
OLR Bill Analysis

HB 6652

Emergency Certification

AN ACT IMPLEMENTING THE REVENUE ITEMS IN THE BUDGET AND MAKING BUDGET ADJUSTMENTS, DEFICIENCY APPROPRIATIONS, CERTAIN REVISIONS TO BILLS OF THE CURRENT SESSION AND MISCELLANEOUS CHANGES TO THE GENERAL STATUTES.

SUMMARY:

This bill makes various unrelated changes. See below for a section-by-section analysis.

EFFECTIVE DATE: Various, see below.

§§ 1-3, 52 & 175 –TRUCK & MME PROPERTY TAX EXEMPTIONS AND PILOTS

Current law exempts from property taxes (1) eligible manufacturing, biotechnology, and recycling machinery and equipment (MME) and (2) certain commercial trucks and other vehicles used to transport freight for hire, and requires the state to reimburse municipalities for the revenue loss (i.e., payments in lieu of taxes or PILOTs).

MME Property Tax Exemption

PA 06-183 phased out a five-year exemption that applied to only new and newly acquired MME and phased in a new permanent exemption that applied to MME that was six years old or older. The phase-in, under current law, ends October 1, 2011, after which all MME will be permanently exempted from property taxes.

Under current law, the MME property tax exemption applies to (1) MME purchased or acquired on or before October 1, 2006, (2) MME purchased or acquired between October 2, 2006 and October 1, 2010,

and (3) new or newly acquired MME. Beginning with the October 1, 2011 assessment year, the bill exempts all MME from local property taxes regardless of when it was purchased or acquired.

MME and Commercial Vehicle PILOTS

The bill eliminates the PILOTS for MME and commercial trucks for assessment years that begin on or after October 1, 2011. It also repeals related provisions that:

1. provide a five-year MME depreciation schedule to determine the tax revenue loss to the town and the PILOT amount;
2. require a state grant payment to replace the MME PILOT beginning in FY 14;
3. require MME owners applying for a five-year exemption to do so on a form prescribed by OPM; and
4. allow the OPM secretary to deny an exemption claim if the owner of new MME is delinquent on his or her corporation tax, after providing notice to the affected taxpayer.

The bill shifts, from OPM to municipal assessors, (1) responsibility for prescribing the documentation to support an application for a five-year MME exemption and (2) authority to request such applicants to submit a copy of applicable federal income tax returns and accompanying schedules or alternative supporting documentation.

The bill also eliminates the requirements that, for the 2006 through 2011 assessment years, (1) MME owners file a supplement to their personal property declaration that includes data on the date of acquisition, acquisition costs, and depreciated value of MME and (2) town assessors determine the depreciated value of such MME using the method they used for the 2005 assessment year.

Enterprise Zone MME Property Tax Exemption and PILOT

The bill retains an existing state-reimbursed property tax exemption for eligible MME located in designated areas. By law, eligible MME

located in targeted investment communities, enterprise zones, and the Bradley Airport Development Zone (BADZ) is eligible for a five-year, 80% property tax exemption. The exemption applies to MME (1) in manufacturing or service facilities and (2) acquired as part of a technological upgrade of a manufacturing process in these designated areas. (By law, these exemptions apply in the BADZ for assessment years beginning on or after October 1, 2012.)

By law, the state makes an annual grant payment to towns to reimburse them for half of the revenue loss due to real and personal property tax exemptions in these designated areas.

EFFECTIVE DATE: July 1, 2011, except that the repeal of the following provisions is applicable to assessment years starting on or after October 1, 2011: (1) commercial truck and MME PILOT, (2) property tax exemption and PILOT for older MME, (3) five-year MME depreciation schedule, and (4) state grant payment to replace the MME PILOT beginning in FY 14.

§ 4 — BOATING ACCOUNT

PA 11-6 eliminates the boating account and requires that all watercraft registration and numbering fees received from November 1 to October 31 go to the General Fund annually on October 1, starting with October 1, 2011. The bill instead requires that the revenue go to the General Fund beginning May 4, 2011 (PA 11-6's effective date) and eliminates the requirement that it be deposited annually.

EFFECTIVE DATE: July 1, 2011

§ 5 — REGIONAL PERFORMANCE INCENTIVE GRANT PROGRAM

Eligible Grant Recipients

The law establishes a grant program that provides funds to municipalities for jointly performing a service they currently perform separately. Under current law, municipalities access the grants through their respective regional planning organizations, which can be a regional planning agency, regional council of elected officials, or regional councils of governments. The bill expands the range of

eligible entities to include (1) any two or more municipalities and (2) regional economic development districts. (PA 10-168, codified at § 32-741 et. seq., allows regional planning organizations and other entities to form these districts and prepare and implement strategies to develop their economies.)

Eligible Proposals and Application Deadlines

Under current law, eligible applicants submit proposals, by December 31 of each year, to (1) jointly perform a service they currently perform separately or (2) prepare a planning study for delivering an existing or new service on a regional basis.

The bill allows applicants to submit the same types of proposals but establishes two application deadlines for doing so. Applicants may submit proposals by (1) December 1, 2011 to jointly provide a service they currently perform separately or (2) December 31, 2011 to jointly provide a service they currently perform separately or prepare a planning study to do so.

Application Selection Priorities

By law, the OPM secretary must review all applications and award grants to those he determines best meet the law's criteria. Under current law, the secretary must give priority to proposals that (1) involve all of an entity's member municipalities and (2) increase their purchasing power or provide cost savings. The bill requires the secretary to also give priority to proposals that economic development districts submit.

Reporting

The law requires the OPM secretary to report annually by March 1 to the Finance, Revenue and Bonding Committee about (1) each grant award, (2) its potential for leveraging public and private investments, and (3) the extent to which the grants helped reduce property taxes. The bill requires the secretary to submit the FY 12 report by February 1, 2012 and subsequent reports by March 1 of each year.

Funding Source

PA 11-6 establishes the Regional Performance Incentive Account, a separate, nonlapsing General Fund account, to fund the grant program and directs a portion of the hotel tax and rental car surcharge to the account.

EFFECTIVE DATE: July 1, 2011

§ 6 — WATER COMPANY RATES AND BILLS

By law, the Department of Public Utility Control (DPUC) may authorize a water company to use a rate adjustment mechanism to cover the costs of eligible infrastructure projects that are completed and in service. The approval of the adjustment, which can result in a billing surcharge or credit, takes place outside of the water company's rate cases. The bill requires that any adjustments approved under this provision be separately identified on any customer bill.

By law, utility companies must have DPUC's approval to change their existing rates. The bill requires that in the case of water companies, the existing rates included any adjustment approved by DPUC under the above provision.

EFFECTIVE DATE: Upon passage

§ 7 — SPECIAL TAXING DISTRICTS FOR FERRY SERVICE

The bill expands the list of purposes for which residents may vote to establish special taxing districts to include providing ferry service. Current law allows them to establish districts providing a wide range of public services and infrastructure, including collecting trash and constructing and maintaining drains and sewers.

EFFECTIVE DATE: Upon passage

§ 8 — BRIDGEPORT PENSION PLAN FUNDING

The law allows municipalities to issue pension deficit funding bonds to fund unfunded past pension obligations. If a municipality issues such bonds, it must appropriate money for, and contribute to its pension plan, at least the actuarially required amount in each fiscal year that it has outstanding pension deficit funding bonds for the plan

(CGS § 7-364c(c)(3)).

The bill exempts Bridgeport from these requirements for any pension plan previously funded with pension deficit funding bonds the city issued under the law. Instead, it requires the city to make minimum pension plan contribution of \$7 million for FY 12. Starting in FY 13, the city must contribute an annual amount based on:

1. a calculation by the city's actuary, of the pension plan's actuarial accrued unfunded liability (the amount by which the plan's accrued liability exceeds the actuarial value of its assets) at the beginning of each fiscal year, applying (a) standard methods and assumptions used in actuarial practice and (b) a level percentage amortization of the unfunded liability with a 5% growth rate;
2. a 24-year amortization period starting in FY 13 and declining by one year in each subsequent fiscal year; and
3. annually recalculating the contribution to take the plan's gains and losses into account in determining its accrued unfunded liability for the year, and amortizing them over the remaining period.

EFFECTIVE DATE: Upon passage

§§ 9 & 23 — NEW HAVEN LINE FARE INCREASES

The bill postpones, for two years, scheduled fare increases on the New Haven line. Under current law, fares for trips starting or ending in the state were to increase by 1.25% in calendar year 2010 and by 1% in each subsequent year, through 2016. (The 2010 and 2011 increases did not take effect.) The bill instead increases, from 1% to 1.25%, the fare increase scheduled to take effect on January 1, 2012, and extends the subsequent 1% increases through 2018.

It eliminates the New Haven Line revitalization account within the Special Transportation Fund (STF) into which the revenue from the increases is deposited. Under current law, money in the account is used for New Haven line capital costs, debt service, and the purchase

of new rail cars.

EFFECTIVE DATE: July 1, 2011

§§ 10–16, 20–22, 24–32, & 174 — TRANSPORTATION STRATEGY BOARD ELIMINATED

The bill eliminates the Transportation Strategy Board (TSB) and makes conforming changes but retains the board's projects account, which funds TSB projects, within the STF. It also retains the TSB projects enumerated by law (e.g., building or expanding certain rail stations) and the five Transportation Investment Areas (TIAs). It retains a requirement that the governor recommend to the legislature, by the day on which he submits his proposed biennial budget, any projects he believes are needed to implement the transportation strategy that the board initially proposed and a plan to finance them. It eliminates a requirement that the OPM secretary, when developing recommendations to delineate the boundaries of priority funding areas, consider certain TSB principles, among other things.

EFFECTIVE DATE: July 1, 2011

§§ 17-19 — SPECIAL TRANSPORTATION FUND

By law, certain revenue derived from motor vehicle receipts and other sources must be credited to the STF. The bill specifies that, starting July 1, 2011, this includes all money the law requires be credited to the STF from the petroleum products gross earnings sales tax. The bill also requires crediting to the STF (1) motor vehicle sales tax revenue; (2) funds the law requires be transferred to the STF from the General Fund; and (3) any other funds the law requires be deposited, transferred, or paid into the STF, other than the proceeds of bonds, other state securities, or federal grants. It also makes minor changes.

EFFECTIVE DATE: July 1, 2011

§§ 33-36 — NONADMITTED INSURANCE POLICIES AND PREMIUM TAXES

Under current law, the state imposes a 4% tax on gross premiums

charged by nonadmitted (i.e., unauthorized) insurers on insurance policies procured independently or through licensed surplus lines brokers. In accordance with the 2010 federal Nonadmitted and Reinsurance Reform Act (NRRA), the bill:

1. limits the policies subject to the tax,
2. modifies how individuals and brokers must pay the tax,
3. allows the revenue services and insurance commissioners to enter into an agreement with other states regarding the allocation of premium taxes among the states in cases where the policy covers multiple states, and
4. exempts certain commercial purchasers from certain filing requirements.

Under the NRRA, states must adopt, by July 21, 2011, uniform requirements and procedures for allocating and collecting premium taxes on nonadmitted insurance policies. The bill requires that its provisions be construed so as to avoid preemption under the NRRA.

The bill also modifies the penalty and interest due on unpaid tax payments.

Nonadmitted Insurance Premium Tax

Applicability. Under current law, the premium tax on independently procured unauthorized insurance (i.e., policies not purchased through a broker) applies to any individual procuring, continuing, or renewing insurance with an unauthorized insurer on an insured risk that (1) resides, (2) is located, or (3) is performed in the state. The premium tax on policies procured through a licensed surplus lines broker applies to the gross premiums for all policies the broker sells, minus any premium amounts returned to policyholders.

To conform to NRRA provisions, the bill limits the tax to any nonadmitted insurance policy procured directly or through a licensed surplus lines broker where Connecticut is the insured's home state.

Under the NRRA, an insured's "home state" is the state where an insured maintains its principal place of business or residence. If the insured risk is located entirely outside of the state in which the insured resides or maintains its principal place of business, the "home state" is the state to which the greatest percentage of the insured's taxable premium is allocated. In the case of an affiliated group that is insured on a single nonadmitted insurance contract, the "home state" is the state to which the largest percentage of premium is allocated.

As under current law, the tax on surplus lines broker premiums does not apply to policies issued to (1) the state, (2) any town, or (3) any special taxing district if any of these are named on the policy and responsible for paying its premiums. Also, as under current law, the tax on independently procured policies does not apply to (1) individual life or disability, (2) wet marine, or (3) transportation insurance. The bill also makes a minor related change.

Tax Administration. Under current law, individuals who procure an insurance policy from a nonadmitted insurance company must withhold 4% of the premium for premium taxes, file an annual tax return, and remit the tax by March 1st to the Department of Revenue Services (DRS). Licensed surplus lines brokers, on the other hand, must file quarterly tax returns and remit the tax to the Department of Insurance (DOI) by the first day of February, May, August, and November. The bill requires both individuals and brokers to file quarterly tax returns and remit the tax to DRS and DOI, respectively, by the 15th day of these months.

Late Filing Penalty and interest. Under current law, surplus lines brokers that fail to pay the premium tax are subject to a penalty of 10% of the tax due plus at least 1% interest for each full or partial month that the tax remains unpaid. The bill makes the interest rate 1% and subjects individuals who fail to pay the tax on independently procured policies to the same penalty and interest. It eliminates the \$75, minimum penalty for independently procured policies.

Under current law, the DRS commissioner may ask the attorney

general to recover any delinquent taxes on independently procured policies. The bill authorizes the attorney general to also recover any related interest and penalties. As under current law, the DRS commissioner may waive all or part of the penalty if he finds that the taxpayer's failure to pay the tax has a reasonable cause and is not intentional or due to neglect.

