

Legislative Response Panel

Representative Vincent Candelora

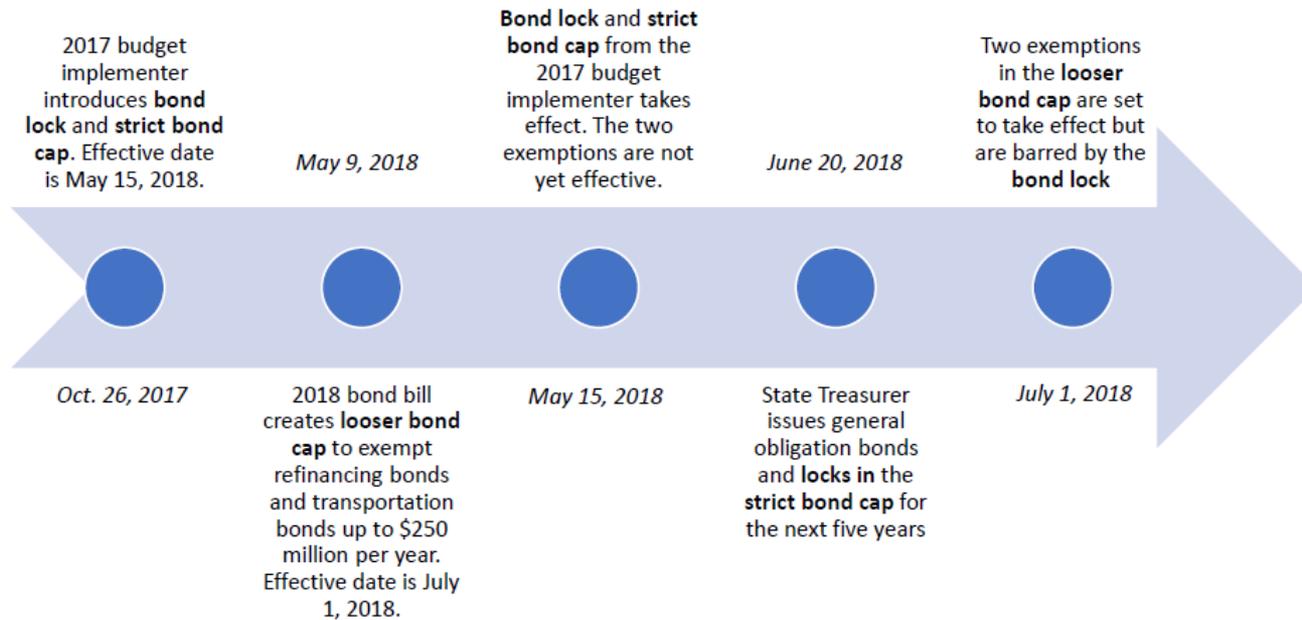
The logo for Connecticut Voices for Children, featuring the text "CONNECTICUT VOICES FOR CHILDREN" in white, stacked vertically on a dark blue square background.

Representative Robyn Porter

Introduction

- Name
- Which municipalities you represent
- Committees you sit on
- Top legislative priorities for your communities

The Bond Lock that locks the spending cap, the bonding cap, the appropriations cap, and the volatility cap into place for 5 years went into effect May 15th of this year, while statutory language excluding transportation funds and refinancing bonds from the bonding cap did not go into effect until July 1st of this year, making these changes to the bonding cap void. This in effect reduced Connecticut’s bond cap from \$1.9 billion to \$1.2 billion. How will this reduction in the bond cap impact projects in your communities such as town aid road grants and school construction?



Today: If the state follows the **looser bond cap**, it will violate the terms **locked in** on June 20. The state will enter technical default and could be sued by its creditors. Thus, Connecticut cannot take advantage of the refinancing and transportation exemptions. Inadvertently, the legislature has bound itself to the **strict bond cap** for five years and forfeited \$750 million in bonding capacity.*

*In past years, the state has issued around \$500 million in debt refinancing. The transportation allowances were set to an additional \$250 million. These bonds now must crowd out other general borrowing for school construction, municipal aid, environmental protection, etc., until the bond lock expires.

Rachel showed a table earlier showing that the new volatility cap will cause the Treasurer's Office to deposit almost \$550 million in revenues to the rainy-day fund over the biennium despite the state having a projected deficit of almost \$4 billion in the biennium. How do you think this will impact the transparency of state spending and the ability to appropriate funding for services?



	2019	2020	2021
Projected Volatility Transfer to Budget Reserve Fund	\$ 648,000,000)	\$ (278,100,000)	\$ (263,300,000)
Projected General Fund Surplus/(Deficit)	\$330,200,000	\$ (1,661,800,000)	\$ (2,310,200,000)

The current caps may limit growth in the income tax and the legislature's ability to provide municipal aid, including ECS. How would this impact how the municipalities you represent raise revenue, and how would this impact the services and quality of life the municipalities you represent can provide to your constituents?

