



General Assembly

January Session, 2019

**Raised Bill No. 7348**

LCO No. 5460



Referred to Committee on ENVIRONMENT

Introduced by:  
(ENV)

**AN ACT CONCERNING BONDING AUTHORIZATIONS FOR CLEAN WATER FUND PROJECTS.**

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

1 Section 1. Section 22a-483 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) For the purposes of sections 22a-475 to 22a-483, inclusive, the  
4 State Bond Commission shall have the power, from time to time to  
5 authorize the issuance of bonds of the state in one or more series and  
6 in principal amounts, not exceeding in the aggregate one billion [seven  
7 hundred fifteen] eight hundred ninety-five million one hundred  
8 twenty-five thousand nine hundred seventy-six dollars, provided  
9 [eighty-five] ninety million dollars of said authorization shall be  
10 effective July 1, [2018] 2020.

11 (b) The proceeds of the sale of any bonds, state bond anticipation  
12 notes or state grant anticipation notes issued pursuant to sections 22a-  
13 475 to 22a-483, inclusive, shall be deposited in the Clean Water Fund  
14 and not less than [fifty] one hundred million dollars of such proceeds  
15 shall be deposited in the Long Island Sound clean-up account of said

16 fund, not less than five million dollars of such proceeds shall be made  
17 available for physical improvements to coves, embayments, coastal  
18 wetlands and salt marshes in physical proximity to Long Island Sound  
19 and not less than twenty million dollars of such proceeds shall be  
20 made available for the Commissioner of Energy and Environmental  
21 Protection to provide grants on a competitive basis for demonstration  
22 projects to reduce nonpoint source pollution of Long Island Sound,  
23 following establishment by the commissioner of criteria for the  
24 awarding of such grants.

25 (c) All provisions of section 3-20, or the exercise of any right or  
26 power granted thereby which are not inconsistent with the provisions  
27 of sections 22a-475 to 22a-483, inclusive, are hereby adopted and shall  
28 apply to all bonds authorized by the State Bond Commission pursuant  
29 to said sections, and temporary notes in anticipation of the money to  
30 be derived from the sale of any such bonds so authorized may be  
31 issued in accordance with said section 3-20 and from time to time  
32 renewed. None of said bonds shall be authorized except upon a  
33 finding by the State Bond Commission that there has been filed with it  
34 a request for such authorization, which is signed by or on behalf of the  
35 Secretary of the Office of Policy and Management and states such  
36 terms and conditions as said commission, in its discretion, may  
37 require. Said bonds issued pursuant to sections 22a-475 to 22a-483,  
38 inclusive, may be general obligations of the state and in such case the  
39 full faith and credit of the state of Connecticut are pledged for the  
40 payment of the principal of and interest on said bonds as the same  
41 become due, and accordingly and as part of the contract of the state  
42 with the holders of said bonds, appropriation of all amounts necessary  
43 for punctual payment of such principal and interest is hereby made,  
44 and the Treasurer shall pay such principal and interest as the same  
45 become due. Such general obligation bonds shall mature at such time  
46 or times not exceeding twenty years from their respective dates as may  
47 be provided in or pursuant to the resolution or resolutions of the State  
48 Bond Commission authorizing such general obligation bonds. The  
49 state, acting by and through the State Bond Commission, is hereby

50 authorized to issue from time to time general obligation bonds in such  
51 sums as is appropriate and necessary to meet the state's matching  
52 requirement for eligibility pursuant to the federal Water Quality Act of  
53 1987 or the federal Safe Drinking Water Act or other similar federal act,  
54 provided such sums shall not exceed the aggregate principal amounts  
55 of bonds authorized pursuant to subsection (a) of this section.  
56 Whenever such bonds are so authorized, the state's obligations shall be  
57 issued on such terms and conditions as shall be determined and  
58 established by the Treasurer. Such bonds shall bear such rate of  
59 interest as the treasurer shall determine, by reference to such open  
60 market indices for obligations having similar terms and characteristics  
61 as the Treasurer shall determine relevant, in order to arrive at a taxable  
62 rate of interest on the obligations of the state issued and sold to the  
63 Clean Water Fund. The Treasurer shall deliver such bonds to the Clean  
64 Water Fund upon the receipt of evidence from the Environmental  
65 Protection Agency evidencing satisfaction by the state of its federal  
66 matching requirement pursuant to the federal Water Quality Act of  
67 1987 or the federal Safe Drinking Water Act or other similar federal act.

