PA 17-2, June 2017 Special Session—SB 1502

Emergency Certification

AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNium ENDING JUNE 30, 2019, MAKING APPROPRIATIONS THEREFOR, AUTHORIZING AND ADJUSTING BONDS OF THE STATE AND IMPLEMENTING PROVISIONS OF THE BUDGET.

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§§ 12-16 & 28 — SPENDING REDUCTIONS AND BUDGETED LAPSES
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§ 17 — APPROPRIATIONS FOR NONFUNCTIONAL – CHANGE TO ACCRUALS
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§ 18 — AUTHORITY TO TRANSFER FUNDS TO AND FROM THE RESERVE FOR SALARY ADJUSTMENTS ACCOUNT
Allows the OPM secretary to transfer specified funds to implement and account for adjustments to various personal services expenses

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Authorizes the OPM secretary to transfer certain funds to the Department of Social Services’ Medicaid account to maximize federal reimbursement

§ 23 — DSS PAYMENTS TO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) HOSPITALS

Specifies how (1) DSS must spend appropriations for certain DMHAS hospital payments and (2) DMHAS hospitals must use the funds they receive from DMHAS

§ 25 — BIRTH-TO-THREE PROGRAM

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§ 26 — DEPARTMENT OF CHILDREN AND FAMILIES (DCF)-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

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Requires certain private and nonprofit providers to reimburse these agencies for the difference between actual costs and the amount received from the agencies

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§§ 30 & 31 — TOBACCO HEALTH AND TRUST FUND (THTF) TRANSFERS

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§ 33 — FAMILY RESOURCE CENTERS

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§ 38 — FEDERAL REIMBURSEMENT FOR DSS, DCF, AND JUDICIAL BRANCH PROGRAMS

Allows DSS, DCF, and the Judicial Branch to establish receivables for anticipated reimbursement from approved projects in certain circumstances.

§ 39 — OUTPATIENT CLINIC LICENSE RENEWAL

Increases the frequency of outpatient clinic license renewal and makes a conforming change.

§ 40 — TEMPORARY FAMILY ASSISTANCE (TFA) AND STATE ADMINISTERED GENERAL ASSISTANCE (SAGA) RATES

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§ 41 — BOARDING HOME RATES

Freezes, with exceptions, rates paid by DSS to certain boarding homes.

§§ 41, 42 & 43 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for residential services at certain facilities through FY 19.

§ 44 — CAP ON RESIDENTIAL CARE HOME RATES

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§§ 45 & 46 — MEDICAID NURSING HOME RATES

Limits nursing home Medicaid rates with certain exceptions, reverses a recent rate decrease for certain homes, and lowers the minimum occupancy for purpose of calculating rates.

§ 47 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF-ID)

Freezes FY 18 and FY 19 rates for ICF-IDs, with certain exceptions.

§ 48 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

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§ 49 — LIMIT ON NONEMERGENCY ADULT DENTAL SERVICES

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§ 50 — MEDICARE SAVINGS PROGRAM

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§§ 51-54 — MEDICAID AND SPECIAL EDUCATION
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§ 55 — SPECIAL TRANSPORTATION FUND (STF)
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§ 56 — DAS CANDIDATE LISTS
Allows DAS to extend candidate lists through the end of 2018

§ 57 — TECHNICAL CHANGES BY THE LEGISLATIVE COMMISSIONERS’ OFFICE (LCO)
Requires that LCO, as part of its codification, make necessary technical, grammatical, and punctuation changes in the act’s text

§ 58 — EVALUATING TRANSPORTATION PROJECTS
Exempts from certain evaluation requirements certain projects that the DOT commissioner determines are necessary to maintain the state’s infrastructure

§ 59 — TEACHERS’ RETIREMENT SYSTEM (TRS) VIABILITY COMMISSION
Establishes a commission and requires the state to contract with a consulting firm to develop and implement a plan to maintain TRS’s financial viability

§ 60 — UCONN HEALTH CENTER PUBLIC-PRIVATE PARTNERSHIPS
Requires the UConn Health Center to seek to establish public-private partnerships and report to certain legislative committees by April 1, 2018

§ 61 — BAN ON SHEFF HOST MAGNET SCHOOLS CHARGING TUITION TO SENDING DISTRICTS
Continues the ban on a Sheff region host magnet school charging tuition

§§ 62-67, 83, 236 — CHANGES TO THE SCHOOL CONSTRUCTION PROGRAM
Makes numerous changes to the school construction grant program, including altering how reimbursement rates are determined, requiring additional application information, expanding the types of projects eligible for emergency grants, and increasing the amount the state must withhold pending a final audit

§ 68 — TEACHERS’ RETIREMENT BOARD (TRB) MEMBERSHIP
Requires one member of the TRB to be a municipal chief elected official

§ 69 — YOUTH SERVICE BUREAU (YSB) GRANTS
Expands youth service bureau grant eligibility to those bureaus that applied in FY 17 and met town contribution requirements
§ 70 — SPECIAL EDUCATION COST MODEL TASK FORCE AND FEASIBILITY STUDY

Creates a task force to study the feasibility of forming a special education predictable cost cooperative or other model to minimize the volatility in municipal special education spending.

§ 71 — ACHIEVEMENT AND RESOURCE EQUITY IN SCHOOLS COMMISSION

Creates a 16-member commission to report recommendations on education funding to the Appropriations and Education committees, governor, and OPM secretary.

 §§ 72-82 — TECHNICAL EDUCATION AND CAREER SYSTEM

Makes changes to the current process that transitions the technical education and career system into an independent agency.

§ 84 — FREQUENCY OF FACILITY, AIR QUALITY, AND GREEN CLEANING REPORTS

Reduces frequency of certain required reports.

§ 85 — BODY-WORN RECORDING EQUIPMENT TASK FORCE

Specifies that the body-worn recording equipment task force is within the legislative branch.

 §§ 86-99 & 731 — DDS AS SUCCESSOR TO OPA’S INVESTIGATION OF ABUSE AND NEGLECT COMPLAINTS

Transfers to DDS, rather than the Department of Rehabilitation Services (DORS), oversight over claims of abuse or neglect of individuals with intellectual disability or clients of DSS’s Division of Autism Spectrum Disorder Services and makes related changes.

 §§ 100-105 — CRIMINAL JUSTICE INFORMATION SYSTEM (CJIS) GOVERNING BOARD

Transfers the board from OPM to the Department of Emergency Services and Public Protection (DESPP) for administrative purposes; requires DESPP to staff and supply the board and to provide certain information to people who request it.

 §§ 106 & 107 — ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS (ACIR) REPORT DEADLINES

Delays certain deadlines by which ACIR must submit reports on state mandates to the General Assembly.

§ 108 — DEPARTMENT OF REVENUE SERVICES (DRS) TAX INCIDENCE REPORT

Pushes back the deadline by which DRS must submit the first biennial tax incidence report to the Finance, Revenue and Bonding Committee.

§ 109 — RETIREMENT SYSTEMS STRESS TEST REPORT

Requires OPM to annually report stress test analyses for the teachers’ and state employees’ retirement systems.
§ 110 — AUTHORIZATION TO SHARE TAX ASSESSORS
Allows a regional council of government (COG) or two or more municipalities to appoint shared tax assessors

§ 111 — LOCAL OPTION ADMISSIONS SURCHARGE
Exempts motion pictures from the surcharge

§§ 112-125, 165 & 732 — HEALTH INFORMATION TECHNOLOGY OFFICER
Transfers responsibilities for the all-payer claims (APCD) database and consumer health information website from Access Health CT to the health information technology officer and makes related changes

§ 126 — HEALTH CARE PROVIDERS WITHOUT ELECTRONIC HEALTH RECORD SYSTEMS
Requires certain health care providers to be capable of transmitting secure messages that comply with national specifications published by the National Coordinator for Health Information Technology

§§ 127 & 732 — STATE HEALTH INFORMATION TECHNOLOGY ADVISORY COUNCIL
Increases the State Health Information Technology Advisory Council’s membership; expands the council’s chairpersons’ authority; changes who may appoint members to the All-Payer Claims Database Advisory Group and allows its members who are public officials to appoint designees

§ 128 — STATE-WIDE HEALTH INFORMATION EXCHANGE
Requires the state to establish a program to expedite the development of the State-Wide Health Information Exchange

§ 129 — STATE EMPLOYEE BACKGROUND CHECKS
Adds criminal background check requirements for current and prospective state employees in positions involving exposure to federal tax information

§ 130 — STAMFORD WOMEN’S BUSINESS DEVELOPMENT COUNCIL GRANT
Provides an annual $350,000 grant to the Women’s Business Development Council in Stamford in FYs 18 and 19

§ 131 — CHRONIC GAMBLERS TREATMENT AND REHABILITATION ACCOUNT
Requires MMCT to contribute $300,000 to the chronic gamblers treatment and rehabilitation account instead of the Connecticut Council on Problem Gambling

§ 132 — MICROBIOME WORKING GROUP
Establishes a 16-member working group to devise a roadmap to make Connecticut a national leader in developing and commercializing microbiome-based treatments, products, and services
§ 133 — UCONN CONSTRUCTION ASSURANCE OFFICE DIRECTOR
Removes the requirement that the director be a full-time position

§ 134 — HIGHER EDUCATION ENTREPRENEURSHIP ADVISORY COMMITTEE MEMBERS
Deems members of the advisory committee to be members of an advisory board under the state Code of Ethics

§§ 135-137 — REMOVAL OF REQUIREMENT TO ADOPT DSS REGULATIONS
Removes requirement that the DSS commissioner adopt regulations on long-term care facility audits, nursing home temporary managers, and state-appropriated weatherization assistance

§§ 138 & 139 — HUSKY A DECREASE
Lowers the income limit for HUSKY A parents and caretakers from 150% to 133% of the federal poverty level (FPL) and requires DSS to review eligibility for those affected by the act

§ 140 — NONPROFIT COLLABORATION INCENTIVE GRANT PROGRAM
Eliminates annual solicitation requirements for nonprofit grant program

§§ 141 & 568 — TWO-GENERATIONAL INITIATIVE
Makes the two-generational pilot program a permanent statewide initiative, including integration with a family literacy program

§ 142 — OPM REPORT ON CHILD RECIDIVISM
Requires OPM to begin annually reporting child recidivism information to the Judiciary Committee

§§ 143 & 144 — DCF MENTAL, EMOTIONAL, AND BEHAVIORAL HEALTH PLAN AND ADVISORY BOARD
Expands who DCF must consult when developing the children’s mental, emotional, and behavioral health plan; requires DCF to submit recommendations to legislative committees addressing children’s unmet mental health needs due to increased risk of juvenile and criminal justice system involvement; and modifies advisory board membership

§§ 145, 146, 148 & 593 — FAMILY WITH SERVICE NEEDS (FWSN) PETITIONS
As of July 1, 2019, eliminates provisions that allow certain parties to file a FWSN petition with the court and makes conforming changes

§§ 147 & 149 — DETENTION SCREENING INFORMATION
Modifies the purposes for which information obtained during a detention risk screening may be used
§§ 150 & 151 — PILOT PROGRAM PROVIDING LEGAL REPRESENTATION TO INDIGENT INDIVIDUALS IN CERTAIN CIVIL PROCEEDINGS

Establishes a one-year pilot program to provide legal representation to certain indigent individuals in civil restraining order proceedings

§ 152 — SUPERINTENDENTS FOR SMALL TOWNS

Allows local boards of education that meet certain “small town” criteria to receive direction from another board of education’s superintendent, rather than employ their own local superintendent

§§ 153 & 154 — COOPERATIVE AGREEMENTS AND ARRANGEMENTS

Allows for cooperative agreements and arrangements for the provision of administrative and central office duties for boards of education and municipalities

§ 155 — BOARD OF EDUCATION ADMINISTRATIVE PERSONNEL HIRING

Requires a local board of education to notify the local legislative body upon the hiring of certain administrative personnel

§ 156 — REGIONAL SCHOOL DISTRICT FINANCE COMMITTEE

Allows a regional board of education to establish a finance committee

§ 157 — EDUCATION ADMINISTRATIVE PERSONNEL CONTRACTS

Requires boards of education to file administrative personnel contracts with town clerks, who must then post them online

§ 158 — MUNICIPAL BUDGET RESERVES IN ARBITRATION

Establishes an irrebuttable presumption that 15% of a municipality’s budget reserve cannot be used to pay for arbitration awards

§ 159 — MEDICAID WAIVER AND AMENDMENT NOTIFICATION

Requires DSS to report annually on potential Medicaid waivers and changes to the Medicaid state plan that may result in cost savings, and narrows a legislative notification requirement

§ 160 — MUNICIPAL CONSULTATION WITH BOARDS OF EDUCATION FOR PURCHASING INSURANCE

Requires municipalities, when possible, to consult with local boards of education about jointly purchasing property, casualty, and workers’ compensation insurance

§ 161 — CONTRACTING PROCEDURES FOR LOCAL BOARDS OF EDUCATION

Requires a local board of education to consult with its municipal legislative body to consider cooperative agreements for goods or services

§ 162 — REGIONAL SHARING OF PAYROLL OR ACCOUNTS PAYABLE SOFTWARE

Requires a local board of education to consult with its municipal legislative body before purchasing payroll or accounts payable software systems
§ 163 — BRIDGE RENAMING

Renames the “Detective Bruce Boisland Memorial Bridge” as the “Detective Bruce Boislard Memorial Bridge”

§ 164 — OFFICE OF HEALTH STRATEGY

Establishes an Office of Health Strategy

§ 166 — BIRTH-TO-THREE PROVIDER AUDITS

Temporarily prohibits DSS from extrapolating overpayments or assessing penalties against Birth-to-Three early intervention providers

§ 167 — CRIMINAL JUSTICE DIVISION’S COLD CASE UNIT AND SHOOTING TASK FORCE APPROPRIATIONS

Prohibits the Division of Criminal Justice from comingling funds appropriated to the Cold Case Unit with those appropriated to the Shooting Task Force

§§ 168 & 169 — 7/7 BROWNFIELD AND UNDERUTILIZED PROPERTY REDEVELOPMENT PROGRAM

Authorizes a package of state and local tax incentives available to eligible owners after remediating, redeveloping, and using formerly contaminated, abandoned, or underutilized properties

§§ 170-173 — CERTAIN EDUCATIONAL GRANTS WITHIN AVAILABLE APPROPRIATIONS

Makes certain educational grants within available appropriations

§§ 174-177 — BACKGROUND CHECKS FOR CHILD CARE PROVIDERS AND EMPLOYEES

Requires the Office of Early Childhood (OEC) commissioner to require, within available appropriations, comprehensive background checks of all prospective employees of child care centers, group child care homes, family child care homes, and Care 4 Kids providers

§ 178 — PARKING ON STATE PROPERTY

Allows the DAS commissioner to delegate the authority to establish and enforce policies and procedures for parking on certain state property

