



House of Representatives

General Assembly

File No. 580

February Session, 2014

House Bill No. 5032

House of Representatives, April 16, 2014

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

AN ACT CONCERNING THE EXPENDITURE CAP AND REDUCING LONG-TERM LIABILITIES.

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 Section 2-33a of the general statutes is repealed and the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 shall not be considered general budget
33 expenditures for the first fiscal year in which such expenditures are
34 authorized, but shall be considered general budget expenditures for
35 such year for the purposes of determining general budget
36 expenditures for the ensuing fiscal year; [. As used in this section,] (4)
37 "federal mandates" means those programs or services in which the
38 state must participate, or in which the state participated on July 1,
39 1991, and in which the state must meet federal entitlement and
40 eligibility criteria in order to receive federal reimbursement, provided
41 expenditures for program or service components which are optional
42 under federal law or regulation shall be considered general budget
43 expenditures; and (5) "evidences of indebtedness" shall include
44 expenditures above the annual required contribution of the teachers'
45 retirement system and expenditures above the annual required
46 contribution for the state employees retirement system.

47 Sec. 2. (*Effective from passage*) The sum of \$100,000,000 is
48 appropriated from the resources of the General Fund to State-
49 Comptroller - Fringe Benefits, for the State Employees Retirement

50 Contributions account, for the fiscal year ending June 30, 2014. Such
51 funds shall be an additional payment to the annual required
52 contribution stated in the actuarial valuation.

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

APP *Joint Favorable*

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:

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$	FY 16 \$
Comptroller	GF - Appropriation	100.0 million	None	None
State Comptroller - Fringe Benefits	All Funds - Savings	None	None	See Below

Municipal Impact: None

Explanation

Section 1 amends the spending cap statute to exempt appropriations to the State Employees' Retirement System (SERS) and the Teachers' Retirement System in excess of the annual required contribution (ARC).

Section 2 appropriates \$100 million out of the resources of the General Fund to SERS in FY 14. In the absence of the provisions of Section 1, this would result in the budget being over the spending cap in FY 14.

Section 2 is also anticipated to result in a savings to the state starting in FY 16 when the additional payment is reflected in the calculation of the state's SERS ARC, as reported in the next SERS actuarial valuation as of June 30, 2014.

The Out Years

The annualized ongoing savings impact to SERS identified above would continue into the future subject to future actuarial valuations.

OFA Bill Analysis

HB 5032

AN ACT CONCERNING THE EXPENDITURE CAP AND REDUCING LONG-TERM LIABILITIES.

SUMMARY:

The bill amends the definition of “evidences of indebtedness” for spending cap purposes to include expenditures above the annual required contribution to the State Employees’ Retirement System (SERS) and Teachers’ Retirement System, thus exempting these items from the spending cap.

The bill also appropriates \$100 million to SERS in FY 14 from the resources of the General Fund.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Appropriations Committee

Joint Favorable

Yea 30 Nay 19 (4/1/2014)