



General Assembly

February Session, 2022

Raised Bill No. 103

LCO No. 1030



Referred to Committee on HIGHER EDUCATION AND
EMPLOYMENT ADVANCEMENT

Introduced by:
(HED)

***AN ACT CONCERNING THE CONNECTICUT HEALTH AND
EDUCATIONAL FACILITIES AUTHORITY AND THE CONNECTICUT
HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY.***

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

1 Section 1. Subsections (b) and (c) of section 10a-178 of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2022*):

4 (b) "Project" [.] means (1) in the case of a participating institution for
5 higher education, [means] a structure suitable for use as a dormitory or
6 other housing facility, including housing for staff members, employees
7 or students at such institution of higher education, dining hall, student
8 union, administration building, academic building, library, laboratory,
9 research facility, classroom, athletic facility, health care facility, and
10 maintenance, storage or utility facility and other structures or facilities
11 related thereto or required or useful for the instruction of students or
12 the conducting of research or the operation of an institution for higher
13 education, including parking and other facilities or structures essential
14 or convenient for the orderly conduct of such institution for higher

15 education, also including equipment and machinery and other similar
16 items necessary or convenient for the operation of a particular facility or
17 structure in the manner for which its use is intended or for the operation
18 of a participating institution for higher education, or any combination
19 thereof, [but shall not include such items as books, fuel, supplies or other
20 items the purchase of which is customarily deemed to result in a current
21 operating charge;] or a project for any use or purpose approved by the
22 authority, including, but not limited to, provisions for working capital;
23 (2) in the case of a participating health care institution, [means] a
24 structure suitable for use as a hospital, clinic, or other health care facility,
25 laboratory, laundry, residence facility, including housing for nurses,
26 interns, staff members, employees or students at such health care
27 institution and their immediate families and for physically or mentally
28 handicapped persons, administration building, research facility, and
29 maintenance, storage or utility facility and other structures or facilities
30 related thereto or required or useful for the operation of the project,
31 including parking and other facilities or structures essential or
32 convenient for the orderly operation of such project, also including
33 equipment and machinery and other similar items necessary or
34 convenient for the operation of the project in the manner for which its
35 use is intended or for the operation of a participating health care
36 institution, or any combination thereof, [but shall not include such items
37 as fuel, supplies or other items the purchase of which is customarily
38 deemed to result in a current operating charge;] or a project for any use
39 or purpose approved by the authority, including, but not limited to,
40 provisions for working capital; (3) in the case of a participating qualified
41 nonprofit organization, [means] a structure or facility owned in its
42 entirety by, or suitable for use in accordance with the charitable or
43 nonprofit status of the qualified nonprofit organization, also including
44 equipment and machinery and other similar items necessary or
45 convenient for the operation of the project in the manner for which its
46 use is intended or for the operation of a participating qualified nonprofit
47 corporation, or any combination thereof, or a project for any use or
48 purpose approved by the authority, including, but not limited to,
49 provisions for working capital; and [,] (4) in the case of a participating

50 nursing home, [means] a structure or facility suitable for use as a
51 nursing home, residential care home, rest home, health care facility for
52 the handicapped, mental health facility or independent living facility
53 subject to the licensing requirements of chapter 368v and appurtenant
54 facilities, equipment and machinery and other similar items necessary
55 or convenient for the operation of a particular facility or structure in the
56 manner for which its use is intended or for the operation of a
57 participating nursing home, or any combination thereof, or a project for
58 any use or purpose approved by the authority, including, but not
59 limited to, working capital;

60 (c) "Cost" as applied to a project or any portion thereof financed under
61 the provisions of this chapter embraces all or any part of (1) the cost of
62 construction and acquisition of all lands, structures, real or personal
63 property, rights, rights-of-way, franchises, easements and interests
64 acquired or used for a project, (2) the cost of demolishing or removing
65 any buildings or structures on land so acquired, including the cost of
66 acquiring any lands to which such buildings or structures may be
67 moved, (3) the cost of all machinery and equipment, financing charges,
68 interest prior to, during and for a period after completion of such
69 construction, provisions for working capital, reserves for principal and
70 interest and for extensions, enlargements, additions, replacements,
71 renovations and improvements, (4) cost of engineering, financial and
72 legal services, plans, specifications, studies, surveys, estimates of cost
73 and of revenues, administrative expenses, expenses necessary or
74 incident to determining the feasibility or practicability of constructing
75 the project, [and] (5) such other expenses as may be necessary or
76 incident to the construction and acquisition of the project, the financing
77 of such construction and acquisition and the placing of the project in
78 operation, and (6) any other expenses necessary to finance a project;