§ 179 — WORKERS’ COMPENSATION COSTS

Requires OPM and DAS to recommend ways to reduce workers’ compensation costs

§ 180 — PENSION SUSTAINABILITY COMMISSION

Creates the Connecticut Pension Sustainability Commission to study placing state capital assets in a trust for the state pension system’s benefit

§ 181 — ANNUAL REPORTING FOR HOSPITALS AND CERTAIN GROUP PRACTICES

Extends deadline for the start of certain annual reporting requirements for hospitals and physician group practices
§ 184 — NURSING HOME BED MORATORIUM

Modifies exemptions to DSS’ moratorium on accepting or approving CONs to add new nursing home beds and allows, rather than requires, the commissioner to adopt certain regulations

§§ 185 & 186 — BURIAL EXPENSES FOR PUBLIC ASSISTANCE RECIPIENTS AND INDIGENT INDIVIDUALS

Requires that life insurance deducted from DSS burial payments name the funeral home, cemetery, or crematory as a beneficiary and allows DSS to disclose information to such service providers in certain cases

§§ 187-199 — BEHAVIOR ANALYST LICENSURE

Requires behavior analysts to be licensed by DPH and establishes a General Fund account to contain such licensing fee revenue to cover the costs of collecting the fees

§ 200 — MEDICAID REIMBURSEMENT FOR HEMOPHILIA DRUGS

Applies Medicaid reimbursement formula for Factor VIII hemophilia drugs to Factor VII, IX, and X drugs and eliminates DSS’s authority to designate Factor VIII drug suppliers dispensing pharmacies must order from

§ 201 — HUSKY A COST-SHARING

Prohibits DSS from imposing cost-sharing requirements for preferred prescription drugs and medically necessary non-preferred drugs for HUSKY A parents and caretaker relatives; establishes notification requirements for cost-sharing imposed for other Medicaid services for this group

§§ 202 & 203 — INSURANCE COVERAGE FOR MENTAL OR NERVOUS CONDITIONS

Repeals the requirement that health insurance policies cover specified services related to mental and nervous conditions

§ 204 — CLASS NO. 3 BAZAAR PERMITS

Increases the number of days a “Class No. 3” permit holder can operate a bazaar

§ 205 — PROHIBITION ON REQUIRING CASH-ONLY BAIL

Bars courts from requiring cash-only bail for all crimes, not just certain crimes as under prior law

§ 206 — ELDERLY CIRCUIT BREAKER PROGRAM

With specified exceptions, authorizes OPM to reduce reimbursements to municipalities under the Elderly Circuit Breaker Program by up to 100%

§ 207 — WAIVER OF PAYMENTS DUE FROM CERTAIN HOUSING AUTHORITIES

Extends by one year the requirement that certain municipalities waive payments due from certain state-financed housing authorities

§ 208 — YOUTH SERVICES GRANTS

Specifies how funds appropriated in FYs 18 and 19 to the Judicial Branch for youth services grants must be distributed
§ 209 — ARBITRATOR FEES

Increases the fee a state arbitrator receives for writing a panel decision from $175 to $500

§ 210 — LITCHFIELD COUNTY COURTHOUSE

Allows the state to retain use of the old Litchfield County Courthouse land and building unless certain conditions are met

§ 211 — REGIONAL REVENUE SHARING AGREEMENTS

Authorizes COGs to enter into regional revenue sharing agreements with other COGs

§ 212 — PERFORMANCE-INFORMED BUDGETING

Requires the governor and the legislature, in developing each biennial budget, to consider performance-informed analyses submitted by selected budgeted agencies

§ 213 — MEDICAID AND FAMILY PLANNING

Allows DSS, with legislative approval, to offset any reduction in federal funding for family planning services

§ 214 — ARTWORK IN STATE BUILDINGS

Prohibits, for two years, the State Bond Commission from allocating a portion of bond proceeds for artwork in state building projects

§ 215 — COMPTROLLER REPORTS ON STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC) SAVINGS

Requires the comptroller to annually determine and report on the savings realized through the 2017 SEBAC Agreement and its related contracts

§ 216 — PUBLIC HEARINGS ON AUDITS

Requires legislative committees to hold public hearings on auditor reports of agencies under their cognizance

§ 217 — JUDGE SALARY WITHHOLDINGS

Increases, from 5% to 6%, the amount withheld from the salaries of judges, family support magistrates, and compensation commissioners appointed on or after January 1, 2018, for deposit in the Judge’s Retirement Fund

§ 218 — FOUR-YEAR TERM LIMIT ON FUTURE SEBAC AGREEMENTS

Limits future SEBAC agreements to four-year terms

§§ 219 & 220 — FIREFIGHTERS’ CANCER RELIEF PROGRAM FUNDING

Eliminates a requirement for the Firefighters’ Cancer Relief Program to be funded through E 9-1-1 charges

§ 221 — IMPAIRMENT OF STATE CONTRACTS

Specifies the circumstances under which state legislation may impair state contracts
§ 222 — INTELLECTUAL DISABILITY PARTNERSHIP
Requires the Intellectual Disability Partnership to form an advisory committee and makes related changes

§ 223 — PROTOTYPE SCHOOL DESIGN STUDY
Requires the School Building Projects Advisory Council to study prototype school designs

§ 224 — ALLIANCE DISTRICT DESIGNATION
Requires the education commissioner to designate 33 school districts as alliance districts for a period of five years (designation expired under prior law)

§§ 225-230 — REVISIONS TO EDUCATION COST SHARING (ECS) FORMULA
Revises the ECS formula, the largest form of state aid to towns, by changing several major formula components including the base aid ratio and the weighting for need students; includes a phase-in for aid increases and decreases until FY 28

§§ 231-233 — NURSING HOME AND RESIDENTIAL CARE HOME CITATIONS
Makes changes to the process for certain citations issued against nursing home facilities or residential care homes, such as modifying various deadlines

§§ 234 & 235 — CIVIL PENALTIES FOR NURSING AND RESIDENTIAL CARE HOMES
Increases the maximum civil penalty that may be imposed on nursing homes that violate statutory or regulatory requirements and expands the definition of a class B violation for nursing homes and RCHs

§§ 237-246 — SCHOOL CONSTRUCTION GRANT AUTHORIZATIONS
Authorizes 50 new school construction projects totaling $517.9 million in grants, reauthorizes three previous projects due to cost or scope changes, and makes changes affecting six other projects

§ 247 — AGENCY PROGRAM INVENTORIES AND RESULTS FIRST PILOT PROGRAM
Makes several changes to program inventories required of certain agencies and requires the OPM secretary to create a pilot program that applies Pew-MacArthur Results First principles to at least eight state-finance grant programs

§ 248 — PRISON HEALTH CARE RFI PROGRESS REPORT
Requires DOC and OPM to submit a progress report to the legislature on a request for information to develop options for providing medical services to inmates

§ 249 — REDUCTIONS FOR MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS
Requires DPH to reduce payments to municipal and district health departments in FY 19
§ 250 — FISCAL STABILITY AND ECONOMIC GROWTH COMMISSION
Establishes a 14-member commission to develop and recommend policies to achieve state government fiscal stability and promote economic growth and competitiveness within the state.

§ 251 — YOUTH EMPLOYMENT PROGRAM FUNDS
Allocates Youth Employment Program funds.

§ 252 — MINIMUM BUDGET REQUIREMENT
Extends the current minimum budget requirement through FY 19, along with reduction allowances and exemptions.

§ 253 — CALCULATIONS FOR EDUCATION COST SHARING (ECS) GRANT INCREASES AND DECREASES
Revises the method for determining ECS increases and decreases for towns in FYs 18 and 19.

§§ 254-257 — JUDICIAL COMPENSATION
Rolls back a 3% salary increase for judges and certain other judicial officials that took effect July 1, 2017, and reinstates the increase on July 1, 2019.

§ 258 — MATERIALS INNOVATION AND RECYCLING AUTHORITY PAYMENT TO HARTFORD
Requires MIRA to make a $1 million payment in lieu of taxes to Hartford by December 1, 2017.

§§ 259 & 260 — GRANTS TO REGIONAL COUNCILS OF GOVERNMENT (COGS)
Establishes, beginning in FY 18, a new type of annual grant for COGs.

§§ 261 & 262 — TORRINGTON DSS PILOT PROJECT
Allows DSS, in partnership with Torrington’s community action agency, to establish a 12-month pilot project to streamline social services to eligible, low-income individuals.

§ 263 — UNLOADING AND INSPECTING ALCOHOL SHIPMENTS
Generally codifies an existing regulatory requirement that alcohol manufacturers and wholesalers inventory and unload alcohol; gives DCP oversight to ensure compliance; and deems any violation a CUTPA violation.

§ 264 — DISTRICT HEATING SYSTEM
Requires an electric company to conduct a procurement for a combined heat and power system owned by a thermal energy transportation company and compatible with a district heating system; requires the company to recover costs of the procurement from ratepayers.

§ 265 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO DECREASED AID
Allows municipalities to amend adopted budgets and adjust tax levies if they receive less state aid than projected.
§ 266 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID

Authorizes municipalities and regional boards of education to amend adopted budgets and adjust tax levies if they receive more state aid than projected.

§ 267 — SUPERINTENDENTS FOR MULTIPLE TOWNS

Allows boards of education that share a superintendent to hold regular joint meetings at least once every two months.

§§ 268-273 & 276 — CITIZENS’ ELECTION PROGRAM (CEP)

Makes changes to the CEP, including establishing a grant reduction schedule; increasing the maximum individual qualifying contribution (QC) amount; and adjusting QCs for inflation.

§ 274 — SEEC

Revises SEEC’s process for reviewing complaints.

§ 275 — POST-ELECTION AUDIT

Changes the formula SEEC must use to audit legislative candidate committees following a primary or election.

§ 277 — TEACHERS’ RETIREMENT FUND ACTUARIAL ASSUMPTIONS STUDY

Requires the Teachers’ Retirement Board to (1) study the impact of potential changes in actuarial assumptions used in the Teachers’ Retirement Fund’s valuation and (2) report its findings and recommendations to the legislature.

§§ 278-319 & 732 — STATE DEPARTMENT ON AGING CONSOLIDATION

Consolidates the state Department on Aging (SDA) within the Department of Social Services (DSS); transfers the Long-Term Care Ombudsman Program from SDA to OPM.

§ 320 — PAYMENTS FOR RETIRED TEACHERS HEALTH INSURANCE

Authorizes a reduction in state payments for FYs 18 and 19 to the Teachers’ Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education.

§§ 321-323 – DELINQUENCY COMMITMENTS AND JUVENILE JUSTICE SERVICES

Starting July 1, 2018, prohibits courts from committing children adjudicated delinquent to DCF; establishes transition period during which the Judicial Branch may place such a child in DCF congregate care or order DCF services; allows court-ordered facility placement for delinquent child probationary sentences; and requires the Judicial Branch to expand its juvenile justice services.

§ 324 — TWEED-NEW HAVEN AIRPORT

Earmarks funds in FYs 18 and 19 to operate Tweed-New Haven Airport.

§§ 325-331 — PASSPORT TO THE PARKS

Establishes a fee on motor vehicle registrations to support a new passport to the parks account, which must be used for (1) operating state parks and campgrounds; (2) funding soil and water...
conservation districts and environmental review teams; and (3) beginning with FY 19, paying the expenses of the Council on Environmental Quality; exempts Connecticut motor vehicles from parking fees at state parks, forests, and recreational facilities

§ 332 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE COLLECTIVE BARGAINING AGREEMENTS

Requires the legislature to affirmatively vote in order to approve state employee collective bargaining agreements and arbitration awards; establishes caps on the time allowed to debate approval; revises the process that occurs after the legislature rejects an agreement or award

§ 333 — FISCAL ACCOUNTABILITY REPORTS

Exempts OPM and OFA from submitting annual fiscal accountability reports in November 2017

§§ 334-348 — CRUMBLING CONCRETE FOUNDATIONS

Creates a framework to assist homeowners with crumbling concrete foundations

§§ 349-376 — MUNICIPAL ACCOUNTABILITY REVIEW BOARD

Establishes a process through which financially distressed municipalities may issue deficit financing bonds and obtain state financial assistance if they submit to state fiscal oversight by the Municipal Accountability Review Board, also established by the act

§§ 377-553 — BOND AUTHORIZATIONS, ADJUSTMENTS, AND CANCELLATIONS

Authorizes up to $1.723 billion for FY 18 and $1.621 billion for FY 19 in new GO bonds for state projects and grant programs; authorizes up to $200 million for FYs 18 to 22 in new GO bonds for hospital improvements and crumbling foundations; authorizes up to $820.3 million in FY 18 and up to $824.6 million in FY 19 in new STO bonds for DOT projects; restores, reduces, or cancels bond authorizations for various projects and grants; adjusts the annual bond caps under the CSCU 2020 program and UConn 2000 programs and extends both programs; expands the purposes of funds in the Bioscience Innovation Fund; makes permanent the school security infrastructure grant program; allocates no LoCIP funds in 2017 and $55 million in 2018; and authorizes certain transportation funding agreements with the federal government and the issuance of “federal transportation bonds”

§ 554 — INTERRUPTIBLE GAS SERVICE FOR CERTAIN MANUFACTURING FACILITIES

Requires gas companies to propose a new rate for certain manufacturers that do not qualify for interruptible service rates

§ 555 — CONSUMER DATA PRIVACY WORKING GROUP

Establishes an eight-member working group on consumer data privacy and requires the group to report its findings and recommendations to the legislature by January 15, 2018

§ 556 — TAXES OWED ON MOTOR VEHICLES REGISTERED OUT OF STATE

Establishes a procedure by which local tax assessors receive information about motor vehicles registered in other states in order to add such vehicles to grand lists
§§ 558 & 572 — HOME HEALTH CARE ADD-ON PAYMENTS
Allows DSS to eliminate home health care add-on payments for FYs 18 and 19, conforming to current practice

§§ 559, 586 & 587 — TEACHER CONTRIBUTIONS TO THE TEACHERS’ RETIREMENT SYSTEM (TRS)
Starting in 2018, increases teachers’ regular contribution rate to TRS from 6% to 7%; requires the Teachers’ Retirement Board (TRB) to recalculate the amount the state must contribute to TRS in FYs 18 and 19 due to this increase but assume the 6% contribution rate starting in FY 20

§§ 560-562 — 90-DAY TURNAROUND FOR CERTAIN PERMITS
Deems certain state agency permit applications approved if the relevant agency does not make a determination on them within 90 days after receiving them

§§ 563-565 — RENTERS’ REBATE PROGRAM
Makes municipalities, instead of the state, responsible for grants under the Renters’ Rebate Program

§§ 566 & 567 — PREVAILING WAGE
Increases prevailing wage thresholds for new public works projects; temporarily exempts certain projects in New Haven County from prevailing wage requirements; and applies prevailing wage requirements to certain DECD-funded projects

§ 569 — STATE SUPPLEMENT PROGRAM (SSP)
Extends freeze on SSP rates and eliminates unearned income disregard for SSI COLAs

§§ 570 & 571 — MEDICAID PRESCRIPTION DRUG REIMBURSEMENT
Eliminates statutory requirements for calculating drug and fee payments; requires DSS to revise reimbursement methodology and professional dispensing fees; requires DSS to submit proposed revisions to legislative committees

§ 573 — PRIORITY SCHOOL DISTRICT (PSD) GRANTS
Distributes PSD grants for FYs 18 and 19

§ 574 — EDUCATION GRANT EARMARKS
Earmarks up to $1.6 million of SDE appropriations in FYs 18 & 19 for various education-related grants

§§ 575-582 — EDUCATION GRANT CAPS
Reinstates prior law’s caps on certain education grants to school districts and regional education service centers through FY 19

§§ 583 & 584 — CHARTER SCHOOL GRANTS
Increases the per pupil grants for state charter schools by $250 beginning in FY 19 and requires state and local charter school grants to be paid directly to the schools’ fiscal authorities, rather than the towns
§ 585 — MAGNET SCHOOL GRANTS
Renews the prioritization for per-student grant payments for magnet school enrollment increases and allows RESC-operated magnets outside of the Sheff region to be eligible for a higher per-student grant.