68 (d) Notwithstanding the foregoing, nothing herein shall preclude  
69 the State Bond Commission from authorizing the issuance of revenue  
70 bonds, in principal amounts not exceeding in the aggregate [three]  
71 four billion [eight] two hundred eighty-four million eighty thousand  
72 dollars, provided three hundred fifty million three hundred thousand  
73 dollars of said authorization shall be effective July 1, [2018] 2020, that  
74 are not general obligations of the state of Connecticut to which the full  
75 faith and credit of the state of Connecticut are pledged for the payment  
76 of the principal and interest. Such revenue bonds shall mature at such  
77 time or times not exceeding thirty years from their respective dates as  
78 may be provided in or pursuant to the resolution or resolutions of the  
79 State Bond Commission authorizing such revenue bonds. The revenue  
80 bonds, revenue state bond anticipation notes and revenue state grant  
81 anticipation notes authorized to be issued under sections 22a-475 to  
82 22a-483, inclusive, shall be special obligations of the state and shall not  
83 be payable from nor charged upon any funds other than the revenues

84 or other receipts, funds or moneys pledged therefor as provided in  
85 said sections 22a-475 to 22a-483, inclusive, including the repayment of  
86 municipal loan obligations; nor shall the state or any political  
87 subdivision thereof be subject to any liability thereon except to the  
88 extent of such pledged revenues or the receipts, funds or moneys  
89 pledged therefor as provided in said sections 22a-475 to 22a-483,  
90 inclusive. The issuance of revenue bonds, revenue state bond  
91 anticipation notes and revenue state grant anticipation notes under the  
92 provisions of said sections 22a-475 to 22a-483, inclusive, shall not  
93 directly or indirectly or contingently obligate the state or any political  
94 subdivision thereof to levy or to pledge any form of taxation whatever  
95 therefor or to make any appropriation for their payment. The revenue  
96 bonds, revenue state bond anticipation notes and revenue state grant  
97 anticipation notes shall not constitute a charge, lien or encumbrance,  
98 legal or equitable, upon any property of the state or of any political  
99 subdivision thereof, except the property mortgaged or otherwise  
100 encumbered under the provisions and for the purposes of said sections  
101 22a-475 to 22a-483, inclusive. The substance of such limitation shall be  
102 plainly stated on the face of each revenue bond, revenue state bond  
103 anticipation note and revenue state grant anticipation note issued  
104 pursuant to said sections 22a-475 to 22a-483, inclusive, shall not be  
105 subject to any statutory limitation on the indebtedness of the state and  
106 such revenue bonds, revenue state bond anticipation notes and  
107 revenue state grant anticipation notes, when issued, shall not be  
108 included in computing the aggregate indebtedness of the state in  
109 respect to and to the extent of any such limitation. As part of the  
110 contract of the state with the owners of such revenue bonds, revenue  
111 state bond anticipation notes and revenue state grant anticipation  
112 notes, all amounts necessary for the punctual payment of the debt  
113 service requirements with respect to such revenue bonds, revenue  
114 state bond anticipation notes and revenue state grant anticipation  
115 notes shall be deemed appropriated, but only from the sources  
116 pledged pursuant to said sections 22a-475 to 22a-483, inclusive. The  
117 proceeds of such revenue bonds or notes may be deposited in the  
118 Clean Water Fund for use in accordance with the permitted uses of

