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Gov. Malloy Signs Legislation Changing The Structuring Of Municipal Bonds.

On July 8, Governor Malloy signed into law Public Act No. 17-147, An Act Concerning State Taxation and Collection, Tax Gap Compliance, Tax Preparers and Facilitators, Changes to the Tax and Related Statutes, a Mental Health Community Investment Account and Municipal Bonds.

The legislation makes noteworthy changes regarding the structuring of municipal bonds. The legislation:

- extends the permitted maximum maturity of general obligation debt issued by Connecticut municipalities from 20 years to 30 years
- permits Connecticut municipalities to issue refunding bonds for a period of up to 30 years; and
- allows such refunding bonds to be secured by a statutory lien on all revenues received by the municipality from its tax levy and collection.

These changes are applicable to obligations issued during the period from July 1, 2017 through June 30, 2022. The refunding provisions require a two-thirds vote of the municipality's legislative body.

Any municipality considering issuing bonds in accordance with this legislation should address the implications of doing so with its municipal financial advisor and bond counsel.

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The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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