Nonadmitted Insurance Premium Agreement

The bill allows the DRS and DOI commissioners to enter into a cooperative or reciprocal agreement with other states to allocate nonadmitted insurance premium taxes among them in accordance with the NRRRA's requirements. The agreement may include, but is not limited to, the National Association of Insurance Commissioners' (NAIC) Nonadmitted Insurance Multistate Agreement (NIMA). Under the bill, if the agreements' provisions differ from those in the bill, the agreement prevails.

Premium Allocation. The agreement may provide a formula for allocating nonadmitted insurance premiums for policies that cover insured risks that are only partially in the state. For such policies, premiums allocated to Connecticut are subject to the state's 4% tax, while premiums allocated to other states that are a party to the agreement are subject to each state's respective tax rate. To the extent that a policy covers an insured risk in a state that is not a party to the agreement, the portion of gross premiums otherwise allocable to that state must be allocated to Connecticut.

Administrative Requirements. The agreement may include requirements or procedures for (1) recordkeeping, (2) audits, (3) information-sharing, (4) collecting delinquent taxes, (5) disbursing funds to other states in the agreement, and (6) any additional provisions that will facilitate its administration.

Cooperative Agreements with Processing Entities. The commissioners may enter into cooperative agreements with processing entities in this or other states concerning the collection and processing of nonadmitted insurance tax premiums and data.

Disclosing Confidential Information. Although the DRS and DOI commissioners are generally prohibited from disclosing tax return information, the bill allows them to disclose return information related to insured individuals pursuant to the agreement's terms. "Return information" includes, among other things, a taxpayer's identity and the nature, source, or amount of the taxpayer's income, tax liability, and tax payments. The bill also allows the DOI commissioner to disclose information concerning surplus lines brokers that is otherwise confidential under state law, pursuant to the agreement's terms.

Both commissioners may disclose the information to officials in (1) other states that are a party to the agreement and (2) entities that collect and process nonadmitted insurance premiums and related data, if their official duties require such information.

Exemption from Diligent Search Requirements for Certain Commercial Purchasers

The law requires the insurance commissioner to maintain, publish, and make available to surplus lines brokers a list of lines of insurance he believes are not available from admitted Connecticut insurers (i.e., surplus lines insurance). By law, licensed surplus lines brokers and their clients that procure a type of insurance that is not on this list must file with the commissioner an affidavit that shows that they made diligent efforts to procure the full amount of the coverage from an admitted insurer.

The bill exempts from this requirement any insurance policy a licensed surplus lines broker procures for an "exempt commercial purchaser," as defined in the NRRRA (see BACKGROUND). In doing so, it aligns state law to the NRRRA's requirements that certain commercial purchasers be exempt from state diligent search requirements.

Under the bill and the NRRRA, an exempt commercial purchaser is exempt from state diligent search requirements if (1) the broker procuring the insurance discloses to the purchaser that such insurance may or may not be available from an authorized insurer that may

provide greater protection with more regulatory oversight and (2) the purchaser subsequently requests, in writing, that the broker procure the policy from a nonadmitted insurer.

EFFECTIVE DATE: Upon passage and applicable to nonadmitted insurance coverage procured, continued, or renewed on or after July 1, 2011.

Background — NRRA

The NRRA was signed into law on July 21, 2010 as part of The Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (P. L. 111-203, 124 Stat. 1376 (2010)). Its provisions, most of which take effect on July 21, 2011, preempt state surplus lines laws on premium tax collection, allocation, and distribution.

Background — Exempt Commercial Purchaser

The NRRA defines an exempt commercial purchaser as any person that (1) employs or retains a qualified risk manager to negotiate insurance coverage; (2) has, in the preceding year, paid over \$100,000 in aggregate nationwide commercial property and casualty insurance premiums; and (3) meets at least one of the following requirements:

- a. has a net worth over \$20 million;
- b. generates over \$50 million in annual revenues;
- c. employs more than 500 full-time or full-time equivalent employees per individual insured or is a member of an affiliated group that employs more than 1,000 employees;
- d. is a nonprofit organization or public entity that generates at least \$30 million in annual budgeted expenditures; and
- e. is a municipality with a population over 50,000.

Background — Nonadmitted Insurance Multistate Agreement

This agreement establishes procedures for participating states' payment and allocation of premium tax revenue. It also establishes a clearinghouse for the coordination and dissemination of premium tax

and transaction data related to nonadmitted insurance multi-state risks. States participating in NIMA must share tax revenue they are authorized to collect under the NRRRA as the home state on a nonadmitted insurance placement.

Background — Surplus Lines Insurance

Surplus lines insurance is property and casualty insurance coverage that is not available from licensed Connecticut insurers (also called admitted companies) and must be purchased from a nonadmitted carrier. Nonadmitted insurers are not licensed to transact business in the state but may still offer a line of insurance or a particular type of coverage in the state through a surplus lines broker. Examples of surplus lines insurance include commercial general liability insurance, fire insurance, mobile home policies, and medical malpractice insurance.

§ 37 — FILM TAX CREDIT TRANSFERS

PA 11-6 limits the maximum transfer of film production tax credits allowed (1) in 2011 to 50% of the credit in any one income year and (2) in 2012 and beyond to 25% of the credit in any one income year. The act exempts from these transfer restrictions any entities subject to the corporation or insurance premium tax. The bill extends this exemption to entities that are not subject to these taxes if they own, directly or indirectly, at least 50% of another entity subject to the business entity tax.

Under PA 11-6, unchanged by the bill, credits issued for any production that the Department of Economic and Community Development (DECD) commissioner determines is created in whole or significant part in a “qualified production facility” are not bound by the transfer restrictions.

EFFECTIVE DATE: July 1, 2011

§ 38 — TOBACCO PRODUCTS TAX ON CIGARS

PA 11-6 increases the tax on (1) snuff tobacco from 55 cents to \$1 per ounce and (2) all other tobacco products from 27.5% to 50% of the

wholesale price. The bill caps the tax on cigars at 50 cents each.

The tobacco products tax applies to cigars, cheroots, pipe tobacco, and similar products, but not cigarettes.

EFFECTIVE DATE: July 1, 2011, and applicable to sales on or after that date.

§ 39 — ESTATE TAX LIEN RELEASE CERTIFICATES

By law, a person who does not owe, or who has paid, the estate tax receives a certificate releasing the lien on his or her interest in real property in the estate. Probate courts issue lien release certificates for estates below the estate tax threshold that do not owe estate tax.

PA 11-6 lowers the estate tax threshold from \$3.5 million to \$2 million for estates of those who die on or after January 1, 2011. This bill validates probate court lien release certificates issued and recorded in town records where the property is located before May 4, 2011 (PA 11-6's effective date) for estates of those who died on or after January 1, 2011, and whose Connecticut taxable estates were valued at between \$2 million and \$3.5 million.

EFFECTIVE DATE: Upon passage and applicable to estates of those dying on or after January 1, 2011.

§§ 40-43 & 169-170 — SALES TAX CHANGES

PA 11-6 makes intrastate transportation services via limousines, community cars, and vans with a driver subject to the sales tax, excluding taxis, buses, ambulances, scheduled public transportation, and funerals. The bill excludes from the tax (1) Medicaid nonemergency medical transportation, (2) paratransit services provided under an agreement with the state or any political subdivision, and (3) dial-a-ride services.

The bill restores sales tax exemptions repealed in PA 11-6 for (1) services provided by a person selling clothing and footwear on consignment and (2) property or services used in operating solid waste-to-energy facilities.

The bill specifies that the sales and use tax increases in PA 11-6 apply to the sale of services that are billed to customers for any period that includes July 1, 2011. It also makes technical changes to conform to the sales tax provisions in PA 11-6.

EFFECTIVE DATE: July 1, 2011, and applicable to sales on or after that date, except the provisions (1) on bills issued to customers on or after July 1, 2011 and (2) restoring the sales tax exemption for solid waste-to-energy facilities, which are effective upon passage.

§ 44 — MANUFACTURING TRANSITION GRANTS

PA 11-6 creates the Municipal Revenue Sharing Account (a separate, nonlapsing General Fund account) and allocates a certain portion of sales, luxury, and state conveyance tax revenue to it. The act requires the OPM secretary to use the account funds for manufacturing transition grants to municipalities. Under the act, the grants equal the amount each municipality receives in FY 11 as a PILOT for eligible commercial vehicles, MME, and certain real property in enterprise zones.

The bill:

1. eliminates enterprise zone PILOTs from the basis for the manufacturing transition grants;
2. lists the grant amount each town receives (see Table 1);
3. requires OPM to make the grant payments in quarterly allotments on the 15th of November, February, May, and August of each fiscal year;
4. requires the grants to be reduced proportionately if the amount available in the Municipal Revenue Sharing Account is less than the amount required for the grants; and
5. requires any overpayments made prior to June 30, 2011, for truck and MME PILOTS to be deducted from the grants.

Table 1: Manufacturing Transition Grants By Town

<i>Municipality</i>	<i>Grant Amount</i>	<i>Municipality</i>	<i>Grant Amount</i>	<i>Municipality</i>	<i>Grant Amount</i>
Andover	\$2,929	Mansfield	\$5,502	West Hartford	\$648,560
Ansonia	70,732	Marlborough	5,890	West Haven	137,765
Ashford	2,843	Meriden	721,037	Weston	366
Avon	213,211	Middlebury	67,184	Westport	0
Barkhamsted	33,100	Middlefield	198,671	Wethersfield	17,343
Beacon Falls	38,585	Middletown	1,594,059	Willington	15,891
Berlin	646,080	Milford	1,110,891	Wilton	247,801
Bethany	54,901	Monroe	151,649	Winchester	249,336
Bethel	229,948	Montville	356,761	Windham	369,559
Bethlehem	6,305	Morris	2,926	Windsor	1,078,969
Bloomfield	1,446,585	Naugatuck	274,100	Windsor Locks	1,567,628
Bolton	19,812	New Britain	1,182,061	Wolcott	189,485
Bozrah	110,715	New Canaan	159	Woodbridge	27,108
Branford	304,496	New Fairfield	912	Woodbury	45,172
Bridgeport	839,881	New Hartford	110,586	Woodstock	55,097
Bridgewater	491	New Haven	1,175,481	Boroughs	
Bristol	2,066,321	Newington	758,790	Borough of Danielson	0
Brookfield	97,245	New London	30,182	Borough Jewett City	3,329
Brooklyn	8,509	New Milford	628,728	Borough Stonington	0
Burlington	14,368	Newtown	192,643	Special Taxing Districts	
Canaan	17,075	Norfolk	5,854	Barkhamsted F.D.	1,996
Canterbury	1,610	North Branford	243,540	Berlin - Kensington F.D.	9,430
Canton	6,344	North Canaan	304,560	Berlin - Worthington F.D.	747
Chaplin	554	North Haven	1,194,569	Bloomfield Center Fire	3,371
Cheshire	598,668	North Stonington	0	Bloomfield Blue Hills	88,142
Chester	71,130	Norwalk	328,472	Canaan F.D. (no fire district)	0
Clinton	168,444	Norwich	161,111	Cromwell F.D.	1,662
Colchester	31,069	Old Lyme	1,528	Enfield F.D. (1)	12,688
Colebrook	436	Old Saybrook	38,321	Enfield Thompsonville (2)	2,814
Columbia	21,534	Orange	85,980	Enfield Haz'dv'l F.D. (3)	1,089
Cornwall	0	Oxford	72,596	Enfield N.Thmps'nv'l F.D. (4)	55
Coventry	8,359	Plainfield	120,563	Enfield Shaker Pines (5)	5,096
Cromwell	27,780	Plainville	443,937	Groton - City	241,680
Danbury	1,534,876	Plymouth	124,508	Groton Sewer	1,388
Darien	0	Pomfret	22,677	Groton Mystic F.D. #3	19
Deep River	86,478	Portland	73,590	Groton Noank F.D. #4	0
Derby	12,218	Preston	0	Groton Old Mystic F.D. #5	1,610
Durham	122,637	Prospect	56,300	Groton Poquonnock Br. #2	17,967
Eastford	43,436	Putnam	139,075	Groton W. Pleasant Valley	0
East Granby	430,285	Redding	1,055	Killingly Attawaugan F.D.	1,457
East Haddam	1,392	Ridgefield	452,270	Killingly Dayville F.D.	33,885
East Hampton	15,087	Rocky Hill	192,142	Killingly Dyer Manor	1,157
East Hartford	3,576,349	Roxbury	478	E. Killingly F.D.	75
East Haven	62,435	Salem	3,740	So. Killingly F.D.	150
East Lyme	17,837	Salisbury	66	Killingly Williamsville F.D.	5,325
Easton	2,111	Scotland	6,096	Manchester Eighth Util.	55,013
East Windsor	237,311	Seymour	255,384	Middletown South F. D.	165,713
Ellington	181,426	Sharon	0	Middletown Westfield F.D.	8,805
Enfield	219,004	Shelton	483,928	Middletown City Fire	27,038
Essex	80,826	Sherman	0	New Htfd. Village F.D. #1	5,664
Fairfield	82,908	Simsbury	62,846	New Htfd Pine Meadow #3	104
Farmington	440,541	Somers	72,769	New Htfd South End F.D.	8