119 such fund. Any expense incurred in connection with the carrying out  
120 of the provisions of this section, including the costs of issuance of  
121 revenue bonds, revenue state bond anticipation notes and revenue  
122 state grant anticipation notes may be paid from the accrued interest  
123 and premiums or from any other proceeds of the sale of such revenue  
124 bonds, revenue state bond anticipation notes or revenue state grant  
125 anticipation notes and in the same manner as other obligations of the  
126 state. All provisions of subsections (g), (k), (l), (s) and (u) of section  
127 3-20 or the exercise of any right or power granted thereby which are  
128 not inconsistent with the provisions of said sections 22a-475 to 22a-483,  
129 inclusive, are hereby adopted and shall apply to all revenue bonds,  
130 state revenue bond anticipation notes and state revenue grant  
131 anticipation notes authorized by the State Bond Commission pursuant  
132 to said sections 22a-475 to 22a-483, inclusive. For the purposes of  
133 subsection (o) of section 3-20, "bond act" shall be construed to include  
134 said sections 22a-475 to 22a-483, inclusive.

135 (e) Any pledge made by the state pursuant to sections 22a-475 to  
136 22a-483, inclusive, is a statutory pledge and shall be valid and binding  
137 from the time when the pledge is made, and any revenues or other  
138 receipts, funds or moneys so pledged and thereafter received by the  
139 state shall be subject immediately to the lien of such pledge without  
140 any physical delivery thereof or further act. The lien of any such  
141 pledge shall be valid and binding as against all parties having claims  
142 of any kind in tort, contract or otherwise against the state, irrespective  
143 of whether such parties have notice thereof. Neither the resolution nor  
144 any other instrument by which a pledge is created need be recorded.  
145 Any pledge made by the state pursuant to sections 22a-475 to 22a-483,  
146 inclusive, to secure revenue bonds issued to finance eligible water  
147 quality projects shall secure only revenue bonds issued for such  
148 purpose and any such pledge made by the state to secure revenue  
149 bonds issued to finance eligible drinking water projects shall secure  
150 only revenue bonds issued for such purpose.

151 (f) Whenever the General Assembly has authorized the State Bond

152 Commission to authorize bonds of the state for clean water projects  
153 and uses and has found that such projects and uses are for any of the  
154 purposes set forth in sections 22a-475 to 22a-483, inclusive, and  
155 whenever the State Bond Commission finds that the authorization of  
156 such bonds will be in the best interests of the state, the State Bond  
157 Commission shall authorize the issuance of such bonds from time to  
158 time in one or more series and in principal amounts not exceeding the  
159 aggregate amount authorized by the General Assembly.

160 (g) Whenever the state has a written commitment to receive a grant-  
161 in-aid or similar form of assistance with respect to a project or program  
162 for which the issuance of bonds has been authorized pursuant to  
163 sections 22a-475 to 22a-483, inclusive, the Treasurer may issue state  
164 grant anticipation notes in anticipation of the issuance of such a grant-  
165 in-aid or other assistance provided (1) the total amount of such notes  
166 shall not exceed the amount of the grant commitment which has not  
167 been paid to the state and (2) all grant payments with respect to such  
168 project or program received by the state, to the extent required, shall  
169 be applied promptly toward repayment of such temporary notes as the  
170 same shall become due and payable, or shall be deposited in trust for  
171 such purpose. Notes evidencing such borrowings shall be signed by  
172 the manual or facsimile signature of the Treasurer or his deputy. The  
173 principal of and interest on any state grant anticipation notes issued  
174 pursuant to this subsection may be repaid from the proceeds of  
175 renewals thereof, from grants-in-aid or other assistance pledged for the  
176 payment thereof, or from the proceeds of a credit facility including, but  
177 not limited to, a letter of credit or policy of bond insurance.