79 Sec. 2. Subsection (g) of section 10a-178 of the general statutes is
80 repealed and the following is substituted in lieu thereof (*Effective October*
81 *1, 2022*):

82 (g) "Health care institution" means (1) any nonprofit, state-aided

83 hospital or other health care institution, including The University of
84 Connecticut Health Center, which is entitled, under the laws of the state,
85 to receive assistance from the state by means of a grant made pursuant
86 to a budgetary appropriation made by the General Assembly, (2) any
87 other hospital or other health care institution which is licensed, or any
88 nonprofit, nonstock corporation which shall receive financing or shall
89 undertake to construct or acquire a project which is or will be eligible to
90 be licensed, as an institution under the provisions of sections 19a-490 to
91 19a-503, inclusive, [or] (3) any nonprofit, nonstock [, nonsectarian]
92 facility which is exempt from taxation under the provisions of section
93 12-81 or 38a-188 and which is a health care center under the provisions
94 of sections 38a-175 to 38a-194, inclusive, [or (3)] (4) any nonprofit
95 corporation that is (A) wholly owned by two or more hospitals or other
96 health care institutions which operates for and on behalf of such
97 hospitals or other health care institutions a project, [as defined in
98 subsection (b) of this section,] or [is] (B) a nursing home, or (5) any
99 related health care institution;

100 Sec. 3. Section 10a-178 of the general statutes is amended by adding
101 subsection (r) as follows (*Effective October 1, 2022*):

102 (NEW) (r) "Related health care institution" means a hospital, health
103 care institution, nonprofit, nonstock corporation or nonprofit, nonstock
104 health care center that (1) (A) is located in another state, (B) would
105 qualify as a health care institution if it were located in this state, and (C)
106 is wholly or partially owned or controlled by a nonprofit, nonstock
107 corporation located in this state that is or controls a health care
108 institution located in this state, or (2) (A) is located in the state of New
109 York or Rhode Island or the commonwealth of Massachusetts, (B)
110 would qualify as a health care institution if it were located in this state,
111 (C) is wholly or partially owned or controlled by a nonprofit, nonstock
112 corporation located in another state that would qualify as a health care
113 institution if it were located in this state or controls a health care
114 institution located in this state, and (D) is wholly or partially under
115 common ownership or control as a health care institution in this state.

116 Sec. 4. Subsection (a) of section 10a-179 of the general statutes is
117 repealed and the following is substituted in lieu thereof (*Effective October*
118 *1, 2022*):

119 (a) There is created a body politic and corporate to be known as the
120 "State of Connecticut Health and Educational Facilities Authority". Said
121 authority is constituted a public instrumentality and political
122 subdivision of the state and the exercise by the authority of the powers
123 conferred by this chapter shall be deemed and held to be the
124 performance of an essential public and governmental function.
125 Notwithstanding the provisions of the general statutes or any public or
126 special act, the board of directors of said authority shall consist of ten
127 members, two of whom shall be the Secretary of the Office of Policy and
128 Management and the State Treasurer, ex officio, and eight of whom shall
129 be residents of the state appointed by the Governor, not more than four
130 of such appointed members to be members of the same political party.
131 Three of the appointed members shall be current or retired trustees,
132 directors, officers or employees of institutions for higher education, two
133 of the appointed members shall be current or retired trustees, directors,
134 officers or employees of health care institutions, but not of related health
135 care institutions, and one of such appointed members shall be a person
136 having a favorable reputation for skill, knowledge and experience in
137 state and municipal finance, either as a member of the financial business
138 industry or as an officer or employee of an insurance company or bank
139 whose duties relate to the purchase of state and municipal securities as
140 an investment and to the management and control of a state and
141 municipal securities portfolio. On or before the first day of July,
142 annually, the Governor shall appoint a member or members to succeed
143 those whose terms expire, each for a term of five years and until a
144 successor is appointed and has qualified. The Governor shall fill any
145 vacancy for the unexpired term. A member of the board shall be eligible
146 for reappointment. Any member of the board may be removed by the
147 Governor for misfeasance, malfeasance or wilful neglect of duty. Each
148 member of the board shall take and subscribe the oath or affirmation
149 required by article XI, section 1, of the State Constitution prior to