Franklin	413,545	Southbury	16,678	Plainfield Central Village F.D.	1,167
Glastonbury	202,935	Southington	658,809	Plainfield Moosup F.D.	1,752
Goshen	2,101	South Windsor	1,084,232	Plainfield F.D. #255	1,658
Granby	28,727	Sprague	334,376	Plainfield Wauregan F.D.	4,360
Greenwich	70,905	Stafford	355,770	Pomfret F.D.	841
Griswold	35,790	Stamford	407,895	Putnam E. Putnam F.D.	8,196
Groton	1,373,459	Sterling	19,506	Putnam W. Putnam F.D.	0
Guilford	55,611	Stonington	80,628	Simsbury F.D.	2,135
Haddam	2,840	Stratford	2,838,621	Stafford Springs Service Dist.	12,400
Hamden	230,771	Suffield	152,561	Sterling F.D.	1,034
Hampton	0	Thomaston	315,229	Stonington Mystic F.D.	478
Hartford	1,184,209	Thompson	62,329	Stonington Old Mystic F.D.	1,999
Hartland	758	Tolland	75,056	Stonington Pawcatuck F.D.	4,424
Harwinton	17,272	Torrington	486,957	Stonington Quiambaug F.D.	65
Hebron	1,793	Trumbull	163,740	Stonington F.D.	0
Kent	0	Union	0	Stonington Wequetequock F.D.	58
Killingly	567,638	Vernon	121,917	Trumbull Center	461
Killingworth	4,149	Voluntown	1,589	Trumbull Long Hill F.D.	889
Lebanon	24,520	Wallingford	1,589,756	Trumbull Nichols F.D.	3,102
Ledyard	296,297	Warren	235	Watertown F.D.	0
Lisbon	2,923	Washington	231	West Haven Allingtown F.D.(3)	17,230
Litchfield	2,771	Waterbury	2,076,795	W.Haven First Ctr Fire Taxn (1)	7,410
Lyme	0	Waterford	27,197	West Haven West Shore F.D.(2)	29,445
Madison	6,880	Watertown	521,334	Windsor Wilson F.D.	170
Manchester	861,979	Westbrook	214,436	Windsor F.D.	38
				Windham First	7,096
TOTAL					\$50,271,099

Under PA 11-6, the OPM secretary must distribute any remaining account funds to municipalities as follows:

1. 50% on a per capita basis, according to the most recent federal 10-year census and
2. 50% according to an existing property tax relief formula that apportions funds based on a municipality's population, adjusted equalized net grand list per capita, and per capita income of town residents.

The bill requires that the property tax relief formula be calculated using population information from the most recent federal 10-year census, 2007 equalized net grand list, and 1999 per capita income.

EFFECTIVE DATE: July 1, 2011

§ 45 — ELECTRIC GENERATION TAX EXEMPTION

The bill exempts electricity generated by a resources recovery facility from the temporary tax on electric generation facilities imposed by PA 11-6. The exemption applies to any facility using processes that reclaim material or energy values from solid waste.

The tax is $\frac{1}{4}$ of a cent per net kilowatt hour of electricity generated and uploaded into the regional bulk power grid at Connecticut facilities. It expires on June 30, 2013. PA 11-6 already exempts electricity generated through a fuel cell or an alternative energy system, such as a solar or wind system.

EFFECTIVE DATE: July 1, 2011

§§ 46, 47 & 171 — SALES AND USE TAX COLLECTION BY REMOTE SELLERS

State law requires “retailers” to collect Connecticut sales tax if they are “engaged in the business” of making retail sales in the state. If a retailer is engaged in business in Connecticut, it is said to have “nexus” here.

PA 11-6 requires certain remote sellers who have no physical presence in Connecticut to impose and collect sales tax on their taxable sales in the state by presuming a seller is a retailer with sales tax nexus here if it annually sells more than \$2,000 worth of taxable items or services in Connecticut through certain agreements with Connecticut residents. The agreements must provide that, in return for the resident directly or indirectly referring potential customers to the retailer through an Internet link or otherwise, he or she will receive a commission or other compensation from that retailer. PA 11-6 allows a remote seller to rebut the presumption that it must collect Connecticut sales tax by proving that the person with whom it has an agreement did not solicit business in the state in a manner that would satisfy the federal constitutional nexus requirement.

The bill:

1. eliminates the rebuttable presumption,

2. requires the person making referrals to the remote seller under an agreement to be located in, rather than a resident of, Connecticut;
3. requires the commission the person receives to be based on the sale of the taxable item or service;
4. expressly defines someone who sells taxable items or services under the above conditions to be “engaged in business in this state” and thereby required to impose Connecticut sales tax on the sales; and
5. applies the requirements to sales occurring on or after May 4, 2011 (PA 11-6’s effective date) instead of on or after July 1, 2011.

EFFECTIVE DATE: Upon passage, and applicable to sales occurring on or after May 4, 2011.

§ 48 — INSURANCE PREMIUM TAX CREDIT LIMIT

For the 2011 and 2012 calendar years, PA 11-6 lowers, from 70% to 30%, the amount by which an insurer can reduce its annual insurance premium tax liability through tax credits. PA 11-6 exempted insurance reinvestment fund credits from the 30% limit, thus allowing an insurer to continue to apply those credits to reduce its annual tax liability by up to 70% in those years. The bill also exempts digital animation credits from the 30% limit. For the 2011 and 2012 calendar years, it classifies insurance premium tax credits into the following three types:

- Type 1: Digital animation credits
- Type 2: Insurance reinvestment fund credits
- Type 3: All other credits

The bill establishes the maximum tax liability that an insurer can offset in calendar years 2011 and 2012 by claiming one or more of these credit types and specifies the order in which the three credit types must be claimed. These requirements are shown in Table 1.

Table 1: Application of Insurance Premium Tax Credits

Credit Types Claimed	Order of Claiming Credits	Maximum Reduction In Tax Liability
Type 3	None	30%
Types 1 & 3	1. Type 3 2. Type 1	Type 3 = 30% Sum of two types = 55%
Types 2 & 3	1. Type 3 2. Type 2	Type 3 = 30% Sum of two types = 70%
Types 1, 2, & 3	1. Type 3 2. Type 2 3. Type 1	Type 3 = 30% Type 1 + Type 3 = 55% Sum of all types = 70%
Types 1 & 2	1. Type 1 2. Type 2	Type 1 = 55% Sum of two types = 70%

The bill does not specify maximum percentage reductions in tax liability for those claiming digital animation (type 1) or insurance reinvestment (type 2) credits alone and not in combination with any of the other types of credits.

EFFECTIVE DATE: Upon passage, and applicable to calendar years starting on or after January 1, 2011.

§§ 49, 50 & 173 — ECONOMIC RECOVERY REVENUE BOND ISSUANCE CANCELLED

In 2010, the General Assembly authorized the issuance of economic recovery revenue bonds (ERRBs) to provide up to \$956 million in revenue for transfer to the General Fund (the “economic recovery transfer”) and to pay the bond financing costs. Under current law, the bonds are payable from revenue generated by (1) extending a per-kilowatt-hour surcharge (the competitive transition assessment or CTA) on electric company bills beyond the dates at which it would otherwise have expired and (2) diverting 35% of the revenue from a conservation charge that would otherwise go to the Energy Conservation and Load Management Fund (ECLM).

As of its effective date, this bill eliminates the financing entity’s (the state treasurer) authority to issue ERRBs and bars the use of any CTA charge to secure and pay the bonds. It also eliminates the ECLM revenue diversion.

Under current law, all excess revenue from extended CTA charges

beyond that needed for the repaying rate reduction bonds issued before January 1, 2002, must be used to pay off the ERRBs or, if they are not issued, be sent to the General Fund. The bill instead required the excess to be used to benefit customers as long as it does not lead to a recharacterization of the tax, accounting, or other characteristics of the financing of the pre-2002 rate reduction bonds.

EFFECTIVE DATE: Upon passage

§ 51 — DEPARTMENT OF TRANSPORTATION (DOT) FARE CHANGES

The bill allows DOT to change the fares it charges for mass transportation without going through the Uniform Administrative Procedure Act's (UAPA) regulatory process (see BACKGROUND). Instead, it requires DOT to follow a specific procedure before changing a fare. By law, mass transportation includes rail and bus services (CGS § 13b-38g). In practice, fares are currently set in statute (e.g., CGS § 13-78m) or through the budget process.

Under the bill, DOT must provide notice of a proposed fare change, the amount of the change, and the date it is proposed to take effect, by advertising in at least one newspaper that circulates in the area of the state that may be affected by the change. This notice, which must run at least once, must provide the time and place a public hearing will be held on the proposed change; the hearing must be held at a time and place convenient to the public. The notice must appear at least 15 days before the hearing.

DOT must send a copy of the notice to the chairpersons and ranking members of the Transportation and Finance, Revenue and Bonding committees. The bill does not specify when DOT must send the copy to these committees.

EFFECTIVE DATE: July 1, 2011

Background — Related Court Case

A 1981 Connecticut Supreme Court case (*Hartford v. Powers*, 183 Conn. 76), held that the DOT is subject to the provisions of the UAPA

with respect to setting bus fares.

§ 53 — TAX INCENTIVES FOR AEROSPACE AND DEFENSE PLANTS

The law targets some business tax incentives to state designated economically distressed municipalities. But it also provides procedures for extending them to other municipalities. Until 2010, it provided a procedure for extending the incentives only to municipalities hit by defense cuts. The incentives are for improving property, acquiring machinery and equipment, and creating jobs. They are also for occupying vacant facilities that were vacant on July 1, 1998, and previously used to manufacture defense goods.

PA 10-162 provided a similar procedure for extending the tax incentives to municipalities hit by major aerospace and defense plant closings affecting at least 800 employees. In doing so, it extended the incentives to businesses occupying a facility that was vacant on July 1, 1998, and previously used as an aerospace or defense plant. The bill shifts the incentives to facilities that are vacant on or after the bill's effective date and employed at least 800 people. As under current law, it limits them to facilities that were used as aerospace or defense plants.

EFFECTIVE DATE: Upon passage

Background — Extending Economic Development Benefits to Undesignated Municipalities

The law provides a procedure for extending geographically-targeted business tax incentives to municipalities hurt by defense cuts and aerospace and defense plant closings. The process for doing so requires the economic and community development commissioner to identify how these events affect the municipality and hold a public hearing on the findings. The period during which businesses and the municipality qualify for the incentives lasts two years, but the commissioner can renew the period for additional two-year periods.

The incentives are the property tax exemptions and the corporation business tax credits available to businesses in enterprise zones and

targeted investment communities. The former equals 80% of the new or improved property's value and is good for five years. Service firms also qualify for an 80%, five-year exemption on any newly acquired machinery and equipment they install in a facility. As under the enterprise zone program, the state reimburses the municipalities for half of the revenue loss.

The same businesses that qualify for the property tax exemptions also qualify for corporation business tax credits equal to 25% of that portion of the tax attributable to the facility. (The law specifies how businesses must calculate that amount.)

§ 54 — RECIPROCAL TAX REFUND AGREEMENTS WITH OTHER STATES

This bill eliminates certain notice and certification requirements when the Department of Revenue Services (DRS) commissioner withholds a taxpayer's Connecticut tax refund at the request of another state where the taxpayer owes taxes.

Existing law allows the DRS commissioner to withhold all or part of a taxpayer's Connecticut tax refund if (1) another state to which the taxpayer owes taxes requests it and (2) the other state authorizes its tax officials to withhold tax refunds from a taxpayer who owes taxes to Connecticut. Under current law, as part of such a request, the other state's tax officer must certify:

1. the taxpayer's full name, address, and Social Security or federal employer identification number;
2. the amount to be collected, including a detailed statement showing the tax, interest, and penalty for each taxable period; and
3. that applicable administrative and judicial remedies have been exhausted or have expired and the tax amount is legally enforceable.

The bill eliminates the requirement that the officer's certification

include a detailed statement showing the tax, interest, and penalty for each taxable period.

Current law also requires the DRS commissioner to notify the taxpayer whenever he receives such a certification. The bill requires him to do so only if the taxpayer is otherwise entitled to a Connecticut tax refund. It also eliminates a requirement that the commissioner include a copy of the other state's certification with the notice.

EFFECTIVE DATE: Upon passage

§ 55 — ECONOMIC NEXUS FOR CORPORATION TAX

The bill (1) requires a company to meet both, rather than one, of the existing criteria to have economic nexus in Connecticut and thus be liable for corporation tax and (2) exempts certain foreign corporations from economic nexus in conformity with DRS's current policy.

Under current law, and to the extent allowed by the U.S. Constitution, a company is subject to the Connecticut corporation tax if, regardless of physical presence, it (1) has a "substantial economic presence" here or (2) derives income from sources in the state. The bill requires that, to be subject to the Connecticut tax, a company must meet both rather than only one of these conditions.

By law, a company has "substantial economic presence" in Connecticut if it purposefully directs business towards the state, which must be determined by the frequency, quantity, and systematic nature of its economic contact with the state.

The bill also makes the law conform to DRS policy by exempting from the tax any company that (1) is treated as a foreign corporation under the federal tax code and (2) has no income "effectively connected" with a U.S. trade or business, as determined under the code. But if, and to the extent that, a company treated as a foreign corporation has income effectively connected with a U.S. trade or business, that income must be considered to be its gross income for Connecticut corporation tax purposes, regardless of other corporation tax statutes. In addition, when such a company calculates its net

income apportionment fractions to determine its Connecticut corporation tax liability, the bill requires it to do so using only its U.S.-connected property, payroll, and receipts.

EFFECTIVE DATE: Upon passage and applicable to income years starting on or after January 1, 2011.

§ 56 — ESTIMATED CORPORATION TAX OVERPAYMENTS

The bill gives a company that overpays its estimated corporation tax for the year the option to apply the overpayment to its estimated tax payments in the following year.

