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PERSPECTIVES ON CONNECTICUT

BUDGET/ECONOMY/TAXES

Intelligent bonding necessary for Connecticut's welfare



The state Capitol dome seen from the lobby of the Legislative Office Building.



Edward Marcus

This year the state borrowed approximately \$2.7 billion by way of bonding – a lot money no matter how you look at it. As a matter of fact, it is the most the state has ever bonded.

Bonding is a way of paying for state expenditures over time, usually over 20 to 30 years, at a fixed rate of interest. This year that rate is 3.07 percent per annum. The cost of this year's bonding is around \$8,350,000 per annum in interest.

It is interesting to note that not so long ago the state was paying nearly 6 percent on its bonds.

The state actually can make a "profit" because the interest rate now is so low, depending on the projects where the monies go and what those projects subsequently create for the state in new income tax and other forms of revenue.

The bond monies go into projects that are either related to new or renovated schools, infrastructure, or some capital improvement project, all of which should result in new taxable income, jobs, and a better Connecticut overall.

Government, just like most of us, borrows for special needs. Think of bonding on the part of the state like borrowing for a new furnace or a new roof on your house.

State budgets get balanced, in a sense, through bonding. Unfortunately, the fact is that under the Rowland and Rell administrations, many needed capital projects were delayed or ignored.

To me, complaining about bonding is the height of hypocrisy. Every time that there is a ground breaking ceremony, or a new business, or building being opened, the local Republican legislators are there for the photo opportunity. The [State Bond Commission](#) votes on all bonding matters; and, as Gov. Dannel Malloy pointed out several days ago, there aren't very many no votes coming from the Republican legislators on that commission.

Bonding is necessary to keep our state vital and competitive. To accept the benefits of bonding and then complain about it is just politics. Those who voted for the bonding and then criticized the governor afterwards really look foolish and hypocritical. And that is probably an understatement.

Politics has always been a hardball game, but 2016 probably hits the top of the chart in what your grandfather or grandmother might call “political shenanigans.” In all the years that I’ve been involved in politics I have never ever seen anything like the tactics employed in 2016 and the total lack of civility. Don’t know if this is all a Trump-related phenomenon. It is evident that gone are the days where you could debate a bill on the floor of the House or Senate and then go out and have a drink with the person you were debating. Total partisanship does not benefit the state.

You get what you pay for in life – and in government. Thumbs up to Dan Malloy for continuing to say it like it is and use bonding as a way to keep the state in the 21st century.

Intelligent bonding is a necessary part of efficient working and modern government. When all is said and done, when you include the jobs created, resulting new tax revenue, and the like, the state bonding at 3.07 percent should result in a handsome profit.

Edward Marcus is former chairman of the Democrat State Central Committee in Connecticut, former state Senate majority leader, and principal of the Marcus Law Firm.