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## **OLR Bill Analysis**

### **sHB 6629 (as amended by House “B” and “C”)\***

#### ***AN ACT CONCERNING REGIONALISM IN CONNECTICUT.***

##### **SUMMARY:**

This bill eliminates regional planning agencies (RPA) and regional councils of elected officials (CEO) after January 1, 2015, leaving regional councils of governments (COG) as the only regional planning organizations (RPO) within the state’s planning regions. The bill also makes changes to the COG’s powers, duties, and funding formula.

The bill subjects COGs to statutory provisions that currently apply to RPAs. Among other things, it subjects COGs to the single audit law, allows COG employees to participate in the Municipal Employee Retirement System, and allows COGs to establish conflict of interest provisions for their employees. The bill also makes many technical and conforming changes reflecting the elimination of RPAs and CEOs.

The bill changes the criteria the Office of Policy and Management (OPM) secretary uses to analyze, designate, and update local planning regions. The secretary must report to the Planning and Development Committee by October 1, 2013 on the status of his planning region analysis.

The bill (1) caps the maximum mill rate on motor vehicles in assessment year 2014, (2) reduces the cap through assessment year 2021, and (3) bans municipalities from taxing motor vehicles starting in 2021. The bill also creates the Municipal Reimbursement and Revenue account and specifies that certain fees currently paid into the Special Transportation Fund (STF) must be deposited in the new account.

The bill increases, from 20 to 30 years, the age of a vehicle that is designated as antique, rare, special-interest, or modified antique. It

also increases, from \$500 to \$1,000, the maximum value of such vehicles for property tax purposes. The bill also makes several changes to the Department of Motor Vehicle's (DMV) special plate program.

The bill also:

1. expands the types of projects eligible for funding under the Regional Performance Incentive Program;
2. changes the Commission for Educational Technology's membership;
3. requires the Bureau of Enterprise Systems to create a schedule for connecting municipalities and COGs to the state-wide high speed, flexible network (state network);
4. requires OPM to develop and implement a uniform system of accounting for municipalities;
5. requires the transportation commissioner to prepare a report on the designation of metropolitan planning organizations;
6. creates a task force to study the possibility of a school bus driver health insurance pool;
7. creates a task force to develop guidelines for uniform regional school calendars and requires regional schools to adopt calendars consistent with these guidelines;
8. eliminates the requirement that a foreclosure mediation notice be sent to homeowners in sewer, water, or property tax arrears;
9. requires each state planning region to establish regional human services coordinating councils;
10. specifies that newly acquired machinery and equipment is eligible for a property tax exemption before it is installed and used;
11. increases the number of municipalities that may be selected to

participate in, and makes changes to, OPM's land value tax pilot program; and

12. requires the Department of Revenue Services (DRS) to conduct a tax incidence study.

\*House Amendment "B" adds all of the provisions, except those that modify the process used to designate local planning regions, requires all RPOs to become COGs, and changes RPOs' funding formula. (These provisions are also modified by House Amendment "B.")

\*House Amendment "C" lowers the assessment cap for antique, rare, or special interest motor vehicles from \$2,500 to \$1,000.

EFFECTIVE DATE: Various, see below.

## **§ 1 — LOCAL PLANNING REGIONS**

The bill makes the following changes in the law that requires the OPM secretary to analyze, designate, and update local planning regions. It requires the secretary to:

1. consult with the transportation commissioner;
2. consider United States Census Bureau (USCB)-designated urbanized areas and urbanized clusters;
3. consider the current capacity of each RPO to comply with federal surface transportation laws;
4. consider whether proposed regions can deliver sophisticated planning activities and regional services, rather than necessary regional services; and
5. consider whether rural regions should be designated in parts of the state without urbanized areas.

The secretary must report to the Planning and Development Committee, by October 1, 2013, on the status of his planning region

analysis.

Under the bill, when two or more contiguous planning regions that contain 14 or more municipalities voluntarily consolidate to form a single planning region, instead of a COG, they are exempt from redesignation.