Last year, the Commission on Fiscal Stability and Economic Growth highlighted education, higher education, and transportation as critical needs to grow Connecticut's economy. How do you foresee the new caps impacting our ability to make crucial updates and reforms in these areas?

Connecticut's spending is not high compared to other states

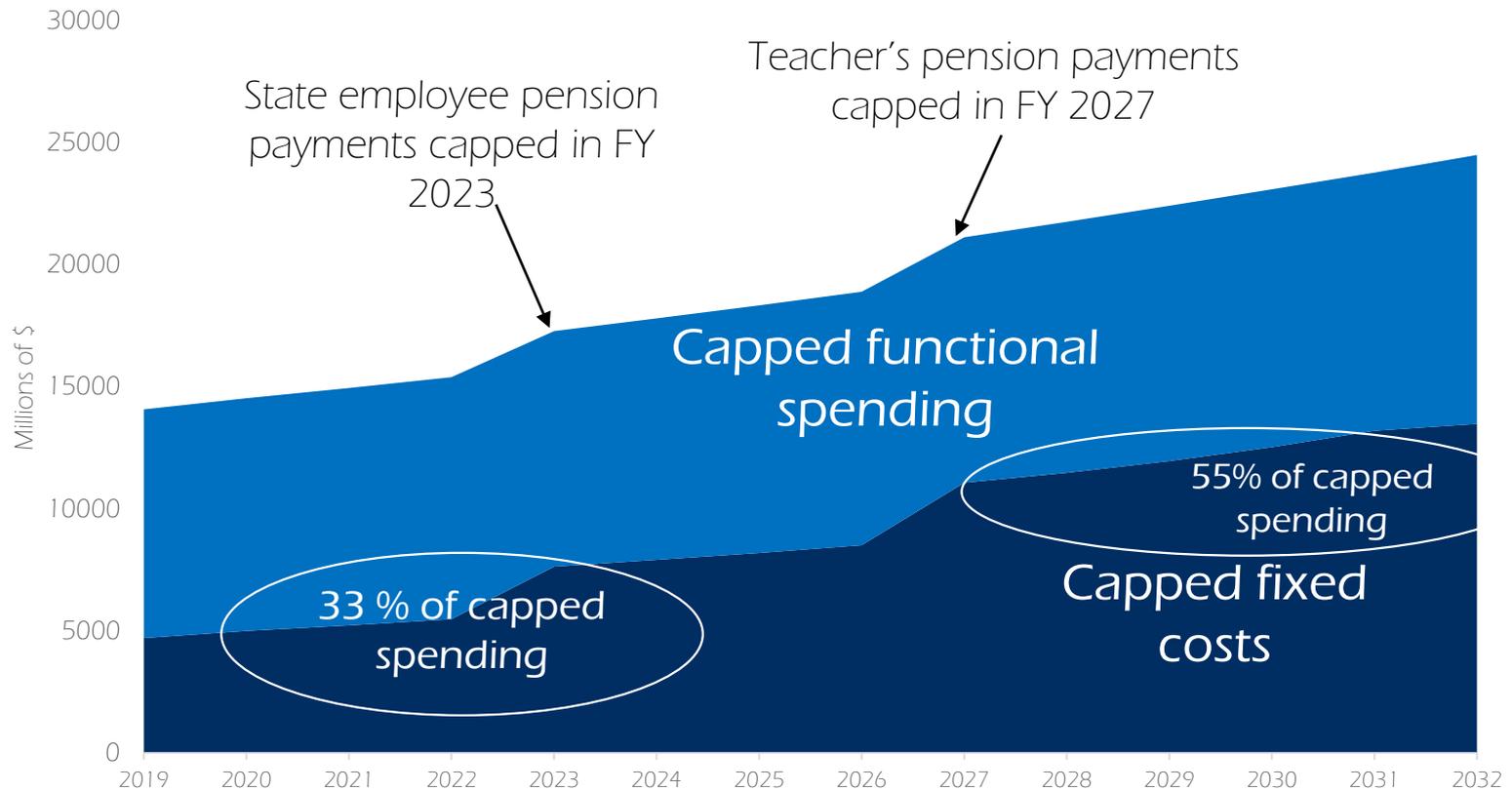
Connecticut ranks 2th from bottom in state/local expenditures as share of state income

Ranks low compared to other states on state and local spending as share of state income in important areas:

- 40th on state and local education spending*
- 41st on higher education spending*
- 41st on public welfare spending*
- 47th on spending on highways*

Source: US Census State and Local Government Finances 2016

In 2019, fixed costs will make up 33% of spending under the spending cap. In the absence of reforms, fixed costs could take up 55% of spending under the spending cap by 2032. How will this shift in spending impact the ability of your caucuses to achieve their legislative priorities and your own ability to achieve your legislative priorities?



What do you think Connecticut's top fiscal priority needs to be this legislative session to ensure that the state can support the healthy development of children and families? What fiscal reforms do you think Connecticut needs to make in the next 5-10 years to support children and families in the future?