



House of Representatives

General Assembly

File No. 550

January Session, 2005

Substitute House Bill No. 6685

House of Representatives, April 27, 2005

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING FISCAL ACCOUNTABILITY OF STATE GOVERNMENT.

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

1 Section 1. (NEW) (*Effective July 1, 2005*) (a) During the month of
2 November in each year, the joint standing committees of the General
3 Assembly having cognizance of matters relating to appropriations and
4 the budgets of state agencies and finance, revenue and bonding shall
5 meet with the Secretary of the Office of Policy and Management, the
6 director of the legislative Office of Fiscal Analysis, and such other
7 persons as they deem appropriate, to consider the items submitted
8 pursuant to subsection (b) of this section.

9 (b) On or before November first, annually, the Secretary of the
10 Office of Policy and Management and the director of the legislative
11 Office of Fiscal Analysis shall each submit the following to the joint
12 standing committees of the General Assembly having cognizance of
13 matters relating to appropriations and the budgets of state agencies

14 and finance, revenue and bonding: (1) An estimate of state revenues,
15 expenditures and ending balance for each fund, for the current
16 biennium and the next ensuing three fiscal years, and the assumptions
17 on which such estimates are based; (2) the projected tax credits to be
18 used in the current biennium and the next ensuing three fiscal years,
19 and the assumptions on which such projections are based; (3) a
20 summary of any estimated deficiencies in the current fiscal year, the
21 reasons for such deficiencies, and the assumptions upon which such
22 estimates are based; (4) the projected balance in the Budget Reserve
23 Fund at the end of each uncompleted fiscal year of the current
24 biennium and the next ensuing three fiscal years; (5) the projected
25 bond authorizations, allocations and issuances in each of the next
26 ensuing five fiscal years and their impact on the debt service of the
27 major funds of the state; (6) an analysis of revenue and expenditure
28 trends and of the major cost drivers affecting state spending, including
29 identification of any areas of concern and efforts undertaken to
30 address such areas, including, but not limited to, efforts to obtain
31 federal funds; and (7) an analysis of possible uses of surplus funds,
32 including, but not limited to, the Budget Reserve Fund, debt retirement
33 and funding of pension liabilities.

34 Sec. 2. Section 2-24a of the general statutes is repealed and the
35 following is substituted in lieu thereof (*Effective July 1, 2005*):

36 No bill without a fiscal note appended thereto which, if passed,
37 would require the expenditure of state or municipal funds or affect
38 state or municipal revenue in the current fiscal year or any of the next
39 ensuing five fiscal years shall be acted upon by either house of the
40 General Assembly unless said requirement of a fiscal note is dispensed
41 with by a vote of at least two-thirds of such house. Such fiscal note
42 shall clearly identify the cost and revenue impact to the state and
43 municipalities in the current fiscal year and in each of the next ensuing
44 five fiscal years.

45 Sec. 3. Section 2-17 of the general statutes is repealed and the
46 following is substituted in lieu thereof (*Effective October 1, 2005*):

47 Any member-elect of either house of the General Assembly, prior to
48 the beginning of the regular session in the January following [his] such
49 member's election, may introduce any bill for a public or special act by
50 filing the same with the clerk of the House or Senate, who shall assign
51 to each such bill a House or Senate serial number and shall cause to be
52 made a sufficient number of photo-offset copies of such bill. Each such
53 bill shall be filed in triplicate and shall be typewritten or printed,
54 without interlineation or erasure, on paper eight and one-half by
55 thirteen inches or eight and one-half by fourteen inches in size, the
56 second and third copies to be on yellow-colored and blue-colored
57 paper, respectively, of the same size and format as the original. Any
58 member-elect offering such bill shall endorse by signing thereon [his]
59 such member-elect's name in some conspicuous place and shall attach
60 thereto a statement of its purpose in not more than one hundred and
61 fifty words, which are to be typewritten or printed at the end of the bill
62 under the caption "statement of purpose". The head of each state
63 department, board, commission or other state agency shall file [his]
64 such head's requests for legislative enactment in the form of bills,
65 appended to each a summary and a fiscal note containing the
66 information required pursuant to section 2-24a, as amended by this act,
67 with the clerk of the House or Senate on or before January fifteenth of
68 the odd-numbered year and on or before February eighth in the even-
69 numbered year. Such head of each state department, board,
70 commission or other state agency requiring assistance from the
71 Legislative Commissioners' Office in the preparation of such bills shall
72 submit requests for such assistance on or before December first of each
73 year.