By law, a corporation must make estimated corporation tax payments in four installments during its income year as follows: 30% of its estimated annual liability in the third month, 40% in the sixth, 10% in the ninth, and 20% in the 12th. If a company overpays one installment, the law requires the excess to be credited against the next installment. But, if the amount paid for the year exceeds the amount due for that year, under current law, the company receives a refund.

This bill gives a company that has overpaid its estimated corporation tax in one income year the option to apply the excess to its estimated taxes in the following year instead of receiving a refund. (DRS policy already allows companies to do this.) It requires the excess to be applied to the first installment due in the next income year and to any subsequent installments in the order they are due. The bill also eliminates the DRS commissioner's authority to adopt regulations concerning how excess estimated corporation tax payments are credited from one year to the next.

EFFECTIVE DATE: October 1, 2011, and applicable to estimated corporation tax payments for income years starting on or after January 1, 2012.

§ 57 — ELECTRONIC FUNDS TRANSFER REQUIREMENTS FOR WITHHOLDING TAX PAYMENTS FROM NONPAYROLL AMOUNTS

The bill allows the DRS commissioner to require payers that withhold Connecticut income tax from nonpayroll amounts to pay the

withholding tax to DRS electronically on the same basis as employers.

By law, the DRS commissioner can require employers with more than \$2,000 in annual income tax withholding liability from wages to pay the taxes electronically. The bill also allows the commissioner to require electronic payments from any payers that had more than \$2,000 in income tax withholding liability from nonpayroll amounts. The commissioner must determine a payer's annual withholding tax liability based on the amount the payer withheld from nonpayroll amounts in the calendar year two years before the one in which the commissioner makes the determination.

As under existing law, the commissioner must notify the payer of the electronic payment requirement.

By law, nonpayroll amounts include:

1. gambling winnings paid to Connecticut residents that are subject to federal income tax withholding (i.e., payments over \$5,000);
2. Connecticut lottery winnings that must be reported to the IRS, regardless of whether they are subject to federal withholding (i.e., payments of \$600 or more and 300 times the wager);
3. pension and annuity distributions and military retirement paid to Connecticut residents requesting state income tax withholding;
4. unemployment compensation paid to those requesting state income tax withholding; and
5. nonwage payments to athletes or entertainers for which the DRS commissioner requires withholding (generally, fees over \$1,000 unless DRS grants a waiver) (CGS § 12-707 (e)(4)).

EFFECTIVE DATE: July 1, 2011, and applicable to tax periods ending on or after that date.

§ 58 — SUCCESSOR LIABILITY FOR WITHHOLDING TAXES

The bill requires a successor who buys a business or its entire stock from an employer to withhold enough funds from the purchase price to cover any withholding tax due until the employer produces either a DRS receipt for the tax payment or a DRS certificate that no taxes are due.

Under the bill, when an employer who is required to pay withholding taxes sells or quits its business or sells out its entire stock, the employer's successors or assigns must hold back enough money from the purchase price to cover any unpaid withholding taxes, penalties, or interest due when the employer sells or quits. The buyer must hold back the money until the employer provides either a DRS receipt showing that the employer has paid all taxes, penalties, and interest or a DRS certificate stating that no taxes are due. If the buyer fails to hold back the money, the bill makes the buyer personally liable for the amount that should have been withheld, up to the monetary value of the purchase price of the business or stock.

The bill requires the DRS commissioner to issue the certificate or mail the buyer a tax deficiency assessment notice according the regular procedure for such notices within 60 days after the latest of the following: (1) the date the commissioner receives the buyer's written request for a certificate that no taxes are due, (2) the date the employer sold or quit the business, or (3) the date the employer's records become available for DRS audit. If the commissioner fails to mail the deficiency assessment notice in time, the buyer need not hold back money from the purchase price.

Under the bill, the statutory three-year time limit for enforcing the successor's liability starts when (1) the employer sells or quits the business or (2) the assessment against the employer becomes final, whichever is later.

EFFECTIVE DATE: July 1, 2011, and applicable to sales of businesses and stock occurring on or after that date.

§ 59 — WITHHOLDING TAX DEFICIENCY ASSESSMENT DEADLINE

The bill extends from three to six years the deadline for DRS to send a tax deficiency assessment notice to any employer or pass-through entity that omits from its withholding tax return more than 25% of includable adjusted gross income withheld from employee wages or payments to nonresident members, respectively.

By law, DRS has six years, rather than the usual three, to send an income tax deficiency assessment notice to a taxpayer who omits more than 25% of his includable Connecticut adjusted gross income (AGI) from his income tax return without giving DRS adequate notice of the amount and nature of the omission in either the return itself or an attached statement.

The bill extends the same six-year the time limit for DRS to send a tax deficiency assessment notice to (1) an employer that omits more than 25% of Connecticut wages from its withholding tax return or (2) a pass-through entity that omits more than 25% of includable Connecticut-sourced AGI from the withholding taxes required for its nonresident members. As under existing law, in either case, there must be no adequate notice of the amount and nature of the omission in the return or an attached statement.

By law, a “pass-through entity” is an S corporation; a general, limited, or limited liability partnership; or a limited liability company treated for tax purposes as a partnership. A “member” is a shareholder in an S corporation; a partner in a general, limited, or limited liability partnership; and a member in a limited liability company.

EFFECTIVE DATE: Upon passage and applicable to tax years starting on or after January 1, 2011.

§§ 60 & 61 — SALE OF USED MOTOR VEHICLE CONTAINING TAX-EXEMPT SPECIAL EQUIPMENT

The bill exempts from sales and use tax, any part of the sale price of a vehicle that has special equipment for the exclusive use of a person with physical disabilities already installed, if the vehicle is sold to such a person.

By law, the sale of special equipment to be installed in a motor vehicle for the exclusive use of a person with physical disabilities is exempt from sales and use tax. This bill also exempts the part of the sale price attributable to such special equipment when a vehicle with the equipment already installed is sold, either privately or by a dealer, for exclusive use by a person with physical disabilities. It requires the dealer to collect sales tax, or the private buyer to pay use tax, on the price of the vehicle alone.

EFFECTIVE DATE: Upon passage and applicable to all open tax periods.

§ 62 — SALE OF CIGARETTES OR TAXED TOBACCO PRODUCTS WITH AN EXPIRED LICENSE

The bill reduces penalties for certain cigarette dealers who continue to sell cigarettes or taxed tobacco products after their licenses expire

It is illegal to sell, offer to sell, or possess with intent to sell cigarettes or taxed tobacco products without a license from the Department of Revenue Services (DRS). Under current law, the penalty for each knowing violation is a fine of up to \$500, up to three months in jail, or both, with each day of unauthorized operation counted as a separate offense. In the case of a cigarette dealer who operates for no more than 90 days after his or her license expires, the bill reduces the penalty to an infraction, with a \$90 fine.

Taxed tobacco products include snuff, cigars, cheroots, pipe tobacco, and similar products.

EFFECTIVE DATE: July 1, 2011

§ 63 — SALE OR POSSESSION OF UNSTAMPED CIGARETTES

The bill reduces penalties for certain cigarette dealers who possess cigarettes that do not have required Connecticut tax stamps.

It is illegal to sell, offer to sell, display for sale, or possess cigarettes without the required Connecticut tax stamp, except that a licensed cigarette dealer may possess unstamped cigarettes, other than those

that may not legally be stamped, at a licensed location for no more than 24 hours. Under current law, the penalty for any knowing violation is a fine of up to \$1,000, up to one year in jail, or both. Under the bill, if it is the dealer's first violation and he or she possesses no more than 600 unstamped cigarettes, the penalty is reduced to an infraction, with a \$90 fine.

EFFECTIVE DATE: July 1, 2011

§ 64 — ILLEGAL USE OF DYED DIESEL FUEL

Federal law exempts diesel fuel used for certain non-highway purposes from federal fuel taxes and requires exempt diesel fuel to be dyed red so it can be identified.

This bill imposes a fine of up to \$1,000 on anyone who uses dyed diesel fuel in a motor vehicle, other than a passenger or combined passenger-commercial vehicle, on a public highway. The penalty does not apply to those who use dyed diesel fuel under federal law or regulation. It imposes the same penalty on anyone who refuses to allow an authorized DRS or other state official to inspect such a vehicle's fuel tank upon request.

The bill requires violators who live in Connecticut to pay the fine by mail, or plead not guilty through the Centralized Infractions Bureau. If the violator is a nonresident, he or she must either post a bond equal to the fine or, if the violator lives in a state that has reciprocity with Connecticut for suspending an operator's license for nonpayment of a fine, pay or plead not guilty through the Centralized Infractions Bureau. It imposes the same requirements on a nonresident charged with an infraction for operating a motor carrier on state highways without proper identification markers.

EFFECTIVE DATE: July 1, 2011

§ 65 — PENALTY FOR FAILING TO PAY TAXES ELECTRONICALLY

By law, the DRS commissioner may require taxpayers and employers to pay taxes by electronic funds transfer if they have (1)

\$4,000 or more in annual tax liability or (2) more than \$2,000 in annual withholding tax payments. This bill establishes maximum penalties on taxpayers who, for the first or second time, fail to make tax payments electronically when required to do so.

Under current law, the penalty for failing to pay electronically when required to do so is 10% of the required electronic payment, regardless of the amount of that payment. Starting with the first imposition of a penalty for a tax period starting on or after January 1, 2012, the bill establishes maximum penalties of 10% or \$2,500, whichever is less for the first such failure and 10% or \$10,000, whichever is less for the second. It maintains the existing 10% penalty with no maximum for a third or subsequent failure.

The bill also makes technical changes.

EFFECTIVE DATE: Upon passage and applicable to tax periods starting on or after January 1, 2012.

§ 66 — TAX SECURITY REQUIREMENTS FOR NONRESIDENT CONTRACTORS

To secure payment of Connecticut taxes in connection with a nonresident contractor's in-state activities, current law requires a person doing business with a nonresident contractor to either (1) hold back and deposit with the Department of Revenue Services (DRS) 5% of the contract price or (2) obtain proof from the contractor that it has posted a bond for the equivalent amount with DRS.

This bill revamps these tax security requirements to, among other things:

1. require DRS, upon request, to verify whether nonresident contractors and subcontractors are registered with DRS for tax purposes, have filed all required tax returns, and, if required, have posted a bond with DRS;
2. impose the bond requirement only on nonresident general or prime contractors, and the hold-back requirement only on

nonresident subcontractors, who are not so verified by DRS;

3. require general contractors, rather than customers, to hold back funds from their unverified subcontractors; and
4. require customers contracting with unverified general or prime contractors to obtain proof that the contractor has posted the required bond.

Current law makes anyone who does business with a nonresident contractor without complying with the security requirements personally liable for the contractor's taxes stemming from the project. The bill applies this liability to anyone who does business with an unverified prime or general contractor without obtaining proof that the contractor has posted the required bond. It also caps the customer's liability at 5% of the contract price. The bill specifies that the personal liability applies to sales, use, or withholding taxes the contractor owes that arise from its activities under the contract. As under current law, a customer must also pay any use taxes due on purchases of services from the unverified contractor in connection with the project.

The bill exempts contracts whose total contract price is less than \$250,000. In addition, as under current law, the tax security requirements do not apply to a homeowner's or tenant's contract involving his or her own residence with three or fewer units.

As under current law, the "contract price" covers all contract charges, including deposits, retainage, change orders, or charges for add-ons.

Nonresident Contractors

Under the bill, as under current law, a nonresident contractor or subcontractor is one who does not continuously maintain or occupy any Connecticut office, factory, warehouse, or other space where it regularly and systematically does business in its own name through employees who are (1) in regular attendance and (2) carrying on the contractor's business in the contractor's own name.

Verified Nonresident Contractors and Subcontractors

The bill requires the DRS commissioner, upon request, to verify whether a nonresident contractor or subcontractor:

1. has (a) been registered with DRS for all applicable taxes (sales and use and income tax withholding) for at least three years before it concludes a contract covered by the bill's security requirements, (b) filed all required tax returns, and (c) no outstanding tax liabilities with DRS; or
2. is registered with DRS for all applicable taxes, (b) has filed all required tax returns and has no outstanding liabilities with DRS, and (c) has posted a valid bond with DRS in an amount the commissioner determines up to a maximum of six times the contractor's average tax liability. The bond must be with a surety company authorized to do business in Connecticut.

It requires DRS to treat contractors and subcontractors who meet either of these two sets of conditions as "verified contractors." Verified contractors are not subject to the bill's tax security requirements (see below).

Unverified Nonresident Contractors and Subcontractors

Tax Security Requirements. Current law allows two alternative methods of ensuring tax security when someone hires a nonresident contractor for a project in Connecticut. The first is for the customer to hold back 5% of the contract price and deposit it with DRS. The second is for the nonresident contractor to post a bond equal to that amount with DRS.

The bill divides nonresident contractors into two categories:

1. "prime or general" contractors, who either (a) make contracts with those who own or control real property to perform services, furnish material, or both on construction projects involving the property or (b) own or lease real estate to develop for others to occupy and, in the course of development, contract, change, or improve it, and

2. subcontractors, who contract with either prime or general contractors or other subcontractors to perform part of the contract work.

The bill eliminates the customer hold-back option; imposes the bond requirement only on unverified nonresident contractors who qualify as general or prime contractors; and requires general or prime contractors, rather than customers, to hold back 5% of the payment to unverified subcontractors to provide security for tax payment.

Bond Requirement for Unverified General Contractors. The bill requires every unverified prime or general contractor that makes a contract priced at more than \$250,000 for a project in Connecticut to post a bond with DRS equal to 5% of the contract price. The bond is to secure payment of required taxes by both the general or prime contractor and its subcontractors.

