



# Senate

General Assembly

**File No. 850**

January Session, 2025

Senate Bill No. 1461

*Senate, May 8, 2025*

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING THE TREASURER'S RECOMMENDATION  
FOR THE PAYDOWN OF SPECIAL TAX OBLIGATION  
INDEBTEDNESS.***

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

1 Section 1. Section 13b-68 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There is established a fund to be known as the "Special  
4 Transportation Fund". The fund may contain any moneys required or  
5 permitted by law to be deposited in the fund and any moneys recovered  
6 by the state for overpayments, improper payments or duplicate  
7 payments made by the state relating to any transportation infrastructure  
8 improvements [which] that have been financed by special tax obligation  
9 bonds issued pursuant to sections 13b-74 to 13b-77, inclusive, and shall  
10 be held by the Treasurer separate and apart from all other moneys,  
11 funds and accounts. Investment earnings credited to the assets of said  
12 fund shall become part of the assets of said fund. Any balance remaining  
13 in said fund at the end of any fiscal year shall be carried forward in said

14 fund for the fiscal year next succeeding.

15 (b) The Special Transportation Fund shall be a perpetual fund, the  
16 resources of which shall be expended solely for transportation purposes.  
17 Such purposes include the payment of debt service on obligations of the  
18 state incurred for transportation purposes. All sources of moneys, funds  
19 and receipts of the state required to be credited, deposited or transferred  
20 to said fund by state law on or after June 30, 2015, shall continue to be  
21 credited, deposited or transferred to said fund, so long as the sources of  
22 such moneys, funds and receipts are collected or received by the state or  
23 any officer thereof. No law shall be enacted authorizing the resources of  
24 said fund to be expended other than for transportation purposes.

25 (c) There is established a fund to be known as the "Transportation  
26 Grants and Restricted Accounts Fund". Upon certification by the  
27 Comptroller and the Secretary of the Office of Policy and Management  
28 that the CORE-CT project for fiscal services is operational, the fund shall  
29 contain all transportation moneys that are restricted, not available for  
30 general use and previously accounted for in the Special Transportation  
31 Fund as "Federal and Other Grants". The Comptroller is authorized to  
32 make such transfers as are necessary to provide that, notwithstanding  
33 any provision of the general statutes, all transportation moneys that are  
34 restricted and not available for general use are in the Transportation  
35 Grants and Restricted Accounts Fund.

36 (d) (1) For the fiscal year ending June 30, 2025, and each fiscal year  
37 thereafter, after the accounts for the Special Transportation Fund have  
38 been closed for each fiscal year and the Comptroller has determined the  
39 balance remaining in said fund, after any amounts required by  
40 provision of law to be transferred for other purposes have been  
41 deducted, if the balance remaining exceeds eighteen per cent of the net  
42 Special Transportation Fund appropriations for the current fiscal year,  
43 the portion of the balance exceeding said eighteen per cent shall be  
44 deemed to be appropriated for the following, as selected by the  
45 Treasurer:

46 (A) Redeeming prior to maturity any outstanding special tax

47 obligation indebtedness of the state selected by the Treasurer in the best  
48 interests of the state;

49 (B) Purchasing outstanding special tax obligation indebtedness of the  
50 state in the open market at such prices and on such terms and conditions  
51 as the Treasurer determines to be in the best interests of the state for the  
52 purpose of extinguishing or defeasing such debt;

53 (C) Providing for the defeasance of any outstanding special tax  
54 obligation indebtedness of the state selected by the Treasurer in the best  
55 interests of the state by irrevocably placing with an escrow agent in trust  
56 an amount used solely for, and sufficient to satisfy, scheduled payments  
57 of both interest and principal on such indebtedness; or

58 (D) Any combination of these methods.

59 (2) For any method or combination of methods selected by the  
60 Treasurer pursuant to subdivision (1) of this subsection, (A) such  
61 method or combination of methods shall provide a reduction in  
62 projected debt service for the current fiscal year and each of the nine  
63 subsequent fiscal years, and (B) for the second fiscal year after the fiscal  
64 year in which the balance was used in accordance with the provisions  
65 of this subsection and each of the seven subsequent fiscal years, the  
66 amount of the reduction in projected debt service shall not vary by more  
67 than (i) one million dollars, or (ii) ten per cent of the least amount by  
68 which projected debt service is reduced for the seven subsequent fiscal  
69 years, whichever is greater.

