

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 12-2, June 12, 2012 Special Session—SB 501
Emergency Certification

**AN ACT IMPLEMENTING CERTAIN PROVISIONS CONCERNING
GOVERNMENT ADMINISTRATION**

SUMMARY: This act makes many unrelated changes. Among other things, it:

1. allows certain taxpayers to receive property tax exemptions for particular grand list years even though they missed the statutory filing deadlines for them;
2. unless they receive a waiver, requires school districts to develop and implement teacher evaluation and support programs consistent with State Board of Education (SBE) guidelines by September 1, 2013 and makes other changes related to the education reform act;
3. allows the Office of Policy and Management (OPM) secretary or his designee to enter into an outcome-based performance contract with a social innovation investment enterprise in order to accept federal funding for demonstration projects promoting the reintegration of incarcerated or detained individuals into the community;
4. makes various changes to laws allowing municipalities to issue bonds to finance sewer projects;
5. exempts certain federally tax-exempt organizations that primarily provide insurance to veterans and their dependents from most Connecticut insurance laws;
6. authorizes conveyances of certain state property, amends two prior conveyances, and repeals four prior conveyances;
7. allows the OPM secretary, regardless of other state laws, to authorize state agencies to contract with private and nonprofit entities to facilitate the public's electronic utilization of government programs and services;
8. modifies the charge for the home energy services audit program and temporarily suspends the cap on subsidies for audits for customers who heat with nonutility fuels;
9. requires electric companies to provide certain utility pole data to the geographic or geospatial information systems (GIS) analyst or coordinator, or other equivalent official, of any municipality, regional planning agency, regional council of elected officials, or regional council of governments who requests it;
10. requires the Clean Energy Finance and Investment Authority (CEFIA) to establish a separate property-assessed clean energy (PACE) program for qualifying commercial property (including multifamily buildings with five or more units) and allows municipalities to participate in the program under a written agreement approved by their legislative bodies;
11. allows CEFIA to (a) issue revenue bonds, (b) use the bond proceeds to

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promote renewable energy and the financing of energy efficiency projects, and (c) establish one or more special capital reserve funds for the bonds;

12. entitles CEFIA to part of the state's annual private activity bond allocation; and
13. allows towns to phase in all or part of the decreases in real property assessments after a property revaluation.

EFFECTIVE DATE: Upon passage, unless otherwise noted below.

§ 1 — CHILD ADVOCATE

By law, the advisory committee to the Office of the Child Advocate must prepare and submit to the governor a list of candidates for child advocate, ranked in order of preference, within 60 days of a vacancy in the position. The act requires the committee to submit such a list to the governor by July 31, 2012 for a vacancy occurring between January 2, 2012 and June 14, 2012 (such a vacancy did occur).

§ 2 — DEADLINES FOR CONSENSUS REVENUE ESTIMATES

The act extends the deadlines for:

1. the OPM secretary and the Office of Fiscal Analysis (OFA) director to issue the initial consensus revenue estimate for the current biennium and the three following fiscal years from October 15 to November 10 annually;
2. the comptroller to issue the initial estimate if the secretary and the director do not agree on a joint estimate, from October 25 to November 20 annually; and
3. issuing all consensus revenue estimates or revisions to the next business day when any statutory deadline falls on a weekend or legal holiday.

By law, the OPM secretary and the OFA director must issue (1) the first consensus revenue estimate by a specified date in the fall of each fiscal year and (2) any necessary consensus revisions of those estimates or a statement that no revision is needed by January 15 and April 30 annually. The law also specifies deadlines for the comptroller to issue an initial and any necessary revised revenue estimates if the OPM secretary and the OFA director cannot agree.

§§ 3-12 — FILING DEADLINES FOR CERTAIN PROPERTY TAX EXEMPTIONS

Manufacturing Machinery and Equipment (MME) and Commercial Vehicle Exemptions

The act allows certain taxpayers to receive property tax exemptions for particular grand list years, as shown in Table 1, even though they missed the statutory filing deadlines for them. The exemptions are for:

1. machinery and equipment used for manufacturing, biotechnology, or recycling (CGS § 12-81(72)) and

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2. new and newly acquired commercial trucks (CGS § 12-81(74)).

Table 1: Exemption Application Deadline Waivers

§§	Town	Grand List	Type of Property
4,5	Windsor	2009 & 2010	MME
6	Seymour	2010	MME
8	Bridgeport	2010	MME
9	Waterbury	2010	MME
10	Hartford	2010 & 2011	Commercial trucks
12	Durham	2011	MME

By law, property owners must apply to local assessors for these exemptions by November 1, annually. The act waives this deadline for property owners in the towns and for the grand lists shown above, if they apply for the exemption by July 15, 2012 and pay the statutory late fee.

In each case, the local assessor must (1) verify eligibility for and approve the exemption and (2) refund any taxes paid on the property.

Request to Reconsider Denial or Modification of MME Exemption (§ 3)

The act allows a taxpayer in Danbury to file a written request to the OPM secretary to reconsider the secretary’s modification or denial of the town assessor’s decision to exempt certain MME, despite the taxpayers’ failure to meet the 30-day deadline for filing the request. The request pertains to property on Danbury’s grand list for the October 1, 2006 assessment year.

The taxpayer must file a request by July 15, 2012 together with all documentation and information the secretary requested in the original modification or denial letter. The secretary has 30 days from the request date to consider the information and make a decision.

If the taxpayer is aggrieved by the decision, he or she can ask for a hearing according to the regular statutory procedure. If the secretary finds that the taxpayer is eligible for the exemptions, the secretary must notify the taxpayer and Danbury’s assessor. Danbury must reimburse the taxpayer for any taxes already paid on the exempt property.

