



# Senate

General Assembly

**File No. 386**

February Session, 2024

Senate Bill No. 264

*Senate, April 10, 2024*

The Committee on Government Administration and Elections reported through SEN. FLEXER of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

**AN ACT CONCERNING THE BONDING AUTHORITY OF THE CONNECTICUT MUNICIPAL REDEVELOPMENT AUTHORITY, THE REPORTING OF MATERIAL FINANCIAL OBLIGATIONS BY STATE AGENCIES, TAX-EXEMPT PROCEEDS FUND REFERENCES AND THE NOTIFICATION OF THE SALE OR LEASE OF PROJECTS FINANCED WITH BOND PROCEEDS.**

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

1 Section 1. Subsection (g) of section 8-169oo of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (g) [Except as provided in section 8-169qq, bonds] Bonds, notes or  
5 other obligations of the authority issued under the provisions of this  
6 section shall not be deemed to constitute a debt or liability of the state  
7 or of any political subdivision thereof other than the authority, or a  
8 pledge of the faith and credit of the state or of any such political  
9 subdivision other than the authority, and shall not constitute bonds or  
10 notes issued or guaranteed by the state within the meaning of section 3-

11 21, but shall be payable solely from the funds as provided in this section.  
12 All such bonds, notes or other obligations shall contain on the face  
13 thereof a statement to the effect that, unless otherwise provided by law,  
14 neither the state of Connecticut nor any political subdivision thereof  
15 other than the authority shall be obligated to pay the same or the interest  
16 thereof except from revenues or other funds of the authority and that  
17 neither the faith and credit nor the taxing power of the state of  
18 Connecticut or of any political subdivision thereof other than the  
19 authority is pledged to the payment of the principal of, or the interest  
20 on, such bonds, notes or other obligations.

21 Sec. 2. Subsections (k) to (o), inclusive, of section 8-169oo of the  
22 general statutes are repealed and the following is substituted in lieu  
23 thereof (*Effective from passage*):

24 [(k) Neither the members of the board of directors of the authority  
25 nor any person executing bonds, notes or other obligations of the  
26 authority issued pursuant to this section shall be liable personally on  
27 such bonds, notes or other obligations or be subject to any personal  
28 liability or accountability by reason of the issuance thereof, nor shall any  
29 director, officer or employee of the authority be personally liable for  
30 damage or injury caused in the performance of such director, officer or  
31 employee's duties and within the scope of employment or appointment  
32 as such director, officer or employee, provided the conduct of such  
33 director, officer or employee was found not to have been wanton,  
34 reckless, wilful or malicious. The authority shall protect, save harmless  
35 and indemnify its directors, officers or employees from financial loss  
36 and expense, including legal fees and costs, if any, arising out of any  
37 claim, demand, suit or judgment by reason of alleged negligence or  
38 alleged deprivation of any person's civil rights or any other act or  
39 omission resulting in damage or injury, if the director, officer or  
40 employee is found to have been acting in the discharge of his or her  
41 duties or within the scope of his or her employment and such act or  
42 omission is found not to have been wanton, reckless, wilful or  
43 malicious.]

44        [(l)] (k) The board of directors of the authority [shall have power to]  
45 may purchase bonds, notes or other obligations of the authority out of  
46 any funds available for such purpose. The authority may hold, cancel or  
47 resell such bonds, notes or other obligations subject to and in accordance  
48 with agreements with holders of its bonds, notes and other obligations.

49        [(m)] (l) All moneys received pursuant to the authority of this section,  
50 whether as proceeds from the sale of bonds or as revenues, shall be  
51 deemed to be trust funds to be held and applied solely as provided in  
52 this section. Any officer with whom, or any bank or trust company with  
53 which, such moneys shall be deposited shall act as trustee of such  
54 moneys and shall hold and apply the same for the purposes of section  
55 8-169jj, as amended by this act, and the resolution authorizing the bonds  
56 of any issue or the trust agreement securing such bonds may provide.

57        [(n)] (m) Any holder of bonds, notes or other obligations issued under  
58 the provisions of this section, and the trustee or trustees under any trust  
59 agreement, except to the extent the rights herein given may be restricted  
60 by any resolution authorizing the issuance of or any such trust  
61 agreement securing such bonds, may, either at law or in equity, by suit,  
62 action, mandamus or other proceeding, protect and enforce any and all  
63 rights under the laws of the state or granted under this section or under  
64 such resolution or trust agreement and may enforce and compel the  
65 performance of all duties required by this section or by such resolution  
66 or trust agreement to be performed by the authority or by any officer,  
67 employee or agent of the authority, including the fixing, charging and  
68 collecting of the rates, rents, fees and charges herein authorized and  
69 required by the provisions of such resolution or trust agreement to be  
70 fixed, established and collected.