150 assuming such office. A record of each such oath shall be filed in the
151 office of the Secretary of the State. Each ex-officio member may
152 designate a deputy or any member of such member's staff to represent
153 him or her as a member at meetings of the board with full power to act
154 and vote in his or her behalf.

155 Sec. 5. Subsection (a) of section 10a-186a of the general statutes is
156 repealed and the following is substituted in lieu thereof (*Effective October*
157 *1, 2022*):

158 (a) In connection with the issuance of bonds to finance a project at a
159 participating nursing home or to refund bonds previously issued by the
160 authority to finance a project at a participating nursing home, or in
161 connection with the issuance of bonds to effect a refinancing or other
162 restructuring with respect to one or more participating nursing homes
163 as permitted by subsection (b) of this section, to finance dormitories,
164 residential facilities, student centers, food service facilities and other
165 auxiliary service facilities and related buildings and improvements at a
166 public educational institution, to finance The University of Connecticut
167 Health Center clinical services projects, as defined in subsection (g) of
168 section 10a-114a, or to finance up to one hundred million dollars, in the
169 aggregate, for equipment, including installation and any necessary
170 building renovations or alterations for the installation and operation of
171 such equipment, for participating health care institutions, but not
172 related health care institutions, at the discretion of the Secretary of the
173 Office of Policy and Management and the Treasurer, the authority may
174 create and establish one or more reserve funds to be known as special
175 capital reserve funds and may pay into such special capital reserve
176 funds (1) any moneys appropriated and made available by the state for
177 the purposes of such funds, (2) any proceeds of the sale of notes or bonds
178 for a project, to the extent provided in the resolution of the authority
179 authorizing the issuance thereof, and (3) any other moneys which may
180 be made available to the authority for the purpose of such funds from
181 any other source or sources. The moneys held in or credited to any
182 special capital reserve fund established under this section, except as
183 hereinafter provided, shall be used solely for the payment of the

184 principal of and interest, when due, whether at maturity or by
185 mandatory sinking fund installments, on bonds of the authority secured
186 by such capital reserve fund as the same become due, the purchase of
187 such bonds of the authority, the payment of any redemption premium
188 required to be paid when such bonds are redeemed prior to maturity,
189 including in any such case by way of reimbursement of a provider of
190 bond insurance or of a credit or liquidity facility that has paid such
191 amounts; provided the authority shall have power to provide that
192 moneys in any such fund shall not be withdrawn therefrom at any time
193 in such amount as would reduce the amount of such funds to less than
194 the maximum amount of principal and interest becoming due by
195 reasons of maturity or a required sinking fund installment in the then
196 current or any succeeding calendar year on the bonds of the authority
197 then outstanding or the maximum amount permitted to be deposited in
198 such fund by the Internal Revenue Code of 1986, or any subsequent
199 corresponding internal revenue code of the United States, as from time
200 to time amended, to permit the interest on such bonds to be excluded
201 from gross income for federal tax purposes and secured by such special
202 capital reserve fund, such amount being herein referred to as the
203 "required minimum capital reserve", except for the purpose of paying
204 such principal of, redemption premium and interest on such bonds of
205 the authority secured by such special capital reserve becoming due and
206 for the payment of which other moneys of the authority are not
207 available. The authority may provide that it shall not issue bonds
208 secured by a special capital reserve fund at any time if the required
209 minimum capital reserve on the bonds outstanding and the bonds then
210 to be issued and secured by the same special capital reserve fund at the
211 time of issuance, unless the authority, at the time of the issuance of such
212 bonds, shall deposit in such special capital reserve fund from the
213 proceeds of the bonds so to be issued, or otherwise, an amount which,
214 together with the amount then in such special capital reserve fund, will
215 be not less than the required minimum capital reserve. On or before
216 December first, annually, there is deemed to be appropriated from the
217 state General Fund such sums, if any, as shall be certified by the
218 chairman or vice-chairman of the authority to the Secretary of the Office