§ 588 — MASHANTUCKET PEQUOT AND MOHEGAN FUND GRANTS
Allocates the total grant amounts paid to municipalities from the Mashantucket Pequot and Mohegan Fund for FYs 18 and 19.

§ 589 — MUNICIPAL STABILIZATION GRANTS
Establishes a new municipal stabilization grant for FYs 18 and 19.

§ 590 — MUNICIPAL REVENUE SHARING GRANTS
Eliminates the municipal revenue sharing grants for all but five municipalities and specifies their amounts for FYs 18 and 19.

§§ 591 & 592 — PAYMENT IN LIEU OF TAXES (PILOT) GRANTS
Allocates supplemental PILOT grant amounts for FYs 18 and 19.

§§ 601-617 — HOSPITAL PROVIDER TAX AND USER FEES ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES
Beginning July 1, 2017, sunsets the prior tax on hospitals and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities and reestablishes them as a new tax and fee structure.

§§ 618, 620 & 621 — HOSPITAL SUPPLEMENTAL PAYMENTS
Establishes various supplemental pools for hospital Medicaid payments and a payment schedule; requires payments in the aggregate to be approximately $598 million in FY 18 and $496 million in FY 19; allows DSS to make advance payments to certain hospitals; and limits the governor’s rescission authority for supplemental payments in FYs 18 and 19.

§ 619 — MEDICAID RATES FOR HOSPITALS
Requires DSS to (1) increase hospital Medicaid rates such that affected hospitals receive $140.1 million more for inpatient services and $35 million more for outpatient services and (2) establish the increased rates as a lower limit for FY 19 and subsequent years.

§§ 622-625 — INSURANCE PREMIUMS TAX
Reduces, from 1.75% to 1.5%, the insurance premiums tax rate and makes the tax credit cap for insurance premiums taxpayers permanent.

§ 626 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDITS
Permanently bars the issuance of film and digital media tax credits to certain motion pictures; allows the credits to be used against the gross receipts tax on cable, satellite, and competitive video services.

§ 627 — ADMISSIONS TAX
Eliminates certain admissions tax exemptions.
§§ 628-630 — CIGARETTE TAX
Increases the cigarette tax from $3.90 to $4.35 per pack; reduces, by 50%, the cigarette tax on “modified risk tobacco products;” imposes a per pack $0.45 floor tax on unsold inventory

§ 631 — TOBACCO PRODUCTS TAX
Increases the tax on snuff tobacco products from $1 to $3 per ounce; lowers, by 50%, the tobacco products tax on “modified risk tobacco products”

§§ 632-636 — ESTATE AND GIFT TAX
Increases the estate and gift tax threshold over three years; modifies the rate schedule for estates and gifts over $5.1 million; lowers, from $20 million to $15 million, the cap on the maximum estate and gift tax imposed; makes minor and technical changes to the estate tax

§§ 637 & 638 — REGIONAL PLANNING INCENTIVE ACCOUNT
Suspends the revenue diversion to the Regional Planning Incentive Account for FYs 18 and 19

§§ 637 & 638 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DIVERSION
Suspends the sales tax revenue diversion to MRSA for FYs 18 and 19

§§ 637 & 638 — SALES AND USE TAX REVENUE DIVERSION FROM CERTAIN MOTOR VEHICLE SALES
Beginning in FY 21, phases in, over five years, a revenue diversion to the STF of sales and use tax revenue from motor vehicle sales

§§ 637 & 639 — TOURISM FUND
Transfers 10% of room occupancy tax revenue to a new Tourism Fund

§ 640 — SALES AND USE TAX ON SERVICES RENDERED BETWEEN PARENT COMPANIES AND SUBSIDIARIES
Expands the number of affiliated businesses that qualify for the sales and use tax exemption on sales of services between affiliates

§§ 641 & 642 — INCOME TAX DEDUCTIONS
Increases the income thresholds for the Social Security income tax exemption; delays, by two years, the scheduled increase in the teacher pension income tax exemption; phases out, from 2019 through 2025, the income tax on pension and annuity income for taxpayers with incomes below a specified threshold; establishes a deduction of up to $10,000 for expenses related to donating an organ for transplants occurring on or after January 1, 2017

§ 643 — STATE EMPLOYEE PAID LEAVE AFTER ORGAN DONATION
Allows state employees to take, in addition to other authorized leave, (1) seven days of paid leave for donating bone marrow and (2) 15 days of paid leave for certain organ donations

§ 644 — PROPERTY TAX CREDIT
Limits eligibility for the property tax credit against the personal income tax to seniors and taxpayers with dependents
§ 645 — EARNED INCOME TAX CREDIT
Reduces the earned income tax credit (EITC) from 30% to 23%

§ 646 — REDUCTION OF THE ANNUAL AMOUNT OF TAX CREDITS AVAILABLE UNDER THE NEIGHBORHOOD ASSISTANCE ACT (NAA) PROGRAM
Reduces, from $10 million to $5 million, the annual cap on NAA tax credits

§ 647 — GREEN BUILDING TAX CREDIT
Eliminates the green building tax credit beginning December 1, 2017

§ 648 — STEM GRADUATE TAX CREDIT
Creates a refundable personal income tax credit for qualifying college graduates in STEM fields that live and work in Connecticut

§§ 649-652 — FANTASY CONTESTS
Specifically legalizes, once certain conditions are met, fantasy contests; requires fantasy contest operators to provide certain consumer protections to players and pay up to a $15,000 registration fee and 10.5% tax on fantasy games

§ 653 — SURCHARGE AND FEES ON CAR AND TRUCK RENTALS
Eliminates the 3% rental surcharge on car and truck rentals and instead authorizes rental companies to charge lessees individually itemized charges or fees as part of a rental agreement

§ 654 — TRANSPORTATION NETWORK COMPANY (TNC) FEE
Requires TNCs to pay a 25-cent fee on each ride originating in Connecticut

§ 655 — MMCT LOAN
Requires MMCT to provide a $30 million advance to the state, which will be credited against required future casino payments

§ 656 — FRESH START PROGRAM
Authorizes the Department of Revenue Services (DRS) commissioner to establish a fresh start program for qualified taxpayers who owe Connecticut state taxes

§ 657 — TRANSFERS FROM NONAPPROPRIATED ACCOUNTS
Allows OPM to transfer funds from certain nonappropriated accounts to the General Fund for FY 19

§ 658 — TAX EXPENDITURE EVALUATION
Requires the OPM secretary to examine and report on state tax expenditures

§ 659 — STATE AGENCIES TO REVIEW FEES
Requires (1) agency heads to determine whether the fees their agencies charge cover program administration costs and (2) OPM to recommend fee increases to the legislature
§ 660 — REDUCING CONNECTICUT LOTTERY CORPORATION (CLC) EXPENSES
Requires CLC to reduce its expenses for the next two fiscal years

§ 661 — CORPORATION INCOME TAX DEDUCTION FOR CERTAIN PUBLICLY-TRADED COMPANIES (FAS 109 DEDUCTION)
Extends, from seven to 30 years, the period over which certain publicly traded companies may claim the FAS 109 deduction

§ 662 — CONNECTICUT TELEVISION NETWORK (CT-N) REDUCTION
Reduces by half the amount of specified tax revenue that must be reserved for CT-N

§§ 663 & 664 — TOBACCO SETTLEMENT FUND DISBURSEMENTS
Suspends, for FYs 18 and 19, disbursements from the Tobacco Settlement Fund to the Tobacco and Health Trust Fund and the Smart Start competitive operating grant account

§ 665 — DOCUMENT RECORDING FEE
Increases, from $3 to $10, the document recording fee charged to generate revenue for preserving historic documents and modifies the fee revenue distribution

§ 666 — RECORD CHECK FEE INCREASES
Increases, by $25, fees for certain record searches

§ 667 — MOTOR VEHICLE TRADE-IN FEE
Requires the DMV commissioner to charge new and used car dealers $35 for each motor vehicle they accept as a trade-in

§§ 668-670 — REGISTRATION FEE INCREASES FOR BROKER-DEALERS AND INVESTMENT ADVISERS
Increases, by $25 each, specified registration fees for broker-dealers, investment advisers, and their agents

§ 671 — EMISSIONS ENTERPRISE FUND
Reduces, by $250,000, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund

§ 672 — DIVERSION OF AVIATION FUEL TAX REVENUE
Diverts a portion of revenue from the petroleum products gross earnings tax (PGET) on aviation fuel to a new “Connecticut airport and aviation account” to be used for airport-related purposes

§ 673 — HIGHWAY RIGHT-OF-WAY ENCROACHMENT PERMIT FEES
Requires the DOT commissioner, by January 1, 2018, to set fees for certain applications for highway right-of-way encroachment permits to mirror the fees the Massachusetts DOT charges for similar permits; eliminates the commissioner’s authority to adopt regulations setting fees for other highway right-of-way encroachment permit applications
§§ 674 & 675 — URGENT CARE CENTERS AND OUTPATIENT CLINICS
Requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018 and authorizes DSS to establish payment rates for these centers; requires outpatient clinics to renew their license every three years instead of every four years

§ 676 — SAFE DRINKING WATER PRIMACY ASSESSMENT FOR FY 19
Requires water companies that own community public water systems or non-transient non-community public water systems to pay a safe drinking water primacy assessment in FY 19

§ 677 — SAFE DRINKING WATER PRIMACY ASSESSMENT METHODOLOGY
Requires DPH to develop a methodology for a safe drinking water primacy assessment on community water systems and transient and non-transient non-community water systems

§§ 678 & 728 — NEWBORN SCREENING ACCOUNT
Eliminates, on July 1, 2018, the newborn screening account and transfers any money from it into the General Fund for DPH to use for newborn health screening services in FY 18

§ 679 — MUNICIPAL VIDEO COMPETITION TRUST ACCOUNT
Beginning in FY 18, increases by $2 million the annual transfer from the municipal video competition trust account to the General Fund

§ 680 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT
Beginning in FY 18, requires $3.5 million to be transferred to the General Fund each fiscal year from the Public, Educational, and Governmental Programming and Education Technology Investment Account (PEGPETIA)

§§ 681-698 — TRANSFERS TO GENERAL FUND
Transfers funds from various sources to the General Fund for FYs 18 and 19

§§ 699 & 700 — MOTOR VEHICLE MILL RATE CAP AND PROPERTY TAX APPEALS
Increases the cap on motor vehicle mill rates and allows municipalities that previously set their motor vehicle mill rate for the 2016 assessment year to change it; requires boards to hear car tax appeals before December 15, 2017

§§ 701-703 — STRANDED TAX CREDITS
Requires DECD to administer programs to allow businesses to use stranded R&D tax credits in exchange for undertaking certain capital projects or making certain venture capital investments

§§ 704, 707, 708 & 729 — BUDGET RESERVE FUND (BRF)
Diverts specified income tax revenue exceeding a $3.15 billion threshold to the BRF; increases the BRF’s maximum balance, from 10% to 15% of net General Fund appropriations and expands its allowable uses; and repeals provisions, previously scheduled to take effect July 1, 2019, establishing a mechanism for diverting to the BRF projected surpluses in certain revenue
§ 705 — CAP ON GENERAL FUND AND SPECIAL TRANSPORTATION FUND (STF) APPROPRIATIONS

Beginning FY 20, imposes a new cap on General Fund and STF appropriations but allows the General Assembly to exceed it under certain circumstances

§ 706 — BOND COVENANT TIED TO BRF, SPENDING CAP, AND GO BOND CAP LAWS

Requires certain state bonds to include a pledge to bondholders that the state will comply with the BRF law, spending caps, and GO and credit revenue bond caps, except under limited circumstances

§ 709 — SPENDING CAP CALCULATION

Modifies definitions used to calculate the state’s spending cap and requires a base adjustment under certain circumstances

§§ 710-712 — CAP ON GENERAL OBLIGATION (GO) AND CREDIT REVENUE BOND ALLOCATIONS, ISSUANCES, AND SPENDING

Imposes caps on GO and credit revenue bond allocations, issuances, and spending, with certain exclusions

§ 713 — COMPTROLLER’S ANALYSIS OF OPM MONTHLY STATEMENTS

Requires the comptroller to analyze OPM’s monthly revenue and expenditure statements

§§ 714-716 — CREDIT REVENUE BOND PROGRAM

Authorizes the state treasurer to issue credit revenue bonds in place of GO bonds and directs the savings from the new bonding program to the Budget Reserve Fund; requires bond premiums to be used to fund previously authorized capital projects

§§ 717-726 — REVENUE ESTIMATES

Adopts revenue estimates for FYs 18 and 19 for appropriated state funds

§ 727 — PROBATE COURT ADMINISTRATION FUND

Requires that the fund’s balance at the end of FY 17 remain in the fund

§ 730 — REPEALING A BRIDGE NAME

Repeals a provision of PA 17-230 naming bridge number 01592 in Ansonia the “Veterans of Foreign Wars Memorial Bridge”

§§ 1-10 — FY 18 AND FY 19 APPROPRIATIONS

Appropriates money for state agency operations and programs for FYs 18 and 19

The act appropriates money for state agency operations and programs in FYs 18 and 19. Table 1 shows the net annual appropriations for each year from each appropriated fund.
Table 1: FY 18 and FY 19 Net Appropriations by Fund

<table>
<thead>
<tr>
<th>§</th>
<th>Fund</th>
<th>Net Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY 18</td>
</tr>
<tr>
<td>1</td>
<td>General Fund*</td>
<td>$18,738,791,590</td>
</tr>
<tr>
<td>2</td>
<td>Special Transportation Fund (STF)</td>
<td>1,510,906,625</td>
</tr>
<tr>
<td>3</td>
<td>Mashantucket Pequot and Mohegan Fund</td>
<td>57,649,850</td>
</tr>
<tr>
<td>4</td>
<td>Regional Market Operation Fund</td>
<td>1,067,306</td>
</tr>
<tr>
<td>5</td>
<td>Banking Fund</td>
<td>27,413,284</td>
</tr>
<tr>
<td>6</td>
<td>Insurance Fund**</td>
<td>87,299,099</td>
</tr>
<tr>
<td>7</td>
<td>Consumer Counsel and Public Utility</td>
<td>25,571,954</td>
</tr>
<tr>
<td></td>
<td>Control Fund</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Workers’ Compensation Fund</td>
<td>24,652,430</td>
</tr>
<tr>
<td>9</td>
<td>Criminal Injuries Compensation Fund</td>
<td>2,934,088</td>
</tr>
<tr>
<td>10</td>
<td>Tourism Fund***</td>
<td>--</td>
</tr>
</tbody>
</table>

*PA 17-4, JSS (§ 16) reduces total General Fund appropriations to $18,690,090,670 in FY 18 and $18,790,627,454 in FY 19.