178 (h) Bonds, state bond anticipation notes and state grant anticipation  
179 notes issued pursuant to sections 22a-475 to 22a-483, inclusive, are  
180 hereby made securities in which public officers and public bodies of  
181 the state and its political subdivisions, all insurance companies, credit  
182 unions, building and loan associations, investment companies,  
183 banking associations, trust companies, executors, administrators,  
184 trustees and other fiduciaries and pension, profit-sharing and

185 retirement funds may properly and legally invest funds, including  
186 capital in their control or belonging to them. Such bonds, state bond  
187 anticipation notes and state grant anticipation notes are hereby made  
188 securities which may properly and legally be deposited with and  
189 received by any state or municipal officer or any agency or political  
190 subdivision of the state for any purpose for which the deposit of  
191 bonds, state bond anticipation notes, state grant anticipation notes or  
192 other obligations of the state is now or may hereafter be authorized by  
193 law.

194 (i) The proceedings under which bonds are authorized to be issued  
195 may, subject to the provisions of the general statutes, contain any or all  
196 of the following: (1) Provisions respecting custody of the proceeds  
197 from the sale of the bonds and any bond anticipation notes, including  
198 any requirements that such proceeds be held separate from or not be  
199 commingled with other funds of the state; (2) provisions for the  
200 investment and reinvestment of bond proceeds utilized to pay project  
201 costs and for the disposition of any excess bond proceeds or  
202 investment earnings thereon; (3) provisions for the execution of  
203 reimbursement agreements or similar agreements in connection with  
204 credit facilities, including, but not limited to, letters of credit or policies  
205 of bond insurance, remarketing agreements and agreements for the  
206 purpose of moderating interest rate fluctuations, and of such other  
207 agreements entered into pursuant to section 3-20a; (4) provisions for  
208 the collection, custody, investment, reinvestment and use of the  
209 pledged revenues or other receipts, funds or moneys pledged therefor  
210 as provided in sections 22a-475 to 22a-483, inclusive; (5) provisions  
211 regarding the establishment and maintenance of reserves, sinking  
212 funds and any other funds and accounts as shall be approved by the  
213 State Bond Commission in such amounts as may be established by the  
214 State Bond Commission, and the regulation and disposition thereof, or  
215 the establishment of a reserve fund of the state into which may be  
216 deposited any moneys appropriated and made available by the state  
217 for such fund, any proceeds of the sale of bonds or notes, to the extent  
218 provided in the resolution of the state authorizing the issuance thereof,

219 and any other moneys which may be made available to the state for  
220 the purpose of such fund from any source whatever and, in lieu of the  
221 deposit of any such moneys, evidence by the state of the satisfaction of  
222 a federal matching requirement on the part of the state pursuant to the  
223 federal Water Quality Act of 1987 or the federal Safe Drinking Water  
224 Act or other related federal act, as applicable, including requirements  
225 that any such funds and accounts be held separate from or not be  
226 commingled with other funds of the state; (6) covenants for the  
227 establishment of pledged revenue coverage requirements for the bonds  
228 and state bond anticipation notes; (7) provisions for the issuance of  
229 additional bonds on a parity with bonds theretofore issued, including  
230 establishment of coverage requirements with respect thereto as herein  
231 provided; (8) provisions regarding the rights and remedies available in  
232 case of a default to bondowners, noteowners or any trustee under any  
233 contract, loan agreement, document, instrument or trust indenture,  
234 including the right to appoint a trustee to represent their interests  
235 upon occurrence of an event of default, as defined in said proceedings,  
236 provided that if any bonds or state bond anticipation notes shall be  
237 secured by a trust indenture, the respective owners of such bonds or  
238 notes shall have no authority except as set forth in such trust indenture  
239 to appoint a separate trustee to represent them; (9) provisions for the  
240 payment of rebate amounts; and (10) provisions or covenants of like or  
241 different character from the foregoing which are consistent with  
242 sections 22a-475 to 22a-483, inclusive, and which the State Bond  
243 Commission determines in such proceedings are necessary, convenient  
244 or desirable in order to better secure the bonds or state bond  
245 anticipation notes, or will tend to make the bonds or state bond  
246 anticipation notes more marketable, and which are in the best interests  
247 of the state. Any provision which may be included in proceedings  
248 authorizing the issuance of bonds hereunder may be included in an  
249 indenture of trust duly approved in accordance with sections 22a-475  
250 to 22a-483, inclusive, which secures the bonds and any notes issued in  
251 anticipation thereof, and in such case the provisions of such indenture  
252 shall be deemed to be a part of such proceedings as though they were  
253 expressly included therein.