EFFECTIVE DATE: Upon passage

**§§ 2, 4, 6, 10-11, 13-69 & 97 — CONVERSION TO COGS**

The bill requires CEOs and RPAs to reestablish themselves as COGs by January 1, 2015. The bill eliminates the procedure that allows CEOs and RPAs to become a COG without passing new ordinances.

***Powers***

Under current law, COGs have all the powers and responsibilities of CEOs and RPAs, including the authority to promote cooperative arrangements among neighboring municipalities related to health, safety, welfare, education, transportation, and the economy. The bill specifies COGs have the authority to:

1. participate in any program available to any county or political subdivision of the state;
2. perform, jointly, alone, or in cooperation with another entity, any service, activity, or undertaking that a political subdivision of the state is authorized to perform; and
3. administer and provide services to municipalities, including delegation of authority to subregional groups of municipalities.

Under the bill, COGs may provide any of the following services: engineering, inspection and planning, economic development, public safety, emergency management, animal control, land use management, tourism promotion, social, health, educational, data management, regional sewerage, housing, computerized mapping, household hazardous waste collection, recycling, public facility siting, coordination of master planning, vocational training and development,

solid waste disposal, fire protection, regional resource protection, regional impact studies, and transportation. In addition, the bill transfers many rights and duties of RPAs to COGs, including the right to be consulted on, and receive notice of, certain regional matters.

**Report to OPM and Legislature**

The bill also requires COGs annually, beginning January 1, 2014, to report to the OPM secretary and Planning and Development Committee. The report must describe:

1. any regional program, project, or initiative (regional program) provided or planned by the COG;
2. any spending on a regional program, including the funding source and a cost-benefit analysis of the expenditure;
3. any state or municipal services that could be transferred to the COG, and the expected efficiency;
4. performance of any regional programs, including any recommendations for legislative action; and
5. specific annual goals, objectives, and quantifiable outcome measures for each regional program.

EFFECTIVE DATE: Upon passage

**§§ 3, 70-71, & 95 — COG FUNDING**

The bill renames the regional performance incentive account the regional planning incentive account and makes its primary use funding RPOs, as shown in Table 1, and its secondary use funding regional performance incentive program grants. Under the bill, the account will no longer fund the Voluntary Regional Consolidation Bonus Pool (VRCBP), which the bill eliminates. The VRCBP is used to offset consolidation costs associated with voluntary RPO mergers.

The bill changes the funding formula for COGs and uses the regional planning incentive account as the funding source. Under current law, RPOs receive an annual state grant equal to 5.3% of the

total state appropriation, and supplemental grants based on the ratio of their local dues to their state grant. Table 1 shows the funding formula that will apply beginning in FY 14.

**Table 1: Funding Formula**

	FY 14	FY 15 and Forward
<b>Base Amount</b>	\$125,000	\$125,000
<b>Amount Per Person</b>	\$0	50¢, based on most recent census
<b>Additional payment for consolidated COGs</b>	equal to amount that RPOs would have received if they had not voluntarily consolidated before January 1, 2014	\$125,000 for each RPO that voluntarily consolidated before January 1, 2014

EFFECTIVE DATE: Upon passage

## **§ 5 — REGIONAL PERFORMANCE INCENTIVE PROGRAM**

The bill modifies the regional performance incentive program. Under current law, the program allows RPAs, CEOs, COGs, economic development districts, and two or municipalities, by December 1, 2011 and annually thereafter, to submit to the OPM secretary proposals to provide, on a regional basis, any service currently provided by one or more towns in their regions. The bill adds shared information technology services to the list of activities eligible for a grant. It also specifies that two or more municipalities that apply for funds must do so through their RPO.

Under the bill, an individual municipality or COG may apply to the OPM secretary, on or before December 31, 2013, and annually thereafter, for a grant to fund:

1. operating costs for connecting to state network and
2. capital costs associated with connecting to the network, including costs of building out the internal fiber network connections required to connect to the state network.

The bill requires the secretary to make network build-out grants in conformity with the two-year schedule fixed for municipal and COG connection to the state network.

