
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)