Waiver of Penalty for Failing to File a Personal Property Tax Declaration (§ 7)

The act requires Brookfield’s assessor to forgive the 25% penalty assessed for failing to file a personal property declaration for a taxpayer otherwise eligible to receive an MME exemption for the 2009 grand list, even though the taxpayer missed the deadlines for filing the declaration (November 1, annually) and appealing to Brookfield’s board of assessment appeals. The taxpayer must (1) apply for the forgiveness by June 30, 2012, in the manner Brookfield’s assessor determines, and (2) have paid all real and personal property taxes due to the town. Brookfield must reimburse the taxpayer for any penalty paid on the personal property.

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Exemption for Nonprofit Organization Property (§ 11)

The act allows a nonprofit organization (i.e., an organization organized exclusively for scientific, educational, literary, historical, or charitable purposes or to preserve land for open space) to receive an exemption for real property on Middletown's 2010 grand list even though it missed the deadline for filing the required property tax exemption statement (November 1, quadrennially). The organization must apply for the exemption by July 15, 2012 and pay the statutory late fee to be considered to have filed the statement in a timely manner.

It requires the Middletown assessor to approve the exemption after confirming the fee payment and the property's eligibility for the exemption. Middletown must refund any excess taxes, interest, and penalties the organization paid on the exempt property.

§ 13 — ODD FELLOWS' HOME OF CONNECTICUT

The act increases, from \$10 million to \$25 million, the maximum value of real and personal property that the Odd Fellows' Home of Connecticut, a long-term care facility in Groton, may hold at any one time and still retain its estate, property, and endowment fund exemption from state taxes.

§§ 14 & 15 — COMMISSIONER'S NETWORK OF SCHOOLS

The education reform act (PA 12-116) establishes (1) the education commissioner's network of schools to improve student academic achievement in low-performing schools and (2) steps the commissioner, district turnaround committees, and local and regional boards of education must take regarding the network, including creating turnaround plans for each school.

This act changes the definition of an "approved not-for-profit educational management organization," which under PA 12-116 can be chosen to manage a network school. It removes the requirement that a nonprofit organization with experience and a record of success in improving low-income or low-performing students' achievement must be located out of the state. It thus allows in-state organizations with the same record of success to be eligible to manage a network school.

The act allows the commissioner to assign the management, administration, or governance of two network schools, rather than one, to an educational management organization under a turnaround plan for the school year starting July 1, 2012. If the commissioner assigns a second school to such an organization for 2012, the act reduces, from five to four, the number of school turnaround plans for the 2013 and 2014 school years that can choose an educational management organization to manage a school. This means the total number of such assignments is six in either case.

It also makes technical changes.

§§ 16 & 17 — COLLECTIVE BARGAINING AND TURNAROUND PLANS

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PA 12-116 requires the school board for a commissioner's network school and the teachers' or administrators' union for the school district to negotiate on any matters in an approved or commissioner-developed turnaround plan that conflicts with provisions of an existing union contract. It sets out two detailed tracks for these negotiations, one for turnaround plans agreed to at the local level and approved by the SBE and another when (1) there is no consensus on the local plan, (2) the commissioner deems the local plan deficient, or (3) no local plan is developed. For the latter track, a bargaining referee must determine whether the matters that conflict with the existing agreement are to be negotiated under existing bargaining parameters or through impact bargaining. Under either scenario, the negotiations must be completed within 30 days.

This act specifies when the 30-day negotiation period begins. If the board of education and the teachers' or administrators' union agree on all or certain components of the turnaround plan, it begins when the turnaround plan is presented to the board and the union, rather than when the agreement is reached by the turnaround committee. If the board and the union do not agree and the components are put before the bargaining referee, the 30-day period begins when the referee determines the type of bargaining to be used in the negotiations, rather than when the turnaround committee reaches an agreement.

§ 18 — EDUCATIONAL MANAGEMENT ORGANIZATIONS

PA 12-116 bans any not-for-profit educational management organization chosen to manage a network school from employing the school's principal, administrators, and teachers. The act expands the ban to prohibit them from employing anyone who works at the school.

§§ 19-21 & 25-27—CHARTER SCHOOL GRANTS PAID THROUGH TOWNS

PA 12-116 requires the (1) state to pay certain grants for state and local charter schools to the town where the school is located as an addition to the town's Education Cost Sharing (ECS) grant and (2) towns to pay the amounts the state specifies to each charter school's fiscal authority.

This act delays the deadlines for the initial payment of the per-student grants for state and local charter schools. It requires the state to make the first payment to the towns by July 15, rather than July 1, and requires towns to pay the charter schools by July 20, rather than July 15. The first payment is 25% of the grant based on the charter school's estimated enrollment on May 1. The payment deadline changes apply to annual per-student grants to (1) state charter schools of \$10,500 for FY 13, \$11,000 for FY 14, and \$11,500 for FY 15 and thereafter and (2) qualifying local charter schools of up to \$3,000 starting in FY 14.

The act eliminates a requirement in PA 12-116 that startup grants for new state charter schools that help the state meet the desegregation goals of the 2008 *Sheff* settlement agreement ("*Sheff* charters") also be paid through ECS grants to the towns where they are located. Instead, it maintains the existing requirement that the state pay such grants directly to *Sheff* charter school governing authority.

EFFECTIVE DATE: July 1, 2012

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§ 22 — ECS GRANT INCREASES FOR ALLIANCE DISTRICTS

PA 12-116 requires the state comptroller to hold back any ECS grant increase payable to an “alliance district” town in FY 13 or any subsequent fiscal year and transfer the money to the education commissioner. The commissioner pays the funds on condition that they are spent according to an approved district improvement plan and any guidelines the SBE adopts. This act specifies that any such funds the commissioner pays to an alliance district town must be transferred to its board of education to implement the improvement plan.

The alliance districts are the 30 districts with the lowest student performance on statewide mastery tests, according to a district performance index established in PA 12-116.