70 (3) The Treasurer shall include in the annual report required under  
71 section 3-37, as amended by this act, information concerning the use of  
72 a portion of the balance of the Special Transportation Fund pursuant to  
73 this subsection.

74 Sec. 2. Section 3-37 of the general statutes is repealed and the  
75 following is substituted in lieu thereof (*Effective from passage*):

76 (a) The Treasurer shall, annually, on or before December thirty-first,  
77 submit a final audited report to the Governor and a copy of such report

78 to the Investment Advisory Council, which shall include the following  
79 information concerning the activities of the office of the State Treasurer  
80 for the immediately preceding fiscal year ending June thirtieth:

81 (1) Complete financial statements and accompanying footnotes for  
82 the combined investment funds prepared in accordance with generally  
83 accepted accounting principles, which financial statements shall be  
84 audited in accordance with generally accepted auditing standards and  
85 supplementary schedules depicting the interests of the component  
86 retirement plans and trust funds;

87 (2) [complete] Complete financial statements and accompanying  
88 footnotes for the Short Term Investment Fund prepared in accordance  
89 with generally accepted accounting principles and supplementary  
90 schedules listing all assets held by the Short Term Investment Fund;

91 (3) [a] A discussion and review of the performance of the combined  
92 investment funds and Short Term Investment Fund for such fiscal year  
93 in accordance with recognized and appropriate performance  
94 presentation and disclosure, including an analysis of the return earned  
95 by the portfolio and each combined investment fund as well as the risk  
96 profile of the portfolio and each combined investment fund according  
97 to investment industry standards;

98 (4) [the] The activities and transactions in such reasonable detail as is  
99 appropriate of the cash management division including information on  
100 the state's cash receipts and disbursements for the fiscal year, and the  
101 debt management division;

102 (5) [financial] Financial statements and accompanying footnotes as  
103 well as a summary of operating results for the Second Injury Fund for  
104 such fiscal year;

105 (6) [a] A financial summary and report on the activities of the state's  
106 unclaimed property program for such fiscal year;

107 (7) [a] For a fiscal year in which the Treasurer used a portion of the  
108 remaining balance of the Special Transportation Fund in accordance

109 with the provisions of subsection (d) of section 13b-68, as amended by  
110 this act, a report on the amount used and the method or methods  
111 selected pursuant to said subsection and the amount of the reduction in  
112 projected debt service for the specified fiscal years and including a  
113 statement that such reduction does not vary by more than the allowable  
114 amount set forth in said subsection;

115 (8) A listing of the companies from which state funds were divested  
116 based upon such companies' business in Sudan, pursuant to the  
117 provisions of section 3-21e, and any companies identified by the  
118 Treasurer as companies from which investment of state funds has been  
119 declared impermissible by the Treasurer, pursuant to the provisions of  
120 section 3-21e; and [(8) such]

121 (9) Such other information as the Treasurer deems of interest to the  
122 public.

123 (b) Commencing October 1, 2010, and monthly thereafter, the  
124 Treasurer shall submit a report to the chairpersons and ranking  
125 members of the joint standing committees of the General Assembly  
126 having cognizance of matters relating to finance, revenue and bonding  
127 and appropriations and the budgets of state agencies, and to the  
128 legislative Office of Fiscal Analysis. Such report shall include the  
129 following information for the month two months prior to the month in  
130 which the report is submitted: (1) A weekly list of the cash balance, with  
131 amount and percentage of sources, such as the common cash pool, bond  
132 fund investments and Special Transportation Fund investments, with  
133 accompanying footnotes; (2) a year-to-date total, on an ongoing basis, of  
134 authorized but unissued bonds, including assumptions in bond  
135 issuance, and any changes from month to month in such assumptions;  
136 (3) any other debt instruments or commercial paper issued, the types  
137 and amounts, with accompanying footnotes; and (4) the amounts in the  
138 common cash fund, with all components, such as bank and different  
139 investment accounts, and the amounts thereof separately listed.