219 of Policy and Management and the Treasurer of the state, as necessary
220 to restore each such special capital reserve fund to the amount equal to
221 the required minimum capital reserve of such fund, and such amounts
222 shall be allotted and paid to the authority. For the purpose of evaluation
223 of any such special capital reserve fund, obligations acquired as an
224 investment for any such fund shall be valued at market. Nothing
225 contained in this section shall preclude the authority from establishing
226 and creating other debt service reserve funds in connection with the
227 issuance of bonds or notes of the authority which are not special capital
228 reserve funds. Subject to any agreement or agreements with holders of
229 outstanding notes and bonds of the authority, any amount or amounts
230 allotted and paid to the authority pursuant to this section shall be repaid
231 to the state from moneys of the authority at such time as such moneys
232 are not required for any other of its corporate purposes and in any event
233 shall be repaid to the state on the date one year after all bonds and notes
234 of the authority theretofore issued on the date or dates such amount or
235 amounts are allotted and paid to the authority or thereafter issued,
236 together with interest on such bonds and notes, with interest on any
237 unpaid installments of interest and all costs and expenses in connection
238 with any action or proceeding by or on behalf of the holders thereof, are
239 fully met and discharged. No bonds secured by a special capital reserve
240 fund shall be issued to pay project costs unless the authority is of the
241 opinion and determines that the revenues from the project shall be
242 sufficient (A) to pay the principal of and interest on the bonds issued to
243 finance the project, (B) to establish, increase and maintain any reserves
244 deemed by the authority to be advisable to secure the payment of the
245 principal of and interest on such bonds, (C) to pay the cost of
246 maintaining the project in good repair and keeping it properly insured,
247 and (D) to pay such other costs of the project as may be required.

248 Sec. 6. Subsection (k) of section 10a-179 of the general statutes is
249 repealed and the following is substituted in lieu thereof (*Effective October*
250 *1, 2022*):

251 (k) (1) The authority may form one or more subsidiaries to carry out
252 the public purposes of the authority and may transfer to any such

253 subsidiary or to any subsidiary established by the General Assembly
254 through public or special act any moneys and real or personal property
255 of any kind or nature. Any such subsidiary may be organized as a stock
256 or nonstock corporation or a limited liability company. Each such
257 subsidiary shall have and may exercise such powers of the authority as
258 are set forth in the resolution of the authority prescribing the purposes
259 for which such subsidiary is formed and such other powers provided to
260 it by law. Each such subsidiary shall be deemed a quasi-public agency
261 for purposes of chapter 12 and shall have all the privileges, immunities,
262 tax exemptions and other exemptions of the authority, including the
263 privileges, immunities, tax exemptions and other exemptions provided
264 under the general statutes for special capital reserve funds. Each such
265 subsidiary shall be subject to suit provided its liability shall be limited
266 solely to the assets, revenues and resources of the subsidiary and
267 without recourse to the general funds, revenues, resources or any other
268 assets of the authority. Each such subsidiary is authorized to assume or
269 take title to property subject to any existing lien, encumbrance or
270 mortgage and to mortgage, convey or dispose of its assets and pledge
271 its revenues in order to secure any borrowing, for the purpose of
272 refinancing, rehabilitating or improving its assets, provided each such
273 borrowing or mortgage shall be a special obligation of the subsidiary,
274 which obligation may be in the form of bonds, bond anticipation notes
275 and other obligations to the extent permitted under this chapter to fund
276 and refund the same and provide for the rights of the holders thereof,
277 and to secure the same by pledge of revenues, notes and other assets
278 and which shall be payable solely from the assets, revenues and other
279 resources of the subsidiary. The authority shall have the power to assign
280 to a subsidiary any rights, moneys or other assets it has under any
281 governmental program including the nursing home loan program.

282 (2) Each such subsidiary shall act through its board of directors at
283 least one-half of which shall be members of the board of directors of the
284 authority, or their designees or officers or employees of the authority. A
285 resolution of the authority shall prescribe the purposes for which each
286 such subsidiary is formed.