EFFECTIVE DATE: July 1, 2012

§§ 23 & 24 — TEACHER EVALUATION AND SUPPORT PROGRAM

Deadline to Implement District Evaluation Programs

Existing law required SBE to adopt guidelines for a model evaluation and support program for teachers and school administrators by July 1, 2012. PA 12-116 requires the evaluation programs used by local school districts to be consistent with the new guidelines, unless SBE waives the requirement for a district that already has a program that substantially complies.

Unless they receive a waiver, this act requires all school districts to develop and implement evaluation and support programs consistent with the guidelines by September 1, 2013.

Pilot Program Requirements

For the 2012-13 school year, PA 12-116 requires the education commissioner to (1) administer a pilot teacher evaluation and support program based on new SBE guidelines adopted by July 1, 2012 and (2) select between eight and 10 districts to participate in the pilot. The act allows groups of districts to participate as consortia and requires the commissioner to count each such consortium as one district for purposes of the pilot program. It also requires the programs to provide orientation, rather than training, to teachers being evaluated.

§ 28 — TECHNICAL HIGH SCHOOL BUDGETS

PA 12-116 creates a new technical high school system board to govern regional technical high schools. It gives the board the authority to approve or disapprove system budgets without modification as proposed by the technical high school system superintendent.

This act authorizes the board to amend and approve the budget. It requires the board to submit the approved budget to the SBE and OPM following existing agency budget procedures. The act eliminates the provision requiring that if the technical system board disapproves the budget, it adopt an interim budget that remains in effect until the superintendent submits and the board approves a

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modified budget. Under the act, once the superintendent submits the proposed budget, she does not get to submit another budget if the board disapproves of her first submission.

EFFECTIVE DATE: July 1, 2012

§ 29 — CONNECTICUT AGRICULTURAL EXPERIMENT STATION BOARD

The act requires the board of the Connecticut Agricultural Experiment Station to annually choose a vice president from among its members. The law already requires the board to annually choose a president, secretary, and treasurer.

By law, the board must meet at least quarterly and a member is considered to have resigned if he or she fails to attend three consecutive meetings or half of all meetings in a calendar year. The act authorizes the president and vice president to excuse a member's absence from counting as such a failure to attend.

§§ 30-125 — MINOR AND TECHNICAL REVISIONS

Hurricane Deductible (§ 95)

The act amends PA 12-162, which, beginning October 1, 2012, specifies when insurers may impose a hurricane deductible under homeowners and certain other policies issued or renewed on or after July 1, 2012. The act allows insurers to apply this deductible to policies issued or renewed on or after October 1, 2012, thus preventing the provision's retroactive application.

Daylight Savings Time (§ 31)

The act also conforms the state's statutory duration of daylight savings time to a change in federal law that became effective in 2007 (15 USC § 260a, P. L. 109-58, Energy Policy Act of 2005). The act requires daylight savings time to begin on the second Sunday in March rather than the first Sunday in April and end on the first Sunday in November rather than the last Sunday in October.

Driving School License (§ 125)

The act doubles, from one to two years, the duration of a license to operate a driving school, and correspondingly adjusts the initial license fee from \$350 to \$700 and the fee for each additional place of business from \$88 to \$176. This conforms to changes PA 12-81, § 46, makes in the fees for renewing such a license and for each additional place of business.

Employment Information Disclosure (§ 119)

PA 12-192 allows the labor commissioner to disclose certain employment information that identifies individual employees or employers to the president of the Board of Regents for Higher Education (BOR) for use in his official duties to the extent necessary to evaluate programs at higher education institutions BOR

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governs. The act makes a conforming change by removing a reference to institutions of higher education and their governing boards from a provision establishing safeguards ensuring that only certain authorized people have access to disclosed information stored in computer systems.

“Juvenile” vs. “Child” (§ 80)

Under prior law, a “juvenile” could object to the entering of a nolle prosequi on a delinquency charge and demand either a trial or dismissal. The act allows a child, rather than a juvenile, to make such an objection. Since the term “juvenile” is not defined in statute, it is not clear if these terms are synonymous. In most circumstances, the law defines “child” as a person under age 18. But in certain delinquency matters, including the circumstances covered by the act, an older person may be treated as a child.

School Paraprofessionals and Family and Medical Leave (§ 117)

The act specifies that school paraprofessionals can begin accruing hours towards family and medical leave from the date that regulations take effect, rather than from the date that regulations are adopted.

Other Changes

The act makes minor, technical, conforming, and grammatical corrections in the general statutes; eliminates obsolete references; and corrects incorrect ones. EFFECTIVE DATE: October 1, 2012; except for provisions correcting a definition reference in the sales and use tax exemption (§ 58), deleting an obsolete reference in the education statutes and correcting and updating references relating to education and higher education (§§ 103, 119 & 120), and correcting a reference to the Centers for Disease Control and Prevention (§ 121), which take effect July 1, 2012; and provisions updating references to the emergency services and public protection department (§§ 104-115) and concerning family and medical leave for school paraprofessionals (§ 117), which take effect upon passage.

§§ 126 & 173 — REGULATION OF INSURANCE COMPANIES

The act advances, from October 1, 2012 to July 1, 2012, the effective date of provisions of PA 12-103 (§ 6) that allow the insurance commissioner to initiate, be a member of, or participate in a supervisory college. A supervisory college is a temporary or permanent forum for communication between and cooperation among state, federal, and international regulatory officials.

EFFECTIVE DATE: July 1, 2012

§§ 127 & 173 – INSURANCE HOLDING COMPANIES

The act makes a minor change in PA 12-103’s provisions regarding insurance holding companies. By law, each insurance company authorized to do business in Connecticut and a member of a holding company system must register with the

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insurance commissioner and file a registration statement containing specified information. PA 12-103 additionally requires the person controlling an insurance company subject to the registration requirement to file an annual statement regarding the risks within the holding company system that pose a risk to the company. The act requires that the first statement be filed by, rather than not before, June 1, 2013.