Hold-Back Requirements for Unverified Subcontractors. The bill requires any resident or verified or unverified nonresident general or prime contractor that does business with an unverified subcontractor to hold back 5% of its payments to the subcontractor until the subcontractor furnishes a certificate of compliance from DRS authorizing the general contractor to release all or part of the hold-back (see below). The contractor must keep the hold-backs in a special fund in trust for the state. The bill eliminates the requirement that hold-backs be periodically transferred to DRS and that DRS hold the money in a special trust fund.

General or prime contractors must give unverified subcontractors written notice of the hold-back requirements by the time the subcontractor begins work under the contract. As under current law, no subcontractor may sue a general or prime contractor for holding back payments to comply with the bill.

Releasing Bonds and Hold-Backs

Under current law, a contractor who posted a bond or whose payments were withheld must file a written request, within three years

after the final payment to DRS, that the DRS commissioner audit its records for the project to determine if it owes taxes. If a contractor fails to file its request in time, it waives the right both to an audit and any refund of excess amounts withheld or excess bond amounts. DRS must refund excess amounts from the bond or hold-back within 90 days after completing its audit and issuing a certificate of no tax due.

The bill instead establishes separate procedures for releasing bond obligations and hold-backs.

Bond Obligations. The bill requires the DRS commissioner to release an unverified general or prime contractor from its bond obligation once the contractor satisfies the commissioner, by submitting necessary documentation that includes any DRS-prescribed forms, that:

1. the contractor and its unverified subcontractors have paid all the taxes they owe in connection with the contract or
2. the contractor has (a) paid all taxes it owes in connection with the contract, (b) held back the required 5% of its payments to any unverified subcontractors, and (c) released the hold-backs to a subcontractor in accordance with a DRS certificate of compliance authorizing it to release all or part of those amounts.

Hold-Backs — Certificate of Compliance. Once an unverified subcontractor's work on the contract is completed, the bill requires it file a written request that the DRS commissioner issue a certificate of compliance authorizing the general contractor to release all or part of its hold-backs. After receiving the request and any documentation and forms he or she considers necessary, the commissioner must review it in the context of generally accepted construction industry cost guidelines for the project's scope and type. The commissioner has 120 days after receiving the required documentation to issue a certificate allowing release of all or part of the hold-backs. If no certificate is issued within that time, the commissioner is deemed to have issued one.

If the certificate authorizes the general contractor to release the full amount of the hold-back, the contractor must do so; if the certificate authorizes partial release of part of the hold-back, the general contractor must pay the required amount to the subcontractor and pay the balance to DRS. In the latter case, the contractor is liable neither to the subcontractor for failing to pay the full amount nor to the commissioner for failing to pay the subcontractor's taxes arising from the project.

The bill imposes a 10% penalty on any general contractor who fails to pay DRS the balance of a partially released hold-back within 30 days after DRS mails the certificate of compliance. It allows DRS to use existing tax collection procedures to collect the required payment and the penalty. Under the bill, DRS must treat issuance of a certificate authorizing a partial release of hold-backs as a notice of assessment under the sales and use tax law. That law requires the commissioner to give written notice of the assessment, either by personal service or by mail, at the address appearing in DRS records.

The certificate of compliance does not prevent the commissioner from exercising his or her authority to examine an unverified subcontractor's tax returns, books, and records and, if appropriate, making an assessment against the subcontractor for tax deficiencies stemming from activities other than the project to which the certificate of compliance applies.

DRS Disclosures

In addition to allowing DRS to verify nonresident contractors and subcontractors, the bill requires it, upon request, to:

1. disclose, to a person doing business with an unverified subcontractor and who is consequently required to hold-back part of the subcontractor's payments, whether the subcontractor has requested or been issued a certificate of compliance;
2. disclose, to a person doing business with an unverified prime or general contractor, whether that contractor has posted the

required bond; and

3. verify whether a contractor or subcontractor is a resident contractor.

The bill also allows the DRS commissioner to give a requestor a copy of a subcontractor's certificate of compliance.

EFFECTIVE DATE: October 1, 2011

§§ 67-73 & 167 — BUDGET ADJUSTMENTS

See Fiscal Note for an explanation of these sections.

§§ 74 & 75 — GOVERNOR'S PROPOSED BUDGET — PROGRAM BUDGET INFORMATION

The bill restores certain required content, eliminated by sHB 6651, to be included in the proposed biennial budget that the governor must submit to the General Assembly in odd-numbered years. Under the bill, as under the law prior to passage of sHB 6651, the governor's proposed budget must include:

1. a list, for each budgeted agency, of all the agency's programs; and
2. for each program, its (a) statutory authorization, (b) objectives, (c) description, including need, eligibility requirements, and any intergovernmental participation, (d) performance measures, (e) program budget data broken down by major expenditure object and showing any additional federal and private funds, and (f) detailed information about its current and recommended permanent filled and vacant positions by fund.

It also restores the requirement that the governor submit the following information by program, instead of only including it in summary form in the required financial statements:

1. expenditures for the prior and current fiscal years;
2. each budgeted agency's budget request and the governor's

- recommended budget for each fiscal year of the biennium;
3. for each new or expanded program, estimated expenditures required for the fiscal year following the biennium; and
 4. an explanation of any significant program changes the agency requested or the governor recommends.

It restores a requirement that the governor's proposed appropriations bills include appropriations for each of the major programs in each budgeted agency.

Finally, the bill eliminates the chief court administrator's authority to include the expenditure estimates of the Public Defenders Services Division in budget recommendations to the governor. It instead requires the OPM secretary, when preparing the governor's budget recommendations for submission to the legislature, to include the expenditure estimates for the Public Defenders Services Division submitted by the chief public defender. By law, OPM cannot adjust these estimates.

EFFECTIVE DATE: July 1, 2011

§§ 76 & 77 — STATE EMPLOYEE DIRECT DEPOSIT

The bill makes the provision requiring state employees to be paid via direct deposit effective upon passage, instead of on July 1, 2011. It allows the comptroller to meet that requirement as soon as practicable, instead of requiring compliance when the bill becomes effective.

EFFECTIVE DATE: Upon passage

§ 78 — GUBERNATORIAL APPOINTMENTS

By law, the governor appoints the chairperson and executive director, if any, to every Executive Branch board or commission, with certain exceptions. The bill gives the governor the authority to appoint the chairperson to the Commission on Fire Prevention and Control. It makes a technical correction by specifying that he does not appoint the chairperson or executive director to the State Properties Review Board,

State Elections Enforcement Commission, Commission on Human Rights and Opportunities, or Citizen's Ethics Advisory Board.

EFFECTIVE DATE: July 1, 2011

§ 79 — HOSPITAL NET PATIENT REVENUE TAX

PA 11-6 and PA 11-44 create a new tax on hospital net patient revenue. They require hospitals to submit, on a quarterly basis, the amount of their net patient revenue to the commissioner of revenue services. Currently, the hospitals must submit the revenue for the calendar quarter ending on the last day of the preceding month. This bill instead requires the DSS commissioner to determine the revenue period.

EFFECTIVE DATE: July 1, 2011 and applicable to calendar quarters beginning on and after that date.

§ 80 — BANKING FUND

PA 11-6 (§ 134), as amended by HB 6651 (§ 11), shifts from the Banking Fund to the General Fund revenue from fines, civil penalties, or restitution imposed by the banking commissioner or ordered by a court stemming from violations of the banking laws, Uniform Securities Act, and Business Opportunity Investment Act, with certain exceptions. This bill eliminates this shift regarding revenue from restitution for such violations.

EFFECTIVE DATE: July 1, 2011

§ 81 — STATE FIRE ADMINISTRATOR

The bill requires the Fire Prevention and Control Commission to recommend, instead of appoint, a state fire administrator. And it requires the Department of Emergency Services and Public Protection (DESPP) commissioner to appoint the administrator. It makes a conforming change to reflect the merger of the departments of energy and environmental protection.

EFFECTIVE DATE: July 1, 2011

§ 82 — DIRECTOR TO OVERSEE GAMBLING AND CHARITABLE GAMING

The bill authorizes the Department of Consumer Protection (DCP) commissioner to appoint a director to implement and administer the gambling and charitable gaming statutes. The director is exempt from the classified service.

EFFECTIVE DATE: July 1, 2011

§§ 83-85 — WORKERS COMPENSATION ASSESSMENTS ON EMPLOYERS AND FUNDING FOR THE BUREAU OF REHABILITATION SERVICES

By law, the Workers' Compensation Commission (WCC) chairman determines the amount of funds sufficient to meet the expenses of the WCC. The bill requires the WCC chairman to also determine the amount sufficient to meet the expenses of the Bureau of Rehabilitation Services to provide rehabilitation services for employees with compensable injuries beginning July 1, 2011.

By law, the state treasurer collects an assessment levied on all employers in order to raise the necessary funds to administer the WCC. The bill requires the treasurer, when collecting the assessments, to deposit all the funds to meet the Bureau of Rehabilitation Services expenses into the Workers' Compensation Administration Fund. By law and under the bill, assessments to meet the expenses of the WCC must be deposited in the Workers' Compensation Administration Fund.

The law requires the WCC chairman and the comptroller to account for the total expenses of the WCC for the previous year and make this information publicly available for 30 days in the chairman's office. Under the bill, the chairman and the comptroller must also perform this function for the Bureau of Rehabilitation Services.

EFFECTIVE DATE: July 1, 2011

§ 86 — VOCATIONAL-AGRICULTURAL CONSTRUCTION REIMBURSEMENT RATE

The bill changes the state reimbursement, from 95% to 80%, for construction, acquisition, renovation, and equipment of approved facilities for a regional vocational-agricultural science and technology center operated by a local or regional school district. The lower reimbursement applies to the eligible project costs for applications filed on or after July 1, 2011. Applications filed before that are eligible for the 95% reimbursement.

EFFECTIVE DATE: July 1, 2011

§ 87 — DEPARTMENT OF DEVELOPMENTAL SERVICES REIMBURSEMENTS

The bill requires that reimbursements due from private providers under contract with the Department of Developmental Services (DDS) be paid to DDS “for” FY 12 and FY 13, not necessarily “during” those fiscal years. The budget act requires private providers under contract to return to DDS the full 100% balance, rather than 50%, of the difference between actual expenditures and the amount the state pays under the contract.

EFFECTIVE DATE: July 1, 2011

§§ 88 & 89 — PROPERTY LEASING AND INVENTORY

HB 6650 requires the administrative services commissioner to adopt regulations setting forth the procedure for leasing office or facilities. Under HB 6650, the regulations must require agencies to submit lease, lease renewal, or hold over agreements to the Office of Policy and Management (OPM) secretary for approval. This bill instead requires the regulations to mandate that the administrative services commissioner rather than the agencies submit the agreements for approval.

Additionally, the bill requires the administrative services commissioner to prepare an annual inventory of state-owned improved and unimproved real estate that is unused or underutilized. The commissioner must submit, annually by January 1, to the Appropriations and Government Administration and Elections committees, a status report on the inventory and recommend possible

reuse or disposition of such real estate. Under HB 6650, unchanged by this bill, the OPM secretary also maintains such an inventory and recommends possible reuse or disposition.

The bill also requires, rather than allows upon request, the OPM secretary to physically compile the inventory of improved or unimproved real estate available to the state by lease. It eliminates a requirement for the administrative services commissioner to share the inventory with the State Properties Review Board.

EFFECTIVE DATE: July 1, 2011

§ 90 — BINGO PRIZES

With exceptions, current law limits to \$100 the maximum value of any prize that a bingo permittee may award. HB 6650 increased the limit to \$200 and this bill increases it to \$250.

EFFECTIVE DATE: July 1, 2011

§§ 91 & 92 — STATE FIRE MARSHAL'S DUTIES

The bill requires the DESPP commissioner, instead of the state fire marshal, to investigate the cause, circumstances, and origins of fires involving property damage or personal injury or death.

It requires the commissioner, instead of the state fire marshal, to provide quarterly reports to the insurance commissioner detailing arson cases. By law, the reports are provided within available appropriations.

EFFECTIVE DATE: July 1, 2011

§§ 93 & 94 — SCHOOL CONSTRUCTION

The bill modifies the changes to the school construction grant application process made in House bill 6650. It requires applications to be submitted on the form provided and manner prescribed by the construction services commissioner instead of by the education commissioner in consultation with the construction services commissioner.

Additionally, the bill requires Department of Construction Services rather than the State Board of Education to include reimbursement for reasonable lease costs that are required as part of a school building project grant. It also makes technical changes.

EFFECTIVE DATE: July 1, 2011

§ 95 — COORDINATING ADVISORY BOARD

The bill adds the Department of Public health commissioner and the presidents of the following associations, or their designees, to the Coordinating Advisory Board: the Connecticut Police Chiefs Association, Connecticut Fire Chiefs Association, and Connecticut Career Fire Chiefs Association. HB 6650 created the board to advise the DESPP commissioner on emergency management issues.

EFFECTIVE DATE: July 1, 2011

§§ 96 & 97 — POLICE STANDARDS AND TRAINING COUNCIL (POST)

The bill puts POST within DESPP. HB 6650 put it within the State Police. It requires DESPP to consult with POST in carrying out its charge to (1) operate the Connecticut Police Academy; (2) fix fees for tuition, training, education programs and sessions, and other purposes the commissioner deems necessary for the academy; and (3) expend money in the municipal police officer training and education extension account. This is a nonlapsing General Fund account used for operating training and education programs sessions DESPP establishes.

The bill eliminates a requirement that DESPP get approval from OPM to fix tuition and fees, as required by HB 6650.