287 (3) The provisions of section 1-125, subsection (e) of section 10a-185
288 and this subsection shall apply to any officer, director, designee or
289 employee appointed as a member, director or officer of any such
290 subsidiary. Any such persons so appointed shall not be personally liable
291 for the debts, obligations or liabilities of any such subsidiary as provided
292 in said section 1-125. The subsidiary shall and the authority may provide
293 for the indemnification to protect, save harmless and indemnify such
294 officer, director, designee or employee as provided by said section 1-
295 125.

296 (4) The authority or such subsidiary may take [] such actions as are
297 necessary to comply with the provisions of the Internal Revenue Code
298 of 1986 or any subsequent corresponding internal revenue code of the
299 United States, as from time to time amended, to qualify and maintain
300 any such subsidiary as a corporation exempt from taxation under said
301 internal revenue code.

302 (5) The authority may make loans to each such subsidiary or to any
303 subsidiary established by the General Assembly through public or
304 special act, following standard authority procedures, from its assets and
305 the proceeds of its bonds, notes and other obligations, provided the
306 source and security for the repayment of such loans is derived from the
307 assets, revenues and resources of the subsidiary.

308 Sec. 7. Section 10a-221 of the general statutes is repealed and the
309 following is substituted in lieu thereof (*Effective October 1, 2022*):

310 It is declared that, for the benefit of the people of the state, the
311 increase of their commerce, welfare and prosperity and the
312 improvement of their health and living conditions, it is essential that this
313 and future generations of youths be given the fullest opportunity to
314 learn and to develop their intellectual capacity and skills. It is
315 recognized that costs connected with [collegiate] postsecondary
316 education are increasingly burdensome and that it is essential that
317 students attending institutions for higher education and other
318 postsecondary education programs, and parents and others responsible

319 for paying the costs thereof, be provided with lower cost financial
320 assistance in order to help such students to achieve higher levels of
321 learning and development of their intellectual capacity and skills. It is
322 also recognized that Connecticut institutions for higher education
323 should be provided with appropriate additional means to assist
324 qualified students financially to achieve the required levels of learning
325 and development of their intellectual capacity and skills. It is the
326 purpose of this chapter and policy of the state to provide a measure of
327 financial assistance to students in or from the state, their parents and
328 others responsible for the costs of their education and an alternative
329 method to enable Connecticut institutions for higher education to assist
330 qualified students to attend such institutions, all to the public benefit
331 and good, to the extent and manner provided herein.

332 Sec. 8. Subdivisions (7) to (20), inclusive, of section 10a-223 of the 2022
333 supplement to the general statutes, as amended by section 273 of public
334 act 21-2 of the June special session, are repealed and the following is
335 substituted in lieu thereof (*Effective October 1, 2022*):

336 (7) "Borrower" means (A) an individual who has an outstanding loan
337 from the authority, (B) an individual who attends a Connecticut
338 institution for higher education, enrolls in a Connecticut high-value
339 certificate program, enrolls in a Connecticut postsecondary education
340 program or currently resides in the state, and has received or agreed to
341 pay an education loan, or (C) any parent who has received or agreed to
342 pay an education loan on behalf of an individual who attends a
343 Connecticut institution for higher education, enrolls in a Connecticut
344 postsecondary education program or currently resides in the state;

345 (8) "Connecticut Health and Educational Facilities Authority" means
346 the quasi-public authority established pursuant to section 10a-179, as
347 amended by this act;

348 (9) "Connecticut institution for higher education" means an
349 institution for higher education within the state;

350 (10) "Default insurance" means insurance insuring education loans,

351 authority loans or bonds against default;

352 (11) "Default reserve fund" means a fund established pursuant to a
353 bond resolution for the purpose of securing education loans, authority
354 loans or bonds;

355 (12) "Education loan" means a loan which is made to a student in or
356 from the state or a parent of such student to finance attendance at an
357 institution for higher education, [or] enrollment in a high-value
358 certificate program or enrollment in a postsecondary education
359 program, or to a borrower to refinance one or more eligible loans;