EFFECTIVE DATE: Upon passage

**§§ 7, 77, & 96 — STATEWIDE HIGH SPEED NETWORK**

This bill changes the Commission for Educational Technology's membership. The bill removes from the current commission:

1. the Public Utilities Regulatory Authority chairperson,
2. a representative of the Connecticut Educators Computer Association,
3. a representative of the Connecticut Association of Public School Superintendents,
4. a secondary school teacher designated by the Connecticut Education Association, and
5. an elementary school teacher designated by the Connecticut Federation of Educational and Professional Employees.

The bill adds to the commission:

1. the OPM secretary,
2. the Department of Economic and Community Development (DECD) commissioner,
3. the consumer counsel,
4. a representative from the Connecticut Conference of Municipalities,
5. a representative from the Connecticut Council of Small Towns,
6. a municipal chief elected official, appointed by the Senate minority leader, and
7. a small business representative, appointed by the House minority leader.

The bill changes the qualifications of four members. Under current

law, four members must represent businesses and have expertise in information technology. Under the bill, they must either represent businesses or have information technology expertise. The bill increases, from one to two, the number of these representatives appointed by the governor and eliminates the lieutenant governor's appointee.

The bill allows designees of all members to serve in their place. It also requires the governor to appoint the chairperson, rather than the commission to elect him or her. The commission must meet at least once per calendar quarter.

The bill also repeals laws requiring the commission to work with (1) the Administrative Services Department to develop technology standards for school construction projects and the educational technology grant program and (2) the Department of Education (SDE) to develop, and biennially update, a statewide standard and plan for teacher and administrator competency in the use of instructional technology.

EFFECTIVE DATE: July 1, 2013

#### **§ 8 — TWO-YEAR SCHEDULE FOR STATE NETWORK CONNECTIONS**

Under the bill, the Bureau of Enterprise Systems must, in consultation with COGs, recommend a two-year schedule for connecting each municipality and COG to the state network. This schedule must be submitted to the Planning and Development Committee on or before October 1, 2013.

EFFECTIVE DATE: Upon passage

#### **§ 9 — UNIFORM ACCOUNTING SYSTEM**

The bill requires the OPM secretary, in consultation with the SDE, Connecticut Conference of Municipalities, and the Council of Small Towns, to develop and implement a uniform system of accounting for municipal revenue and expenditures, including board of education and grant agency expenditures and revenue by July 1, 2014. The

system must include a uniform chart of accounts for municipalities that lists (1) amounts and sources of revenue and (2) cash and real or personal property donations that, in the aggregate, total \$500 or more. The chart must also be made available on OPM's website.

Municipalities must implement, by June 30, 2015, the uniform system of accounting and use it to file annual reports with OPM, if so required by the secretary.

EFFECTIVE DATE: Upon passage

### **§ 12 — METROPOLITAN PLANNING ORGANIZATIONS (MPO)**

Federal law requires the state to designate MPOs, which are regional entities responsible for carrying out certain transportation planning activities. The bill requires the Department of Transportation (ConnDOT) commissioner to prepare a report, within available appropriations, on the redesignation of MPOs. The report must include:

1. a suggested process for redesignation;
2. information on assistance that ConnCOT will provide; and
3. structures and resources that will be necessary to meet federal transportation requirements related to planning, capital programming, project selection, asset management, and performance measurement under the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (the primary federal surface transportation law).

The report must be submitted to the Transportation and Planning and Development committees by July 1, 2014.

EFFECTIVE DATE: July 1, 2013

### **§§ 13-69 — TECHNICAL AND CONFORMING CHANGES**

The bill makes numerous technical and conforming changes reflecting the elimination of RPAs and CEOs by January 1, 2015.

EFFECTIVE DATE: January 1, 2015

**§ 72 — SCHOOL BUS DRIVER HEALTH INSURANCE POOL**

The bill creates a task force to study the creation of a statewide health insurance pool for school bus drivers employed by a local or regional school district or a private company that provides bussing services for a district. The task force must investigate the estimated state and municipal fiscal impact of such a pool. Under the bill, the following are task force members:

1. the chairpersons and ranking members of the Insurance, Education, and Labor committees, or their designees;
2. the Insurance, Education, and Labor commissioners, and Healthcare Advocate, or their designees; and
3. one representative of the health insurance industry, appointed by the Senate majority leader.