**PA 17-4, JSS (§ 17) increases total Insurance Fund appropriations to $90,234,868 in FY 18 and $95,035,932 in FY 19.

***Section 639 of this act establishes the Tourism Fund.

EFFECTIVE DATE: Upon passage

§§ 11 & 557 — PASSPORT TO PARKS ACCOUNT TRANSFERS

Earmarks funds from the account for specified environmental purposes

For FYs 18 and 19, the act earmarks, from the Passport to the Parks account (established in § 331), $400,000 for soil and water conservation districts and $253,000 for environmental review teams. (Section 557 contains an identical provision.)

EFFECTIVE DATE: Upon passage

§§ 12-16 & 28 — SPENDING REDUCTIONS AND BUDGETED LAPSES

Authorizes the Office of Policy and Management (OPM) secretary to reduce allotments for state agencies and funds in order to achieve specified savings and budgeted lapses

Labor-Management Savings (§ 12)

The act requires a General Fund lapse in each year of the biennium for achieved labor concessions ($700 million in FY 18 and $867.6 million in FY 19) (see § 1). In order to achieve these savings, the act allows the OPM secretary to reduce allotments in any budgeted state agency and fund to reduce labor-management spending by these same amounts. In doing so, the act supersedes laws that, among other things:

1. require the state budget act to specify budgeted reductions by branch of government (CGS § 2-35);
2. require OPM, when preparing the governor’s budget recommendations for submission to the legislature, to include the expenditure estimates for the legislative branch, Judicial Department, and Public Defenders Services
Division submitted by each respective agency (§ 4-73); and
3. authorize the higher education constituent units to establish and administer operating funds (§§ 10a-77, 10a-99, 10a-105, and 10a-143).

Under the act, any allotment reductions applied to the Connecticut State Colleges and Universities, UConn, or the UConn Health Center must be credited to the General Fund.

*Unallocated Budgeted Lapses by Branch (§ 13)*

For FYs 18 and 19, the act authorizes the OPM secretary to reduce allotments for each branch of government in order to achieve unallocated lapses in the General Fund (see Table 2). Under the act, the legislative reductions must be determined by the top six legislative leaders, and judicial reductions must be determined by the chief justice and chief public defender.

Table 2: FY 18 and FY 19 General Fund Spending Reductions by Branch

<table>
<thead>
<tr>
<th>Branch</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>$42,250,000</td>
<td>$45,000,000*</td>
</tr>
<tr>
<td>Judicial</td>
<td>3,000,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Legislative</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

*The act includes an unallocated lapse of $51,765,570 in executive branch expenditures for FY 19 (see § 1), but only authorizes $45 million in corresponding allotment reductions.*

*Budgeted Savings (§§ 14 & 28)*

The act authorizes the OPM secretary to reduce spending in any budgeted state agency to achieve targeted budget savings in the General Fund. These amounts correspond to budgeted lapses designated as “Targeted Savings” and “Statewide Hiring Reduction” in § 1 (see Table 3).

Table 3: FY 18 and FY 19 Budgeted Savings

<table>
<thead>
<tr>
<th>§</th>
<th>Lapse</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Targeted Savings</td>
<td>$111,814,090</td>
<td>$150,878,179</td>
</tr>
<tr>
<td>28</td>
<td>Hiring Reduction</td>
<td>6,500,000</td>
<td>7,000,000</td>
</tr>
</tbody>
</table>

*Budget Savings to Reflect Delays in Policy Implementation (§ 15)*

The act authorizes the OPM secretary to reduce allotments in any budgeted agency to achieve $7.5 million in General Fund budget savings in FY 18. Under the act, any such reductions must be due to savings (1) achieved between July 1, 2017 and September 30, 2017 or (2) that result from the delay in implementing newly funded programs.

*STF Unallocated Lapse (§ 16)*

For FYs 18 and 19, the act allows the OPM secretary to reduce allotments in any budgeted state agency to achieve STF savings of $12 million in each year.

EFFECTIVE DATE: Upon passage
§ 17 — APPROPRIATIONS FOR NONFUNCTIONAL – CHANGE TO ACCRUALS

Prohibits the OPM secretary from allotting funds to such line item accounts

The act bars the OPM secretary from allotting funds for the Nonfunctional – Change to Accruals line item accounts in each of the state’s 10 appropriated funds, regardless of the law requiring the governor, through OPM, to allot appropriations before they can be spent. These line items represent the change to accruals in agency budgets due to the conversion to generally accepted accounting principles (GAAP)-based budgeting.

EFFECTIVE DATE: Upon passage

§ 18 — AUTHORITY TO TRANSFER FUNDS TO AND FROM THE RESERVE FOR SALARY ADJUSTMENTS ACCOUNT

Allows the OPM secretary to transfer specified funds to implement and account for adjustments to various personal services expenses

The act authorizes the OPM secretary to transfer:

1. personal services appropriations in any appropriated fund from agencies to the Reserve for Salary Adjustments account to reflect more accurately collective bargaining and related costs and
2. General Fund appropriations for Reserve for Salary Adjustments to any agency in any appropriated fund to implement salary increases; other employee benefits; agency costs related to staff reductions, including accrual payments; or any other authorized personal service adjustment.

EFFECTIVE DATE: Upon passage

§ 19 — COLLECTIVE BARGAINING AGREEMENT COSTS

Carries forward the unexpended portion of appropriated funds that relate to collective bargaining agreements and related costs and requires the funds to be used for the same purposes in FYs 18 and 19

The act carries forward the unexpended funds appropriated for FY 17 that relate to collective bargaining agreements and related costs, as determined by the OPM secretary, and requires the funds to be used for the same purpose in FYs 18 and 19. It also carries forward the same unexpended funds appropriated for FY 18 and requires the funds to be used for the same purpose in FY 19.

EFFECTIVE DATE: Upon passage

§§ 20 & 21 — APPROPRIATION TRANSFERS AND ADJUSTMENTS TO MAXIMIZE FEDERAL MATCHING FUNDS

Authorizes the governor, subject to specified conditions, to transfer or adjust agency appropriations to maximize federal matching funds

The act allows the governor, with the Finance Advisory Committee’s (FAC) approval, to transfer all or part of an agency’s appropriation at the agency’s
request to another agency to take advantage of federal matching funds. Under the act, both agencies must certify that the receiving agency will spend the transferred appropriation for its original purpose. Federal funds generated from such transfers can be used to reimburse General Fund spending, expand services, or both, as the governor, with FAC approval, determines.

The act also allows the governor, with FAC approval, to adjust agency appropriations to maximize federal funding to the state. The governor must report on any adjustment to the Appropriations and Finance, Revenue and Bonding committees.

EFFECTIVE DATE: Upon passage

§§ 22 & 24 — TRANSFERS TO MEDICAID ACCOUNT

Authorizes the OPM secretary to transfer certain funds to the Department of Social Services’ Medicaid account to maximize federal reimbursement

The act allows the OPM secretary to transfer all or part of any General Fund appropriation for the UConn Health Center or the Department of Veterans Affairs to DSS’s Medicaid account to maximize federal reimbursement.

EFFECTIVE DATE: Upon passage

§ 23 — DSS PAYMENTS TO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) HOSPITALS

Specifies how (1) DSS must spend appropriations for certain DMHAS hospital payments and (2) DMHAS hospitals must use the funds they receive from DMHAS

The act requires DSS to (1) spend money appropriated to it for FYs 18 and 19 for DMHAS – Disproportionate Share payments when and in the amounts OPM specifies and (2) make disproportionate share payments to DMHAS hospitals for operating expenses and related fringe benefits. It requires the hospitals to (1) use the funds they receive from DMHAS for fringe benefits to reimburse the comptroller and (2) deposit the other DMHAS funds they receive into “grants – other than federal accounts.” Unspent disproportionate share funds in these accounts lapse at the end of each fiscal year.

EFFECTIVE DATE: Upon passage

§ 25 — BIRTH-TO-THREE PROGRAM

Requires SDE to transfer certain federal special education funds to OEC for the Birth-to-Three Program

For FYs 18 and 19, the act requires SDE to transfer $1 million of the federal special education funds it receives each year to the Office of Early Childhood for the Birth-To-Three Program to carry out federally required special education responsibilities.

EFFECTIVE DATE: Upon passage
§ 26 — DEPARTMENT OF CHILDREN AND FAMILIES (DCF)-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends rate adjustments for DCF-licensed private residential treatment facilities

For FYs 18 and 19, the act suspends per diem and other rate adjustments for private residential treatment facilities licensed by DCF.
EFFECTIVE DATE: Upon passage

§ 27 — DDS AND DMHAS COST SETTLEMENTS WITH PRIVATE AND NONPROFIT PROVIDERS

Requires certain private and nonprofit providers to reimburse these agencies for the difference between actual costs and the amount received from the agencies

During FYs 18 and 19, the act requires private and nonprofit organizations providing services under contract with the Department of Developmental Services (DDS) or DMHAS to reimburse these agencies at 100%, or an alternate amount identified by the DDS or DMHAS commissioners and approved by the OPM secretary, of the difference between the actual expenses incurred and the amount the organization received from these agencies under the contract.
EFFECTIVE DATE: Upon passage

§ 29 — XL CENTER REQUEST FOR PROPOSALS (RFP)

Requires Hartford to issue an RFP for the purchase of the XL Center

By June 30, 2019, the act requires Hartford to issue an RFP for the purchase of the civic center and coliseum complex (i.e., XL Center) in Hartford.
EFFECTIVE DATE: Upon passage

§§ 30 & 31 — TOBACCO HEALTH AND TRUST FUND (THTF) TRANSFERS

Transfers funds from the THTF for various purposes

The act transfers $750,000 in each of FY 18 and FY 19 from the THTF to DSS to implement recommendations from a study on enhancements and improvements to supports and services for individuals with autism and their families. It also transfers $1 million in each of FY 18 and FY 19 from the THTF to UConn to support the Connecticut Institute for Clinical and Translational Science.
EFFECTIVE DATE: Upon passage

§ 32 — EVEN START AND TWO-GENERATIONAL INITIATIVE

Specifies that it is intended that Even Start be integrated into OEC’s two-generational initiative

The act specifies that it is intended that Even Start be integrated into the coordinated state planning and implementation of the Office of Early Childhood’s
(OEC) statewide, two-generational initiative.
EFFECTIVE DATE: Upon passage

§ 33 — FAMILY RESOURCE CENTERS

Requires certain municipalities to close one family resource center and provides grants to those centers existing on January 1, 2018

Closing Centers in Certain Municipalities

By December 31, 2017, the act requires any municipality with more than one family resource center in its public schools established under the state’s family resource center program to close one of the centers.

Grants

Under the act, each center existing on January 1, 2018 must receive a $100,000 grant in each of FY 18 and FY 19 from the appropriation to SDE for family resource centers. The act establishes the “family resource center grant account” as a separate, nonlapsing General Fund account and requires the account to contain all funds required by law to be deposited into it.

Under the act, any amount remaining from SDE’s family resource center appropriation after distributing grants to centers must be deposited into the account. SDE must use the account funds in FYs 18 and 19 to establish a competitive grant program for family resource centers. Under the act, centers may apply for a grant from the program in the manner and at a time determined by the education commissioner.

EFFECTIVE DATE: Upon passage

§§ 34 & 35 — MUNICIPAL GAMING ACCOUNT AND GRANTS TO MUNICIPALITIES

Increases the amount of gaming revenue that must be deposited into the municipal gaming account and provides grants from the account to four additional towns

PA 17-89 establishes conditions under which MMCT Venture, LLC may operate an off-reservation commercial casino gaming facility in the state and requires it to pay the state 25% of the gross gaming revenue from video facsimile games once the casino is operational. The act increases, from $4.5 million to $7.5 million, the amount of such revenue that must be annually deposited in the municipal gaming account. The act also adds four towns, Bridgeport, New Haven, Norwalk, and Waterbury, to the list of towns receiving annual $750,000 grants from the account. PA 17-89 provides grants from the account to East Hartford, Ellington, Enfield, Hartford, South Windsor, and Windsor Locks. By law, the grants are reduced proportionately in any fiscal year that the total grant amount exceeds the available funds.

EFFECTIVE DATE: Upon passage
§ 36 — INFORMATION ON APPROPRIATIONS FOR VARIOUS IMMUNIZATION-RELATED PURPOSES

Extends by two months the date by which the OPM secretary must provide certain information to the insurance commissioner

For FY 18, the act extends, from September 1, 2018, to November 1, 2018, the date by which the OPM secretary must inform the insurance commissioner of the amounts appropriated for various immunization-related purposes. The commissioner uses the information to determine the health and welfare fee insurers must pay each year. EFFECTIVE DATE: Upon passage

§ 37 — RECONCILE APPROPRIATIONS WITH EXECUTIVE ORDER

Authorizes OPM to transfer funds to reconcile this act’s appropriations with those in the governor’s executive order

The act allows the OPM secretary, with FAC approval, to transfer appropriations between budgeted agencies in FY 18 in order to reconcile the act’s appropriations with those made in Governor Malloy’s Executive Order 58. EFFECTIVE DATE: Upon passage

§ 38 — FEDERAL REIMBURSEMENT FOR DSS, DCF, AND JUDICIAL BRANCH PROGRAMS

Allows DSS, DCF, and the Judicial Branch to establish receivables for anticipated reimbursement from approved projects in certain circumstances

For FYs 18 and 19, the act allows DSS, DCF, and the Judicial Branch to establish receivables for anticipated reimbursement from approved projects, as long as they do so (1) with OPM’s approval and (2) in compliance with any U.S. Department of Health and Human Services-approved advanced planning document. Generally, establishing receivables (i.e., an amount due from another source) allows the agencies to make payments before receiving the federal reimbursement. EFFECTIVE DATE: Upon passage

§ 39 — OUTPATIENT CLINIC LICENSE RENEWAL

Increases the frequency of outpatient clinic license renewal and makes a conforming change

The act increases the frequency of license renewal for outpatient clinics from every four years to every three years. It specifies that the fee applies to outpatient clinics that provide urgent care services, conforming to another provision (§ 674) that requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018. (Section 675 contains the same provisions as section 39, effective December 1, 2017.)