71        [(o)] (n) The authority may make representations and agreements for  
72 the benefit of the holders of any bonds, notes or other obligations of the  
73 state which are necessary or appropriate to ensure the exclusion from  
74 gross income for federal income tax purposes of interest on bonds, notes  
75 or other obligations of the state from taxation under the Internal  
76 Revenue Code of 1986 or any subsequent corresponding internal

77 revenue code of the United States, as amended from time to time,  
78 including agreement to pay rebates to the federal government of  
79 investment earnings derived from the investment of the proceeds of the  
80 bonds, notes or other obligations of the authority. Any such agreement  
81 may include: (1) A covenant to pay rebates to the federal government of  
82 investment earnings derived from the investment of the proceeds of the  
83 bonds, notes or other obligations of the authority; (2) a covenant that the  
84 authority will not limit or alter its rebate obligations until its obligations  
85 to the holders or owners of such bonds, notes or other obligations are  
86 finally met and discharged; and (3) provisions to (A) establish trust and  
87 other accounts which may be appropriate to carry out such  
88 representations and agreements, (B) retain fiscal agents as depositories  
89 for such funds and accounts, and (C) provide that such fiscal agents may  
90 act as trustee of such funds and accounts.

91 Sec. 3. Section 8-169qq of the general statutes is repealed and the  
92 following is substituted in lieu thereof (*Effective from passage*):

93 [(a) The state shall protect, save harmless and indemnify the  
94 directors, officers and employees of the Connecticut Municipal  
95 Redevelopment Authority from financial loss and expenses, including  
96 legal fees and costs, if any, arising out of any claim, demand, suit or  
97 judgment based upon any alleged act or omission of any such director,  
98 officer or employee in connection with, or any other legal challenge to,  
99 authority development projects within a Connecticut Municipal  
100 Redevelopment Authority development district, provided any such  
101 director, officer or employee is found to have been acting in the  
102 discharge of such director, officer or employee's duties or within the  
103 scope of such director, officer or employee's employment and any such  
104 act or omission is found not to have been wanton, reckless, wilful or  
105 malicious.

106 (b) In the event any bond, note or other obligation of the authority  
107 cannot be paid by the authority, the state shall assume the liability of  
108 and make payment on such debt.]

109 (a) For the purposes of this section, "required minimum capital

110 reserve" means the maximum amount permitted to be deposited in a  
111 special capital reserve fund by the Internal Revenue Code of 1986, or  
112 any subsequent corresponding internal revenue code of the United  
113 States, as amended from time to time, to permit the interest on the bonds  
114 of the Connecticut Municipal Redevelopment Authority secured by  
115 such special capital reserve fund to be excluded from gross income for  
116 federal tax purposes.

117 (b) The authority may, in connection with the issuance of bonds, the  
118 refunding of bonds previously issued by the authority or the issuance  
119 of bonds to effect a refinancing or other restructuring with respect to one  
120 or more projects, establish one or more special capital reserve funds. The  
121 authority may pay into such special capital reserve funds (1) any  
122 moneys appropriated and made available by the state for the purposes  
123 of such special capital reserve funds, (2) any proceeds of the sale of  
124 bonds or notes of the authority, to the extent provided in the resolution  
125 of said authority authorizing the issuance of such bonds or notes, and  
126 (3) any moneys made available to the authority from any other source  
127 for the purposes of such special capital reserve funds. The amount of  
128 bonds of the authority secured by special capital reserve funds shall not  
129 exceed fifty million dollars in the aggregate.

130 (c) (1) Except as otherwise provided in this section, the moneys held  
131 in or credited to any special capital reserve fund established under this  
132 section shall be used for:

133 (A) The payment of the principal and interest as such payments  
134 become due, whether due at maturity or by mandatory sinking fund  
135 installments, on bonds of the authority secured by such special capital  
136 reserve fund; or

137 (B) The purchase of such bonds and the payment of any redemption  
138 premium required to be paid when such bonds are redeemed prior to  
139 maturity, including reimbursement of a provider of bond insurance or  
140 of a credit or liquidity facility that has paid such redemption premium.

141 (2) The authority may prohibit, except for the purpose of paying the

142 principal of and interest and redemption premium on bonds of the  
143 authority secured by a special capital reserve fund for which other  
144 moneys of the authority are not available, the withdrawal of moneys in  
145 any special capital reserve fund in an amount that would result in the  
146 balance of such special capital reserve fund being less than (A) the  
147 maximum amount of principal and interest becoming due by reason of  
148 maturity or a required sinking fund installment on the bonds of the  
149 authority outstanding in the then current or any succeeding calendar  
150 year, or (B) the required minimum capital reserve.

151 (3) The authority may provide at any time that it shall not issue bonds  
152 secured by a special capital reserve fund if the required minimum  
153 capital reserve on the bonds outstanding and the bonds to be issued and  
154 secured by the same special capital reserve fund at the time of issuance  
155 exceeds the moneys in the special capital reserve fund, unless the  
156 authority deposits proceeds from the bonds to be issued or moneys from  
157 other sources into such special capital reserve fund, in an amount that,  
158 together with the amount then in such special capital reserve fund, will  
159 be not less than the required minimum capital reserve.

160 (d) (1) (A) Prior to December first, annually, the authority shall  
161 deposit, for any special capital reserve fund for which the balance is  
162 below the required minimum capital reserve, the full amount required  
163 to meet the required minimum capital reserve for such special capital  
164 reserve fund. Such deposit shall be made from any resources available  
165 to the authority not otherwise pledged or dedicated to another purpose.

