



General Assembly

February Session, 2008

***Raised Bill No. 5611***

LCO No. 2023

\*02023\_\_\_\_\_HED\*

Referred to Committee on Higher Education and Employment  
Advancement

Introduced by:  
(HED)

***AN ACT CONCERNING MUNICIPAL BONDING TO PERMIT TOWNS  
TO FUND SCHOLARSHIP FUNDS FOR RESIDENTS.***

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

1 Section 1. (NEW) (*Effective July 1, 2008*) Notwithstanding the  
2 provisions of title 7 of the general statutes, a municipality, as defined  
3 in section 7-369 of the general statutes, may authorize the issuance of  
4 bonds, notes or other obligations in accordance with the provisions of  
5 chapter 109 of the general statutes for the purpose of funding a  
6 scholarship fund established pursuant to section 2 of this act to  
7 provide for tuition for residents of the municipality or children of such  
8 residents attending public institutions of higher education in this state.

9 Sec. 2. (NEW) (*Effective July 1, 2008*) (a) Any municipality that  
10 provides for bonding to fund a scholarship fund for residents of the  
11 municipality or children of such residents to attend public institutions  
12 of higher education in this state under section 1 of this act shall create a  
13 fund for such purposes.

14 (b) There shall be paid into such fund the proceeds of bonds, notes

15 or other obligations issued pursuant to section 1 of this act.

16 (c) The budget-making authority of such municipality may, from  
17 time to time, direct the Treasurer to invest such portion of such fund as  
18 in its opinion is advisable, provided: (1) Not more than forty per cent  
19 of the total amount of the fund shall be invested in equity securities,  
20 and (2) any portion of such fund not so invested may be invested in:  
21 (A) Bonds or obligations of, or guaranteed by, the state or the United  
22 States, or agencies or instrumentalities of the United States, (B)  
23 certificates of deposit, commercial paper, savings accounts and bank  
24 acceptances, (C) the obligations of any state of the United States or any  
25 political subdivision thereof or the obligations of any instrumentality,  
26 authority or agency of any state or political subdivision thereof,  
27 provided at the time of investment such obligations are rated within  
28 the top rating categories of any nationally recognized rating service or  
29 of any rating service recognized by the Banking Commissioner and  
30 applicable to such obligations, (D) the obligations of any regional  
31 school district in this state, of any municipality in this state or any  
32 metropolitan district in this state, provided at the time of investment  
33 such obligations of such government entity are rated within one of the  
34 top two rating categories of any nationally recognized rating service or  
35 of any rating service recognized by the Banking Commissioner and  
36 applicable to such obligations, (E) in any fund in which a trustee may  
37 invest pursuant to section 36a-353 of the general statutes, (F) in  
38 investment agreements with financial institutions whose long-term  
39 obligations are rated within the top two rating categories of any  
40 nationally recognized rating service or of any rating service recognized  
41 by the Banking Commissioner or whose short-term obligations are  
42 rated within the top rating category of any nationally recognized  
43 rating service or of any rating service recognized by the Banking  
44 Commissioner, or (G) investment agreements fully secured by  
45 obligations of, or guaranteed by, the United States or agencies or  
46 instrumentalities of the United States.

47 (d) The Treasurer shall submit annually a complete and detailed

48 report of the condition of such fund to the chief executive officer, the  
49 budget-making authority and the legislative body and such report  
50 shall be made a part of the annual report of the municipality.

51 (e) Such fund may be discontinued, after recommendation by the  
52 chief executive officer and the budget-making authority to the  
53 legislative body and upon approval of such body, and to the extent  
54 there is any remaining portion of such fund, the fund shall be  
55 converted into, or added to, a sinking fund to provide for the  
56 retirement of the bonded indebtedness of the municipality. If the  
57 municipality has no bonded indebtedness, such fund shall be  
58 transferred to the general fund of the municipality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	New section
Sec. 2	<i>July 1, 2008</i>	New section

**Statement of Purpose:**

To permit municipalities to bond to fund municipal scholarship programs.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*