As under prior law, there is a $1,000 licensing fee for outpatient clinics except those operated by municipal health departments or districts or licensed nonprofit
nursing or community health agencies.

EFFECTIVE DATE: Upon passage

§ 40 — TEMPORARY FAMILY ASSISTANCE (TFA) AND STATE ADMINISTERED GENERAL ASSISTANCE (SAGA) RATES

Extends the TFA and SAGA freeze for an additional two years, FYs 18 and 19

The act extends for the next two fiscal years (FYs 18 and 19) a freeze on payment standards (i.e., benefits) for DSS’s TFA and SAGA cash assistance programs at FY 15 rates. The law generally requires the DSS commissioner to raise the payment standards by the increase in the consumer price index for urban consumers (a measure of inflation) but changes to the law have frequently prohibited this increase.

TFA provides temporary cash assistance to families that meet certain income and asset limits. In general, SAGA provides cash assistance to single or married individuals without children, who have very low incomes, do not qualify for any other cash assistance program, and are considered “transitional” or “unemployable.”

EFFECTIVE DATE: Upon passage

§ 41 — BOARDING HOME RATES

Freezes, with exceptions, rates paid by DSS to certain boarding homes

For FYs 18 and 19, the act generally freezes rates paid by DSS at FY 17 levels for room and board at private residential facilities and similar facilities operated by regional educational service centers that provide vocational or functional services for individuals with certain disabilities (non-ICF-ID boarding homes). Within available appropriations, the act allows these rates to exceed the FY 17 level only for capital improvements made in FY 18 or FY 19 and approved by DDS, in consultation with DSS, for residents’ health and safety.

EFFECTIVE DATE: Upon passage

§§ 41, 42 & 43 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for residential services at certain facilities through FY 19

Under the act, regardless of rate-setting laws or regulations to the contrary, the rates the state pays to residential care homes, community living arrangements, and community companion homes that received the flat rate for residential services in FY 16 remain in effect through FY 19. State regulations permit these facilities to have their rates determined based on a flat rate rather than submitted cost reports.

EFFECTIVE DATE: Upon passage
§ 44 — CAP ON RESIDENTIAL CARE HOME RATES

Caps residential care home rates with certain exceptions

For FYs 18 and 19, the act caps rates for residential care homes at FY 17 and 18 levels, respectively, with an exception for homes that receive certain proportional fair rent increases. The act allows the DSS commissioner to provide such increases within available appropriations to homes with documented fair rent additions (1) placed in service in the cost report years ending September 30, 2016 or September 30, 2017, respectively, and (2) that are not otherwise included in the issued rates.

EFFECTIVE DATE: Upon passage

§§ 45 & 46 — MEDICAID NURSING HOME RATES

Limits nursing home Medicaid rates with certain exceptions, reverses a recent rate decrease for certain homes, and lowers the minimum occupancy for purpose of calculating rates

By law, the DSS commissioner must issue lower rates to facilities that would have been issued a lower rate due to their interim rate status or an agreement with DSS were it not for any rate freeze or other provisions in effect. The act eliminates a provision also requiring lower rates for facilities that experience a change in allowable fair rent.

For FY 18 and effective July 1, 2017, the act also reverses a rate decrease for facilities that received a rate decrease due to a 2015 fair rent asset expiring.

For FY 18, the act requires DSS to determine nursing facility rates based on 2016 cost reports but also limits any change in rates to no higher than, and not more than 2% less than, rates in effect at the end of calendar year 2016.

For FY 19, the act caps rates at FY 18 levels but allows the DSS commissioner to provide higher rates in the form of proportional fair rent increases, which may, at his discretion, include increases for facilities that have had a material change in circumstances related to fair rent additions or moveable equipment placed in service in the cost report year ending September 30, 2017 and not otherwise included in issued rates.

Generally, when DSS computes a facility’s rates, it divides the facility’s allowable costs by the facility occupancy at 95% of licensed capacity so that homes with more empty beds receive lower rates than higher occupancy homes. The act lowers the licensed capacity used for this calculation from 95 to 90% for FY 14 and succeeding fiscal years. (In practice, DSS has used a 90% occupancy rate since FY 14.)

EFFECTIVE DATE: Upon passage

§ 47 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF-ID)

Freezes FY 18 and FY 19 rates for ICF-IDs, with certain exceptions

For FY 18 and FY 19, the act caps Medicaid rates for ICF-IDs at FY 17 levels, except that the state may pay a higher rate, within available appropriations,
to facilities that have made a capital improvement, approved by DDS in consultation with DSS, for residents’ health or safety during FY 18 or FY 19. The act also extends through FY 18 and FY 19 a provision allowing the DSS commissioner to provide fair rent increases to facilities that have an approved certificate of need and undergo a material change in circumstances related to fair rent.

EFFECTIVE DATE: Upon passage

§ 48 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends daily and other rate adjustments for FYs 18 and 19 for DCF-licensed private residential treatment facilities

The act suspends rate adjustments, including adjustments to allowable daily payments, for DCF-licensed private residential treatment facilities in FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§ 49 — LIMIT ON NONEMERGENCY ADULT DENTAL SERVICES

Caps payment for nonemergency dental services for adults at $1,000 per calendar year

The act caps DSS’s Medicaid payments for nonemergency adult dental services at $1,000 per calendar year per individual, but excludes from this cap medically necessary services, including dentures.

EFFECTIVE DATE: January 1, 2018

§ 50 — MEDICARE SAVINGS PROGRAM

Reduces income eligibility for the Medicare Savings Program

The act reduces eligibility for each of the Medicare Savings Program (MSP) tiers (see below) by lowering income limits as a percentage of the federal poverty level (FPL)(see Table 4). The act also makes a conforming change to require that DSS post regulations on its website and on the eRegulations system rather than in the Connecticut Law Journal.

Table 4: MSP Income Limits

<table>
<thead>
<tr>
<th>MSP Program Tier</th>
<th>Cost-Sharing Payments Covered</th>
<th>Prior Law</th>
<th>Under the Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified Medicare Beneficiary Program (QMB)</td>
<td>Medicare Part B Premium</td>
<td>Less than 211%</td>
<td>$25,447</td>
</tr>
<tr>
<td></td>
<td>All Medicare deductibles</td>
<td>Less than 100%</td>
<td>$12,060</td>
</tr>
<tr>
<td></td>
<td>Co-insurance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Table:**

<table>
<thead>
<tr>
<th>Specified Low-Income Medicare Beneficiary Program (SLMB)</th>
<th>Medicare Part B Premium</th>
<th>211%-231%</th>
<th>27,859</th>
<th>100%-120%</th>
<th>14,472</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified Individual (QI)</td>
<td>Medicare Part B Premium</td>
<td>231%-246%</td>
<td>29,668</td>
<td>120%-135%</td>
<td>16,281</td>
</tr>
</tbody>
</table>

* Income limit calculations are based on 2017 FPL values. FPL values change annually.

The federal MSP consists of three separate program tiers: the Qualified Medicare Beneficiary (QMB), the Specified Low-Income Medicare Beneficiary (SLMB), and the Qualified Individual (QI). To qualify, individuals must be enrolled in Medicare Part A. Program participants get help from the state’s Medicaid program with their Medicare cost sharing, including premiums and deductibles.

**EFFECTIVE DATE:** January 1, 2018

**§§ 51-54 — MEDICAID AND SPECIAL EDUCATION**

_Requires boards of education to enroll as Medicaid providers, participate in DSS’s Medicaid School Based Child Health Program, and submit billable service information to DSS_

The act requires each local and regional board of education, by December 1, 2017, to (1) enroll as a Medicaid provider, (2) participate in DSS’s Medicaid School Based Child Health Program (SBCH), and (3) submit billable service information electronically to DSS or its billing agent. It also makes technical changes.

**Third-Party Agreement**

The act allows any local or regional board of education to contract with a third-party vendor or other local or regional board of education to comply with the above requirements. The contracts may require costs for the contracted services to be paid from, and contingent on sufficient receipt of, the grants DSS makes by law to boards of education based on their Medicaid claims for certain special education services.

The act prohibits DSS, in a Medicaid audit, from assessing or extrapolating overpayments to a third-party service provider that contracts with the local or regional board of education to provide Medicaid services if DSS determines the error is caused by (1) clerical error, (2) information the board of education provides, or (3) another third party vendor in the submission of billable service information.

**SBCH Program**

In Connecticut, the SBCH Program is the mechanism by which a school district may seek federal Medicaid reimbursement for many of the covered special education services (e.g. assessment and occupational therapy) that are provided to
an eligible student with disabilities pursuant to his or her individualized education plan. The act requires, rather than allows, local and regional boards of education to determine a child’s Medicaid enrollment status. It also requires planning and placement teams to comply with federal requirements (34 C.F.R. 300.154) (e.g., parental consent and written notification) prior to billing for services under the SBCH Program. In addition, the act requires private schools, hospitals, and other institutions that provide special education instruction under an agreement with a local or regional board of education to submit to the board all documentation required to submit claims to the SBCH Program.

EFFECTIVE DATE: Upon passage

§ 55 — SPECIAL TRANSPORTATION FUND (STF)

Removes the requirement that remaining STF funds, after first being used for other specified obligations, pay for DSS’s transportation to work program

By law, money in the STF must be used first for debt service on special tax obligation bonds and to pay for certain transportation projects. The act eliminates a requirement that remaining STF funds pay for DSS’s transportation for employment independence program. Existing law, unchanged by the act, requires that such funds also be appropriated to pay for (1) general obligation bonds issued for transportation projects, (2) Department of Transportation (DOT) and Department of Motor Vehicles (DMV) budget appropriations, and (3) Department of Energy and Environmental Protection (DEEP) boating regulation and enforcement.

EFFECTIVE DATE: Upon passage

§ 56 — DAS CANDIDATE LISTS

Allows DAS to extend candidate lists through the end of 2018

The act allows the Department of Administrative Services (DAS) commissioner to continue or extend, through December 31, 2018, any candidate list scheduled to expire on or after June 7, 2017.

By law, positions in the state employee classified service must be filled from a list of qualified people, known as a candidate list. The lists must generally remain in force for at least three months, but not more than one year, unless the commissioner grants an exception under certain circumstances.

EFFECTIVE DATE: Upon passage

§ 57 — TECHNICAL CHANGES BY THE LEGISLATIVE COMMISSIONERS’ OFFICE (LCO)

Requires that LCO, as part of its codification, make necessary technical, grammatical, and punctuation changes in the act’s text

The act requires LCO, when codifying the act’s provisions, to make the technical, grammatical, and punctuation changes necessary to carry out the act’s purposes. Among other things, these changes may include correcting inaccurate
internal references.
EFFECTIVE DATE: Upon passage

§ 58 — EVALUATING TRANSPORTATION PROJECTS

Exempts from certain evaluation requirements certain projects that the DOT commissioner determines are necessary to maintain the state’s infrastructure

PA 17-192 requires the transportation commissioner to develop, and obtain legislative approval for, a method to evaluate “transportation projects” and use this method to evaluate these projects before seeking funding from the legislature for them.

Under PA 17-192, a transportation project included a transportation planning or capital project, begun by the state on or after July 1, 2018, that (1) is estimated to cost $150 million or more or (2) expands capacity on a limited access highway, transit or railroad system, or parking facility.

This act specifically excludes from the definition of “transportation project” and therefore from PA 17-192’s evaluation requirements, any project begun on or after July 1, 2018 that (1) the commissioner finds necessary to maintain the state’s infrastructure in good repair and (2) is estimated to cost less than $150 million.
EFFECTIVE DATE: Upon passage

§ 59 — TEACHERS’ RETIREMENT SYSTEM (TRS) VIABILITY COMMISSION

Establishes a commission and requires the state to contract with a consulting firm to develop and implement a plan to maintain TRS’s financial viability

The act establishes the TRS Viability Commission, consisting of Teachers’ Retirement Board members and a global consulting firm with significant experience and expertise in human resources, talent development, and health and retirement benefits and investments.

The commission must develop and implement a plan to maintain TRS’s financial viability. In developing the plan, the commission must hold at least one public hearing and solicit the input of TRS members (i.e., participating Connecticut teachers). It must also consider the state’s financial capability, including the state’s:

1. fiscal health;
2. Budget Reserve Fund balance;
3. long- and short-term liabilities, including its ability to meet minimum funding levels required by law, contract, or court order;
4. initial budgeted revenue compared to actual revenue received for the previous five fiscal years;
5. revenue projections for the fiscal years during the proposed plan’s term;
6. economic outlook; and
7. access to capital markets.

The act specifies that the state’s financial capability does not include its ability to raise revenue through new or increased taxes.
The commission must submit the plan and any proposed legislation for implementing it to the Education and Appropriations committees within 90 days after contracting with a consulting firm (see below). The commission must terminate within one year after it submits the plan.

Contracting with a Consulting Firm

The act establishes a process for selecting and contracting with a consulting firm for the commission. Within 60 days after the act takes effect, the OPM secretary must, within available appropriations, contract with a global consulting firm with significant experience and expertise in human resources, talent development, and health and retirement benefits and investments. If he does not do so within 60 days, then the Office of Legislative Management (OLM) must do so.

The OPM secretary or OLM executive director, as applicable, must identify candidates with significant experience to undertake the act’s required duties through the solicitation of qualifications and any other factors that may bear on the ability to perform the duties. Each solicitation and response must be written. The secretary or executive director must select a contractor from at least four eligible candidates. (The act does not specify what happens if fewer than four contractors respond to the solicitation.) Under the act, any resulting contract is not subject to (1) the state law on state consultants and personal services agreements and (2) state purchasing laws or laws under the State Contracting Standards Board’s jurisdiction.

If the OPM secretary contracts with a firm, the act requires the governor, with the Finance Advisory Committee’s approval, to transfer to OPM any funds appropriated to OLM for the contract. If OLM contracts with a firm, OLM must retain the funds appropriated for the contract. The act also allows the state to accept gifts, grants, and donations for purposes of contracting with the consulting firm. However, it may not accept these from any candidate that also submits a bid for the contract.

EFFECTIVE DATE: Upon passage

§ 60 — UCONN HEALTH CENTER PUBLIC-PRIVATE PARTNERSHIPS

Requires the UConn Health Center to seek to establish public-private partnerships and report to certain legislative committees by April 1, 2018

The act requires the UConn Health Center board of directors to seek to enter into public-private partnerships with hospitals or other private entities the board selects. It requires the board to report, by April 1, 2018, to the Appropriations, Higher Education, and Public Health committees on the status of the partnerships and any recommended legislation.

