

**Proposed Substitute  
Bill No. 188**

LCO No. 5895

**AN ACT CONCERNING MUNICIPAL MANDATE RELIEF AND  
AUTHORIZING DISTRESSED MUNICIPALITIES TO FUND  
SCHOLARSHIPS THROUGH MUNICIPAL BONDING.**

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

1 Section 1. Subsection (a) of section 45a-8 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2015*):

4 (a) The town or towns comprising each probate district shall  
5 provide court facilities meeting the minimum standards required by  
6 this section. Any expenses incurred by such town or towns for such  
7 court facilities pursuant to this section shall be reimbursed to such  
8 town or towns by the State Treasurer from the Probate Court  
9 Administration Fund established pursuant to section 45a-82. If a  
10 probate district consists of more than one town, the expense shall be  
11 allocated to the towns in such proportion as the towns may determine  
12 by agreement or, in the absence of such agreement, in proportion to  
13 their grand lists last perfected. Such court facilities shall include: (1)  
14 Office space appropriate for the conduct of judicial business, including  
15 (A) a room for the judge of probate sufficient in size for ordinary  
16 matters in which judicial proceedings may be conducted in private, (B)  
17 a separate room for the court staff, and (C) on a prearranged basis,

18 access to a larger hearing room for the conduct of unusually large  
19 court hearings; (2) furniture and furnishings appropriate to a court  
20 facility; (3) use and maintenance of a copying machine and the  
21 necessary supplies; (4) use and maintenance of court record systems  
22 and equipment, including such record books and electronic, digital,  
23 microfilming or similar systems required to maintain, provide access  
24 to and produce court records, and the necessary supplies for such  
25 systems, equipment and records; (5) the necessary stationery, postage  
26 and other related supplies in order that the court may properly carry  
27 out its duties; (6) typing equipment with which to complete the  
28 necessary records; (7) basic telephone service, which shall include all  
29 local calls; (8) if a court is computerized, a dedicated telephone line  
30 and maintenance of the computer equipment; and (9) adequate  
31 liability, fire, loss, theft and replacement insurance on the furniture,  
32 furnishings, equipment, court facilities and the records of the court.

33 Sec. 2. Subsection (b) of section 12-202a of the general statutes is  
34 repealed and the following is substituted in lieu thereof (*Effective from*  
35 *passage*):

36 (b) Notwithstanding the provisions of subsection (a) of this section,  
37 the tax shall not apply to:

38 (1) Any new or renewal contract or policy entered into with the state  
39 on or after July 1, 1997, to provide health care coverage to state  
40 employees, retirees and their dependents;

41 (2) Any subscriber charges received from the federal government to  
42 provide coverage for Medicare patients;

43 (3) Any subscriber charges received under a contract or policy  
44 entered into with the state to provide health care coverage to Medicaid  
45 recipients which charges are attributable to a period on or after  
46 January 1, 1998;

47 (4) Any new or renewal contract or policy entered into with the state  
48 on or after April 1, 1998, to provide health care coverage to eligible

49 beneficiaries under the HUSKY Plan, Part A, HUSKY Plan, Part B, or  
50 HUSKY Plus programs, each as defined in section 17b-290;

51 (5) Any new or renewal contract or policy entered into with the state  
52 on or after February 1, 2000, to provide health care coverage to retired  
53 teachers, spouses or surviving spouses covered by plans offered by the  
54 state teachers' retirement system;

55 (6) Any new or renewal contract or policy entered into on or after  
56 July 1, 2001, and prior to July 1, 2015, to provide health care coverage  
57 to employees of a municipality and their dependents under a plan  
58 procured pursuant to section 5-259;

59 (7) Any new or renewal contract or policy entered into on or after  
60 July 1, 2001, to provide health care coverage to employees of nonprofit  
61 organizations and their dependents under a plan procured pursuant to  
62 section 5-259;

63 (8) Any new or renewal contract or policy entered into on or after  
64 July 1, 2003, to provide health care coverage to individuals eligible for  
65 a health coverage tax credit and their dependents under a plan  
66 procured pursuant to section 5-259;

67 (9) Any new or renewal contract or policy entered into on or after  
68 July 1, 2005, to provide health care coverage to employees of  
69 community action agencies and their dependents under a plan  
70 procured pursuant to section 5-259; [or]

71 (10) Any new or renewal contract or policy entered into on or after  
72 July 1, 2005, to provide health care coverage to retired members and  
73 their dependents under a plan procured pursuant to section 5-259; or

74 (11) Any new or renewal contract or policy entered into on or after  
75 July 1, 2015, to provide health care coverage to municipal employees,  
76 municipal retirees and dependents of such employees or retirees.