EFFECTIVE DATE: July 1, 2011

§ 98 — LOTTERY ASSESSMENTS

Under HB 6650, OPM must assess the reasonable and necessary compensation for the Connecticut Lottery Corporation (CLC) to reimburse DCP for its regulatory costs, beginning April 1, 2012, and annually thereafter. The bill changes the start date to July 1, 2011.

The bill also changes the dates for the assessment schedule for the assessment year ending on June 30, 2012, but reverts back to the dates under HB 6650 for the assessment year ending on June 30, 2013, and each year thereafter.

Under HB 6650, OPM must submit, by May 1 of each year, its assessment of the preceding year's cost and an estimate of next year's cost to CLC. It must also, by June 15 of each year, finalize the assessment for the preceding year. CLC must make quarterly payments on July 1, October 1, January 1, and April 1.

For the assessment year ending on June 30, 2012, OPM must instead submit, by August 1, 2012, its assessment of the preceding year's cost and an estimate of next year's cost. It must also by, September 15, 2011, finalize the assessment for the preceding year. CLC must make quarterly payments on October 1, 2011, January 1, 2012, April 1, 2012, and June 1, 2012.

The final quarterly assessment payment for the fiscal year ending June 30, 2011 is paid on July 1, 2011.

EFFECTIVE DATE: July 1, 2011

§ 99 — BOARD OF ACCOUNTANCY STAFFING

HB 6651 placed the Board of Accountancy into the Secretary of State's Office for administrative purposes only. This bill also transfers the board's authority to hire to the Secretary of State. It allows the board to make hiring recommendations and eliminates the board's executive director position.

EFFECTIVE DATE: July 1, 2011

§ 100 — FUND TRANSFERS

PA 11-6 diverts from the Probate Court Administration Fund's surplus to the Judicial Department's Court Support Services Division as follows:

1. \$500,000 in FY 12 for the Male Youth Leadership Pilot Program

that provides services for high-risk males with low academic achievement in targeted communities;

2. \$1 million in FY 12 and FY 13 to the Kinship Fund and Grandparents and Relatives Respite Fund within the Children's Trust Fund Division in the Department of Social Services;
3. \$800,000 in FY 12 to the Children's Trust Fund Council to support operations of the agency which coordinates efforts and funding designed to prevent child abuse and neglect; and
4. \$35,000 in FY 12 and FY 13 to support Children in Placement, Inc. expansion in Danbury.

HB 6651 (§42) makes the following changes to the budget act:

1. increase, from \$35,000 to \$50,000, the amount to be transferred for Children in Placement, Inc. in each of the fiscal years and specifies that it be used for Other Expenses and
2. transfer \$50,000 from Judicial Department's Other Expenses in FY 12 and FY 13 for a grant to the Child Advocates of Connecticut (an agency with a contract with the Judicial Department to help the court promote permanency planning for children) for its services in Stamford and Danbury.

This bill adds another transfer of surplus funds in FY 11 and FY 12 of \$150,000 in each year to the Judicial Department's Other Expenses account for a grant to the Ralphola Taylor Community Center YMCA in Bridgeport. It eliminates a provision in the budget act, as amended by HB 6651 that requires any Probate Court Administration Fund surplus remaining after all FY 13 transfers to go to the General Fund.

It also changes a reference to the Child Advocates of Connecticut's services in Stamford and Danbury to services in the Stamford/Norwalk and Danbury Judicial Districts.

EFFECTIVE DATE: Upon passage

§ 101 — CAMPAIGN FINANCE

The bill makes a technical change concerning lawn signs.

EFFECTIVE DATE: January 1, 2012, and applicable to primaries and elections held on or after that date.

§ 102 — ELECTRONIC BUSINESS PORTAL

HB 6651 (§ 29) requires the Office of the Secretary of the State's Commercial Recording Division to establish an electronic portal serving as a single entry point for businesses registering with the secretary, effective January 1, 2012. The portal must provide these entities with explanatory information and electronic links to other specified state agencies and organizations to help them (1) obtain necessary licenses and permits, (2) identify state taxes and other revenue responsibilities and benefits, and (3) find relevant state financial incentives and programs. This bill adds the Connecticut Center for Advanced Technology to those state agencies to which the business portal must link.

EFFECTIVE DATE: January 1, 2012

§ 103 — DISPARITY STUDY

HB 6651 (§ 20) requires the Commission on Human Rights and Opportunities (CHRO) to conduct a disparity study in consultation with the Department of Administrative Services. This bill extends the deadline, from January 1, 2012 to January 1, 2013, by which CHRO must submit its findings and any recommendations for legislative action concerning the study to the Government Administration and Elections Committee.

EFFECTIVE DATE: Upon passage

§ 104 — ADDITIONAL APPOINTMENT TO VO-TECH TASK FORCE

HB 6651 establishes a 15-member task force, appointed by the governor and legislative leaders and representing various organizations and others, to study the finances, management, enrollment structure of the vocational-technical (V-T) school system,

and several other issues.

The bill expands the task force to 16 members by adding an additional member the governor appoints who is a parent of a student enrolled at a regional vocational-technical school.

EFFECTIVE DATE: Upon passage

§ 105 — STATE POLICE MAJORS

The bill puts state police majors appointed on or after July 1, 1999 in the classified service.

State jobs are divided into two groups: classified and unclassified. Classified jobs are civil service jobs. They are “classified” by the Department of Administrative Services’ State Personnel Division according to the similarity of their duties, responsibilities, and authority; educational, experience, and background requirements; fitness tests; and compensation schedules.

Unclassified jobs are exempt from statutory merit hiring requirements (i.e., civil service exams). Instead, hiring authorities have discretion over how to hire employees in unclassified positions, which may include testing or other merit criteria that the hiring authority chooses. Most of the higher, policymaking positions in state government are unclassified. Among those holding unclassified positions are agency heads and gubernatorial appointees; legislative, judicial, and military employees; and higher education faculty.

(HB 6651 increases the number of state police majors that the public safety commissioner must appoint by five (from seven to 12) and restores the position to a classified one. The law changed the position from classified to unclassified in 1999, but allowed any major who was then in the classified service to continue to serve as a classified employee until his or her service was terminated. The bill abolishes the position of major in the unclassified service on July 1, 2011.)

EFFECTIVE DATE: July 1, 2011

§§ 106-112, 114, 136 & 137 — HIGHER EDUCATION

The bill modifies certain sections of House bill 6651 concerning the Board of Regents for Higher Education (BOR).

HB 6651 required the House speaker to appoint a person to the BOR who is a specialist in K-12 education and the Senate minority leader to appoint an alumnus of the Connecticut State University System (CSUS). The bill reverses these requirements so that the House speaker appoints a CSUS alumnus and the Senate minority leader appoints a specialist in K-12 education. The bill also modifies the membership of the Higher Education Coordinating Council by adding to it (1) the chairpersons of the BOR and the UConn Board of Trustees and (2) the BOR vice presidents for the constituent units.

With respect to the BOR vice presidents, the bill specifies that (1) there must be a vice president for each constituent unit and (2) their duties are prescribed by BOR and the BOR president but must include oversight of academic programs, student support services, and institutional support. HB 6651 only established vice presidents to serve as liaisons to CSUS and the community-technical colleges (CTC).

The bill also specifies that current CSUS and CTC boards of trustees, the Board for State Academic Awards (BSAA), and the Board of Governors for Higher Education must continue to protect and hold harmless their members and employees from financial expense until December 31, 2011. HB 6651 required the boards of trustees and BSAA to remain in office from July 1, 2011, until December 31, 2011 in order to facilitate the transition of duties and responsibilities to the BOR.

Additionally, HB 6651 required the newly-created Office of Financial and Academic Affairs for Higher Education to assist in providing tutors for certain students. This bill transfers this responsibility to BOR.

Lastly, the bill makes technical changes and repeals obsolete language.

EFFECTIVE DATE: July 1, 2011

§§ 113 & 115 — AFFIRMATIVE ACTION PLANS

House bill 6650 established a working group to (1) review the Commission on Human Rights and Opportunities' (CHRO) existing regulations governing affirmative action plans and (2) recommend changes. It required CHRO's executive director to chair the working group. The bill allows the director to appoint a designee for this purpose.

Additionally, House bill 6650 required affirmative action plans to be filed electronically. The bill specifies that plans must only be filed electronically if it is practicable to do so.

EFFECTIVE DATE: Upon passage

§§ 116-118 — DCP UNIT HEAD

HB 6650 eliminates the Division of Special Revenue (DSR) and transfers its responsibilities to DCP, including transferring the powers and duties from the DSR executive director to the DCP commissioner. This bill makes minor, technical, and conforming changes to implement these changes.

The bill defines "unit head" to mean a managerial employee with direct oversight of a legalized gambling activity. It eliminates the requirement that unit heads be (1) appointed with the advice and consent of the Gaming Policy Board and (2) qualified and experienced in the functions to be performed. It also eliminates the position's exemption from classified service.

The bill allows DCP and Gaming Policy Board employees to purchase lottery tickets, which is currently banned.

EFFECTIVE DATE: July 1, 2011

§ 119 — FALSE CLAIM ACT WHISTLEBLOWERS

PA 11-44 creates whistleblower protections for those who experience adverse job actions as a result of lawfully testifying, participating in or taking steps to end illegal Medicare activities. That bill covers employees, contractors, or agents that experience

discrimination. This bill adds “associated others.”

EFFECTIVE DATE: Upon passage

§ 120 — DRIVER TRAINING FOR PEOPLE WITH DISABILITIES

PA 11-44 transfers the Department of Motor Vehicle’s handicapped driver training unit to BRS and renames it the driver training program for persons with disabilities. This bill eliminates from this program the statutory position of driver consultant for persons with disabilities, who oversees the program. BRS is authorized, as under existing law, to hire staff for the program.

EFFECTIVE DATE: July 1, 2011

§§ 121-124 — COST NEUTRAL HOSPITAL, HOME HEALTH, AND PROVIDER RATES

Sections 112 through 115 of PA 11-44 modify the DSS commissioner’s method for setting payment rates for hospitals, home health and home-maker home health care aide agencies, and medical services providers. The rates must be cost-neutral to hospitals in the aggregate and ensure patient access. Under this bill, utilization cannot be a factor in determining cost neutrality.

EFFECTIVE DATE: July 1, 2011

§§ 125 & 126 — AMBULANCE RATE REDUCTION

PA 11-44 modifies fees DSS pays for emergency medical transportation (e.g., ambulances) in its medical assistance programs so that they do not exceed the maximum allowable under Medicaid plus an additional percentage set by the DSS commissioner. Under this bill, the Human Services commissioner must, instead, reduce by up to 10% the rates that were in effect on December 31, 2010 for fees that DSS directly reimburses. The new rates take effect on July 1, 2011. The commissioner may increase them when he determines there are sufficient funds and a reasonable need to do so.

The bill also eliminates a provision that limits the amount DSS will reimburse the Department of Public Health for emergency vehicle and

invalid coach services for which DPH statutorily sets rates.

EFFECTIVE DATE: July 1, 2011

§ 127 — MEDICAID THERAPY MANAGEMENT SERVICES

PA 11-44 requires the DSS commissioner to contract with a pharmacy organization to provide Medicaid therapy management services, including reviewing a Medicaid patient's medical and prescription history. This bill allows the commissioner to alternatively contract with a patient-centered medical home or health home for these services.

EFFECTIVE DATE: July 1, 2011

§§ 128-130 — WAIVER OF SCHOOL CONSTRUCTION PROJECT AUDIT DEFICIENCIES

The bill allows the Department of Construction Services (DCS) commissioner to waive any deficiencies found in an audit of a regular or interdistrict magnet school construction building project, when he or she determines such a waiver is in the state's best interest.

The bill applies to (1) the limited-scope audits the DCS must conduct when it has not completed a project audit within five years after receiving a notice that the project is complete, (2) audits of interdistrict magnet school project expenditures, and (3) any other audits required under the school construction law. By law, limited-scope audits review only (1) the total expenditures reported, (2) off-site improvements, (3) adherence to standard space specifications, (4) interest costs on temporary notes and bonds, and (5) any other matters the DCS commissioner considers appropriate.

The other changes in the sections are identical to those already enacted in HB 6650. The bill also makes technical changes.

EFFECTIVE DATE: July 1, 2011

§§ 131 & 168 — PAPERLESS TASK FORCE RECOMMENDATIONS
Copies of Certain Legislative Documents

The bill eliminates a provision in sHB 6600 (File 855), which the House passed on May 25, 2011, requiring the Joint Committee on Legislative Management to determine how many printed copies of the revised statutes, public acts, and special acts the secretary of the state must distribute to the State Library and the Judicial Department (§ 10). It thus leaves this determination to the secretary.

EFFECTIVE DATE: July 1, 2011

Study on Regulation Adoption Process

The bill also repeals a provision in sHB 6600 (File 855) requiring the Program Review and Investigations Committee to study the regulation adoption process and recommend modifications to achieve cost savings (§ 20).

EFFECTIVE DATE: Upon passage

§ 132 — MAKES A TECHNICAL CHANGE

EFFECTIVE DATE: July 1, 2011

§ 133-135 — SUPPORTIVE HOUSING INITIATIVE

This bill amends the Department of Mental Health and Addiction Services (DMHAS) supportive housing initiative by eliminating references to its “Pilot” and “Next Steps” phases, and instead uses the term “permanent” to reflect the program’s ongoing status. It also (1) adds two state entities to those already collaborating with DMHAS on the supportive housing initiative and (2) establishes a process for development of scattered site housing. Finally, the bill makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

Designation as “Permanent”

By law, DMHAS is responsible for a supportive housing initiative that provides housing units mainly to individuals with mental illness. To date, the initiative has operated under two phases—a “Pilot” phase and the “Next Steps” phase. Under the pilot, DMHAS was required to provide up to 650 housing units and support services to eligible

persons. Subsequently, the law was amended to authorize an additional 1,000 units under the Next Steps initiative. The bill eliminates references to the Pilot and Next Step initiatives and instead refers to the initiative as “permanent supportive housing.”