The bill requires appointing authorities to make their appointments within 30 days of the bill's passage and fill any vacancies. The House speaker and Senate president pro tempore must select the chairpersons. The chairpersons must schedule and hold the first meeting within 60 days of the bill's passage. The Insurance Committee's administrative staff must serve as the task force's administrative staff.

The bill requires the task force to report its findings and recommendations to the Insurance, Education, and Labor committees by January 1, 2014. The task force terminates on that date or when it submits the report, whichever is later.

EFFECTIVE DATE: Upon passage

**§§ 73-76 — UNIFORM REGIONAL SCHOOL CALENDARS**

***Task Force to Develop Guidelines***

The bill establishes a 19-member task force to develop guidelines for each regional education service center (RESC) to use in developing

uniform regional school calendars. The guidelines must include (1) at least 180 days of sessions in a school year (as required by existing law); (2) a uniform start date; (3) uniform days for statutorily required professional development and in-service training for certified employees; and (4) up to three uniform school vacation periods during each school year, of which, up to two must be one-week vacations and one must be during the summer.

The task force members include the education commissioner and two members of the Education and Planning and Development committees, one each appointed by each committee's chairpersons and ranking members. The bill also requires the executive director or president of each of the following organizations, or their designees, to appoint a representative to the task force:

1. American Federation of Teachers,
2. Connecticut Association of School Administrators,
3. Connecticut Education Association,
4. Connecticut Association of Board of Education,
5. Connecticut Association of Public School Superintendents,
6. Connecticut Parent Teacher Student Association,
7. Connecticut Catholic Conference,
8. each RESC (6 in total), and
9. the school transportation service company serving the largest number of public school students in the state.

All task force appointments must be made within 30 days after the bill's passage. The appointing authority must fill any vacancy. The Education Committee's chairpersons must select the task force's chairpersons from among its members, who must schedule the first meeting within 60 days after the bill's passage. The committee's administrative staff must serve as the task force's administrative staff.

The bill requires the task force to submit its guidelines to each RESC and the Education Committee by January 1, 2014. It terminates on the date it submits the guidelines or January 1, 2014, whichever is later.

***Development and Implementation***

The bill requires each RESC to develop a uniform regional school calendar for each board of education in its service area that is consistent with the task force's guidelines by April 1, 2014. They must submit the calendars (1) by April 1, 2014 to the State Board of Education (SBE) for approval and (2) within five days after SBE's approval, to the Education Committee.

The bill allows boards to adopt the uniform calendars for the 2014 school year and requires them to do so beginning with the 2015 school year. It also makes conforming changes. The bill does not address the uniform calendar's impact on collective bargaining.

***Reporting Requirements***

The bill requires the education commissioner to report, every six months beginning by July 1, 2014 through July 1, 2017, and annually thereafter, to the Education Committee on (1) the implementation of the uniform calendars and (2) any recommendations for legislation related to the implementation.

EFFECTIVE DATE: Upon passage

**§ 78 — NOTICE OF COMMUNITY-BASED RESOURCES FOR FORECLOSURE MEDIATION**

The bill repeals a requirement that municipalities include the Judicial Branch's form on community-based resources for people involved in foreclosure mediation with any statement sent to a homeowner about a public sewer, water service, or property tax arrearage (see BACKGROUND).

EFFECTIVE DATE: July 1, 2013, except the provisions creating the task force and requiring development of the calendar are effective upon passage.

## § 79 — REGIONAL HUMAN SERVICES COORDINATING COUNCILS

The bill requires, starting January 1, 2015, each state planning region to establish regional human services coordinating councils to encourage collaborations fostering the development and maintenance of a client-focused structure for each region's health and human services system. Each council must meet at least twice per year to (1) ensure that the region's plans and activities are coordinated with its human services needs and (2) develop approaches to improve service delivery and achieve cost savings in the region.