166 (B) On or prior to December first, annually, but after the authority has  
167 made any deposits required under subparagraph (A) of this  
168 subdivision, there shall be deemed appropriated from the General Fund  
169 any sums necessary to restore the balance of each such special capital  
170 reserve fund to the required minimum capital reserve amount. The  
171 amount of any such sum shall be allotted and paid to the authority upon  
172 the certification of such sum by the chairperson or vice-chairperson of  
173 the authority to the Secretary of the Office of Policy and Management,  
174 the Treasurer and the joint standing committees of the General

175 Assembly having cognizance of matters relating to planning and  
176 development and finance, revenue and bonding.

177 (C) For the purposes of this subdivision, obligations acquired as an  
178 investment for any special capital reserve fund shall be valued at  
179 amortized cost.

180 (2) Subject to any agreement or agreements with holders of  
181 outstanding bonds or notes of the authority, any amount allotted and  
182 paid to the authority pursuant to subdivision (1) of this subsection shall  
183 be repaid to the state from moneys of the authority, at such time as such  
184 moneys are not required for any other corporate purposes of the  
185 authority. Such repayment shall occur not later than one year after the  
186 date the following liabilities are met and fully discharged by the  
187 authority: (A) All bonds and notes of the authority that were issued  
188 before, on or after the date such allotted amount was paid to the  
189 authority; (B) all interest on such bonds and notes and on any unpaid  
190 installments of interest; and (C) all costs and expenses incurred in  
191 connection with any action or proceeding by or on behalf of the holders  
192 of such bonds or notes.

193 (e) (1) The authority shall not issue bonds secured by a special capital  
194 reserve fund until and unless:

195 (A) The authority has determined, and has provided such  
196 determination to the Secretary of the Office of Policy and Management  
197 or the secretary's deputy and to the Treasurer or the Deputy Treasurer,  
198 that the revenues from the project shall be sufficient to (i) pay the  
199 principal of and interest on the bonds issued to finance the project, (ii)  
200 establish, increase and maintain any reserves deemed advisable by the  
201 authority to secure the payment of the principal of and interest on such  
202 bonds, (iii) pay the cost of maintaining the project in good repair and  
203 properly insured, and (iv) pay such other costs of the project as may be  
204 required;

205 (B) The issuance has been approved by the Secretary of the Office of  
206 Policy and Management or the secretary's deputy; and

207 (C) The authority has provided the documentation required under  
208 subsection (a) of section 1-124 to the Treasurer or the Deputy Treasurer  
209 and the issuance has been approved by the Treasurer or the Deputy  
210 Treasurer pursuant to said subsection.

211 (2) The approval by the Secretary of the Office of Policy and  
212 Management or the secretary's deputy may provide for the waiver or  
213 modification of the requirements of this section as the secretary deems  
214 necessary or appropriate to effectuate such issuance, subject to any  
215 applicable tax covenants of the authority and the state.

216 (f) Nothing in this section shall preclude the authority from  
217 establishing other debt service reserve funds that are not special capital  
218 reserve funds in connection with the issuance of bonds or notes of the  
219 authority.

220 Sec. 4. (NEW) (*Effective from passage*) (a) As used in this section, (1)  
221 "person" means any (A) state officer, (B) state agency, department, board  
222 or commission, or (C) state employee, or any agent thereof. "Person"  
223 includes The University of Connecticut Health Care Finance  
224 Corporation, and (2) "financial obligation" has the same meaning as  
225 provided in 17 CFR 240.15c2-12, as amended from time to time.

226 (b) (1) Before any person incurs any financial obligation of the state  
227 or enters into any agreement to covenants, events of default, remedies,  
228 priority rights or other similar terms in connection with a financial  
229 obligation of the state, where such financial obligation (A) is in excess of  
230 one million dollars, or (B) encumbers property or rights of the state  
231 material to the operations of the state, such person shall notify the  
232 Treasurer of such proposed financial obligation or agreement and  
233 submit any documents pursuant to which such financial obligation is to  
234 be incurred or such agreement is to be entered into. No such person shall  
235 incur any such financial obligation or enter into any such agreement  
236 until such person has received a written acknowledgment pursuant to  
237 subdivision (2) of this subsection.

238 (2) Upon receipt of such notification and documents, the Treasurer



239 shall determine whether the information provided is adequate for the  
240 Treasurer to timely meet required disclosure obligations under federal  
241 securities law. The Treasurer may request additional information the  
242 Treasurer deems necessary to make such determination. Upon the  
243 Treasurer's satisfaction that adequate information has been provided for  
244 the Treasurer to timely meet required disclosure obligations under  
245 federal securities law, the Treasurer or the Treasurer's designee shall  
246 provide written acknowledgment to the person seeking to incur such  
247 financial obligation or enter into such agreement. The Treasurer may  
248 establish, and revise from time to time, exemptions from such  
249 notification and submission requirements as the Treasurer determines  
250 are consistent with the state's disclosure obligations under federal  
251 securities law.