EFFECTIVE DATE: Upon passage
§ 61 — BAN ON SHEFF HOST MAGNET SCHOOLS CHARGING TUITION TO SENDING DISTRICTS

Continues the ban on a Sheff region host magnet school charging tuition

For the school years beginning July 1, 2017 and July 1, 2018, the act prohibits Sheff host magnet school operators from charging school districts tuition for their students who attend the magnet school. The ban, which had been in place for years, expired at the end of the school year beginning July 1, 2016.

EFFECTIVE DATE: Upon passage

§§ 62-67, 83, 236 — CHANGES TO THE SCHOOL CONSTRUCTION PROGRAM

Makes numerous changes to the school construction grant program, including altering how reimbursement rates are determined, requiring additional application information, expanding the types of projects eligible for emergency grants, and increasing the amount the state must withhold pending a final audit.

The act makes numerous changes to the school construction grant program. This includes altering how school construction reimbursement rates are determined, requiring additional information with each application, expanding the types of projects eligible for emergency grants, increasing the amount of money the state must withhold pending a final audit, and changing the definition of a renovation project.

EFFECTIVE DATE: Upon passage

Three-Year Average for Determining School Construction Reimbursement Rates ($§ 83)

The act requires the DAS commissioner to use three years, rather than one, of adjusted equalized net grand list (AENGL) per capita when ranking all of the state’s towns for school construction reimbursement rates. She must do this for grant applications made on or after July 1, 2017. AENGL per capita is a measure of property wealth in a town.

School Construction Applications and DAS Report to the Legislature ($§ 236)

The act expands the information that must be provided to the legislature in the school construction project approval process. Under prior law, the DAS commissioner had to provide a review of the student enrollment projections for each project on the school construction priority list she submits to the legislature, governor, and OPM secretary every December. The act requires her to include the following more extensive information for each project instead:

1. a substantiation of the estimated total project costs;
2. the readiness of the project to begin construction;
3. an enrollment projection and school capacity;
4. efforts made by the board of education to redistrict, reconfigure, merge, or close schools under the board’s jurisdiction before submitting the school construction application;
5. enrollment and capacity information for all of the board’s schools for the five years prior to application and an enrollment projection and capacity information for all of the board’s schools for the eight years following the application; and

6. the state’s education priorities relating to reducing racial and economic isolation for the school district.

Emergency Construction Grants (§ 62)

The act expands the types of projects eligible for emergency construction grants and requires school districts to follow certain procedures in order to receive the grants. (Unlike priority list projects, these do not require legislative approval.)

*Project Types.* By law, emergency grants can be made for certain reasons, such as to correct safety, health, and other code violations; replace roofs; and make repairs due to fire damage or other catastrophe. The act broadens the roof replacement provision to include replacement or installation of skylights. It also allows such grants for (1) installation of exterior wall and attic insulation and (2) limited-use or limited-access elevators, windows, photovoltaic panels, wind-generation systems, building management systems, and public school administrative or service facilities.

*Procedures.* Under the act, a superintendent must notify DAS in writing of the need for an emergency grant within seven calendar days of discovering a condition that could qualify for an emergency grant in order for the project to be eligible. The superintendent must submit a full application within six months of the notification in order to receive a grant.

Conforming and Technical Changes to the School Construction Program (§§ 63 & 66)

The act makes conforming and technical changes in these sections.

Increased Grant Withholding Percentage (§ 64)

The act increases, from 5% to 11%, the amount of a project’s reimbursement grant that DAS must withhold pending the completion of a final audit.

Regional Boards of Education and School Construction Obligations (§ 65)

The act specifies that when a regional board of education dissolves, or a town withdraws from such a regional district, the local boards of education or towns that participated in the regional board are not absolved from any school construction responsibilities or related financial obligations incurred while part of the regional board. Under law, unchanged by the act, a town or district withdrawing from a regional district is not absolved from any indebtedness issued prior to the dissolution.

Further, the act specifies that any agreements reached as part of the dissolution or withdrawal cannot relieve a withdrawing town from its financial
obligations related to a school building project.

Changes to Renovation Projects (§ 67)

The act changes the definition of a renovation project by requiring the renovation cover at least 55% of the square footage of the completed project and removing the requirement for “total” refurbishment. It also removes the language that permitted a school district to submit an independent architect’s feasibility study and project cost analysis to show that the renovation would cost less than new construction.

Under prior law, to qualify as a renovation, at least 75% of a facility being renovated had to be at least 30 years old. The act lowers this facility age requirement to 20 years. But the completed project must still have a useful life comparable to that of new construction, and the total project costs of the renovation must still be less than for new construction.

§ 68 — TEACHERS’ RETIREMENT BOARD (TRB) MEMBERSHIP

Requires one member of the TRB to be a municipal chief elected official

The act requires one of the governor’s five appointees to the TRB to be a municipal mayor, first selectman, or chief elected official. The governor must fill the next vacancy among his five appointments with such an individual.

By law, the board administers the Teachers’ Retirement System and consists of four active teacher members; two retired teacher members; five gubernatorial appointees; and the education commissioner, state treasurer, and OPM secretary, or their designees.

EFFECTIVE DATE: Upon passage and applicable to appointments made on and after that date.

§ 69 — YOUTH SERVICE BUREAU (YSB) GRANTS

Expands youth service bureau grant eligibility to those bureaus that applied in FY 17 and met town contribution requirements

The act extends YSB grant eligibility to those YSBs that applied for a state grant during FY 17, if the town approves its required contribution before making its application. By law, a town must contribute an amount equal to the state grant amount. YSBs are multipurpose youth-serving organizations that provide prevention and intervention programs for delinquent, pre-delinquent, pregnant, parenting, and troubled youths.

The act also specifies that the state grant amount of $14,000 is awarded to eligible YSBs within available appropriations, and it removes obsolete language from prior law.

EFFECTIVE DATE: Upon passage
§ 70 — SPECIAL EDUCATION COST MODEL TASK FORCE AND FEASIBILITY STUDY

Creates a task force to study the feasibility of forming a special education predictable cost cooperative or other model to minimize the volatility in municipal special education spending

The act establishes a 12-member task force to conduct a feasibility study of alternative methods of funding special education and addressing the factors impacting the increasing cost and predictability of special education services. The study must examine a state special education predictable cost cooperative model and other alternative funding models used in other states. The task force must submit the study and any legislative recommendations to the Education and Appropriations committees by January 1, 2019.

Cooperative Definition

The act defines “special education predictable cost cooperative” as a special education funding model that:

1. aggregates special education costs at the state level to compensate for local level volatility by (a) providing predictability in special education costs to local and regional boards of education, (b) maintaining current state special education funding, (c) differentiating funding based on student needs, (d) equitably distributing special education funding, (e) providing boards with flexibility and encouraging innovation, and (f) limiting local financial responsibility for students with extraordinary needs;

2. is funded by (a) a community contribution from each school district, calculated based on the number of special education students enrolled in the district and the district’s previous special education costs, with each town’s community contribution reduced by an equity adjustment based on the town’s ability to pay, and (b) the state contribution, which is a reallocation of the special education portion of the education cost-sharing grant and the excess cost grant;

3. ensures that a school district’s community contribution will be lower than its actual per pupil special education cost;

4. provides all school districts with some state support for special education services; and

5. reimburses school districts for 100% of their actual special education costs for each fiscal year.

Study Requirements

The act requires the study to, at a minimum, address a number of specific areas including:

1. an actuarial analysis of the cooperative model and other alternative models;

2. state and municipal funding for the cooperative model and other alternative models, including how towns contribute to the cooperative, how they are compensated for special education costs by the cooperative,
and how such compensation would affect their contribution in the next fiscal year;
3. the possible legal status of the cooperative model and other alternative models (i.e., state agency, quasi-public agency, nonprofit organization, or private entity);
4. governance structure, including a process for nominating and selecting members for the board of directors, qualifications for an executive administrator, and the accountability of the board and administrator to the participating towns and boards of education, including a complaint process;
5. staffing levels and funding sources for hiring and employing necessary staff;
6. a funding sources analysis for necessary initial capital costs, including the impact on state special education funding if $50 million in state special education funding is used;
7. an implementation timeline, including prerequisites such as the number of voluntarily participating towns necessary for the cooperative model and other alternative models to function or whether participation should be mandatory;
8. a legal analysis, including whether it is allowed under state law and the federal Individuals With Disabilities Education Act and the cooperative or alternative model’s accountability to the General Assembly.

When conducting the study, the task force cannot cause any state agency to incur costs of more than $1,000, exclusive of costs associated with reimbursing any agency staff person for mileage expenses. The task force may also receive funds from any nonprofit organization or accept pro bono services from any public or private entity to conduct the feasibility study. The Office of Legislative Management must help the task force administer any funds or services it receives or seeks pursuant to the act.

Task Force Membership

The act requires the task force to include the OPM secretary and the education commissioner, or their respective designees, plus one representative from each of the following entities:
1. Connecticut Association of School Business Officials,
2. Connecticut Association of Public School Superintendents,
3. Connecticut Council of Administrators of Special Education,
4. Connecticut Association of Boards of Education,
5. Connecticut Captive Insurance Association,
6. Connecticut Association of Schools,
7. Connecticut Parent Advocacy Center,
8. Connecticut Conference of Municipalities,
9. RESC (Regional Educational Service Centers) Alliance, and
10. UConn Actuarial Science Program faculty.

The task force must hold its first meeting within 30 days after the act’s effective date. It must elect one of its members as chairperson of the task force.
The task force terminates on January 1, 2019.

EFFECTIVE DATE: Upon passage

§ 71 — ACHIEVEMENT AND RESOURCE EQUITY IN SCHOOLS COMMISSION

Creates a 16-member commission to report recommendations on education funding to the Appropriations and Education committees, governor, and OPM secretary

The act establishes the 16-member Connecticut Achievement and Resource Equity in Schools Commission to provide analysis and recommendations on state funding for education and resources needed to ensure that all public school students have an opportunity to succeed. The commission must report its findings and recommendations by April 1, 2018 to the Appropriations and Education committees, governor, and OPM secretary.

Plan and Recommendations

The act requires the commission to develop a strategic plan that includes recommendations for implementing a system for distributing state public education funding that:

1. includes a funding formula that (a) uses an appropriate foundation level, (b) addresses the issue of unequal local tax burdens, and reduces the reliance on unequal local property taxation to fund services, (c) increases equity and fairness, and (d) reduces segregation;
2. depends on a stable, fair, reliable, and identifiable funding source;
3. addresses students’ educational needs from preschool through grade 12; and
4. provides predictability and sustainability in grant allocations to towns and school districts.

Commission Members

The commission members must reflect the state’s geographic, population, socio-economic, racial, and ethnic diversity. Table 5 lists the appointing authorities and member qualifications.

Table 5: Appointing Authorities and Commission Appointments

<table>
<thead>
<tr>
<th>Appointing Authority</th>
<th>Number of Appointments</th>
<th>Member Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>House speaker</td>
<td>Two</td>
<td>One representative of the Connecticut Association of Boards of Education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One representative of the Connecticut Education Association</td>
</tr>
<tr>
<td>Senate president pro tem</td>
<td>Two</td>
<td>One representative of the Regional Educational Service Centers Alliance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One economist with expertise in poverty measures</td>
</tr>
</tbody>
</table>
Appointments must be made by 30 days after the act takes effect. Vacancies must be filled by the appointing authorities, except for Senate chairpersons as described below.

**Chairpersons and First Meeting**

Under the act, the commission has two chairpersons, appointed as follows: (1) the House speaker selects a chairperson from among the members and (2) the Senate president pro tempore and the Senate Republican president pro tempore must jointly select the other chairperson from among the members.

If the chairperson appointed by the Senate president pro tempore vacates the position, the Senate president pro tempore and the Senate Republican president pro tempore, or the Senate president pro tempore, as the case may be, must fill the vacancy.

The chairpersons must schedule the first commission meeting to be held no more than 60 days after the act’s effective date.

EFFECTIVE DATE: Upon passage
§§ 72-82 — TECHNICAL EDUCATION AND CAREER SYSTEM

Makes changes to the current process that transitions the technical education and career system into an independent agency

The act makes various changes to the three-year process outlined in existing law for the technical education and career system (hereinafter “the system”) to transition into an independent state agency. It also makes several technical and conforming changes, including § 82 in its entirety.

EFFECTIVE DATE: Upon passage, except provisions concerning the system’s educational offerings (§ 73) and executive director (§ 74) take effect July 1, 2019.

System Educational Offerings (§§ 72 & 73)

By law, the system must offer full-time programs in vocational, technical, technological, and postsecondary education and training and may offer these programs on a part-time or evening basis. The act specifies that the full-time programs must be comprehensive secondary education programs, but it does not define “comprehensive secondary education.”

Gifts, Grants, and Donations (§§ 72 & 74)

The act prohibits system employees from accepting any gift, grant, or donation as an individual, or on the system’s behalf, for personal use. It requires any gifts, grants, and donations accepted on the system’s behalf to be subject to the State Code of Ethics for Public Officials (CGS §§ 1-79 to 1-90). The act also requires both the system board and its executive director to report quarterly to OPM about all gifts, grants, and donations received.

System Executive Director (§ 74)

The act requires anyone appointed by the governor to serve as the system’s executive director to have experience with education systems.

System Admissions Policy (§ 75)

The act requires the State Department of Education (SDE) to review all system admissions policies, rather than just those policies on enrollment of students with disabilities and students receiving special education services. Under prior law, the review had to include consideration of (1) applicable principles of state and federal law, (2) the system’s purposes and public character, and (3) enrollment data on students receiving special education and related services compared to statewide and district averages. Under the act, the broader review must also include consideration of the following:

1. the use of placement tests and wait lists;
2. the admissions policies relating to the enrollment of students with disabilities, students receiving or eligible to receive special education and related services, and students who are English language learners; and
3. diversity standards for the inclusion of minority students.

The act requires SDE to consult with the system’s administrative and
professional staff for the review and any subsequent revisions to the admissions policy.

**Career Technical Education Standards and Curriculum (§§ 76 & 77)**

Existing law requires (1) SDE to develop and update as necessary, beginning with the 2018-19 school year, uniform standards and curricula for all career technical education programs offered by local or regional boards of education and (2) the standards and curriculum to be aligned with professional certification requirements. The act specifies that these standards and curriculum must be aligned with relevant professional certification requirements.

Existing law also requires SDE to evaluate, within available appropriations, any existing standards relating to career technical education used by the system and examine whether the standards are aligned with professional certification requirements and uniform across the system. The act specifies that this evaluation must examine whether the standards are aligned with professional certification requirements already in existence.

**Partnerships (§ 78)**

Existing law requires the system superintendent to consult with the community colleges and certain local or regional school boards to establish partnerships, reduce redundancies, and consolidate programmatic offerings. The act additionally requires him or her to do so to fulfill state workforce needs.