Under the bill, the councils' members must include the (1) developmental services, social services, children and families, mental health and addiction services, correction, education, and public health commissioners, or their designees and (2) executive director of the Judicial Branch's Court Support Services Division, or his designee. Each COG's executive director may appoint additional members, including (1) municipal elected officials, (2) workforce development boards, (3) nonprofit agencies, and (4) family advocacy groups.

EFFECTIVE DATE: October 1, 2013

## § 80 — ASSESSMENT CAP

Starting with the October 1, 2014 assessment year (for tax bills due July 1, 2015), the bill modifies the way in which municipalities tax motor vehicles, by (1) allowing them to establish a motor vehicle mill rate different than their rate for real property and (2) setting an annual cap for motor vehicle mill rates that incrementally decreases from the 2014 through the 2020 assessment years. Starting with the 2021 assessment year, the bill prohibits municipalities from taxing motor vehicles. Table 2 shows the maximum mill rates for the 2014 thorough 2021 assessment years.

**Table 2: Maximum Mill Rates**

Assessment Year	Maximum Mill Rate
2014	80
2015	72

2016	60
2017	48
2018	36
2019	24
2020	12
On and after 2021	0

EFFECTIVE DATE: July 1, 2013

**§§ 81, 86-92 — MUNICIPAL REIMBURSEMENT AND REVENUE ACCOUNT**

The bill establishes the municipal reimbursement and revenue account as a separate, nonlapsing General Fund account. It must contain any funds required by law to be deposited in the account. The bill does not specify what these funds may be used for.

The bill specifies that fees collected from new and used car dealers and repairers for general distinguishing number and mark motor vehicle registration (dealer plates) must be deposited into the municipal reimbursement and revenue account, rather than the STF. It makes related conforming changes.

EFFECTIVE DATE: July 1, 2015, except the provision creating the municipal reimbursement and revenue account is effective upon passage.

**§§ 82-85 — ANTIQUE, RARE, AND SPECIAL INTEREST MOTOR VEHICLES**

***Definitions***

The bill increases, from 20 to 30 years, the age of a vehicle that is designated as antique, rare, or special-interest (antique). In doing so, it restricts the vehicles that qualify for (1) the assessment cap, (2) special number license plates, and (3) an exemption from a law prohibiting dealers and repairers from buying a motor vehicle for its parts (CGS § 14-62b). The law, unchanged by the bill, specifies that it must have been preserved because of historic interest, and is not altered or modified from the original manufacturer's specifications.

The bill also makes a conforming change to the definition of a

modified antique motor vehicle, which is one that has been modified for safe road use, including modifications to the drive train, suspension, braking system, and safety and comfort apparatus. It increases, from 20 to 30 years old, the age at which a motor vehicle qualifies as a modified antique motor vehicle.

***Assessment Cap***

The bill increases, from \$500 to \$1,000, the maximum value of antique, rare, and special-interest motor vehicles for property tax assessment purposes. To qualify for the assessment cap, a vehicle must meet the statutory criteria for an antique, rare, or special-interest described above.

***Special Plate Program***

By law, the DMV commissioner may issue special number plates to motor vehicles that qualify as antique, rare, or special-interest or modified antique, as described above. By changing the definitions of antique, rare, or special interest and modified antique motor vehicles, the bill restricts the age of vehicles that qualify for the special plates. But, people already issued these plates will be allowed to retain them even if their motor vehicle is not at least 30 years old on July 1, 2013.

The bill specifies that any fees collected for antique motor vehicle registration must be placed in the municipal reimbursement and revenue account, rather than the STF.

The bill also requires people who want to use porcelain number plates issued by the DMV on their vehicle to certify that the motor vehicle on which the plates are placed is, in addition to existing requirements, not driven more than two thousand miles in a two-year period.

EFFECTIVE DATE: October 1, 2015, except the provisions regarding porcelain plates, grandfathering special number plates, and directing antique motor vehicle registration fees to the municipal reimbursement and revenue account are effective July 1, 2013. The assessment provisions are applicable to assessment years commencing

on and after October 1, 2015.