252 Sec. 5. Subsection (x) of section 3-20 of the 2024 supplement to the  
253 general statutes is repealed and the following is substituted in lieu  
254 thereof (*Effective July 1, 2024*):

255 (x) Notwithstanding any provision of the general statutes, public acts  
256 or special acts, [upon] any sale, lease or other disposition to or use by a  
257 nongovernmental entity of all or a portion of any project financed with  
258 proceeds of bonds of the state the interest on which is not included in  
259 gross income pursuant to Section 103 of the Internal Revenue Code of  
260 1986, or any subsequent corresponding internal revenue code of the  
261 United States, as amended from time to time, [amended,] that would  
262 otherwise cause such bonds to be treated as private activity bonds  
263 within the meaning of Section 141 of said internal revenue code [, the]  
264 shall be subject to the prior approval of the Treasurer. The Treasurer is  
265 authorized to transfer all or a portion of the proceeds received with  
266 respect to and at the time of such disposition or use, in an amount not  
267 less than the amount required by said internal revenue code to preserve  
268 the exclusion from gross income of interest on such bonds, (1) to the  
269 General Fund to pay debt service on, including redemption, defeasance  
270 or purchase of, outstanding bonds of the state the interest on which is  
271 not included in gross income pursuant to Section 103 of said internal  
272 revenue code, (2) with the approval of the State Bond Commission, in

273 lieu of the issuance of bonds, to the appropriate account or fund for any  
274 projects or purposes authorized by the State Bond Commission  
275 pursuant to a bond act and with the same force and effect as bond  
276 proceeds, thereby reducing the authority to issue bonds by such dollar  
277 amount, provided in any event that any such transfer does not cause the  
278 interest on the subject bonds to become included in gross income  
279 pursuant to Section 103 of said internal revenue code.

280 Sec. 6. Subsection (a) of section 3-37 of the general statutes is repealed  
281 and the following is substituted in lieu thereof (*Effective July 1, 2024*):

282 (a) The Treasurer shall, annually, on or before December thirty-first,  
283 submit a final audited report to the Governor and a copy of such report  
284 to the Investment Advisory Council, which shall include the following  
285 information concerning the activities of the office of the State Treasurer  
286 for the immediately preceding fiscal year ending June thirtieth: (1)  
287 Complete financial statements and accompanying footnotes for the  
288 combined investment funds prepared in accordance with generally  
289 accepted accounting principles, which financial statements shall be  
290 audited in accordance with generally accepted auditing standards and  
291 supplementary schedules depicting the interests of the component  
292 retirement plans and trust funds; (2) complete financial statements and  
293 accompanying footnotes for the Short Term Investment Fund prepared  
294 in accordance with generally accepted accounting principles and  
295 supplementary schedules listing all assets held by the Short Term  
296 Investment Fund; (3) a discussion and review of the performance of the  
297 combined investment funds and Short Term Investment Fund for such  
298 fiscal year in accordance with recognized and appropriate performance  
299 presentation and disclosure, including an analysis of the return earned  
300 by the portfolio and each combined investment fund as well as the risk  
301 profile of the portfolio and each combined investment fund according  
302 to investment industry standards; (4) the activities and transactions in  
303 such reasonable detail as is appropriate of the cash management  
304 division including information on the state's cash receipts and  
305 disbursements for the fiscal year, and the debt management division;  
306 [including the financial statements of the tax-exempt proceeds fund

307 prepared in accordance with generally accepted accounting principles;]  
308 (5) financial statements and accompanying footnotes as well as a  
309 summary of operating results for the Second Injury Fund for such fiscal  
310 year; (6) a financial summary and report on the activities of the state's  
311 unclaimed property program for such fiscal year; (7) a listing of the  
312 companies from which state funds were divested based upon such  
313 companies' business in Sudan, pursuant to the provisions of section 3-  
314 21e, and any companies identified by the Treasurer as companies from  
315 which investment of state funds has been declared impermissible by the  
316 Treasurer, pursuant to the provisions of section 3-21e; and (8) such other  
317 information as the Treasurer deems of interest to the public.

318 Sec. 7. Subsection (q) of section 3-62h of the general statutes is  
319 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
320 *2024*):

321 (q) Any moneys held by the Treasurer or by a trustee pursuant to an  
322 indenture of trust with respect to abandoned property fund bonds  
323 including pledged revenues, other pledged receipts, funds or moneys  
324 and proceeds from the sale of such abandoned property fund bonds,  
325 may, pending the use or application of the proceeds thereof for an  
326 authorized purpose, be (1) invested and reinvested in such obligations,  
327 securities and investments as are set forth in subsection (f) of section 3-  
328 20 [.] and in participation certificates in the Short Term Investment  
329 Funds created under sections 3-27a and 3-27f, [and in participation  
330 certificates or securities of the Tax-Exempt Proceeds Fund created under  
331 section 3-24a] or (2) deposited or redeposited in such bank or banks as  
332 shall be provided in the proceedings. Unless the proceedings provide  
333 otherwise, proceeds from investments authorized by this subsection,  
334 less amounts required under the proceedings authorizing the issuance  
335 of abandoned property fund bonds for the payment of Special  
336 Abandoned Property Fund financing costs relating to such abandoned  
337 property fund bonds, shall be credited to the Special Abandoned  
338 Property Fund.