360 (13) "Loan funding deposit" means moneys or other property
361 deposited by a Connecticut institution for higher education with the
362 authority, a guarantor or a trustee for the purpose of (A) providing
363 security for bonds, (B) funding a default reserve fund, (C) acquiring
364 default insurance, or (D) defraying costs of the authority, such moneys
365 or properties to be in such amounts as deemed necessary by the
366 authority or guarantor as a condition for such institution's participation
367 in the authority's programs;

368 (14) "Institution for higher education" means a degree-granting
369 educational institution within the United States authorized by
370 applicable law to provide a program of education beyond the high
371 school level and (A) described in Section 501(c)(3) of the Internal
372 Revenue Code of 1986, or any subsequent corresponding internal
373 revenue code of the United States, as from time to time amended, and
374 exempt from taxation under Section 501(a) of said code with respect to
375 a trade or business carried on by such institution which is not an
376 unrelated trade or business, determined by applying Section 513(a) of
377 said code to such organization or a foundation established for its benefit,
378 or (B) exempt from taxation under said code as a governmental unit;

379 (15) "Participating institution for higher education" means a
380 Connecticut institution for higher education which, pursuant to the
381 provisions of this chapter, undertakes the financing directly or
382 indirectly of education loans as provided in this chapter;

383 (16) "Parent" means any parent, legal guardian or sponsor of a
384 student at an institution for higher education, [or] enrolled in a high-
385 value certificate program or enrolled in a postsecondary education
386 program;

387 (17) "Education loan series portfolio" means all education loans made
388 by the authority or by or on behalf of a specific participating institution
389 for higher education which are funded from the proceeds of a related
390 specific bond issue of the authority;

391 (18) "Education assistance program" means a program to assist in
392 financing the costs of education through education loans or education
393 grants, or both;

394 (19) "Education grant" means a grant, scholarship, fellowship or other
395 nonrepayable assistance awarded by the authority to a student currently
396 residing in the state to finance the attendance of the student at a
397 Connecticut institution for higher education, [or] enrollment in a
398 Connecticut high-value certificate program or enrollment in a
399 Connecticut postsecondary education program, or a grant, scholarship,
400 fellowship or other nonrepayable assistance awarded by or on behalf of
401 a Connecticut institution for higher education from the proceeds of
402 funds provided by the authority to a student from the state to finance
403 the student's attendance at such institution;

404 (20) "Eligible loan" means any loan that is in repayment that was (A)
405 made by the authority, or (B) made to a borrower by any other private
406 or governmental lender to finance attendance at an institution for higher
407 education, [or] enrollment in a high-value certificate program or
408 enrollment in a postsecondary education program;

409 Sec. 9. Subdivision (9) of section 10a-204 of the general statutes is
410 repealed and the following is substituted in lieu thereof (*Effective October*
411 *1, 2022*):

412 (9) To distribute excess corporation funds to the Connecticut Health
413 and Educational Facilities Authority or any subsidiary of said authority

414 for the purpose of such recipient's provision of financial assistance to
 415 qualified students [attending institutions of higher education] for
 416 postsecondary educational costs, including, without limitation, loans,
 417 scholarships or grants and financial literacy education.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	10a-178(b) and (c)
Sec. 2	<i>October 1, 2022</i>	10a-178(g)
Sec. 3	<i>October 1, 2022</i>	10a-178
Sec. 4	<i>October 1, 2022</i>	10a-179(a)
Sec. 5	<i>October 1, 2022</i>	10a-186a(a)
Sec. 6	<i>October 1, 2022</i>	10a-179(k)
Sec. 7	<i>October 1, 2022</i>	10a-221
Sec. 8	<i>October 1, 2022</i>	10a-223(7) to (20)
Sec. 9	<i>October 1, 2022</i>	10a-204(9)

Statement of Purpose:

To (1) allow the Connecticut Health and Educational Facilities Authority to (A) finance projects for any purpose approved by the authority, (B) issue bonds for out-of-state health care institutions, and (C) make loans and transfer funds to its subsidiaries, and (2) allow the Connecticut Higher Education Supplemental Loan Authority to provide education financial assistance for any costs associated with pursuing a postsecondary education.

[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.]