

Section V. Capital

PA 22-118, the 2023 budget and bond act, increases General Obligation (GO) bond authorizations by a net of \$237.5 million in FY 23. When combined with prior authorizations becoming effective in FY 23, total net effective GO bond authorizations are \$2.14 billion for FY 23.

The act authorizes Special Tax Obligation (STO) bonds, backed by the Special Transportation Fund, of an additional \$20 million in FY 23. When combined with prior authorizations becoming effective in FY 23, net effective STO bond authorizations are \$949.6 million in FY 23. The act does not change Clean Water Fund (CWF) revenue bond authorizations (\$237 million is effective in FY 23 under current law).

The **statutory debt limit**, established in C.G.S. 3-21, caps the aggregate amount of indebtedness that is supported by the General Fund and is set based on net tax revenues times a constant figure (1.6). When aggregate indebtedness reaches 90% of the limit, the Governor must recommend cancellation or reduction of authorized bonds.

The state's level of General Fund indebtedness to start FY 23 was \$24.2 billion, as estimated by the Treasurer on July 1, 2022. Based on revenue estimates adopted by the Finance, Revenue and Bonding committee during the 2022 regular legislative session, the level of indebtedness, including the changes in the bond act is 75.31% of the statutory limit. This is approximately \$4,713.1 million below the 90% threshold.

Major Programs

Several programs received increased funding or were established and/or funded within the act, including the following:

- Urban Act - Increased funding from \$40 million for FY 23 to \$160 million
- School Air Quality Improvement Grants
 - \$75 million of GO bonds
 - \$75 million of ARPA funds
- State matching funds for projects and programs allowed under the federal Infrastructure Investment and Jobs Act (IIJA) - \$75 million of GO bonds
- Matching fund grants for municipalities, school districts, and school bus operators for federal grant applications regarding zero-emission school buses and electric vehicle charging infrastructure - \$20 million of GO bonds
- Capital assistance for property improvement in designated community development corporation area - \$50 million of GO bonds

All bond authorization changes are detailed in **Part IV. Capital**.