures of trust, escrow agreements or other
359 agreements, with such parties and with such provisions as the
360 Treasurer determines are appropriate or necessary.

361 (d) The Treasurer may obtain from a commercial bank or insurance
362 company authorized to do business within or without this state a letter
363 of credit, line of credit or other liquidity facility or credit facility for the
364 purpose of providing funds for the payments in respect of bonds,
365 notes or other obligations required by the holder thereof to be
366 redeemed or repurchased prior to maturity or for providing additional
367 security for such bonds, notes or other obligations. In connection with
368 any such liquidity facility or credit facility, the Treasurer may enter
369 into any reimbursement agreements, remarketing agreements, standby
370 purchase agreements or any other necessary or appropriate
371 agreements on behalf of the state in connection with securing, insuring
372 or remarketing such bonds, notes or other obligations, on such terms
373 and conditions as the Treasurer determines to be in the best interest of
374 the state. The Treasurer is authorized to pledge the full faith and credit
375 of the state to the state's payment obligations under any such
376 agreement and the Treasurer is authorized to include such pledge in
377 any such agreement as part of the contract with the provider of such
378 liquidity facility or credit facility. The Treasurer shall apply any
379 appropriation for the payment of such bonds, notes or other
380 obligations to such reimbursement repayment if such liquidity facility
381 or credit facility is drawn upon. As part of the contract of the state with
382 the other parties to any agreement entered into pursuant to this
383 subsection for which the full faith and credit of the state is pledged to
384 the state's payment obligations under such agreement, appropriation
385 of all amounts necessary for the punctual payment of the obligations of
386 the state under any such agreement is hereby made and the Treasurer
387 shall pay such amounts as the same become due.

388 (e) In connection with or incidental to the carrying of such bonds,
389 notes or other obligations, or in connection with or incidental to the
390 sale and issuance of such bonds, notes or other obligations, the

391 Treasurer may enter into such contracts as the Treasurer may
392 determine to be necessary or appropriate to place the obligation of the
393 state, as represented by the bonds, notes or other obligations, in whole
394 or in part, on such interest rate or cash flow basis as the Treasurer may
395 determine, including without limitation, interest rate swap
396 agreements, insurance agreements, forward payment conversion
397 agreements, futures contracts, contracts providing for payments based
398 on levels of, or changes in, interest rates or market indices, contracts to
399 manage interest rate risk, including without limitation, interest rate
400 floors or caps, options, puts, calls and similar arrangements. Such
401 contracts shall contain such payment, security, default, remedy and
402 other terms and conditions as the Treasurer may deem appropriate
403 and shall be entered into with such party or parties as the Treasurer
404 may select, after giving due consideration, where applicable, for the
405 creditworthiness of the counter party or counter parties, including any
406 rating by a nationally recognized rating agency, the impact on any
407 rating on outstanding bonds, notes or other obligations or any other
408 criteria as the Treasurer may deem appropriate, provided the
409 unsecured long-term obligations of the counter party or counter
410 parties are rated the same or higher than the underlying rating of the
411 state on the applicable bonds, notes or other obligations by at least one
412 nationally recognized rating agency. The Treasurer is authorized to
413 pledge the full faith and credit of the state to the state's payment
414 obligations under any contract entered into pursuant to this
415 subsection. As part of the contract of the state with the other parties to
416 any agreement entered into pursuant to this subsection for which the
417 full faith and credit of the state is pledged to the state's payment
418 obligations under such agreement, appropriation of all amounts
419 necessary for the punctual payment of the obligations of the state
420 under any such agreement is hereby made and the Treasurer shall pay
421 such amounts as the same become due.

422 (f) The Superior Court shall have jurisdiction to enter judgment
423 against the state founded (1) upon any express contract between the
424 state and the purchasers and subsequent owners and transferees of any

425 bonds, notes or other obligations issued or contracted to be issued by
426 the state pursuant to this section, and (2) upon any agreement entered
427 into pursuant to subsection (c) or (d) of this section. Any action
428 brought under this subsection shall be brought in the superior court
429 for the judicial district of Hartford. The jurisdiction conferred upon the
430 Superior Court by this subsection includes any set-off, claim or
431 demand on the part of the state against any plaintiff commencing an
432 action under this subsection. Such action shall be tried to the court
433 without a jury. All legal defenses, except governmental immunity,
434 shall be reserved to the state. Any action brought under this subsection
435 shall be privileged in respect to assignment for trial upon motion of
436 either party.