EFFECTIVE DATE: October 1, 2012

§ 128 — SOCIAL INNOVATION INVESTMENT FOR OFFENDER REENTRY

The act allows the OPM secretary or his designee to enter into an outcome-based performance contract with a social innovation investment enterprise for the purpose of accepting funding under the U.S. Department of Justice's FY 12 Second Chance Act Adult Offender Reentry Program Demonstration Category 2 Implementation grant program. The program authorizes grants to state and local governments and federally recognized Indian tribes for demonstration projects promoting the safe and successful reintegration of incarcerated or detained individuals into the community.

Under the act, a social innovation investment enterprise is an entity created to coordinate nonprofit service providers' delivery of preventive social programs. The entity must have the capability to:

1. create a social investment vehicle (an investment product the enterprise establishes to raise private investment capital),
2. enter into outcome-based performance contracts (see below), and
3. contract with service providers.

The outcome-based performance contract must (1) establish outcome-based performance standards for nonprofit service providers' preventive social programs and (2) provide that investors in a social investment vehicle receive a return on their investment and earnings on it only if the enterprise meets such standards. The contract can provide for payments from the social innovation account established by the act to the enterprise, investors, or both.

Under the act, when the secretary enters such a contract with a social innovation investment enterprise, he must comply with the law's requirements regarding privatization contracts (e.g., he must conduct a cost-benefit analysis and a business case meeting specified criteria).

The act also establishes a separate, nonlapsing social innovation account in the General Fund. The account consists of any money the law requires to be deposited in it and any interest accruing to it. The act allows funds to be transferred from the General Fund to the social innovation account.

The act requires the OPM secretary to spend the account funds to facilitate moderate and high-risk offenders' reentry into the community. The secretary can apply for and accept public or private gifts, grants, or donations to allow the account to be a source of payments to investors in a social investment vehicle.

EFFECTIVE DATE: July 1, 2012

§ 129 — BERLIN MORATORIUM

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The act extends by one year, in Berlin, the statutory four-year moratorium on the use of the affordable housing land use appeals procedure. But it also subtracts one year from any subsequent moratorium the town receives. A moratorium prevents developers from appealing planning and zoning commission decisions denying proposed affordable housing projects or approving them with costly restrictions under rules that force the commission to defend its decision. As a result, during a moratorium, an aggrieved developer must bring a traditional zoning appeal and convince the court that the commission acted arbitrarily or illegally.

§§ 130-133 — MUNICIPAL SEWER BONDS

The act makes various changes to laws allowing municipalities to issue bonds to finance sewer projects. For these purposes, municipality means any (1) metropolitan district; (2) town, city, borough, consolidated town and city, or consolidated town and borough; and (3) village, fire, sewer, or combination fire and sewer district or other municipal organization authorized to levy and collect taxes.

Revenue Pledge

The law allows municipalities to issue bonds to acquire or build sewer systems that are secured by (1) the municipality's full faith and credit, (2) pledged revenues from sewer system use charges, or (3) both the municipality's full faith and credit and pledged revenues from sewer system connection or use charges or benefit assessments.

The act requires any such revenue pledge to be (1) valid and binding from the time it is made, (2) immediately subject to a lien without physical delivery of the money, and (3) valid and binding against all parties with claims against the municipality, regardless of whether the parties received specific notice of the lien. The resolution, trust indenture, or agreement that contains the pledge must be filed with the municipality's clerk, or district clerk in the case of a metropolitan district.

Refunding Bonds

The act allows municipalities to issue refunding bonds to pay off bonds previously issued under the municipal sewer system laws or any other statutory provision or special act.

Redemption Terms

The act allows the body authorizing the bonds, or a municipal officer, board, or commission authorized by such a body, to determine bond redemption terms. The law already allows the authorizing body or designated municipal officer, board, or commission, to determine other aspects of the bond issuance, including the form of the bonds, their date, and the dates of principal and interest payments.

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Bonds Sold at a Premium

The act explicitly allows municipalities to issue sewer bonds that are sold at a premium or discount with accrued interest. Under prior law, they were limited to issuing bonds sold at par with accrued interest or at a discount.

Although prior law did not appear to allow municipalities to issue bonds at a premium, it required any premium received from bonds, notes, or other debt obligations, minus issuance costs, to be applied to the first principal payment. The act allows municipalities to also use the premium for project costs, including capitalized interest.

Bond Structures

The act allows municipalities to issue bonds that have the same maturity date but different interest rates. By law, they can also issue fixed-rate bonds and bonds with different rates for different maturities.

The law allows municipalities to issue term or serial sewer bonds. A term bond matures on a specific date; a serial bond matures at regular intervals each year over the life of the bond. Prior law (1) specified how the debt service on serial bonds had to be structured and (2) required a sinking fund for any term bonds issued. The act specifies that any sewer bond issuance is deemed to meet these requirements if they would have been met by the issue taken together with all of the previously issued bonds, notes, or other obligations the municipality declares to be part of a single financing plan.

Bondholder Agreements

The act explicitly allows municipalities to include provisions in their agreements with bondholders that specify:

1. how reserves derived from any revenue source will be created, maintained, managed, and used;
2. the conditions under which it issues refunding bonds;
3. the procedure, if any, for amending or repealing any contract with bondholders, including the number or percentage of bondholders that must consent to the amendment or repeal, the manner in which they must consent to it, and any restrictions on individual bondholder rights; and
4. how reimbursement or other similar agreements will be executed in connection with credit facilities, including letters of credit, bond insurance policies, remarketing agreements, and agreements to moderate interest rate fluctuations.

The act also explicitly allows the municipality's agreement with bondholders to take the form of a trust indenture between the municipality and a corporate trustee it approves.

EFFECTIVE DATE: October 1, 2012

§§ 134-137 — EXEMPTING CERTAIN ASSOCIATIONS FROM THE INSURANCE STATUTES

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The act exempts federally tax-exempt organizations that primarily provide insurance to veterans and their dependents from most Connecticut insurance laws. To qualify for a federal tax exemption, such an organization must:

1. have a principal purpose of providing insurance and other benefits to veterans or their dependents,
2. have more than 75% of its members be past or present members of the U.S. armed forces, and
3. be an association organized before 1880 (Internal Revenue Code § 501(c)(23)).