By law, those eligible for the initiative are:

1. people or families affected by psychiatric disabilities, chemical dependencies, or both and who are homeless or at risk of becoming homeless;
2. families who qualify for the temporary assistance for needy families program;
3. 18- to 23-year olds who are homeless or at risk for becoming homeless because they are transitioning out of foster care or other residential programs; and
4. community-supervised offenders with serious mental health needs who are under Judicial Branch or Correction Department jurisdiction.

The bill clarifies that individuals and families with special needs and those at risk for homelessness are eligible for supportive housing.

Agency Collaboration

Currently, DMHAS establishes and operates the supportive housing initiative in collaboration with the departments of Social Services (DSS), Children and Families (DCF), and Economic and Community Development; and the Connecticut Housing Finance Authority (CHFA). The bill adds the Department of Correction and the Court Support Services Division of the Judicial Branch to this collaboration.

Development and Scattered Site-Model

Under existing law, CHFA must issue requests for proposals (RFPs) for those interested in participating in the supportive housing initiative to applicants including organizations deemed by DMHAS, DSS, and DCF as qualified to provide services. CHFA must then review and

underwrite projects developed under the supportive housing initiative.

The bill limits CHFA's review and underwriting to "development projects" and creates a new RFP process for scattered-site models of supportive housing.

The bill requires DMHAS and DSS to issue, within available appropriations, RFPs in a scattered-site model for homeless individuals with psychiatric disabilities and substance abuse disorders.

§ 138 — STATE SUPERVISION OF WINDHAM SCHOOL DISTRICT

Special Master

The bill requires the State Board of Education (SBE) to assign a special master to administer the Windham school district's educational operations and help it implement a plan to achieve adequate yearly progress (AYP) as a district in reading and math as required by the federal No Child Left Behind (NCLB) Act. The bill requires the special master to:

1. collaborate with the Windham board of education and school superintendent to implement the district's improvement plan developed under the state education accountability law;
2. manage and allocate the district's federal, state, and local funds; and
3. report regularly to the SBE on the (a) district's progress in implementing its improvement plan and (b) effectiveness of the Windham school board and superintendent.

By law, the SBE may take various actions to improve student performance in low-achieving schools and districts. The bill allows the Windham special master to take several of these actions in Windham. It authorizes the Windham special master to:

1. require an operations audit to identify possible program savings and an instructional audit to identify problems with the district's

- curriculum and instruction or learning environment;
2. provide incentives to attract highly qualified teachers and principals;
 3. direct the assignment and transfer of teachers and principals;
 4. require additional training and technical assistance for teachers, principals, and central office staff, and for parents and guardians of the district's students;
 5. require implementation of model curriculum, including recommended textbooks, materials, and supplies approved by the State Department of Education (SDE);
 6. direct the school board to develop and implement a plan to address deficits in achievement identified in the instructional audit;
 7. assign a technical assistance team to guide school or district initiatives and report to the education commissioner on its progress;
 8. establish instructional and learning environment benchmarks for the district to meet;
 9. direct establishment of learning academies within schools that require teacher groups to continuously monitor student learning; and
 10. require board of education members to (a) undergo training to improve its operational efficiency and effectiveness in leading the district's improvement plan and (b) submit an annual action plan to the education commissioner that outlines how and when their effectiveness is to be monitored.

The special master services at the SBE's pleasure. The special master's authority expires one year after the school year in which the Windham school district as a whole makes AYP in both reading and

math.

The bill overrides the Freedom of Information Act and another law barring the disclosure of teacher evaluations to give the SBE and the special master access to all district records, facilities, communications, and meetings, including school board executive sessions, that relate to the special master's authority under the bill.

Special Procedures for Reopening Collective Bargaining Agreements

The bill authorizes the SBE to require the Windham school board to ask the union representing a school district bargaining unit to reopen an existing contract. The sole purpose of the request must be to present proposed revisions in salary, hours, and employment conditions to implement the district's improvement plan. The bill gives the union five days to respond, with failure to respond considered a rejection. If the union agrees to reopen, the parties have 30 days to negotiate the revisions.

Any agreement the parties reach must be ratified by a majority vote of the union members employed by the Windham school board. If the parties fail to agree on one or more issues, or if the union members fail to ratify an agreement, the bill establishes an expedited arbitration process to resolve the dispute.

The parties must select a single neutral arbitrator, using the procedures specified in the Teacher Negotiations Act (TNA), no later than five days after they either reach impasse on one or more issues or the union members fail to ratify the agreement. Within 10 days after his or her selection, the arbitrator must hold a hearing in Windham at which the parties must submit their last best offers on each issue in dispute. Within 20 days after the hearing closes, the arbitrator must issue a detailed written decision, which is final and binding.

In his or her decision, the arbitrator must give the highest priority to the state's educational interests as they relate to children of Windham. The arbitrator must also consider the TNA's statutory criteria in light of those interests. By law, TNA arbitrators must consider:

1. as a first priority (second under the bill), the public interest and the financial capability of the town or towns in the school district, including other demands on its capability;
2. the negotiations between the parties;
3. the interests and welfare of the employee group;
4. changes in the cost of living averaged over three years;
5. existing employment conditions of the employee group and those of similar groups; and
6. salaries, fringe benefits, and other employment conditions prevailing in the state labor market.

EFFECTIVE DATE: Upon passage

§§ 139-140 — LANDOWNER RECREATIONAL LAND IMMUNITY

The bill repeals a section of sHB 6526 extending liability protections to municipalities, special taxing districts, and metropolitan districts that allow the public to use their land for recreation without charging admission fees. It also repeals the provision excluding state and local taxes from the definition of charges.

sHB 6526 sets conditions protecting large municipalities from liability for property for which they have an easement and allow people to use the property for recreation without charge. The bill retains the exclusion of state and local taxes from the definition of charge for this purpose.

EFFECTIVE DATE: October 1, 2011

§ 141 — HEALTHCARE PARTNERSHIP PLANS

sHB 6308 requires the comptroller to offer health insurance coverage under “partnership plans” to certain employer groups and specifies that nothing in its provisions regarding these plans modifies the state employee health plan in any way without the written consent of the State Employees Bargaining Agents Coalition (SEBAC) and the

OPM Secretary. The bill extends this SEBAC consent requirement to include sHB 6308 provisions regarding the Sustinet Health Care Cabinet, the Office of Health Reform and Innovation, and health insurance claims data reporting and collection requirements.

EFFECTIVE DATE: Upon passage

§ 142 — HEALTH INSURANCE EXCHANGE EMPLOYEES

sSB 921 (§ 2), which the Senate passed on May 31, 2011, requires exchange employees who sell, solicit, or negotiate insurance to individuals and small employers to become licensed insurance producers within one year after starting work for the exchange. The bill instead requires exchange employees whose primary purpose is to assist individuals or small employers in selecting health insurance plans offered on the exchange to become licensed insurance producers within 18 months of starting work for the exchange.

EFFECTIVE DATE: Upon passage

§ 143 — OHCA DATA COLLECTION

sHB 6308 (§ 12), which the House passed on May 27, 2011, requires hospitals to submit patient-identifiable inpatient discharge data and emergency department data to the Office of Health Care Access (OHCA) division of the Department of Public Health. "Patient-identifiable data" means any information that identifies or may reasonably be used as a basis to identify an individual patient, including data from patient medical abstracts and bills.

sHB 6308 allows an intermediary to submit data to OHCA on behalf of a hospital or outpatient surgical facility. The bill instead allows the data to be submitted through a contractual arrangement with an intermediary. The contractual arrangement must (1) comply with federal Health Insurance Portability and Accountability Act (HIPAA) and (2) ensure that data is submitted accurately and timely.

sHB 6308 requires OHCA, by October 1, 2011, to enter into a memorandum of understanding with the comptroller to allow the comptroller access to the hospital data if he agrees in writing to keep

confidential patient and physician data. The bill instead requires him to keep confidential patient and provider data.

EFFECTIVE DATE: July 1, 2011

§ 144 — PLAN TO INTEGRATE CHILD DAY CARE AND SCHOOL READINESS SERVICES

The bill requires the education and social services commissioners to develop a plan to coordinate the child day care and school readiness services offered as part of the school readiness program and report to the Education and Human Services committees by July 1, 2012. The plan must address eligibility, slot rates, program requirements, and maintaining the integrity of the state-contracted child-care center program.

EFFECTIVE DATE: July 1, 2011

§ 145 — AID TO INDEPENDENT COLLEGES AND UNIVERSITIES

Public Act 11-6 required the higher education commissioner to review the Connecticut Independent College Student Grant (CICSG) program and, by January 1, 2012, present findings and recommendations to the Appropriations and Higher Education committees. The review must evaluate (1) the formula for deriving the annual appropriation, (2) the manner of allocating the appropriation to participating institutions, and (3) the amount of aid given to individual students is determined.

The bill, instead, requires the executive director of the Office of Financial and Academic Affairs for Higher Education (OFAAHE), in consultation with financial aid and institutional research staff from participating independent institutions, to perform these functions. It specifies that the recommendations presented to the legislature concern the collection of further data to demonstrate the CICSG program's results. PA 11-6 required the recommendations to suggest possible modifications to the program.

The bill also requires the executive director and staff to determine what additional data may be necessary to demonstrate grant

recipients' need. Additionally, the director must require institutions participating in CICSG to provide (1) the number of students receiving awards and the average amount of the award, (2) student family income, (3) the number of first-year recipients retained over the years of eligibility, and (4) the percentage of recipients graduating in (a) four and (b) six years.

EFFECTIVE DATE: Upon passage

§§ 146-151 — JUDGES RETIREMENT SYSTEM

The bill makes a number of changes to retirement eligibility and benefits for judges, family support magistrates, and compensation commissioners. Judges, family support magistrates, and compensation commissioners have a retirement system separate from the State Employee Retirement System (SERS). The judges system has its own pension fund and it is governed by statute and not subject to collective bargaining as is the case with SERS.

The bill makes a number of changes that reduce certain retirement benefits for judges.

§ 146 — *Right to Retirement Salary After 10 Years of Service*

The bill requires judges, family support magistrates, or compensation commissioners who serve for at least 10 years, but not long enough for a normal retirement, to wait longer, until age 62 or 65, depending upon the circumstances, before they can begin receiving the reduced retirement benefit. The following descriptions all involve serving as a judge, magistrate, or commissioner for at least 10 years.

Under current law, a judge or compensation commissioner who began service before January 1, 1981 and retires before age 65 or before serving for 20 years, is eligible for a reduced retirement benefit of 50% of what the person would have received if he or she reached 65 or 20 years of service. An additional 10% is added on for each year of service beyond 10, but not more than five additional years.

The bill ends this benefit for those retiring on or after September 2, 2011. Instead it requires them, if they retire before July 1, 2022, to

receive a reduced amount that equals the fraction of the retirement salary the person would be eligible for when they resigned. They cannot begin collecting it until reaching age 62.

Under current law, a judge, magistrate, or compensation commissioner who began service on or after January 1, 1981 and retires before age 65 or before serving for 20 years, is eligible for a reduced retirement of a fraction of what he or she would have received if they continued service until eligible for a retirement benefit. The reduced benefit is based on the ratio of the years completed to the years the person would have completed at age 65 or 20 years of service, whichever is less.

The bill ends this benefit for those retiring on or after September 2, 2011. Instead it requires them, if they (1) retire before July 1, 2022 or (2) begin service after July 1, 2011 to receive a reduced amount that equals the fraction of the retirement salary the person would be eligible for when they resigned. They cannot begin collecting it until reaching age 65.

§§ 147 & 151 — COLAS for Retired Judges, Family Support Magistrates, and Compensation Commissioners

Under current law, retired judges, family support magistrates, and compensation commissioners or their surviving spouses receive an annual cost of living adjustment (COLA) that matches the increase, if any, in the CPI Index for Urban Wage Earners and Clerical Workers for the previous year. This increase is capped at a maximum of 3%.

Under the bill the existing COLA formula will apply to judges who retire by September 2, 2011. Those retiring after that date will have their annual COLA capped at 2%.

For surviving spouses of judges, family support magistrates, and compensation commissioners, the bill reduces their maximum COLA from 3% to 2% a year beginning January 1, 2012.

§ 148 — Retirement Salary of Judges and Surviving Spouses Benefit

The law defines what “salary for the office” of judge is for the purpose of determining a judges’ retirement salary or the retirement allowance for a deceased judge’s surviving spouse. It provides the judge’s salary at the time of the retirement or death to be used. For judges who begin service on or after July 1, 2011, the bill changes this to instead use the judge’s average salary over the five years immediately preceding his or her retirement date or death. This will have the effect of lowering a retired judge’s or surviving spouses benefit if the five year average is lower than the judge’s salary for his or her final year of service.

This section specifically reference CGS § 51-51, which determines the surviving spouse benefit of deceased judges. Since the bill lowers the salary for the office of a judge, it would lower the benefit for surviving spouses. It is not clear if this section also affects CGS § 51-50, which provides a higher retirement benefit for judges who retire at age 70, because it does not specifically reference this section. At age 70 judges receive the equivalent of two-thirds of their salary as their retirement benefit.