74 Sec. 4. Subsection (c) of section 2-71c of the general statutes is
75 repealed and the following is substituted in lieu thereof (*Effective*
76 *October 1, 2005*):

77 (c) The legislative Office of Fiscal Analysis shall assist the General
78 Assembly and the Legislative Department, legislative commissions
79 and legislative committees in a research and advisory capacity as
80 follows: (1) Reviewing department and program operating budget

81 requests; (2) analyzing and helping to establish priorities with regard
82 to capital programs; (3) checking executive revenue estimates for
83 accuracy; (4) recommending potential untapped sources of revenue; (5)
84 assisting in legislative hearings and helping to schedule and prepare
85 the agenda of such hearings; (6) assisting in the development of means
86 by which budgeted programs can be periodically reviewed; (7)
87 preparing short analyses of the costs and long-range projections of
88 executive programs and proposed agency regulations; (8) keeping
89 track of federal aid programs to make sure that Connecticut is taking
90 full advantage of opportunities for assistance; (9) reviewing, on a
91 continuous basis, departmental budgets and programs; (10) analyzing
92 and preparing critiques of the Governor's proposed budget; (11)
93 studying, in depth, selected executive programs during the interim;
94 (12) performing such other services in the field of finance as may be
95 requested by the Joint Committee on Legislative Management; (13)
96 preparing the fiscal notes, required under section 2-24, upon favorably
97 reported bills which require expenditure of state or municipal funds or
98 affect state or municipal revenue; [and] (14) preparing at the end of
99 each fiscal year a compilation of all fiscal notes on legislation and
100 agency regulations taking effect in the next fiscal year, including the
101 total costs, savings and revenue effects estimated in such notes; and
102 (15) every second and fourth year after the effective date of each
103 enacted bill, review the fiscal note of such bill to compare it to the fiscal
104 note prepared at the time such bill was favorably reported. The
105 governing body of any municipality, if requested, shall provide the
106 Office of Fiscal Analysis, within two working days, with any
107 information that may be necessary for analysis in preparation of such
108 fiscal notes. Each officer, board, commission or department of the state
109 government shall assist the Office of Fiscal Analysis in carrying out its
110 duties and, if requested, shall make its records and accounts available
111 to the office in a timely manner, except that where there are statutory
112 requirements of confidentiality with regard to such records and
113 accounts, the identity of any person to whom such records or accounts
114 relate shall not be disclosed.

115 Sec. 5. Subsection (g) of section 3-20 of the general statutes is

116 repealed and the following is substituted in lieu thereof (*Effective*
117 *October 1, 2005*):

118 (g) (1) With the exception of refunding bonds, whenever a bond act
119 empowers the State Bond Commission to authorize bonds for any
120 project or purpose or projects or purposes, and whenever the State
121 Bond Commission finds that the authorization of such bonds will be in
122 the best interests of the state, it shall authorize such bonds by
123 resolution adopted by the approving vote of at least a majority of said
124 commission. No such resolution shall be so adopted by the State Bond
125 Commission unless it finds that there has been filed with it [(1)] (A)
126 any human services facility colocation statement to be filed with the
127 Secretary of the Office of Policy and Management, if so requested by
128 the secretary, pursuant to section 4b-23; [(2)] (B) a statement from the
129 Commissioner of Agriculture pursuant to section 22-6, for projects
130 which would convert twenty-five or more acres of prime farmland to a
131 nonagricultural use; [(3)] (C) prior to the meeting at which such
132 resolution is to be considered, any capital development impact
133 statement required to be filed with the Secretary of the Office of Policy
134 and Management; and [(4)] (D) such requests and such other
135 documents as it or said bond act require, provided no resolution with
136 respect to any school building project financed pursuant to section 10-
137 287d or any interest subsidy financed pursuant to section 10-292k shall
138 require the filing of any statements pursuant to [subdivision (1), (2) or
139 (3) of this subsection] subparagraph (A), (B), (C) or (D) of this
140 subdivision and provided further any resolution requiring a capital
141 impact statement shall be deemed not properly before the State Bond
142 Commission until such capital development impact statement is filed.
143 Any such resolution so adopted by the State Bond Commission shall
144 recite the bond act under which said commission is empowered to
145 authorize such bonds and the filing of all requests and other
146 documents, if any, required by it or such bond act, and shall state the
147 principal amount of the bonds authorized and a description of the
148 purpose or project for which such bonds are authorized. Such
149 description shall be sufficient if made merely by reference to a
150 numbered subsection, subdivision or other applicable section of such

151 bond act.