The act requires such organizations to file financial statements with the insurance commissioner annually by May 1 and pay a \$10 filing fee for each. The commissioner, when he deems it necessary, may require the organizations to file statements quarterly or more frequently.

Under the act, if the commissioner determines that such an organization has not maintained qualified assets sufficient to meet its liabilities and minimum capital and surplus requirements as determined by the commissioner, he may order the organization to increase its capital and surplus. If the organization is unable to do so, the commissioner may order it to stop assuming additional liabilities in Connecticut until it can meet the capital and surplus requirements.

The act also makes technical changes.

EFFECTIVE DATE: July 1, 2012

§ 136 — FRATERNAL BENEFIT SOCIETIES' LATE FILING FEE

By law, fraternal benefit societies must file financial statements with the insurance commissioner annually by March 1. The act increases, from \$100 to \$175 per day, the fee a society must pay if it fails to file a complete statement on time. It allows the commissioner to waive the late filing fee if (1) the society cannot file on time because the governor of its domiciliary (home) state proclaims a state of emergency that prevents it from filing the statement or (2) the society's domiciliary state's insurance regulator has allowed it to file the statement late.

EFFECTIVE DATE: July 1, 2012

§ 138 — TEACHER PROFESSIONAL DEVELOPMENT AND INDIVIDUALIZED EDUCATION PROGRAMS (IEPS)

The act adds to the types of professional development that local and regional boards of education must offer their certified employees regarding special education students. It requires boards to offer professional development that includes training in (1) the implementation of student IEPs and (2) communicating IEP procedures to parents or guardians of students who require special education and related services. The training must be offered to certified employees with an endorsement in special education who hold a position requiring this endorsement.

State and federal special education laws require an IEP for each special education student to address his or her individual needs.

EFFECTIVE DATE: July 1, 2012

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§ 139 — AMERICAN SCHOOL FOR THE DEAF

The act allows the state treasurer to execute a deed quitclaiming (i.e., renouncing) any right, title, and interest the state may have in any undischarged liens for money previously advanced to the American School for the Deaf for construction and development.

§§ 140-151 & 172 — CONVEYANCE OF STATE PROPERTY

The act (1) authorizes conveyances of state property (a) to the towns of Bloomfield, East Hartford, East Haven, New Britain, New Haven, Tolland, and Windsor and (b) in the town of Enfield to the Shaker Pines Fire District 5; (2) amends prior conveyances in Barkhamsted and New Hartford, and Greenwich; and (3) repeals prior conveyances in Bristol, Manchester, Marlborough, and Windsor Locks.

New Conveyances (§§ 140-146 & 149-151)

The act requires the state to convey property from the following agencies to the towns (and in one case, a fire district) named for the purpose specified:

1. the Department of Transportation (DOT) to East Hartford for open space (two parcels totaling .82 acres for administrative costs);
2. DOT to East Haven (.49 acres for fair market value, as determined by the average appraisals of two independent appraisers chosen by the commissioner, plus administrative costs);
3. the Department of Administrative Services (DAS), on behalf of the Judicial Department, to New Britain for economic development (.89 acres for \$60,000 plus administrative costs);
4. DAS, on behalf of the Department of Developmental Services, to Windsor (.73 acres for a negotiated price plus administrative costs);
5. the Department of Energy and Environmental Protection to Bloomfield for a golf course (36.05 acres for administrative costs);
6. the Department of Economic and Community Development (DECD) to New Haven for economic development (.52 acres for administrative costs);
7. DOT to Tolland for economic development (3.2 acres for administrative costs);
8. DECD to New Britain for a community park (.32 acres for administrative costs); and
9. the Department of Correction to Shaker Pines Fire District 5 in Enfield for firefighting education and training (10 acres plus any improvements on the property for administrative costs).

The New Haven conveyance also releases a deed restriction requiring the property to be used only for low- and moderate-income housing.

Each conveyance is subject to the State Properties Review Board's approval within 30 days. Conveyances with a specified purpose (other than the New Haven conveyance) revert to the state if the recipient sells, leases, or uses the parcel for

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any purpose other than that specified in the act, except that the act allows New Britain to sell the parcel conveyed by DAS on behalf of the Judicial Department. The East Hartford parcels also revert to the state if it needs them for transportation purposes, and the conveyance by DAS to New Britain reverts to the state if it is not used for economic development within two years of being conveyed.

The New Haven parcel reverts to the state only if the city sells or leases all or a portion of it for purposes other than economic development or business support. The act also requires New Haven to transfer to the state any consideration received for selling or leasing the parcel that is not otherwise allocated for public improvements.

For the Windsor conveyance, the act requires DAS and the town to negotiate the purchase price, which must be reduced by the amount the town pays for necessary improvements. If no price is agreed, the parcel will not be conveyed. If the parcel is conveyed and Windsor refuses to pay the amount owed, the land reverts to the state. The act does not specify a deadline for Windsor to pay or agree to pay the amount owed.

Amended Conveyances (§§ 147 & 148)

The act amends a 2008 conveyance of a .44 acre parcel in Greenwich from DOT to the Greenwich Historical Society by allowing the society to use the land for purposes consistent with its mission. The property's use was previously restricted to parking.

The act amends a 2008 conveyance of a 3.2 acre parcel in Barkhamsted and New Hartford from DOT to Regional Refuse Disposal District One to allow the district to exchange a portion of the parcel with abutting property owners to construct a water well line on the abutting property. The conveyance's provisions require the property to be used for economic development and prohibit the district from selling, leasing, or otherwise exchanging the property.

Repealed Conveyances (§ 172)

The act repeals prior conveyances from DOT to the following towns:

1. Bristol (.11 acre in 2011),
2. Manchester for road alignment and traffic mitigation (1.517 acres in 2010),
3. Marlborough (.46 acre in 2010), and
4. Windsor Locks for municipal purposes (20,000 square feet in 2006).