339 Sec. 8. Subsection (d) of section 7-406n of the general statutes is

340 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
341 *2024*):

342 (d) Any moneys held by the Treasurer or by a trustee pursuant to an  
343 indenture of trust with respect to municipal pension solvency account  
344 bonds including pledged revenues, other pledged receipts, funds or  
345 moneys and proceeds from the sale of such municipal pension solvency  
346 account bonds, may, pending the use or application of such proceeds  
347 for an authorized purpose, be (1) invested and reinvested in such  
348 obligations, securities and investments as are set forth in subsection (f)  
349 of section 3-20 [ ] and in participation certificates in the Short Term  
350 Investment Funds created under sections 3-27a and 3-27f, [and in  
351 participation certificates or securities of the Tax-Exempt Proceeds Fund  
352 created under section 3-24a,] or (2) deposited or redeposited in such  
353 bank or banks as shall be provided in the proceedings authorizing the  
354 issuance of municipal pension solvency account bonds. Unless the  
355 proceedings provide otherwise, proceeds from investments authorized  
356 by this subsection, less amounts required under the proceedings for the  
357 payment of municipal pension solvency loan costs relating to such  
358 municipal pension solvency account bonds, shall be credited to the  
359 municipal pension solvency account.

360 Sec. 9. Subdivision (9) of subsection (b) of section 8-169jj of the 2024  
361 supplement to the general statutes is repealed and the following is  
362 substituted in lieu thereof (*Effective July 1, 2024*):

363 (9) Invest any funds not needed for immediate use or disbursement  
364 in obligations issued or guaranteed by the United States or the state,  
365 including the Short Term Investment Fund, [and the Tax-Exempt  
366 Proceeds Fund,] and in other obligations that are legal investments for  
367 savings banks in this state, and in-time deposits or certificates of deposit  
368 or other similar banking arrangements secured in such manner as the  
369 authority determines;

370 Sec. 10. Subsection (b) of section 8-336o of the general statutes is  
371 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
372 *2024*):

373 (b) Any moneys held in the Housing Trust Fund may, pending the  
374 use or application of the proceeds thereof for an authorized purpose, be  
375 (1) invested and reinvested in such obligations, securities and  
376 investments as are set forth in subsection (f) of section 3-20 [.] and in  
377 participation certificates in the Short Term Investment Fund created  
378 under sections 3-27a and 3-27f<sub>2</sub> [and in participation certificates or  
379 securities of the Tax-Exempt Proceeds Fund created under section 3-  
380 24a.] (2) deposited or redeposited in such bank or banks at the direction  
381 of the Treasurer, or (3) invested in participation units in the combined  
382 investment funds, as defined in section 3-31b. Unless otherwise  
383 provided pursuant to subsection (c) of this section, proceeds from  
384 investments authorized by this subsection shall be credited to the  
385 Housing Trust Fund.

386 Sec. 11. Subsection (b) of section 32-7o of the general statutes is  
387 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
388 *2024*):

389 (b) Any moneys held in the Connecticut Manufacturing Innovation  
390 Fund may, pending the use or application of the proceeds thereof for an  
391 authorized purpose, be (1) invested and reinvested in such obligations,  
392 securities and investments as are set forth in subsection (f) of section 3-  
393 20 [.] and in participation certificates in the Short Term Investment Fund  
394 created under sections 3-27a and 3-27f<sub>2</sub> [and in participation certificates  
395 or securities of the Tax-Exempt Proceeds Fund created under section 3-  
396 24a.] (2) deposited or redeposited in any bank or banks, at the direction  
397 of the Treasurer, or (3) invested in participation units in the combined  
398 investment funds, as defined in section 3-31b. Proceeds from  
399 investments authorized by this subsection shall be credited to the  
400 Connecticut Manufacturing Innovation Fund.

401 Sec. 12. Subdivision (6) of subsection (b) of section 32-602 of the 2024  
402 supplement to the general statutes is repealed and the following is  
403 substituted in lieu thereof (*Effective July 1, 2024*):

404 (6) To invest any funds not needed for immediate use or  
405 disbursement in obligations issued or guaranteed by the United States

406 of America or the state of Connecticut, including the Short Term  
407 Investment Fund, [and the Tax-Exempt Proceeds Fund,] and in other  
408 obligations which are legal investments for savings banks in this state  
409 and in time deposits or certificates of deposit or other similar banking  
410 arrangements secured in such manner as the authority determines;

411 Sec. 13. Section 10-63b of the general statutes is repealed and the  
412 following is substituted in lieu thereof (*Effective from passage*):

413 Within thirty days of receipt of an application pursuant to section 10-  
414 63a the regional board of education shall call for the appointment of a  
415 committee to study issues relating to withdrawal or dissolution. The  
416 committee shall consist of the following: One member of the board of  
417 education of each town within the district, to be selected by each such  
418 board, if any, or if none, an elector to be elected by the legislative body  
419 in such town; one member of the board of finance or comparable fiscal  
420 body of each town within the district to be selected by each such board  
421 or body; two members of the regional board of education, to be selected  
422 by such board, no more than one of whom may be a resident of a town  
423 making the application for the appointment of the committee; one  
424 member to be appointed by the Commissioner of Education, who shall  
425 not be a resident of any town within the district; [the State Treasurer or  
426 the Treasurer's designee,] and one member to be appointed by the  
427 regional board of education, who [shall be] is an expert in municipal  
428 bonding and financing and who shall not be a resident of any town  
429 within the district. The members shall receive no compensation for their  
430 services, but their expenses and those incurred by the regional board in  
431 connection with withdrawal or dissolution procedures shall be paid by  
432 the towns applying for withdrawal or dissolution. The appointee of the  
433 Commissioner of Education shall call the first meeting of the committee,  
434 and the committee shall organize and function in accordance with  
435 section 10-41.