On or after September 2, 2011, the bill also places a limit on the maximum salary that can be used for retirement benefit calculations at the threshold set by federal tax law (Section 415 of the IRS Code). Currently that number is \$195,000 for defined benefit plans such as the judges’ plan. This means that judges earning more than \$195,000 annually will have their pension calculated on no more than \$195,000. The IRS is required to revise this number annually if there is an increase in the cost of living. Under current law there is no limit in the salary amount that can be used. Currently no state judge in Connecticut earns \$195,000 or more.

§ 149 — Retirement at Age 62 or 63

The bill creates new age and service requirements for judges, family support magistrates, and compensation commissioners to retire at age 62 or 63 beginning with those who retire on or after July 1, 2022. As shown in Table 1 below, the bill requires a certain amount of service as a judge, magistrate, or compensation commissioner before retirement

is allowed at age 63 or 62. Under current law, a judge could retire at 65 with no service requirement or retire after 20 years without any age requirement.

Table 1. Age and Service Requirements for Judicial Retirements

Bill – Those retiring on or after July 1, 2022		Current Law	
Age	Service	Age	Service
63	25 years of service as a judge, magistrate, or compensation commissioner	65	None
62	10 years of service as a judge, magistrate, or compensation commissioner	None	20 years as a judge, magistrate, or compensation commissioner
None	30 years of state service provided as least 10 years of service as a judge, family support magistrate, and compensation commissioner (provided the years of state service that are not in the judicial retirement system are not used for a separate SERS retirement benefit)	None	30 years of state service provided as least 10 years of service as a judge, family support magistrate, and compensation commissioner (provided the years of state service that are not in the judicial retirement system are not used for a separate SERS retirement benefit)

Current law provides for a retirement salary for judges who serve for at least 16 years, were nominated for another term, but were not reappointed and have reached age 63. The law provides the formula for this benefit which is a fraction of the retirement salary the judge would have received if he or she served until age 65 or 20 years of service. The bill deletes this formula apparently for those retiring after July 1, 2022, but the bill is unclear when the existing formula no longer applies. Also, it does not indicate what formula would be in its place.

§ 150 — Retirement Salary of Family Support Magistrates and Surviving Spouse Benefit

The bill requires that the average annual salary for the five years preceding a magistrate's retirement be used in his or her retirement calculation rather than use the last year's salary, as is the current law. This will have the effect of lowering a retired judge's or surviving

spouses benefit if the five year average is lower than the judge's salary for his or her final year of service.

Beginning September 2, 2011 the bill also limits the maximum salary that can be used for retirement benefit calculations at the threshold set by federal tax law (Section 415 of the IRS Code). Currently that number is \$195,000 for defined benefit plans such as the judges and magistrates' plan.

EFFECTIVE DATE: Upon the General Assembly's approval of the agreement between the state and the State Employees Bargaining Agents Coalition pursuant to another provision of this bill.

§ 152 — PRE-1920 STOCK CORPORATION CONVERSION

The bill allows certain stock corporations organized before January 1, 1920 to convert into nonstock corporations under the nonstock corporations law. To be eligible, a stock corporation's certificate of incorporation must provide that each corporation member has one vote, regardless of how many shares the member holds in the corporation.

To convert in this manner, the stock corporation must file a certificate of conversion with the secretary of the state. The certificate must indicate the terms of the corporation's conversion plan and the membership classes to which its shareholders will or may elect to belong after the conversion. This can include any current shareholder classes. The certificate must also include any amendment, restatement, or amendment and restatement of the corporation's certificate of incorporation that will be effected due to the conversion.

The certificate of conversion must certify that the corporation's board of directors adopted the conversion plan and the amendment, restatement, or amendment and restatement. It must also certify that a majority of the members or shares present or represented by proxy and voting at a duly noticed shareholder or member meeting voted in favor of the conversion plan and to effect the amendment, restatement, or amendment and restatement.

Effect of Filing the Certificate of Conversion

After a corporation files a certificate of conversion:

1. it is deemed to have continued in existence with all the same corporate powers as it had before conversion, except for those that a nonstock corporation cannot exercise under the nonstock corporations law;
2. it is deemed to continue to own its pre-conversion assets and properties and to be liable for its pre-conversion debts and liabilities;
3. the actions taken by a majority vote of shares present and voting at its past shareholder meetings, as recorded in the meeting minutes, are valid despite any notice defect or lack of a quorum, unless someone brought an action before the bill's passage alleging a notice defect or lack of a quorum; and
4. it need not comply until after January 1, 2015 with the law relating to ownership interests in the corporation deemed abandoned (the law imposes certain requirements and procedures for holders of ownership interests in a corporation presumed abandoned).

EFFECTIVE DATE: Upon passage

§§ 153 & 154 — POLICE AND SPECIAL POLICE OFFICERS

The bill adds the president of the Connecticut Police Chiefs Association to the State-Wide Security Management Council. The council coordinates nonexempt state agencies' activities that relate to statewide state facility security. (Agencies exempt from Department of Public Work's security standards and audits must report to the council quarterly on (1) the frequency, character, and resolution of workplace violence and (2) security-related expenditures.)

The bill authorizes POST to recommend to the DESPP commissioner the appointment of any POST training instructor, or other person it determines, to act as a special police officer statewide as his or her

official duties may require, provided the appointee is a certified police officer. (Under prior law, repealed by HB 6650, POST was authorized to appoint, not recommend, such special police officers.) The officer must be sworn and may arrest and present anyone before a competent authority for an offense committed in his or her precinct.

EFFECTIVE DATE: July 1, 2011

§ 155 — PILOT PROGRAM FOR JOBS FIRST EMPLOYMENT SERVICES (JFES) PARTICIPANTS

Section 165 of PA 11-44 requires the DSS and labor commissioners to implement, within available appropriations, a pilot program for up to 100 JFES participants which includes intensive case management services. It requires the DSS commissioner to extend Temporary Family Assistance (TFA, cash assistance) to these families beyond TFA's 21-month time limits if they make a good faith effort to comply with the pilot requirements, have not received more than 60 months of TFA benefits, and have not been granted more than two extensions (which is generally the maximum number of extensions allowed).

This bill (1) limits to one the number of extensions participants may receive under the pilot and (2) allows these extensions only if there are available appropriations for them.

EFFECTIVE DATE: July 1, 2011

§ 156 — ELIMINATION OF SPREADING JUNE NURSING HOME PAYMENTS INTO NEXT FISCAL YEAR

Under current law, DSS must pay nursing homes one-half of the June payment for their Medicaid residents, and pay the balance in July. The bill eliminates this.

EFFECTIVE DATE: Upon passage

§ 157 — VISITOR WELCOME CENTER STAFFING

HB 6651 requires the Department of Economic and Community Development (DECD), rather than the Commission on Culture and Tourism, to station a full-time year-round supervisor and a part-time

assistant supervisor at the Danbury, Darien, North Stonington, and West Willington visitor welcome centers. The bill eliminates these positions at the West Willington center.

EFFECTIVE DATE: July 1, 2011

§ 158 — ADULT AND DENTAL SERVICES

Section 81 of PA 11-44 directs the DSS commissioner to modify the availability of nonemergency adult dental services for people who do not appear to have a dental disease that is an aggravating factor in their overall health. This bill specifies that “adult” means someone 21 years of age or older.

EFFECTIVE DATE: July 1, 2011

§§ 159-160 — REPORTS ON COLLEGE TRANSITION PILOT PROGRAMS

HB 6651 requires the education commissioner, in consultation with the higher education commissioner, to establish two college transition pilot programs, one an adult education program in three municipalities and the respective community colleges located in them and the other for high school students at Hillhouse High in New Haven and Gateway Community College.

HB 6651 requires the two commissioners to report to the Education and Higher Education committees by October 1, 2012 on the results of the programs. This bill requires the commissioners to submit an additional report on the programs by October 1, 2013.

EFFECTIVE DATE: July 1, 2011

§ 161 — FY 12 GENERAL FUND TRANSFER TO THE SPECIAL TRANSPORTATION FUND

For FY 12, the bill reduces the required revenue transfer from the General Fund to the Special Transportation Fund by \$42.5 million, from \$124.05 million to \$81.55 million.

EFFECTIVE DATE: July 1, 2011

§§ 162-164 & 166 — DECD GRANT PROGRAMS

This bill requires the Department of Economic and Community Development (DECD) commissioner to establish a single grant program for funding specified existing and new high technology, business development, and technology diffusion programs and specifies how she must do so. It repeals separate laws authorizing the existing programs as well as an obsolete law.

New Activities

The bill requires the commissioner to fund new programs:

1. promoting, retaining, and expanding the state's hydrogen and fuel cell industries;
2. promoting research innovation and nanotechnology;
3. providing technical assistance to small business owners;
4. training small businesses in high performance work practices; and
5. developing marine science, maritime, and homeland security defense industries.

The bill funds the latter by redirecting a \$ 1 million Manufacturing Assistance Act bond authorization for the Connecticut Center for Advanced Technologies (CCAT) to develop a supply chain integration center.

Existing Activities

The bill also requires the commissioner to fund several already authorized programs under the new consolidated grant program and makes conforming technical changes. These programs are:

1. promoting supply chain integration and encouraging businesses to adopt digital manufacturing and information technologies, which CCAT performs under current law, and
2. developing incubators for small technology-based businesses.

The bill repeals the current (1) small business incubator program and its advisory board, but retains the General Fund account for funding incubator facilities and (2) CCAT's supply chain integration and digital manufacturing and information technologies program.

It also eliminates the manufacturing extension service program, which helps small manufacturers adopt cost-cutting technologies and techniques.

Administration

The bill requires (1) the commissioner to specify how entities may apply for grants under the program and (2) the application process to include a request for proposals or a competitive award process. (The bill appears to limit the grants for developing marine, maritime science, and homeland security defense industries to CCAT.)

The bill allows the commissioner to administer the programs directly or under a personal services agreement with a person, firm, corporation, or other entity.

EFFECTIVE DATE: July 1, 2011, except for the provisions (1) creating the new programs and (2) repealing the existing programs and an obsolete law, which take effect July 1, 2012.

§ 165 — SEBAC AGREEMENT APPROVAL

The bill establishes a method for the General Assembly to approve the tentative contract between the State Employees Bargaining Agent Coalition (SEBAC) and the state. SEBAC is a coalition that represents 15 state employee unions that include more than 30 local bargaining units representing roughly 85% of all state employees.

Under the bill, the General Assembly may call itself into special session for the purpose of approving the SEBAC contract no later than five calendar days after the contract is filed with the Senate and House clerks, or by June 30, 2011, whichever is first. Under the bill, if the General Assembly does not call itself into session the agreement is deemed approved by the General Assembly. Under current law, if the General Assembly does not act on a state employee union agreement

that is submitted to it within 30 days, then it is deemed approved. The bill essentially speeds up the approval process if the General Assembly chooses not to act on the contract.

Applying Terms Comparable to SEBAC to Nonunionized State Employees

The bill requires the Administrative Services commissioner and the Office of Policy and Management (OPM) secretary, once the General Assembly approves the contract, to apply terms comparable to the SEBAC contract to all nonunion classified and unclassified officers and state employees. The bill excepts from this the following: (1) the Legislative Management Committee will apply terms concerning wages for legislative branch employees in accord with a separate provision of this bill (see below), and (2) longevity pay for nonunionized employees in the executive, judicial, legislative branches, and higher education in accord with separate provisions of the bill (see below).

By June 30, 2011, the OPM secretary must submit a plan to the Appropriations Committee detailing how the terms of the SEBAC contract will apply to nonunion classified and unclassified officers and employees. By June 30, 2011, the chief court administrator and the legislative management executive director must submit a plan to the Appropriations Committee detailing how the terms of the SEBAC contract will apply to nonunion classified and unclassified officers and employees of the Judicial Department and the legislative branch.

Longevity Pay for Executive Branch and Higher Education Employees

The bill requires the executive branch and Board of Regents of Higher Education, by August 1, 2011, to implement changes to longevity pay for nonunion classified and unclassified officers and employees that are comparable to the longevity pay provisions of the SEBAC contract. Under the SEBAC agreement, longevity payments (1) will be frozen for the two years of service in upcoming budget biennium and those years will not count as service for longevity purposes, (2) new employees hired after July 1, 2011 will not be eligible

for longevity in the future, and (3) union employees with capped longevity will not receive their October, 2011 payment and those with uncapped longevity will lose an amount equal to that lost by those with capped longevity and the procedure for doing this is yet to be determined.

Current statutes provide authority for longevity payments for employees at 10 years of service, with payments increasing at the following five year steps: 15, 20, and 25 years.

Wages and Longevity Pay for Judicial and Legislative Branch Employees

The bill requires the judicial and legislative branches, by August 1, 2011, to consider and implement changes to longevity pay and wages for officers and employees of the judicial and legislative branches that are comparable to the longevity pay and wage provisions of the SEBAC contract. In addition to SEBAC freezing longevity for two years, it includes a two-year wage freeze followed by wage increases of 3% for each of the following three years (plus other possible increase in union contracts).

The bill specifies that nothing regarding the judicial branch applies to officers or employees whose wages are set in statute. Judges, family support magistrates, workers' compensation commissioners, and others' wages are set in statute.

Also, the bill specifies that it does not grant longevity payments to elected officials of the General Assembly.

EFFECTIVE DATE: Upon passage

§ 172 — CABARET TAX REPEAL

The bill repeals the provisions in PA 11-6 that impose a 3% cabaret tax and require the state to disburse the tax revenue to the municipality where the sale occurred.

EFFECTIVE DATE: Upon passage

§ 174 — AIRCRAFT REGISTRATION FEE REVENUE

The bill repeals an obsolete provision that requires revenue from aircraft registration fees to be distributed to towns to reimburse them for lost revenue from the property tax exemption for aircraft.

EFFECTIVE DATE: July 1, 2011