437 (g) Any expense incurred in connection with the issuance or
438 renewal of the bonds, notes or other obligations issued pursuant to this
439 section shall be paid from the accrued interest and premiums on such
440 bonds, notes or other obligations, from the proceeds of the sale of such
441 bonds, notes or other obligations or otherwise from the General Fund.
442 The Treasurer is authorized to issue such bonds, notes or other
443 obligations in such form and manner that the interest on such bonds,
444 notes or other obligations may be includable or excludable under the
445 Internal Revenue Code of 1986, or any subsequent corresponding
446 internal revenue code of the United States, as amended from time to
447 time, in the gross income of the holders or owners of such bonds, notes
448 or other obligations. The Treasurer may make representations and
449 agreements for the benefit of the holders or owners of any such bonds,
450 notes or other obligations which are necessary or appropriate to ensure
451 the inclusion or exclusion of interest on such bonds, notes or other
452 obligations of the state from taxation under the Internal Revenue Code
453 of 1986 or any subsequent corresponding internal revenue code of the
454 United States, as amended from time to time, including agreements to
455 pay rebates to the federal government of investment earnings derived
456 from the investment of the proceeds of bonds, notes or other
457 obligations. The Treasurer may make representations and agreements
458 for the benefit of the holders or owners of such bonds, notes or other

459 obligations on behalf of the state to provide secondary market
460 disclosure information. Any such agreement may include: (1)
461 Covenants to provide secondary market disclosure information, (2)
462 arrangements for such information to be provided with the assistance
463 of a paying agent, trustee or other agent, and (3) remedies for breach of
464 such agreement, which remedies may be limited to specific
465 performance. The state shall protect and save harmless any official or
466 former official of the state from financial loss and expense, including
467 legal fees and costs, if any, arising out of any claim, demand, suit or
468 judgment by reason of alleged negligence on the part of such official,
469 while acting in the discharge of his or her official duties, in providing
470 secondary market disclosure information or performing any other
471 duties set forth in any agreement to provide secondary market
472 disclosure information. Nothing in this section shall be construed to
473 preclude the defense of governmental immunity to any such claim,
474 demand or suit. For purposes of this subsection "official" means any
475 person elected or appointed to office or any state employee. This
476 indemnity provision shall not apply to cases of wilful and wanton
477 fraud.

478 (h) All such bonds, notes or other obligations, their transfer and the
479 income therefrom, including any profit on the sale or transfer thereof,
480 shall at all times be exempt from all taxation by the state or under its
481 authority, except for estate or succession taxes, but the interest on such
482 bonds, notes or other obligations shall be included in the computation
483 of any excise or franchise tax. Such bonds, notes or other obligations
484 are hereby made and declared to be (1) legal investments for savings
485 banks and trustees unless otherwise provided in the instrument
486 creating the trust, (2) securities in which all public officers and bodies,
487 all insurance companies and associations and persons carrying on an
488 insurance business, all banks, bankers, trust companies, savings banks
489 and savings associations, including savings and loan associations,
490 building and loan associations, investment companies and persons
491 carrying on a banking or investment business, all administrators,
492 guardians, executors, trustees and other fiduciaries and all persons

493 who are or may be authorized to invest in bonds, notes or other
 494 obligations of the state, may properly and legally invest funds,
 495 including capital in their control or belonging to them, and (3)
 496 securities that may be deposited with and shall be received by all
 497 public officers and bodies for any purpose for which the deposit of
 498 bonds, notes or other obligations of the state is or may be authorized.]

499 Sec. 10. Section 3-13c of the general statutes is repealed and the
 500 following is substituted in lieu thereof (*Effective from passage*):

501 [Trust funds as] As used in sections 3-13 to 3-13e, inclusive, and 3-
 502 31b₂, [shall be construed to include] "trust funds" includes the
 503 Connecticut Municipal Employees' Retirement Fund A, the
 504 Connecticut Municipal Employees' Retirement Fund B, the Soldiers,
 505 Sailors and Marines Fund, the Family and Medical Leave Insurance
 506 Trust Fund, the State's Attorneys' Retirement Fund, the Teachers'
 507 Annuity Fund, the Teachers' Pension Fund, the Teachers' Survivorship
 508 and Dependency Fund, the School Fund, the State Employees
 509 Retirement Fund, the Hospital Insurance Fund, the Policemen and
 510 Firemen Survivor's Benefit Fund, any trust fund described in
 511 subdivision (1) of subsection (b) of section 7-450 that is administered,
 512 held or invested by the State Treasurer, the Connecticut Baby Bond
 513 Trust and all other trust funds administered, held or invested by the
 514 State Treasurer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	3-13a
Sec. 2	<i>from passage</i>	3-13b
Sec. 3	<i>from passage</i>	3-13i
Sec. 4	<i>from passage</i>	3-36b
Sec. 5	<i>from passage</i>	3-36e
Sec. 6	<i>from passage</i>	3-36f
Sec. 7	<i>from passage</i>	3-36g
Sec. 8	<i>from passage</i>	3-36h
Sec. 9	<i>from passage</i>	3-36i

Sec. 10	<i>from passage</i>	3-13c
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FIN *Joint Favorable Subst.*