**System Consultant (§ 79)**

The law requires the State Board of Education (SBE) to hire a consultant for FY 18 to help the system board develop a transition plan to become an independent agency. The act requires the consultant to consult with the system’s administrative and professional staff when (1) assisting the system’s board with developing a transitional plan and (2) providing recommendations about services that the system could provide more efficiently in conjunction with another board of education, municipality, or state agency.

It also requires the consultant to identify deficiencies, best practices, and cost savings in procurement, in addition to the above tasks.

**SBE Inventory Account (§ 80)**

As a state agency, SBE is required by law to establish and keep an inventory account of real and personal state property with a value of $1,000 or more; secure the inventory to prevent theft or loss; and establish controls over the disposal of such inventory. The act specifies that this account must be an inventory of all property owned by and in the custody of SDE.

**SBE Representation (§ 81)**

The act resolves an ambiguity in prior law about the system’s representation on SBE by requiring the system board chairperson to serve as an ex-officio, nonvoting member of SBE. Under prior law, both the system superintendent and
the system board chairperson served simultaneously on SBE in the same seat (PA 17-237, §§ 1 & 37).

§ 84 — FREQUENCY OF FACILITY, AIR QUALITY, AND GREEN CLEANING REPORTS

Reduces frequency of certain required reports

The act postpones the deadline for, and reduces the frequency of, reports local and regional boards of education must submit to the DAS commissioner on the following required programs: (1) facilities and long-term building, (2) air quality, and (3) green cleaning. Under prior law, the boards had to submit these reports triennially, beginning July 1, 2011. The act instead requires them to submit the reports once every five years and sets July 1, 2021 as the first reporting deadline.

It also makes the conforming change that the commissioner use the boards’ reports once every five years, rather than once every three, to prepare a report on the same topics and submit them to the Education Committee.

EFFECTIVE DATE: Upon passage

§ 85 — BODY-WORN RECORDING EQUIPMENT TASK FORCE

Specifies that the body-worn recording equipment task force is within the legislative branch

PA 17-225 established a task force to examine the use of body-worn recording equipment by state and municipal police. The act specifies that the task force is within the legislative branch.

EFFECTIVE DATE: Upon passage

§§ 86-99 & 731 — DDS AS SUCCESSOR TO OPA’S INVESTIGATION OF ABUSE AND NEGLECT COMPLAINTS

Transfers to DDS, rather than the Department of Rehabilitation Services (DORS), oversight over claims of abuse or neglect of individuals with intellectual disability or clients of DSS’s Division of Autism Spectrum Disorder Services and makes related changes

PA 16-66 eliminated the Office of Protection and Advocacy (OPA) and the Board of Advocacy and Protection for Persons with Disabilities, effective July 1, 2017. It instead established a nonprofit entity (Disability Rights Connecticut, Inc. (DRCT)) to serve as the state’s protection and advocacy system and client assistance program for people with disabilities.

This act transfers to the Department of Developmental Services (DDS) OPA’s investigatory responsibilities for alleged abuse or neglect of individuals (1) with intellectual disability or (2) who receive funding or services under DSS’s Division of Autism Spectrum Disorder Services. Under prior law, these responsibilities were transferred to DORS. In practice, DDS has been performing them since March 2017 under a memorandum of understanding with DORS.

The act requires the DDS commissioner to receive and investigate complaints from such individuals, their legal representatives, or other interested persons. The act makes various other conforming changes to the existing laws on such abuse
investigations to effectuate the transfer of these responsibilities to DDS.

The act allows the subject of such an investigation, his or her legal representatives, or other interested parties, to contact DRCT with any concerns about the conduct of the investigation. It prohibits the DDS commissioner from taking, or threatening to take, any action, against any such person who contacts DRCT with such concerns.

Under existing law, if an investigation determines that a person with intellectual disability was abused, the matter must be referred to a prosecutor and in some cases, immediately to the police. The act extends these provisions to investigations of persons receiving services under DSS’s Division of Autism Spectrum Disorder services and requires the DDS commissioner to notify the DSS commissioner of any such referral involving a division client.

The act makes other changes to the laws on such abuse investigations. For example, it replaces various references to “guardian” with “legal representative” and defines this term to include conservators as well as guardians.

Prior law required the OPA director to maintain a statewide registry of the complaint reports and associated evaluations, findings, and recommended actions. The act requires the DDS commissioner to keep electronic copies of such documents (evaluation reports) but eliminates the reference to a statewide registry. Under the act, an “evaluation report” is the written documentation of an investigation of abuse or neglect conducted by DDS’s Abuse Investigation Division and includes allegations of abuse or neglect, evaluations, findings, and recommended actions.

The act also makes related minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage, except a technical change is effective July 1, 2018.

§§ 100-105 — CRIMINAL JUSTICE INFORMATION SYSTEM (CJIS) GOVERNING BOARD

Transfers the board from OPM to the Department of Emergency Services and Public Protection (DESPP) for administrative purposes; requires DESPP to staff and supply the board and to provide certain information to people who request it.

The act transfers the CJIS Governing Board, which oversees criminal justice information systems, from OPM to DESPP for administrative purposes only.

It also requires DESPP, rather than OPM, to provide office space and such staff, supplies, and services as required by the board’s executive director to perform his duties, such as overseeing the design and implementation of a comprehensive statewide information system to share criminal justice information according to law.

Additionally, it requires the DESPP commissioner, rather than the OPM secretary, to provide anyone who submits a Freedom of Information Act (FOIA) request for data from criminal justice agency information systems with the name and address of the agency where the data originated. (Under existing law, the originating agency is responsible for providing requested data that is available to the public under FOIA.)
The act also makes technical changes to the CJIS laws.

**EFFECTIVE DATE:** Upon passage

§§ 106 & 107 — **ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS (ACIR) REPORT DEADLINES**

*Delays certain deadlines by which ACIR must submit reports on state mandates to the General Assembly*

The act delays the date by which the ACIR must submit its quadrennial report to the legislature from the second Wednesday after the 2018 regular session convenes to October 1, 2019, and every four years thereafter. By law, the report must analyze, among other things, the cost that each state mandate imposes on local governments.

The act also suspends, until January 1, 2019, a requirement for the ACIR to submit to the legislative leaders a list of each state mandate enacted during a regular or special session. By law, the ACIR must otherwise submit this list within 90 days after the regular or special session adjourns or by September 1 immediately following the regular session adjournment, whichever is sooner.

**EFFECTIVE DATE:** Upon passage

§ 108 — **DEPARTMENT OF REVENUE SERVICES (DRS) TAX INCIDENCE REPORT**

*Pushes back the deadline by which DRS must submit the first biennial tax incidence report to the Finance, Revenue and Bonding Committee*

The act pushes back the deadline by two years, from February 15, 2018, to February 15, 2020, by which DRS must submit the first biennial tax incidence report to the Finance, Revenue and Bonding Committee and post it on the department’s website. By law, the report must indicate the extent to which groups of people and types of businesses bear the burden of different taxes.

**EFFECTIVE DATE:** Upon passage

§ 109 — **RETIREMENT SYSTEMS STRESS TEST REPORT**

*Requires OPM to annually report stress test analyses for the teachers’ and state employees’ retirement systems*

The act requires the OPM secretary to develop sensitivity and stress test analyses for the Teachers’ Retirement System and the State Employees’ Retirement System and annually report on them to the Appropriations Committee. The report must include projections of benefit levels, pension costs, liabilities, and debt reduction under various economic and investment scenarios. The secretary must post and update the report on OPM’s website at least annually.

**EFFECTIVE DATE:** Upon passage
§ 110 — AUTHORIZATION TO SHARE TAX ASSESSORS

Allows a regional council of government (COG) or two or more municipalities to appoint shared tax assessors

The act specifies that (1) a COG or (2) two or more municipalities acting jointly, may appoint one or more tax assessors. Under the act, municipalities must make the joint appointments in the same manner as other tax assessor appointments: the town meeting or legislative body must vote to appoint the assessor.

This authorization applies regardless of any conflicting special act, municipal charter, or ordinance. “Municipalities” are towns, consolidated cities and towns, and consolidated towns and boroughs.

The act also (1) eliminates prior law’s cap on the number of assessors (five) a municipality may appoint and (2) makes conforming changes.

EFFECTIVE DATE: Upon passage

§ 111 — LOCAL OPTION ADMISSIONS SURCHARGE

Exempts motion pictures from the surcharge

The act exempts motion picture shows from the local option admissions surcharge. By law, municipalities may impose the surcharge (generally up to 5%) on the admission charge for events held at a range of amusement, entertainment, or recreation facilities.

EFFECTIVE DATE: Upon passage

§§ 112-125, 165 & 732 — HEALTH INFORMATION TECHNOLOGY OFFICER

Transfers responsibilities for the all-payer claims (APCD) database and consumer health information website from Access Health CT to the health information technology officer and makes related changes

The act transfers responsibilities for the APCD and consumer health information website from the Connecticut Health Insurance Exchange (“Access Health CT”) to the state’s health information technology officer. It also eliminates the APCD Database Advisory Group.

Additionally, the act makes certain changes to reporting requirements related to the consumer health information website. It also makes various minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage

All-payer Claims Database

Prior law required Access Health CT to seek funding for and oversee the planning, implementation, and development of policies and procedures for administering the APCD. The act transfers these functions and other related responsibilities from Access Health CT to the health information technology officer. For example, it requires the officer, in consultation with the Health
Information Technology Advisory Council, to maintain written procedures for implementing and administering the APCD program.

Similar to prior law, the act requires the DSS commissioner to submit Medicaid data to the officer for inclusion in the APCD only for purposes of administering the state Medicaid plan. The act makes a corresponding change by allowing the officer to enter into a contract or take necessary action to obtain such data. For this purpose, Medicaid data includes Medicaid provider registry, health claims data, and Medicaid recipient data maintained by DSS.

The act also provides that, unless expressly specified, its APCD provisions, and the health information technology officer’s actions under such provisions, do not supersede or otherwise affect the insurance commissioner’s authority to regulate the insurance industry in the state.

The act also requires the officer to designate and post on its website a list of systems, technologies, programs, and entities that constitute Access Health CT.

Consumer Health Information Website

Prior law required Access Health CT, within available resources, to establish and maintain a consumer health information website designed to help consumers make informed decisions about health care and their choice of health care providers. The act transfers oversight of the website from Access Health CT to the health information technology officer.

Prior law required the insurance and DPH commissioners to annually report to Access Health CT and make available on their departments’ websites the following information on health procedures in the state, to the extent it was available:

1. the 50 most frequently occurring inpatient diagnoses and procedures,
2. the 50 most frequent outpatient procedures, and
3. the 25 most frequent surgical and imaging procedures.

The act instead requires the health information technology officer to make the following information annually available on the consumer health information website, to the extent it is available:

1. the 50 most frequently (a) occurring inpatient services or procedures and (b) provided outpatient services or procedures,
2. the 25 most frequent imaging and surgical services or procedures, and
3. the 25 most frequently used pharmaceutical products and medical devices.

The consumer website must contain comparative price and cost information for the items on these lists.

The lists may be:

1. based upon those services and procedures most commonly performed by volume or representing the greatest percentage of related health care expenditures or
2. designed to include those services and procedures most likely to result in out-of-pocket costs to consumers.

As under existing law, the lists may include additional admissions and procedures.

With regard to the required reporting related to the consumer website, the act:
OLR PUBLIC ACT SUMMARY

1. removes the requirement that health carriers annually report to Access Health CT on (a) the billed and allowed amounts for procedures on the prior lists and (b) out of pocket costs for items on those lists and

2. requires the health information technology officer, to the extent practicable, to annually report such information for the lists required under the act.

§ 126 — HEALTH CARE PROVIDERS WITHOUT ELECTRONIC HEALTH RECORD SYSTEMS

Requires certain health care providers to be capable of transmitting secure messages that comply with national specifications published by the National Coordinator for Health Information Technology

Existing law requires each health care provider with an electronic health record system capable of connecting to and participating in the Statewide Health Information exchange to begin doing so no later than two years after the exchange begins operating.

The act requires, by the same deadline, health care providers without an electronic health record system capable of connecting to and participating in the exchange to be capable of sending and receiving secure messages that comply with the Direct Project specifications published by the federal Office of the National Coordinator for Health Information Technology. (The Direct Project was created to specify a simple, secure way to send authenticated, encrypted health information directly to known, trusted recipients over the internet.)

By law, an “electronic health record system” is a computer-based information system used to create, collect, store, manipulate, share, exchange, or make available electronic health records for the delivery of patient care.

EFFECTIVE DATE: Upon passage

§§ 127 & 732 — STATE HEALTH INFORMATION TECHNOLOGY ADVISORY COUNCIL

Increases the State Health Information Technology Advisory Council’s membership; expands the council’s chairpersons’ authority; changes who may appoint members to the All-Payer Claims Database Advisory Group and allows its members who are public officials to appoint designees

The act increases the membership of the State Health Information Technology Advisory Council by (1) adding the comptroller or his designee and (2) authorizing its chairpersons to appoint up to four members who must serve at the chairpersons’ pleasure. By law, the council is charged with, among other things, developing priorities and policy recommendations for advancing the state’s health information technology and health information exchange efforts and goals.

The act also authorizes the council’s chairpersons to (1) establish subcommittees and working groups and (2) appoint individuals who are not council members to serve as members of the subcommittees or working groups.
All-Payer Claims Database Advisory Group

The act places the All-Payer Claims Database Advisory Group under the State Health Information Technology Advisory Council. The health information technology officer, in consultation with the council, must maintain written procedures for implementing and administering an all-payer claims database program established by the act (§§ 112 & 113). The act allows the members of the advisory group who are public officials to each appoint a designee. The advisory group’s statutory purpose is, among other things, to develop a plan to implement a statewide multipayer data initiative to enhance the state’s use of health care data.

The act also allows the health information technology officer, instead of the Connecticut Health Insurance Exchange’s chief executive officer, to appoint additional members to the advisory group.

EFFECTIVE DATE: Upon passage

§ 128 — STATE-WIDE HEALTH INFORMATION EXCHANGE

Requires the state to establish a program to expedite the development of the State-Wide Health Information Exchange

The act requires the state, acting by and through the OPM secretary, in collaboration with the health information technology officer, and the lieutenant governor, to establish a program to expedite the development of the State-wide Health Information Exchange. The program must:

1. assist the state, health care providers, insurance carriers, physicians, and all stakeholders in empowering consumers to make effective health care decisions;
2. promote patient-centered care;
3. improve the quality, safety, and value of health care;
4. reduce waste and duplication of services;
5. support clinical decision-making;
6. keep confidential health information secure; and
7. make progress toward the state’s public health goals.

Program Purpose

The program’s purpose is to:

1. help the State-wide Health Information Exchange establish and maintain itself as a neutral and trusted entity that serves the public good for the benefit of all state residents, including Connecticut health care consumers, providers, and carriers;
2. perform, on behalf of the state, the role of intermediary between public and private stakeholders and customers of the State-wide Health Information Exchange; and
3. fulfill the responsibilities of the Office of Health Strategy.