152 (2) The agenda of each meeting shall be made available to the
153 members of the commission not later than five business days prior to
154 the meeting at which such agenda is to be considered. The day of the
155 meeting shall count as one of the business days. The agenda of each
156 meeting, or any supporting documents included with such agenda,
157 shall include a reference to the statute or public or special act which is
158 the source of any funds to be used for any project on such agenda,
159 including any contingency funds and any reuse or reallocation of
160 funds previously approved for any other use or project, and a notation
161 of the outside source from which any funds for any such project were
162 received, if any.

163 (3) Upon adoption of a resolution, the principal amount of the
164 bonds authorized therein for such purpose or project shall be deemed
165 to be an appropriation and allocation of such amount for such purpose
166 or project, respectively, and subject to approval by the Governor of
167 allotment thereof and to any authorization for such project or purpose
168 that may otherwise be required, contracts may be awarded and
169 obligations incurred with respect to any such project or purpose in
170 amounts not in the aggregate exceeding such authorized principal
171 amount, notwithstanding that such contracts and obligations may at a
172 particular time exceed the amount of the proceeds from the sale of
173 such bonds theretofore received by the state. In any such resolution so
174 adopted, the State Bond Commission may include provision for the
175 date or dates of such bonds, the maturity of such bonds and,
176 notwithstanding the provisions of any bond act taking effect prior to
177 July 1, 1973, provision for either serial or term, sinking fund or other
178 reserve fund requirements, if any, due dates of the interest thereon, the
179 form of such bonds, the denominations and designation of such bonds,
180 registration, conversion and transfer privileges and the terms of
181 redemption with or without premium and the date and manner of sale
182 of such bonds, provisions for the consolidation of such bonds with
183 other bonds including refunding bonds for the purpose of sale as
184 provided in subsection (h) [hereof] of this section, limitations with

185 respect to the interest rate or rates on such bonds, provisions for
 186 receipt and deposit or investment of the good faith deposit pending
 187 delivery of such bonds and such other terms and conditions of such
 188 bonds and of the issuance and sale thereof as the State Bond
 189 Commission may determine to be in the best interest of the state,
 190 provided the State Bond Commission may delegate to the Treasurer all
 191 or any part of the foregoing powers in which event the Treasurer shall
 192 exercise such powers until the State Bond Commission, by adoption of
 193 a resolution prior to exercise of such powers by the Treasurer shall
 194 elect to reassume the same. Such powers shall be exercised from time
 195 to time in such manner as the Treasurer shall determine to be in the
 196 best interests of the state and the Treasurer shall file a certificate of
 197 determination setting forth the details thereof with the secretary of the
 198 State Bond Commission on or before the date of delivery of such
 199 bonds, the details of which were determined by the Treasurer in
 200 accordance with such delegation.

201 (4) The State Bond Commission may authorize the Commissioner of
 202 Economic and Community Development to defer payments of interest
 203 or principal, or a portion thereof, in the case of a troubled loan, as
 204 defined in subdivision (1) of subsection (e) of section 8-37x, made by
 205 the commissioner under any provision of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2005	New section
Sec. 2	July 1, 2005	2-24a
Sec. 3	October 1, 2005	2-17
Sec. 4	October 1, 2005	2-71c(c)
Sec. 5	October 1, 2005	3-20(g)

Statement of Legislative Commissioners:

Changes were made in section 3 for purposes of gender neutrality.

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Legislative Mgmt.	GF - Cost	Potential	Potential
Policy & Mgmt., Off.	GF - None	None	None
Various State Agencies	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires that fiscal notes prepared by the Office of Fiscal Analysis (OFA) include any current fiscal year impacts, as well as the next five succeeding years. OFA currently identifies the partial year costs and the first year of full annualization, which reflects the fiscal impact on the ensuing fiscal years. Requiring that this same impact be restated in the subsequent fiscal years may reduce the office’s ability to respond to other needs as efficiently.

Requiring OFA to reexamine the state and municipal fiscal impact of every enacted bill, two and four years after enactment, will result in potential increased costs to OFA. The bill requires OFA to compare the updated information, with the fiscal note prepared when the bill was favorably reported, rather than the fiscal note prepared on the bill as amended. The fiscal note on a favorably reported bill is produced before any amendments on the bill, and does not include the fiscal impact of these amendments.