77 Sec. 3. (NEW) (*Effective October 1, 2015*) (a) Any distressed  
78 municipality, as defined in section 32-9p of the general statutes, may,

79 upon approval by its legislative body or, in any municipality in which  
80 the legislative body is a town meeting, by the board of selectmen,  
81 adopt an ordinance establishing a scholarship fund. Such ordinance  
82 shall include provisions for (1) the establishment of scholarship  
83 eligibility requirements that include a requirement that the person  
84 seeking the scholarship apply for every appropriate grant and  
85 scholarship to offset postsecondary education expenses, enroll in a  
86 degree-granting program at an institution of higher education that is  
87 accredited by the Board of Governors of Higher Education or  
88 regionally accredited, complete at least twelve credit hours per  
89 semester and maintain a grade point average of at least 2.5; (2) the  
90 establishment of scholarship retention requirements, that may include  
91 performance of community service in such municipality; (3) the  
92 establishment of a committee to review applications and award  
93 scholarships from the fund; (4) the determination of factors to be  
94 considered for revocation and reinstatement of a scholarship award;  
95 (5) scholarship fund discontinuance; (6) limitation on the amount of  
96 scholarship awards so that no such award shall exceed the annual rate  
97 of tuition, room and board and fees charged to in-state students to  
98 attend The University of Connecticut at Storrs, as provided in  
99 subsection (b) of this section; and (7) allowing the fund to accept gifts,  
100 donations, bequests or funds from any other private or public source.  
101 The provisions of section 7-374 of the general statutes shall apply to  
102 any bonds issued pursuant to this section.

103 (b) A distressed municipality may authorize the issuance of bonds,  
104 notes or other obligations in accordance with the provisions of chapter  
105 109 of the general statutes for the purpose of funding a scholarship  
106 fund established pursuant to subsection (a) of this section to provide  
107 money for tuition, room and board and fees for residents of the  
108 municipality who are United States citizens or permanent residents of  
109 the United States to attend a public or independent institution of  
110 higher education in this state and who remain residents of such  
111 municipality while attending such institution of higher education.  
112 Registering to vote in a different municipality while attending an

113 institution of higher education shall not affect eligibility for a  
114 scholarship award provided pursuant to this section. As a condition of  
115 receiving a scholarship award pursuant to this section, the recipient  
116 shall agree to work and live in this state for a certain number of years,  
117 as determined by the municipality. If the recipient fails to satisfy such  
118 agreement, the ordinance adopted pursuant to subsection (a) of this  
119 section may require repayment of all or part of the scholarship award.

120 (c) Any scholarship for tuition, room and board and fees provided  
121 pursuant to this section shall be paid directly to the institution of  
122 higher education. The proceeds of bonds, notes or other obligations  
123 issued pursuant to this section shall be paid into the fund created  
124 pursuant to subsection (a) of this section.

125 (d) The budget-making authority of such municipality may, from  
126 time to time, direct the town treasurer to invest such portion of such  
127 fund as in its opinion is advisable, provided: (1) Not more than forty  
128 per cent of the total amount of the fund shall be invested in equity  
129 securities, and (2) any portion of such fund not so invested may be  
130 invested in (A) bonds or obligations of, or guaranteed by, the state or  
131 the United States, or agencies or instrumentalities of the United States,  
132 (B) certificates of deposit, commercial paper, savings accounts and  
133 bank acceptances, (C) the obligations of any state of the United States  
134 or any political subdivision thereof or the obligations of any  
135 instrumentality, authority or agency of any state or political  
136 subdivision thereof, provided at the time of investment such  
137 obligations are rated within the top rating category of any nationally  
138 recognized rating service or of any rating service recognized by the  
139 Banking Commissioner and applicable to such obligations, (D) the  
140 obligations of any regional school district in this state, of any  
141 municipality in this state or any metropolitan district in this state,  
142 provided at the time of investment such obligations of such  
143 government entity are rated within one of the top two rating categories  
144 of any nationally recognized rating service or of any rating service  
145 recognized by the Banking Commissioner and applicable to such  
146 obligations, (E) any fund in which a trustee may invest pursuant to

147 section 36a-353 of the general statutes, (F) investment agreements with  
148 financial institutions whose long-term obligations are rated within one  
149 of the top two rating categories of any nationally recognized rating  
150 service or of any rating service recognized by the Banking  
151 Commissioner or whose short-term obligations are rated within the  
152 top rating category of any nationally recognized rating service or of  
153 any rating service recognized by the Banking Commissioner, or (G)  
154 investment agreements fully secured by obligations of, or guaranteed  
155 by, the United States or agencies or instrumentalities of the United  
156 States.

157 (e) The town treasurer shall annually submit a complete and  
158 detailed report of the condition of such fund to the chief executive  
159 officer, the budget-making authority and the legislative body of such  
160 municipality and such report shall be made a part of the annual report  
161 of the municipality. Such report shall comply with the standard  
162 auditing procedures of such municipality.

163 (f) Such fund may be discontinued after recommendation by the  
164 chief executive officer and the budget-making authority to the  
165 legislative body and upon approval of such body. To the extent there is  
166 any remaining portion of such fund, the fund shall be converted into,  
167 or added to, a sinking fund to provide for the retirement of the bonded  
168 indebtedness of the municipality. If the municipality has no bonded  
169 indebtedness, such fund shall be transferred to the general fund of the  
170 municipality.

171 Sec. 4. (NEW) (*Effective October 1, 2015*) If a resident who enrolls in a  
172 degree-granting program offered by a public institution of higher  
173 education receives a scholarship from a fund established by an  
174 ordinance pursuant to section 3 of this act, the public institution of  
175 higher education shall not reduce any financial aid offered by such  
176 institution of higher education to such resident based on such  
177 resident's receipt of the scholarship, except when a reduction in  
178 financial aid is required by federal law or regulation.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2015</i>	45a-8(a)
Sec. 2	<i>from passage</i>	12-202a(b)
Sec. 3	<i>October 1, 2015</i>	New section
Sec. 4	<i>October 1, 2015</i>	New section