436 Sec. 14. Subdivision (3) of subsection (a) of section 10-283 of the  
437 general statutes is repealed and the following is substituted in lieu  
438 thereof (*Effective July 1, 2024*):

439 (3) (A) All final calculations completed by the Department of  
440 Administrative Services for school building projects shall include a  
441 computation of the state grant for the school building project amortized  
442 on a straight line basis over a twenty-year period for school building  
443 projects with costs equal to or greater than two million dollars and over  
444 a ten-year period for school building projects with costs less than two  
445 million dollars. Any town or regional school district which abandons,  
446 sells, leases, demolishes or otherwise redirects the use of such a school  
447 building project to other than a public school use during such  
448 amortization period shall refund to the state the unamortized balance of  
449 the state grant remaining as of the date the abandonment, sale, lease,  
450 demolition or redirection occurs. The amortization period for a project  
451 shall begin on the date the project was accepted as complete by the local  
452 or regional board of education. A town or regional school district  
453 required to make a refund to the state pursuant to this subdivision may  
454 request forgiveness of such refund if the building is redirected for public  
455 use. The Department of Administrative Services shall include as an  
456 addendum to the annual school construction priority list all those towns  
457 requesting forgiveness. General Assembly approval of the priority list  
458 containing such request shall constitute approval of such request. This  
459 subdivision shall not apply to projects to correct safety, health and other  
460 code violations or to remedy certified school indoor air quality  
461 emergencies approved pursuant to subsection (b) of this section or  
462 projects subject to the provisions of section 10-285c.

463 (B) If the board of governors for an independent institution of higher  
464 education, as defined in subsection (a) of section 10a-173, or the  
465 equivalent of such a board, on behalf of the independent institution of  
466 higher education, that operates an interdistrict magnet school makes  
467 private use of any portion of a school building in which such operator  
468 received a school building project grant pursuant to this chapter, such  
469 operator shall annually submit a report to the Commissioner of  
470 Education that demonstrates that such operator provides an equal to or  
471 greater than in-kind or supplemental benefit of such institution's  
472 facilities to students enrolled in such interdistrict magnet school that  
473 outweighs the private use of such school building. If the commissioner

474 finds that the private use of such school building exceeds the in-kind or  
475 supplemental benefit to magnet school students, the commissioner may  
476 require such institution to refund to the state the unamortized balance  
477 of the state grant.

478 [(C) Any moneys refunded to the state pursuant to subparagraphs  
479 (A) and (B) of this subdivision shall be deposited in the state's tax-  
480 exempt proceeds fund and used not later than sixty days after  
481 repayment to pay debt service on, including redemption, defeasance or  
482 purchase of, outstanding bonds of the state the interest on which is not  
483 included in gross income pursuant to Section 103 of the Internal  
484 Revenue Code of 1986, or any subsequent corresponding internal  
485 revenue code of the United States, as from time to time amended.]

486 Sec. 15. Subsection (b) of section 22a-284a of the 2024 supplement to  
487 the general statutes is repealed and the following is substituted in lieu  
488 thereof (*Effective July 1, 2024*):

489 (b) Wherever the words "Materials Innovation and Recycling  
490 Authority" are used in any public or special act of 2023 or in the  
491 following sections, the words "MIRA Dissolution Authority" shall be  
492 substituted in lieu thereof: 1-79, 1-120, 1-124, 1-125, [3-24d, 3-24f,] 7-329a,  
493 12-412, 12-459, 16-1, 16-245, 16-245b, 22a-208a, 22a-208v, 22a-209h, 22a-  
494 219b, 22a-220, 22a-241, 22a-260, 22a-263a, 22a-263b, 22a-268a, 22a-268b,  
495 22a-268g, 22a-270a, 22a-272a, 22a-282, 22a-283, 22a-284, 32-1e and 32-  
496 658.

497 Sec. 16. Subsection (b) of section 22a-260a of the general statutes is  
498 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
499 *2024*):

500 (b) Wherever the words "Connecticut Resources Recovery Authority"  
501 are used in any public or special act of 2014 or in the following sections  
502 of the general statutes, the words "Materials Innovation and Recycling  
503 Authority" shall be substituted in lieu thereof: 1-79, 1-120, 1-124, 1-125,  
504 [3-24d, 3-24f,] 7-329a, 12-412, 12-459, 16-1, 16-245, 16-245b, 22a-208a, 22a-  
505 208v, 22a-209h, 22a-219b, 22a-220, 22a-241, 22a-260, 22a-261, 22a-263a,



506 22a-263b, 22a-268a, 22a-268b, 22a-270a, 22a-272a, 22a-282, 22a-283, 22a-  
507 284, 32-1e and 32-658.