**§ 82 — NEWLY ACQUIRED MACHINERY AND EQUIPMENT**

The bill specifies that the property tax exemption for newly acquired machinery and equipment applies to such machinery and equipment during the time between its installation and actual use.

Effective Date: October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015.

**§ 93 — LAND VALUE TAX PILOT PROGRAM**

By law, municipalities must tax land and any improvements made to the land (e.g., buildings) at the same rate. The bill expands, from one to three, the number of municipalities eligible for an OPM pilot program to develop a plan for taxing land at a higher rate than buildings (i.e., land value tax). It also eliminates the current eligibility requirements that restricted the pilot program to a distressed city with fewer than 26,000 people and a city manager and city council form of government (i.e., New London). By law, the OPM secretary must establish the application procedure. The bill requires the secretary to send the Planning and Development Committee a copy of (1) the application procedure and program criteria and (2) any notices of municipalities selected for the program.

By law, a municipality may begin preparing its plan after the secretary approves its application. Under the bill, the municipality's chief elected official, instead of the chief executive officer, must appoint a committee to prepare the plan. Under current law, the committee must include relevant taxpayers and stakeholders. The bill adds the following people to the committee:

1. a representative of the municipality's legislative body, or, if it is a town meeting, board of selectmen;
2. a representative of the business community; and
3. a land use attorney.

The bill adds a municipality's chief elected official to the list of people who must receive the committee's completed plan for review and comment. It also adds the Commerce Committee to the list of committees to which the plan must be submitted after it is approved by a municipality's legislative body. The bill extends, from December 31, 2009 to December 31, 2014, the deadline by which municipalities must submit their plan to the recipient committees.

EFFECTIVE DATE: October 1, 2013

#### **§ 94 — TAX INCIDENCE STUDY**

The bill requires the DRS commissioner by December 21, 2014, to biennially submit to the Finance, Revenue, and Bonding Committee, and post on the DRS website, a report on the overall incidence of the income tax, sales and excise taxes, the corporation business tax, and property tax. The commissioner may contract with another entity to prepare the report, which must present information on the tax burden distribution as follows:

1. for individuals: (a) income classes, including income distribution expressed for every 10 percentage points and (b) other appropriate taxpayer characteristics, as determined by the commissioner and
2. for businesses: (a) business size by gross receipts, (b) legal organization, and (c) industry by North American Industrial Classification System (NAICS) codes. (These codes group businesses into major sectors and subsectors.)

Under existing law, the DECD commissioner, in consultation with the DRS commissioner, must evaluate and report every three years on tax credit and abatement programs enacted to recruit and retain businesses (CGS § 32-1r). This report must also include information on the tax incidence of the state's corporation business tax.

EFFECTIVE DATE: July 1, 2013

#### **BACKGROUND**

### ***Related Bills***

sSB 847, reported favorably by the Planning and Development and Energy and Technology Committees, makes numerous changes to the laws governing the state network. Among other things, it renames the Commission for Educational Technology the Commission for Technology Advancement, changes its membership, and revises the commission's charge and goals by requiring it to be the state's principal technology advancement entity. It also adds municipalities to the list of entities to be connected to the network.

sSB 965, reported favorably by the Planning and Development Committee, requires municipalities to include the Judicial Branch's form on community-based resources with any complaint to judicially foreclose a public sewer, water service, or property tax arrearage.

sHB 5102, reported favorably by the Planning and Development and Finance, Revenue, and Bonding Committee's, exempts the first \$20,000 of a motor vehicle's net assessed value from local property taxes beginning July 1, 2019.

### ***Planning Regions***

By law, the OPM secretary designates local planning regions within the state. In doing so, the secretary must evaluate labor and economic development trends, natural and political boundaries, demographics, service delivery regions, transportation patterns, relationships between municipalities, and RPOs' capacity to deliver services.

### ***Regional Planning Organizations***

Within the 14 current regions, the three types of RPOs allowed by law are RPAs, COGs, and CEOs. Through local ordinance, the municipalities within these planning regions have voluntarily created one of the three types of organizations to carry out a variety of regional planning and other activities on their behalf.

## **COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 12 Nay 7 (04/01/2013)