140 (c) The reports required pursuant to this section shall be made  
141 available to the public in hard copy and accessible electronically by

142 means of the Internet or other media or systems available to the public.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	13b-68
Sec. 2	<i>from passage</i>	3-37

**FIN**      *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:**

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Treasurer, Debt Serv.	TF - Potential Savings	See Below	See Below
Resources of the Special Transportation Fund	TF - Potential Revenue Loss	See Below	See Below

Note: TF=Transportation Fund

**Municipal Impact:** None

**Explanation**

The bill caps year-end cumulative balance of the Special Transportation Fund (STF) and requires that any cumulative balance above 18% of net appropriations be used to pay down outstanding Special Tax Obligation (STO) debt in a manner selected by the Treasurer<sup>1</sup>. To the extent funds in the STF exceed the 18% threshold and debt is paid down, there could be potential savings in debt service costs to the STF in future years<sup>2</sup>. These savings would be dependent on: (1) the monies that exceed the 18% threshold, (2) the bonds that can be paid down before final maturity, and (3) the interest income forgone as a result of lower STF balances.

**The Out Years**

<sup>1</sup> A similar one-time provision required by PA 24-151 Sec. 124 resulted in the use of \$526 million to pay down outstanding STO debt to achieve roughly \$63 million annual reductions to debt service in the STF over a ten-year period.

<sup>2</sup> As a reference, according to OFA's [latest projections](#), the STF will have a cumulative fund balance of \$582.3 million at the close of FY 25. This cumulative fund balance represents roughly 25.5% of the recommended (by the Governor) STF appropriations for FY 26. Reducing the cumulative fund balance to 18% would free up approximately \$171 million to be used in accordance with the bill.

The ongoing fiscal impact identified above would continue into the future subject to the STF balance, outstanding bonds that can be paid down before maturity, and forgone interest income.

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**OLR Bill Analysis****SB 1461*****AN ACT CONCERNING THE TREASURER'S RECOMMENDATION FOR THE PAYDOWN OF SPECIAL TAX OBLIGATION INDEBTEDNESS.*****SUMMARY**

This bill extends and makes permanent a change made in 2024 requiring that a portion of the Special Transportation Fund's (STF) remaining balance at the end of the fiscal year be deemed appropriated to pay off STF-supported debt. PA 24-151, § 124, authorized a similar one-year appropriation only for FY 24.

Under the bill, beginning with FY 25, if the remaining balance in the STF after the accounts have been closed for the fiscal year and any required transfers have been made exceeds 18% of the fund's net appropriations for the current fiscal year, the state treasurer must use the excess to pay down certain STF-supported debt, as he determines to be in the state's best interest. Specifically, he may use this excess amount for any one or a combination of the following:

1. to redeem any outstanding STF-supported debt (special tax obligation indebtedness of the state) before its maturity;
2. to buy outstanding STF-supported debt in the open market, at prices and under terms and conditions the treasurer determines, to pay off or defease (zero out) the debt; or
3. to defease outstanding STF-supported debt by irrevocably placing funds in escrow that are dedicated to, and sufficient to satisfy, scheduled principal and interest payments on the debt.

The bill requires that any method the treasurer selects reduces the projected debt service for the current fiscal year and each of the

following nine fiscal years. For the second fiscal year after the fiscal year in which the balance was used, and each of the following seven fiscal years, the projected debt service reduction must not vary by more than (1) \$1 million or (2) 10% of the smallest projected debt service reduction for the following seven fiscal years, whichever is greater.

The bill requires the treasurer to report on his use of these excess funds in his annual report to the governor. Specifically, for any fiscal year in which the treasurer used a portion of the STF's remaining funds as described above, he must report the amount and method used and the projected debt service savings for the specified fiscal years. He must also include a statement that these savings do not exceed the bill's maximum allowable variance.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 2 (04/24/2025)