254 (j) Whether or not any bonds, state bond anticipation notes or state  
255 grant anticipation notes issued pursuant to sections 22a-475 to 22a-483,  
256 inclusive, are of such form and character as to be negotiable  
257 instruments under the terms of title 42a, such bonds, state bond  
258 anticipation notes and state grant anticipation notes are hereby made  
259 negotiable instruments within the meaning of and for all purposes of  
260 title 42a, subject only to the provisions of such bonds, state bond  
261 anticipation notes and state grant anticipation notes for registration.

262 (k) The state covenants with the purchasers and all subsequent  
263 owners and transferees of bonds, state bond anticipation notes and  
264 state grant anticipation notes issued by the state pursuant to sections  
265 22a-475 to 22a-483, inclusive, in consideration of the acceptance of and  
266 payment for the bonds, state bond anticipation notes and state grant  
267 anticipation notes, that such bonds, state bond anticipation notes and  
268 state grant anticipation notes shall be free at all times from taxes levied  
269 by any municipality or political subdivision or special district having  
270 taxing powers of the state and the principal and interest of any bonds,  
271 state bond anticipation notes and grant anticipation notes issued under  
272 the provisions of sections 22a-475 to 22a-483, inclusive, their transfer  
273 and the income therefrom, including revenues derived from the sale  
274 thereof, shall at all times be free from taxation of every kind by the  
275 state of Connecticut or under its authority, except for estate or  
276 succession taxes. The Treasurer is authorized to include this covenant  
277 of the state in any agreement with the owner of any such bonds, state  
278 bond anticipation notes or state grant anticipation notes.

279 (l) Pending the use and application of any bond proceeds, such  
280 proceeds may be invested by, or at the direction of the State Treasurer,  
281 in obligations listed in section 3-20 or in investment agreements rated  
282 within the top rating categories of any nationally recognized rating  
283 service or in investment agreements secured by obligations, of or  
284 guaranteed by, the United States or agencies or instrumentalities of the  
285 United States.

286 (m) Any revenue bonds issued under the provisions of sections 22a-

287 475 to 22a-483, inclusive, and at any time outstanding may, at any time  
288 and from time to time, be refunded by the state by the issuance of its  
289 revenue refunding bonds in such amounts as the State Bond  
290 Commission may deem necessary, but not to exceed an amount  
291 sufficient to refund the principal of the revenue bonds to be so  
292 refunded, to pay any unpaid interest thereon and any premiums and  
293 commissions necessary to be paid in connection therewith and to pay  
294 costs and expenses which the Treasurer may deem necessary or  
295 advantageous in connection with the authorization, sale and issuance  
296 of refunding bonds. Any such refunding may be effected whether the  
297 revenue bonds to be refunded shall have matured or shall thereafter  
298 mature. All revenue refunding bonds issued hereunder shall be  
299 payable solely from the revenues or other receipts, funds or moneys  
300 out of which the revenue bonds to be refunded thereby are payable  
301 and shall be subject to and may be secured in accordance with the  
302 provisions of this section.

303 (n) The Treasurer shall have power, out of any funds available  
304 therefor, to purchase revenue bonds, state revenue bond anticipation  
305 notes and state revenue grant anticipation notes of the state issued  
306 pursuant to sections 22a-475 to 22a-483, inclusive. The Treasurer may  
307 hold, pledge, cancel or resell such bonds or notes, subject to and in  
308 accordance with agreements with bondholders or noteholders, as  
309 applicable.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	22a-483

**ENV**      *Joint Favorable*