



House of Representatives

General Assembly

File No. 768

January Session, 2013

Substitute House Bill No. 6352

House of Representatives, May 8, 2013

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE EXPENDITURE CAP.

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

1 Section 1. Section 2-33a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 The General Assembly shall not authorize an increase in general
4 budget expenditures for any fiscal year above the amount of general
5 budget expenditures authorized for the previous fiscal year by a
6 percentage which exceeds the greater of the percentage increase in
7 personal income or the percentage increase in inflation, unless the
8 Governor declares an emergency or the existence of extraordinary
9 circumstances and at least three-fifths of the members of each house of
10 the General Assembly vote to exceed such limit for the purposes of
11 such emergency or extraordinary circumstances. Any such declaration
12 shall specify the nature of such emergency or circumstances and may
13 provide that such proposed additional expenditures shall not be
14 considered general budget expenditures for the current fiscal year for
15 the purposes of determining general budget expenditures for the

16 ensuing fiscal year and any act of the General Assembly authorizing
17 such expenditures may contain such provision. As used in this section,
18 (1) "increase in personal income" means the average of the annual
19 increase in personal income in the state for each of the preceding five
20 years, according to United States Bureau of Economic Analysis data;
21 (2) "increase in inflation" means the increase in the consumer price
22 index for urban consumers during the preceding twelve-month period,
23 according to United States Bureau of Labor Statistics data; [and] (3)
24 "general budget expenditures" means expenditures from appropriated
25 funds authorized by public or special act of the General Assembly,
26 provided [(1)] (A) general budget expenditures shall not include
27 expenditures for payment of the principal of and interest on bonds,
28 notes or other evidences of indebtedness, expenditures pursuant to
29 section 4-30a, or current or increased expenditures for statutory grants
30 to distressed municipalities, provided such grants are in effect on July
31 1, 1991, and [(2)] (B) expenditures for the implementation of federal
32 mandates or court orders or for the implementation of federal
33 programs that are one hundred per cent funded by the federal
34 government, including federal programs in existence on or after July 1,
35 2013, that are expanded to one hundred per cent federal funding, shall
36 not be considered general budget expenditures for the first fiscal year
37 in which such expenditures are authorized, but shall be considered
38 general budget expenditures for such year for the purposes of
39 determining general budget expenditures for the ensuing fiscal year; [. As used in this section,] (4) "federal mandates" means those programs
40 or services in which the state must participate, or in which the state
41 participated on July 1, 1991, and in which the state must meet federal
42 entitlement and eligibility criteria in order to receive federal
43 reimbursement, provided expenditures for program or service
44 components which are optional under federal law or regulation shall
45 be considered general budget expenditures; and (5) "evidences of
46 indebtedness" shall include expenditures for payment of the annual
47 required contribution for the unfunded accrued liability portion of the
48 teachers' retirement system and the annual required contribution for
49 the unfunded accrued liability portion of the state employees
50

51 retirement system.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	2-33a

Statement of Legislative Commissioners:

In line 32, the comma and brackets were deleted and "for the implementation of" was inserted after "or", for the purpose of clarity.

APP *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

The bill alters the treatment of certain appropriations related to the State Employee Retirement System (SERS) and the Teachers' Retirement System (TRS), and fully federally-funded items, for spending cap purposes.

Treating SERS and TRS past service liability appropriations as "non-capped" has the effect of exempting \$349.7 million and \$91.2 million from the spending cap in FY 14 and FY 15, respectively.

The new treatment of fully federally-funded appropriations in the first year has the effect of exempting \$446 million and \$689.5 million from the spending cap in FY 14 and FY 15, respectively.

The Out Years

The SERS and TRS exemption results in an estimated \$71.3 million, \$74.6 million, and \$78.1 million being treated as "non-capped" in FY 16, FY 17, and FY 18, respectively.

The new treatment of fully federally-funded appropriations has the effect of exempting an estimated \$180.4 million from the spending cap in FY 16, only.

OFA Bill Analysis

sHB 6352

AN ACT CONCERNING THE EXPENDITURE CAP.

SUMMARY:

The bill alters the spending cap by: A) exempting appropriations related to the state's unfunded past service liability for the State Employee Retirement System (SERS) and the Teachers' Retirement System (TRS), and B) exempting appropriations for new or existing programs that are expanded to 100% federal reimbursement in the first year they are made after July 1, 2013.

EFFECTIVE DATE: Upon Passage

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 31 Nay 19 (4/19/2013)