The bill requires OFA and the Office of Policy and Management (OPM) to submit certain financial information to the committees of Appropriations and Finance, Revenue and Bonding, and to meet with the committees to consider this information. Currently, OFA and OPM compile similar information, thus these requirements are not

anticipated to result in a cost to either agency.

Requiring agencies filing requests for legislation to include a bill summary and fiscal note will not result in any fiscal impact to agencies.

Finally, requiring the State Bond Commission agenda be made available to commission members at least five days prior to the meeting, results in no fiscal impact.

OLR Bill Analysis

sHB 6685

AN ACT CONCERNING FISCAL ACCOUNTABILITY OF STATE GOVERNMENT

SUMMARY:

This bill:

1. requires the Office of Fiscal Analysis (OFA) director and the Office of Policy and Management (OPM) secretary to submit certain budget and financial information to the Appropriations and Finance, Revenue and Bonding committees by November 1 annually (§ 1(b));
2. requires the two committees to meet with the OFA director and the OPM secretary and any others they consider appropriate during November each year to consider the budget and financial information provided (§ 1(a));
3. expands the scope of OFA fiscal notes on favorably reported bills and makes minor related changes (§ 2);
4. requires state agencies that file bill requests with the House or Senate clerk to include a summary and fiscal note with the requests (§ 3);
5. requires OFA to review fiscal notes of enacted bills in the second and fourth years after enactment, and compare the updated information to the original note on the favorably reported bill (§ 4); and
6. requires the State Bond Commission meeting agenda to be available to the commission members at least five business days before the meeting (§ 5).

EFFECTIVE DATE: October 1, 2005, except for the provisions concerning the annual submission of financial information to the legislative committees, the required annual meeting of the committees

with the OFA director and the OPM secretary, and the expanded scope for OFA fiscal notes, which take effect July 1, 2005.

ANNUAL INFORMATION SUBMITTED TO, AND MEETING OF, FISCAL COMMITTEES (§ 1)

The bill requires the OPM secretary and the OFA director to each submit the following information to the Finance, Revenue and Bonding and Appropriations committees by November 1 each year:

1. for the current biennium and the three following fiscal years, estimates of the revenue, spending, and ending balance for each fund, with the assumptions used to make the estimates;
2. the tax credits they project will be used in the current biennium and the three following fiscal years, with the assumptions used to make the projections;
3. summaries of any estimated deficiencies for the current fiscal year, the reasons for the deficiencies, and the assumptions used to make the estimates;
4. projected budget reserve fund balances at the end of each uncompleted fiscal year of the current biennium and the three following fiscal years;
5. projected bond authorizations, allocations, and issuances in each of the five following fiscal years and their effect on debt service in the state's major funds;
6. an analysis of revenue and spending trends and of major cost drivers affecting state spending, including any areas of concern and efforts to address them, including efforts to obtain federal funds; and
7. an analysis of possible uses for surplus funds, including the budget reserve fund, debt retirement, and funding pension liabilities.

The bill requires the committees to meet annually during November with the OPM secretary, the OFA director, and any others they consider appropriate to review the submissions.

SCOPE OF FISCAL NOTES (§ 2)

Unless two-thirds of the members of the House or Senate vote to suspend the requirement, current law bars the General Assembly from acting on any bill requiring state or municipal spending or affecting state or municipal revenue without a fiscal note. The bill expands the fiscal note requirement to cover any bill that would require spending or affect revenue in the current fiscal year or any of the five following fiscal years. It also requires each fiscal note to identify clearly the bill's state and municipal impact in the current and each of the five following fiscal years.

AGENCY BILL PROPOSALS (§3)

By law, state agency heads may file requests for legislation in bill form with the House or Senate clerk by January 15, in odd-numbered years, and by February 8, in even-numbered ones. This bill requires them to include a bill summary and fiscal note with these requests. The agency fiscal note must clearly identify the cost and revenue impact of the proposal on the state and municipalities in the current and each of the following five fiscal years.

BOND COMMISSION AGENDA (§ 5)

By law, the State Bond Commission agenda must include a list of proposed bond allocations, along with certain information and supporting documents for agenda items. The bill requires the agenda to be available to the commission's members at least five business days before the meeting. It counts the meeting day as one of the five.

The bond commission normally meets monthly. The OPM secretary is the commission's secretary and is responsible for compiling and issuing the agenda.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 42 Nay 6