§ 152—ELECTRONIC GOVERNMENT PROGRAMS AND SERVICES

The act allows the OPM secretary, regardless of other state laws, to authorize state agencies to contract with private and nonprofit entities to facilitate the public's electronic utilization of government programs and services. Before seeking authorization to enter into such an agreement, an agency must use competitive bidding or competitive negotiation to select entities to participate in the agreements. The agency must give notice of a bid solicitation or request for

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proposals in a form and manner that the secretary determines will maximize public participation in the bidding or negotiation process.

Under the act, the agreements may allow the private or nonprofit entity to collect applicable statutory or regulatory fees owed to the state and remit these amounts as defined in law. An agreement can allow the entity to charge an administrative fee, which must be deposited into the General Fund, but the Finance Advisory Committee must approve any administrative fee for electronically utilizing government programs or services.

The act requires agreements to comply with the Freedom of Information Act and ensure that the public can still use nonelectronic means to access government programs and services. It prohibits the OPM secretary from authorizing agreements that adversely affect people's ability to apply for or receive assistance or benefits from the Department of Social Services.

EFFECTIVE DATE: July 1, 2012

§ 153 — EAST HARTFORD REFERENDUM VALIDATION

The act validates an East Hartford bonding referendum held on November 8, 2011 that was otherwise valid but for the town's failure to properly publish notice in a newspaper with general circulation in the town. It also validates, as of the date taken, all otherwise valid acts, votes, and proceedings of East Hartford officers and officials pertaining to or relying on the referendum. In the referendum, voters approved a \$7 million appropriation and bond authorization for the town's flood control system.

§ 154 — ENERGY AUDITS FOR OIL-HEATED HOMES

Under prior law, the home energy services audit program subsidized customers who heat with oil or other nonutility fuels. Although the program is funded by charges on gas and electric bills, prior law required that the audit charge must be the same, regardless of how the property owner heats his or her home. The act instead requires that the charge reflect the contributions made to the Energy Efficiency Fund by each type of customer, subject to a \$99 cap.

Prior law limited the subsidy that customers who heat with gas or electricity provide to those who heat with oil or other nonutility fuels to \$500,000 per year. The act eliminates the subsidy cap until August 1, 2013.

§ 155 — GIS DATA SHARING

The act requires electric companies to provide certain utility pole data to the geographic or geospatial information systems (GIS) analyst or coordinator, or other equivalent official, of any municipality, regional planning agency, regional council of elected officials, or regional council of governments who requests it. The companies must share GIS data for poles they own or jointly own that are located in the municipality or the area served by the regional organization. The data includes pole ownership, identification number, XY coordinate location, pole height and classification, and street or post light wattage size.

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The act also allows the companies to provide the location of their medical hardship accounts to a municipality that requests this information for public safety reasons during an emergency.

Before receiving any of the above data, the requesting municipality or regional organization must demonstrate to the electric company that it has appropriate procedures to keep it confidential. The municipality or regional organization can use the data only internally and cannot publicly disclose it without the company's consent. The act exempts any data shared under the act from disclosure under the Freedom of Information Act.

§ 156 — COMBINED HEAT AND POWER/ANAEROBIC DIGESTER PROGRAMS

By law, CEFIA must establish three-year pilot programs to provide financial incentives for installing (1) combined heat and power (CHP) systems and (2) anaerobic digesters. Under prior law, the maximum size of the CHP systems and anaerobic digesters were 2 and 1.5 megawatts, respectively. The act expands the maximum size to 5 megawatts for CHP systems and 3 megawatts for anaerobic digesters. The act requires CEFIA to examine the appropriate financial assistance for each CHP project and increases the maximum assistance for such systems from \$350 to \$450 per kilowatt. (There are 1,000 kilowatts in a megawatt.)

§ 157 — PROPERTY-ASSESSED CLEAN ENERGY (PACE) PROGRAMS

By law, municipalities may establish PACE programs under which they loan money to local residents and businesses for energy efficiency and renewable energy improvements. The loans are backed by a lien on the improved property that is treated like a property tax lien, other than not having priority over existing mortgages.

The act (1) requires CEFIA to establish a separate PACE program for qualifying commercial property (including multifamily buildings with five or more units) and (2) allows municipalities to participate in the program under a written agreement approved by their legislative bodies.

It requires CEFIA to:

1. develop guidelines governing the terms and conditions under which state financing may be made available to the commercial program, including, in consultation with representatives from the banking industry, municipalities, and property owners, developing the parameters for consent by existing mortgage holders;
2. establish the position of commercial sustainable energy program liaison within CEFIA;
3. establish a loan loss reserve or other credit enhancement program for qualifying commercial real property; and
4. adopt standards to ensure that the energy cost savings of the improvements over their useful life exceed their costs.

It allows CEFIA to:

1. serve as an aggregating entity to secure state or private third-party

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financing for the energy improvements and

2. use the services of one or more private, public, or quasi-public third-party administrators to administer, provide support, or obtain financing for the program.

The act allows CEFIA to make appropriations for and issue bonds, notes, or other obligations to finance the improvements. The bonds or other obligations must be issued in accordance with the law governing CEFIA bonds. They may be secured by pledged revenue derived from the commercial program, including revenues from benefit assessments on qualifying commercial real property.

The act's provisions regarding the program are generally similar to the law regarding municipal PACE programs, with CEFIA taking the place of the municipality. But the act:

1. requires the mandated energy audit or renewable energy feasibility analysis to assess the energy cost savings of the proposed project over its useful life;
2. gives the lien priority over existing mortgages, but requires that the property owner give existing mortgage holders at least 30 days' written notice of his or her intent to participate in the program before the lien is recorded;
3. authorizes variable interest loans; and
4. allows participating municipalities to assign the liens to CEFIA and allows CEFIA to sell or assign the liens.