508 Sec. 17. Subdivision (1) of subsection (a) of section 32-11f of the  
509 general statutes is repealed and the following is substituted in lieu  
510 thereof (*Effective July 1, 2024*):

511 (a) (1) Wherever the term "Connecticut Development Authority" is  
512 used in the following sections of the general statutes, the term  
513 "Connecticut Innovations, Incorporated" shall be substituted in lieu  
514 thereof: [3-24d, 3-24f,] 3-99d, 8-134, 8-134a, 8-192, 8-192a, 8-240m, 13b-  
515 79w, 16-243v, 22a-134, 22a-173, 22a-259, 22a-264, 25-33a, 32-1l, 32-3, 32-  
516 4l, 32-6j, 32-9c, 32-9n, 32-9qq, 32-22b, 32-23l, 32-23o, 32-23q, 32-23r, 32-  
517 23s, 32-23t, 32-23v, 32-23x, 32-23z, 32-23aa, 32-23qq, 32-23ss, 32-23tt, 32-  
518 31a, 32-61, 32-68a, 32-141, 32-222, 32-223, 32-227, 32-244, 32-244a, 32-262,  
519 32-263, 32-265, 32-266, 32-285, 32-341, 32-477, 32-500, 32-503, 32-609, 32-  
520 761, 32-763 and 32-768.

521 Sec. 18. Sections 3-24a to 3-24h, inclusive, of the general statutes are  
522 repealed. (*Effective July 1, 2024*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	8-169oo(g)
Sec. 2	<i>from passage</i>	8-169oo(k) to (o)
Sec. 3	<i>from passage</i>	8-169qq
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>July 1, 2024</i>	3-20(x)
Sec. 6	<i>July 1, 2024</i>	3-37(a)
Sec. 7	<i>July 1, 2024</i>	3-62h(q)
Sec. 8	<i>July 1, 2024</i>	7-406n(d)
Sec. 9	<i>July 1, 2024</i>	8-169jj(b)(9)
Sec. 10	<i>July 1, 2024</i>	8-336o(b)
Sec. 11	<i>July 1, 2024</i>	32-7o(b)
Sec. 12	<i>July 1, 2024</i>	32-602(b)(6)
Sec. 13	<i>from passage</i>	10-63b
Sec. 14	<i>July 1, 2024</i>	10-283(a)(3)
Sec. 15	<i>July 1, 2024</i>	22a-284a(b)

Sec. 16	<i>July 1, 2024</i>	22a-260a(b)
Sec. 17	<i>July 1, 2024</i>	32-11f(a)(1)
Sec. 18	<i>July 1, 2024</i>	Repealer section

**GAE**      *Joint Favorable*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

**OFA Fiscal Note**

**State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
Treasurer, Debt Serv.	GF - Potential Savings	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires that any bonds issued by the Municipal Redevelopment Authority (MRDA) use special capital reserve funds (SCRF) overseen by the Treasurer, and limits MRDA's aggregate SCRF-backed debt to \$50 million. To the extent MRDA issues SCRF-backed bonds in the future instead of non-SCRF-backed state-backed bonds or that MRDA's debt is limited to \$50 million where it otherwise would have been greater, there is the potential for cost savings.

**Background**

MRDA was established within the 2019 Budget Act and empowered to issue bonds backed by the state that were not specifically subject to SCRF requirements. To date, MRDA has not issued any bonds.

SCRF-backed bonds are a contingent liability of the state.<sup>1</sup> The SCRF provides a higher level of repayment security, which results in lower interest rates compared to non-SCRF market rates. In the event that the

<sup>1</sup> Contingent liabilities do not count against the state's statutory limits on General Obligation bonding.

SCRF is drawn down in part or completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue until the fund is replenished by the bond issuer or the underlying debt is repaid.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued by MRDA.

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**OLR Bill Analysis****SB 264*****AN ACT CONCERNING THE BONDING AUTHORITY OF THE CONNECTICUT MUNICIPAL REDEVELOPMENT AUTHORITY, THE REPORTING OF MATERIAL FINANCIAL OBLIGATIONS BY STATE AGENCIES, TAX-EXEMPT PROCEEDS FUND REFERENCES AND THE NOTIFICATION OF THE SALE OR LEASE OF PROJECTS FINANCED WITH BOND PROCEEDS.*****SUMMARY**

This bill limits the Municipal Redevelopment Authority's (MRDA) bonding authority, generally aligning it with other quasi-public agencies. Among other things, the bill does the following:

1. repeals the law requiring that the state assume liability of and make payment for MRDA debt if the authority cannot pay for its bonds, notes, or other obligations;
2. authorizes the authority to establish one or more special capital reserve funds (SCRF) to secure the principal and interest payments on bonds; and
3. caps at \$50 million the total amount of MRDA bonds that may be secured by a SCRF.

The bill also makes the following unrelated changes:

1. eliminates redundant indemnification provisions that apply specifically to MRDA (because existing generally applicable provisions giving quasi-public officials and employees the same protections already apply to MRDA (CGS § 1-125));
2. requires state employees, officers, agencies, boards, commissions (including the UConn Health Care Finance Corporation), or their

agents to notify the state treasurer before incurring certain financial obligations that must be reported under federal securities law;

3. explicitly requires that certain property sales, leases, or other dispositions receive the state treasurer's prior approval;
4. eliminates the requirement that the state treasurer, or his designee, serve as a member of any study committee formed on regional school district withdrawals or dissolutions (§ 13); and
5. eliminates obsolete statutory references to the Tax-Exempt Proceeds Fund, which no longer exists (§§ 6-12 & 14-18).

EFFECTIVE DATE: Upon passage, except that the provisions on the Tax-Exempt Proceeds Fund and the treasurer's approval for certain property sales, leases, and dispositions are effective July 1, 2024.

## **§§ 2 & 3 — MRDA SCRF-BACKED BONDS**

### ***SCRF Authorization***

The bill allows MRDA to establish one or more SCRFs in connection with its bonds. It allows MRDA to pay into the SCRFs (1) any state appropriations for the SCRF; (2) proceeds from the sale of MRDA bonds, if the MRDA resolution authorizing the bonds allows it; and (3) any other funds the authority receives for a SCRF. The maximum amount of SCRF-backed bonds that MRDA may issue is \$50 million.

### ***Allowable Use of SCRFs***

The bill requires the SCRF to be used only for (1) paying principal and interest on SCRF-backed bonds, (2) buying SCRF-backed MRDA bonds before maturity, and (3) paying any premiums required to pay off the bonds before maturity. It allows MRDA to limit SCRF withdrawals so that the balance does not fall below the maximum (1) principal and interest or required sinking fund installment due on MRDA bonds maturing in the current or any future calendar year or (2) SCRF amount required to preserve the bonds' federal tax exemption (i.e., "required minimum capital reserve").

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**Minimum Capital Reserve**

The bill allows MRDA to decide not to issue new SCRF-backed bonds unless it deposits enough funds into the SCRF to keep its balance at or above the minimum reserve. Before December 1 annually, MRDA must deposit the full amount required to meet the minimum reserve from any available resources not otherwise pledged or dedicated.

By December 1 annually, but after MRDA has made any required SCRF deposits, the bill automatically appropriates from the General Fund any amount needed to maintain the minimum reserve balance in the SCRF, as certified by MRDA's chairperson or vice-chairperson to the Office of Policy and Management (OPM) secretary, state treasurer, and Planning and Development, and Finance, Revenue and Bonding committees. In evaluating the SCRF balance, the bill requires investments to be valued as amortized cost.

Subject to its agreements with bondholders, MRDA must repay the state from whatever funds are not needed for its other corporate purposes within one year after meeting all its obligations from bonds and notes outstanding on the date of the state allotment.

**Limitation on Issuing SCRF-Backed Bonds**

Under the bill, MRDA cannot issue bonds secured by a SCRF unless the following conditions are met:

1. it informs the OPM secretary and state treasurer, or their deputies, that project revenues are sufficient to (a) pay the bonds' principal and interest; (b) establish, increase, and maintain any reserves it deems advisable to secure principal and interest payments; (c) pay the project's maintenance and insurance costs; and (d) pay other required project costs and
2. the OPM secretary and treasurer, or their deputies, approve the issuance.

Under the bill, OPM's approval may waive or change any of the SCRF-backed bond requirements described above if the secretary deems

it necessary or appropriate for the issuance, subject to any applicable state or MRDA tax covenants.

### ***Other Debt Service Reserve Funds***

The bill specifies that these provisions do not preclude MRDA from establishing other debt service reserve funds that are not SCRFs.

## **§ 4 — PRIOR NOTICE TO TREASURER OF REPORTABLE FINANCIAL OBLIGATIONS**

The bill requires state employees, officers, agencies, boards, commissions (including the UConn Health Care Finance Corporation), or their agents to notify the state treasurer before (1) incurring certain financial obligations of the state or (2) entering into an agreement to covenants, events of default, remedies, priority rights, or other similar terms related to these state financial obligations. Along with the notice, they must also submit any documents under which the financial obligation or agreement is to be incurred or entered into.

These requirements apply to any “financial obligation” exceeding \$1 million or encumbering state property or rights that are material to state operations. Under the bill, “financial obligation” has the same meaning as under federal securities law, which is generally a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or payment for, an existing or planned debt obligation; or (3) guarantee for either of these obligations.

After receiving this notice and documentation, the bill requires the treasurer to determine whether the information provided is adequate for him to timely meet federal securities law disclosure requirements. The treasurer may request more information that he finds necessary to make this determination. If he is satisfied that the information is adequate to meet these disclosure requirements, the treasurer, or his designee, must give written acknowledgement to the person or entity seeking to incur the financial obligation or enter into the agreement. The bill prohibits them from incurring the financial obligation or entering into the agreement until they have received this written acknowledgement.



The bill allows the treasurer to establish and revise exemptions from these filing requirements as he determines are consistent with the state’s disclosure obligations under federal securities law.

**§ 5 — TREASURER APPROVAL OF CERTAIN STATE PROPERTY TRANSACTIONS**

The bill explicitly requires that certain property sales, leases, or other dispositions receive the state treasurer’s prior approval. This requirement applies to sales, leases, or other dispositions to, or uses by, a nongovernmental entity of all or a portion of a project financed by tax-exempt state bonds if the transactions would cause the bonds to be treated as private activity bonds. (Private activity bonds are federally tax-exempt bonds issued by the state, municipalities, and quasi-public agencies to finance private projects that serve a public purpose. Federal law limits the volume of tax-exempt private activity bonds that can be issued each year.) As under existing law, the treasurer may transfer all or a portion of the transaction’s proceeds for specified purposes to maintain the bonds’ tax-exempt status.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable

Yea 19 Nay 0 (03/22/2024)