Under the act, the notice that must be given to prospective participants in the commercial program is somewhat different than that required under the law for municipal PACE programs. Under that law, the municipality must give prospective participants a notice that encourages them to seek legal advice to understand the potential consequences of participating in the program. Under the act, CEFIA must disclose to the property owner the:

1. costs and risks associated with participating in the program, including risks related to the property owner's failure to pay the benefit assessment and
2. effective interest rate of the benefit assessment, including fees CEFIA charges to administer the program, and the risks associated with variable interest rate financing.

The act also requires CEFIA to notify the owner that he or she may rescind any financing agreement under the program within three business days after entering the agreement.

§ 158 — CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

The act expands the types of technologies that CEFIA can promote through the Clean Energy Fund to include all class I renewable resources. Most of these resources are already eligible for this support.

Under prior law, CEFIA was deemed to be a quasi-public entity for certain purposes. The act instead specifies that CEFIA is a political subdivision of the state, but not a state agency. It allows CEFIA to provide grants, loans, loan guarantees, or debt and equity investments in accordance with its procedures (the

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quasi-public authority equivalent to regulations.) The act allows CEFIA to use its own accountant, rather than that of Connecticut Innovations, to meet its Clean Energy Fund audit requirements

The act requires the authority's board members to elect the president of the authority (its CEO) and allows CEFIA to secure any bonds it issues with special capital reserve funds (SCRFS), discussed below.

§§ 159 & 160 — CEFIA BONDS

The act allows CEFIA to issue revenue bonds with terms of up to 20 years. The authority must use the bond proceeds for its purposes under existing law, which includes promoting renewable energy and financing of energy efficiency projects.

The act allows the:

1. authority to issue "clean energy" bonds backed by Clean Energy Fund revenues, including the existing renewable energy charge on electric bills;
2. bonds to be backed by the full faith and credit of any public or private body; and
3. authority to issue bonds that are federally taxable.

Under the act, the state pledges not to alter the renewable energy charge until (1) the bonds are paid off or (2) it makes adequate provisions to protect the bondholders. The clean energy bonds are not state obligations and only the authority is liable for them. They do not count towards the state's bond cap.

The act allows the authority to determine how it will issue and repay the bonds and specifies the kinds of terms and conditions it may include in its agreements with the bondholders. It makes the bonds securities in which governments and private entities may invest and allows the authority to sell them (1) at a public sale on sealed proposals at a price and time it chooses or (2) by negotiating with investors.

The act authorizes or requires several actions to assure bondholders that the authority will repay them. It specifies that the state will not limit or alter the authority's rights until it repays its outstanding bonds. The act also allows the authority to secure that pledge by entering into agreements with a trustee representing the bondholders' interests ("a trust of indenture" agreement). The act requires the authority to secure principal and interest payments by pledging its revenue, which is also immediately subject to lien without any action on the bondholders' part.

The act allows the authority to issue bonds to refund its outstanding bonds and specifies conditions for doing so.

It exempts the principal and interest payments to the bondholders from all taxes except estate and succession taxes, but requires bondholders to include these payments when computing excise and franchise taxes.

EFFECTIVE DATE: July 1, 2012

§ 161 — SPECIAL CAPITAL RESERVE FUNDS (SCRFS) FOR CEFIA BONDS

The act allows CEFIA to establish one or more special SCRFS in connection

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with its bonds. The issuance of bonds backed by a SCRF requires approval of the OPM secretary or his deputy and the treasurer.

No bonds secured by a SCRF may be issued to pay project costs unless CEFIA determines that the revenue from the project is sufficient to pay the principal of and interest on the bonds issued to finance the project, among other things. The maximum amount of bonds backed by a SCRF CEFIA may issue is \$50 million.

Money credited to and held in the SCRF must be used solely to (1) buy, or pay interest or principal on, the bonds the fund secures or (2) pay redemption premiums on them if they are redeemed before maturity. Funding in the SCRF cannot fall below a minimum capital reserve level.

Although bonds secured by a SCRF are not backed by the state's full faith and credit, the state assumes a contingent liability for the bonds by allowing the authority to establish these funds. The state's liability is to maintain the minimum reserve on an annual basis and restore it to the minimum if it falls below the required amount in any particular year. If funding in the SCRF falls below the mandated level as of December 1 of any year, the shortfall is "deemed appropriated" from the General Fund. The shortfall must be repaid within one year, subject to bondholder agreements.

EFFECTIVE DATE: July 1, 2012

§ 162 — PRIVATE ACTIVITY BOND CAP

The act entitles CEFIA to part of the state's private activity bond cap by adding it to the following list of entities that share 27.5% of the total allocation: municipalities, the Connecticut Higher Education Supplemental Loan Authority, and the Connecticut Student Loan Foundation.

Private activity bonds are issued by quasi-public authorities and municipalities. They are backed by the credit of private borrowers or pools of borrowers, who pay the bond debt service. Federal law (1) caps the annual amount of such bonds that can be issued in each state and (2) exempts the bonds from federal taxes if they are issued for specified purposes.

EFFECTIVE DATE: July 1, 2012

§§ 163 & 164 — CEFIA AND ETHICS LAWS

The act subjects the CEFIA staff and directors and people dealing with the authority to the same ethics laws that apply to other quasi-public authorities. It subjects CEFIA to the laws governing other quasi-public authorities regarding "procedures" (the equivalent of regulations), reporting, and audits.

EFFECTIVE DATE: July 1, 2012

§ 165 — STATE TREASURER APPROVAL OF SCRFs

The act expands the procedures for the state treasurer's approval of bonds backed by SCRFs to include bonds issued by CEFIA.

EFFECTIVE DATE: July 1, 2012

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§ 166 — CEFIA - EXEMPTION FROM PERSONAL LIABILITY

The act exempts CEFIA directors and staff from personal liability for their actions, so long as they are not wanton, reckless, willful, or malicious.

EFFECTIVE DATE: July 1, 2012

§ 167 — LOW-INCOME ENERGY ADVISORY BOARD

The act:

1. requires the Low-Income Energy Advisory Board to elect its chairperson and vice-chairperson (under prior law the OPM secretary served as the chairperson);
2. removes the ability of the OPM secretary and the Department of Social Services commissioner or their designees to vote on board matters;
3. adds the Department of Energy and Environmental Protection (DEEP) commissioner or his designee as a nonvoting board member;
4. requires that the DEEP commissioner or his designee, rather than the OPM secretary, provide notice of meetings to board members and space for its meetings, maintain minutes, and publish the board's reports;
5. allows all, rather than just specified, members of the board to name designees to serve on the board; and
6. makes a technical change.

EFFECTIVE DATE: July 1, 2012

§§ 168-170—REVALUATION PHASE-IN

Existing law gives towns the option of phasing in all or part of the increases in real property assessments after a property revaluation. The act allows towns to similarly phase-in all or part of post-revaluation assessment decreases and establishes three phase-in methods comparable to the existing methods for assessment increases. It applies the same procedures for implementing a phase-in for assessment decreases that already apply to phase-ins for assessment increases, specifically those for determining a phase-in factor and approving and discontinuing the phase-in. New construction built during the phase-in period must be assessed according to standard assessment procedures (i.e., 70% of fair market value).

Although the act allows towns to adopt a phase-in for assessment decreases for up to five years, it authorizes the phase-in for only the 2012 assessment year (beginning October 1, 2012 for tax bills due July 1, 2013).

The act makes other conforming changes.

Implementation Options

The act establishes three phase-in methods for assessment decreases that are comparable to those under existing law for assessment increases.

Dollar Phase-In. Under the first, each parcel's assessment in the revaluation year must be subtracted from the parcel's assessment for the assessment year

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before the one in which revaluation is effective. The annual amount of the parcel's assessment decrease is the result of the subtraction divided by the number of years of the phase-in term. Thus, if the parcel's pre-revaluation value is \$150,000 and its new value is \$100,000, and the town chooses a five year phase-in, the assessment would decrease by \$10,000 each year (\$50,000 divided by 5). But, if a town chooses to phase in only part of the assessment decrease, the amount of the decrease that is not subject to the phase-in is not reflected in this calculation.

Ratio Phase-In. Under the second method, the required 70% assessment rate must be subtracted from the ratio of the total assessed value of all taxable real property for the assessment year before the one in which revaluation is effective to the total fair market value of such property as determined from sales records in that year. The annual incremental rate of assessment decrease applicable to all real property is the result of the subtraction divided by the number of years of the phase-in term. Thus, if the total assessed value in the pre-revaluation year was 90% of fair market value, the 20% difference between this number and the 70% rate would be phased in over the number of years of the phase-in term (e.g., 4% per year over 5 years). Before determining the annual rate of assessment decrease, a town that chooses to phase in part of the assessment decrease must multiply the result of this subtraction by the proportion of the decrease that is not subject to the phase-in, to determine the assessment rate that is not subject to the phase-in.

Ratio Phase-In by Property Class. The third method divides properties into classes and phases in the rate at which the assessment decreased for each class. The property classes are residential, commercial, and vacant land. Commercial property includes apartments containing at least five units, industrial property, and public utility property.

Under this method, the required 70% assessment rate must be subtracted from the ratio of the total assessed value of all taxable real property in each property class for the assessment year before the one in which the revaluation is effective to the total fair market value of such property in each class as determined from sales records in that year. The annual incremental rate of assessment decrease applicable to all real property in each class is the result of the subtraction divided by the number of years of the phase-in term.

If there are no sales records for a class or not enough sales within each class to extrapolate a rate of increase for the entire class, the assessor must use the second method to determine the phase-in for the affected property class.

Partial Phase-Ins

As under the existing revaluation phase-in law, a town that chooses to phase in a part of an assessment decrease must establish a phase-in factor, which cannot be less than 25%, and apply this factor to all parcels in town, regardless of their property classification. The town must multiply this factor by the total assessment decrease for the parcel to determine the amount of the decrease that will not be subject to the phase-in. For each parcel, the amount of the assessment decrease subject to the phase-in is either the (1) difference between the result of this multiplication and the total assessment decrease or (2) result derived from (a)

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dividing the parcel's assessment in the preceding assessment year by a number derived from subtracting the percentage by which the assessment decreased as a result of the revaluation and (b) multiplying this number by the parcel's total assessment decrease.

Approving the Phase-In

As under existing law, the municipality's legislative body must approve the phase-in, which cannot exceed five assessment years, including the revaluation year. Its chief elected official must notify the OPM secretary in writing within 30 business days after the legislative body decides to implement or discontinue the phase-in. Failure to do so subjects the official to a \$100 fine.

Discontinuing the Phase-in

The legislative body may discontinue the phase-in, as under existing law. It may do so at any time before the phase-in is completed, so long as it is done by the assessment date for the assessment year in which the discontinuance is effective. In the following assessment year, assessments must reflect the values of real property established by the revaluation, subject to (1) additions for new construction and reductions for demolitions occurring after revaluation and by the date of its completion or discontinuance and (2) the rate of assessment applicable in that year.

EFFECTIVE DATE: July 1, 2012, and applicable to assessment years starting October 1, 2012, except for the conforming changes, which are effective July 1, 2012.

§ 171—PROJECT 150

By law, electric companies must enter into long-term contracts to buy the power produced at eligible renewable energy generation plants. Under prior law, the Public Utilities Regulatory Authority (PURA) could not extend the in-service date for the plants approved for this program beyond the deadlines specified in their contracts. The act creates an exception under which PURA must grant an extension, upon request, of the latest in-service date by 12 months for any project located in a distressed municipality, with a population of more than 125,000 (i.e., Bridgeport and New Haven, according to the 2010 census).

OLR Tracking: CR/All:All:JL:ts