Program Implementation

The health information technology officer must design, and the OPM
secretary, in collaboration with the officer, may establish or incorporate, an entity to implement the program. The entity may be organized as a nonprofit entity and must be owned and governed, in whole or in part, by a party or parties other than the state.

**Entity’s Board Membership and Appointments**

Under the act, any entity established or incorporated to implement the program must have its powers vested in and exercised by a board of directors. The board of directors must consist of the following members who must each serve for a term of two years:

1. one with expertise as an advocate for consumers of health care, appointed by the Governor;
2. one with expertise as a clinical medical doctor, appointed by the Senate president pro tempore;
3. one with expertise in hospital administration, appointed by the House speaker;
4. one with expertise in corporate law or finance, appointed by the Senate minority leader;
5. one with expertise in group health insurance coverage, appointed by the House minority leader; and
6. the chief information officer, the OPM secretary, and the health information technology officer, or their designees, who serve as ex-officio, voting members of the board.

The health information technology officer, or his or her designee, must serve as chairperson of the board.

All initial appointments must be made by February 1, 2018 and any vacancy must be filled by the appointing authority for the remainder of the unexpired term. If an appointing authority fails to make an initial appointment within 60 days after the entity is established, or fails to fill a vacancy in an appointment with 60 days after the date of the vacancy, the governor must make the appointment or fill the vacancy.

**Entity’s Authority**

The act authorizes the entity to:

1. employ staff and fix their duties, qualifications, and compensation;
2. solicit, receive, and accept aid or contributions, including money, property, labor, and other things of value from any source;
3. receive, and manage on behalf of the state, funding from the federal government and other public sources or private sources to cover costs associated with planning, implementing, and administering the State-wide Health Information Exchange;
4. collect and remit fees set by the health information technology officer and charged to persons or entities for access to, or interaction with, the State-wide Health Information Exchange;
5. retain outside consultants and technical experts;
6. maintain an office in the state at a place or places the entity designates;
7. procure insurance against loss in connection with the entity’s property and other assets in amounts and from insurers as the entity deems desirable;
8. sue and be sued and plead and be impleaded;
9. borrow money to obtain working capital; and
10. do all acts and things necessary and convenient to carry out the act’s purposes subject to the powers, purposes, and restrictions of the uniform information and technology standards and regulations, the State-wide Health Information Exchange, the State Health Information Technology Advisory Council, and the health information technology officer.

EFFECTIVE DATE: Upon passage

§ 129 — STATE EMPLOYEE BACKGROUND CHECKS

Adds criminal background check requirements for current and prospective state employees in positions involving exposure to federal tax information

The act adds criminal background check requirements for current and prospective state employees in positions involving exposure to federal tax information. The act requires the employing agency to require each applicant for, each employee applying for transfer to, and, at least every 10 years, each current employee of such position to:

1. state in writing whether he or she has been convicted of a crime or has currently pending criminal charges and, if so, to identify the charges and the court in which the charges are pending and
2. be fingerprinted and submit to state and national criminal history records checks.

By law, state agencies requesting criminal history record checks (1) must reimburse DESPP for the cost and are permitted to charge the applicant or employee a fee equal to the amount charged for the check (CGS § 29-17a). Under existing law, employers are prohibited from (1) basing employment decisions on erased criminal records and (2) asking about criminal history, unless required to do so by law (CGS § 31-51i).

EFFECTIVE DATE: Upon passage

§ 130 — STAMFORD WOMEN’S BUSINESS DEVELOPMENT COUNCIL GRANT

Provides an annual $350,000 grant to the Women’s Business Development Council in Stamford in FYs 18 and 19

The act requires Connecticut Innovations, Inc. (CI) to provide an annual $350,000 grant to the Women’s Business Development Council in Stamford in FYs 18 and 19.

EFFECTIVE DATE: Upon passage
§ 131 — CHRONIC GAMBLERS TREATMENT AND REHABILITATION ACCOUNT

Requires MMCT to contribute $300,000 to the chronic gamblers treatment and rehabilitation account instead of the Connecticut Council on Problem Gambling.

PA 17-89 gave MMCT Venture LLC, a company jointly owned and operated by the Mashantucket Pequot and Mohegan tribes, the right to conduct authorized games at a new off-reservation commercial casino once certain conditions are met (e.g., amendment of gaming agreements and the state legislature’s and federal Department of the Interior’s approval of such amendments). Under PA 17-89, once the casino gaming facility is operational and annually thereafter, MMCT must contribute $300,000 to the Connecticut Council on Problem Gambling. The act instead requires MMCT to contribute this money to the chronic gamblers treatment and rehabilitation account.

EFFECTIVE DATE: Upon passage

§ 132 — MICROBIOME WORKING GROUP

Establishes a 16-member working group to devise a roadmap to make Connecticut a national leader in developing and commercializing microbiome-based treatments, products, and services.

The act establishes a 16-member working group to devise a roadmap to make Connecticut a national leader in developing and commercializing microbiome-based treatments, products, and services. Microbiome refers to the DNA record of all the microbes that inhabit our bodies and support many of their functions, including digesting food and fighting disease. Microbiome research and commercialization seeks to improve these functions by understanding and manipulating the microbes’ DNA. (SA 17-16 also creates a microbiome working group with identical members and reporting requirements, but different charges.)

Membership and Operations

The act specifies the task force’s membership, which consists of state officials, leaders of state higher education institutions, and gubernatorially appointed academic, bioscience, and venture capital industry representatives (see Table 6).
Table 6: Microbiome Working Group Membership

<table>
<thead>
<tr>
<th>State Officials</th>
<th>Leaders of State Institutions of Higher Education</th>
<th>Governor Appointments</th>
<th>Representatives of Connecticut Based Businesses and Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioners of the following departments or their designees:</td>
<td>Commissioners of the following state higher education institutions or their designees:</td>
<td>Independent institution of higher education</td>
<td>Two from a bioscience company in business for at least five years</td>
</tr>
<tr>
<td>Economic and community development</td>
<td>UConn president</td>
<td>Independent medical school</td>
<td>Two from a bioscience company in business for less than five years</td>
</tr>
<tr>
<td>Public health</td>
<td>UConn School of Medicine dean</td>
<td>Yale University or Yale University School of Medicine</td>
<td>One from a venture capital firm</td>
</tr>
<tr>
<td>Revenue services</td>
<td>Board of Regents for Higher Education president</td>
<td></td>
<td>One from a hospital</td>
</tr>
</tbody>
</table>

Chairperson of CTNext’s board of directors, or his designee (CTNext is a subsidiary of the quasi-public Connecticut Innovations, Inc.)

The governor must select the group’s chairperson from among the group’s members, and the chairperson must call the group’s first meeting by December 30, 2017. The members are not reimbursed for mileage or given an allowance to cover their costs of traveling to and from a meeting. The Finance, Revenue and Bonding Committee’s administrative staff must provide administrative support to the group.

The act allows the group to consult with others it deems necessary or appropriate to learn about the microbiome sector. It specifically allows the working group to consult with industry stakeholders, microbiome company representatives, experts in the medical application of microbiome-based products and services, and representatives of educational and research institutions focused on the microbiome sector.

Working Group’s Charge

In addition to devising a roadmap for establishing Connecticut as a national leader in the microbiome industry, the working group must examine specific factors that affect whether the state can achieve that goal. It must examine the relative importance of and interrelationship between pure microbiome research and commercialization activity and the best practices that stimulate both activities and assess the state’s ability to develop and sustain that activity.

The working group must determine the type of workforce needed to develop
and sustain a leading microbiome industry sector. It must determine (1) the talent pool and skills the sector needs, (2) the educational curricula and training levels necessary to meet those needs, and (3) whether the state’s public and independent higher education institutions are reaching those levels.

The group must assess the current capacity of these institutions to support microbiome research. It must examine their strength and level of expertise in this field, including the extent to which their expertise is aligned with the working group’s roadmap. In making this determination, the working group must consider the institutions’ plans to grow and deepen their microbiome expertise and faculty efforts to commercialize microbiome technology.

The group must also determine the steps the state must take to develop microbiome talent and skills. It must (1) identify the types of skills and the number of skilled workers needed to make the state a national leader in the microbiome industry and (2) recommend how to strengthen the microbiome-related academic and practical training provided at the state’s public and independent higher education institutions.

The group must also look beyond Connecticut, identifying and examining the best microbiome-related practices of nationally recognized states and institutions, including, without limitation, the UC San Diego’s Center for Microbiome Innovation and its associated initiatives, partners, business networks, and connections. It must also assess the state’s capacity to attract people outside the state with microbiome talent and skills.

Lastly, the working group must determine if it would be in the state’s best interest to develop one or more specializations within the human, animal, or environmental microbiome fields or any of their subfields.

**Reporting**

By January 1, 2018, the working group must submit a report on the roadmap to the Commerce; Finance, Revenue and Bonding; and Public Health committees. The report must include recommendations for legislative and programmatic changes needed to implement the roadmap and, for each recommendation, a range of funding options, measurable and achievable goals, and a timeline for completing the recommended change. By February 1, 2018, the working group must present its report to the governor and at a joint meeting of these committees.

**EFFECTIVE DATE:** Upon passage

§ 133 — UCONN CONSTRUCTION ASSURANCE OFFICE DIRECTOR

*Removes the requirement that the director be a full-time position*

The act removes the requirement that the position of director of UConn’s construction assurance office be a full-time position. Under existing law, the director is responsible for reviewing the construction performance of the UConn 2000 infrastructure improvement program and reporting at least quarterly to (1) UConn’s president and (2) the construction management oversight committee established by law to review and approve policies and procedures developed for UConn 2000.
EFFECTIVE DATE: Upon passage

§ 134 — HIGHER EDUCATION ENTREPRENEURSHIP ADVISORY COMMITTEE MEMBERS

Deems members of the advisory committee to be members of an advisory board under the state Code of Ethics

The act designates members of CTNext’s Higher Education Entrepreneurship Advisory Committee as “members of an advisory board” under the state Code of Ethics rather than “public officials” as prior law provided, thus removing them from the code’s applicability. By law, members of advisory boards are not subject to the code.

By law, the advisory committee advises CTNext, a subsidiary of Connecticut Innovations, Inc., on applications it receives for entrepreneurial grants from higher education institutions. Under the Code of Ethics, a member of an advisory board is an individual who exercises no state power and receives or expends no state funds.

EFFECTIVE DATE: Upon passage

§§ 135-137 — REMOVAL OF REQUIREMENT TO ADOPT DSS REGULATIONS

Removes requirement that the DSS commissioner adopt regulations on long-term care facility audits, nursing home temporary managers, and state-appropriated weatherization assistance

The act permits, rather than requires, the DSS commissioner to adopt regulations on:

1. audit protocols for long-term care facilities (e.g., nursing homes and residential care homes), including requirements for related facility training, entities conducting the audits on the department’s behalf, and ensuring the fairness of the audit process (§ 135);
2. the selection and qualifications of temporary managers DSS appoints to oversee the operation of nursing homes found to be noncompliant with certain federal laws (§ 136); and
3. implementing and administering the state’s weatherization and fuel assistance programs (§ 137).

EFFECTIVE DATE: Upon passage

§§ 138 & 139 — HUSKY A DECREASE

Lowers the income limit for HUSKY A parents and caretakers from 150% to 133% of the federal poverty level (FPL) and requires DSS to review eligibility for those affected by the act

By law, DSS provides Medicaid coverage to children under age 19 and their parents or caretaker relatives through HUSKY A. Under prior law, the income limit for this program was 150% FPL (e.g., $30,630 for a family of three for 2017). The act further limits HUSKY A eligibility by lowering the income limit for non-pregnant adults (i.e., parents or caretaker relatives) to 133% FPL (e.g.,
$27,158.60 for a family of three for 2017).

However, federal law requires state agencies to include a 5% income disregard when making certain Medicaid eligibility determinations. Thus, under the act and including this disregard, the HUSKY A income limit for parents and caretaker relatives in a family of three is effectively 138% FPL.

The act requires the DSS commissioner to review whether those who lose eligibility under the act qualify for Medicaid coverage under the same coverage group or a different coverage group before terminating their coverage.

EFFECTIVE DATE: January 1, 2018

§ 140 — NONPROFIT COLLABORATION INCENTIVE GRANT PROGRAM

Eliminates annual solicitation requirements for nonprofit grant program

The act eliminates the annual requirement for the OPM secretary to publish a notice of funding availability and solicit proposals for funding under the nonprofit collaboration incentive grant program. By law, the program provides grants to nonprofit organizations for infrastructure costs related to the consolidation of programs and services resulting from the collaborative efforts of two or more such organizations. Eligible nonprofit organizations may apply for such funding at times and in a manner the OPM secretary prescribes.

EFFECTIVE DATE: Upon passage

§§ 141 & 568 — TWO-GENERATIONAL INITIATIVE

Makes the two-generational pilot program a permanent statewide initiative, including integration with a family literacy program

The act replaces the Two-Generational School Readiness and Workforce Development Pilot Program, which expired on June 30, 2017, with a permanent statewide initiative to foster family economic self-sufficiency in low-income households through a comprehensive two-generational service delivery approach. In doing so, it expands the pilot program’s scope and replaces oversight by the interagency working group with an advisory council.

The act designates the Office of Early Childhood (OEC) as the initiative’s coordinating agency for the executive branch. It also establishes the initiative’s components and required reporting.

Objectives

The act requires the initiative to promote systemic change to create conditions across local and state public sector agencies and the private sector to support early childhood care and education, health and workforce readiness, and self-sufficiency across two generations in the same household. Areas the initiative may review and consider, within available appropriations, include the following:

1. improvements to the coordination and delivery of early learning programs, adult education, child care, housing, job training, transportation, and financial literacy, and other related support services;
2. alignment of existing state and local support systems around the
household, including how to leverage Temporary Assistance for Needy Families (TANF) block grant funds and services to equip households with the tools and skills needed to overcome obstacles and engage opportunities;

3. development of a long-term plan to coordinate, align, and optimize service delivery of relevant programs statewide, which may include targeted use of TANF funds; state incentives for private entities that develop two-generational programming; streamlined resource, practice, and data sharing; and the development and assessment of two-generational programming outcomes; and

4. partnerships between state and philanthropic organizations, as available, to provide support, technical assistance, guidance, and best practices to participating communities and the initiative’s advisory council.

The act also specifies the intention to integrate Even Start, OEC’s family literacy program, into the initiative’s coordinated state planning and implementation (§ 568).

Components

The expired pilot program required sites to be in Bridgeport; Colchester; Greater Hartford (defined as Hartford, East Hartford, and West Hartford); Meriden; New Haven; and Norwalk. Under the act, the initiative must be implemented in learning communities that include the pilot program’s sites, except for Colchester, as well as Enfield, Waterbury, and Windham. As with the pilot program, the initiative must be informed by members of low-income households within these communities and foster a peer-to-peer exchange and technical assistance in best practices that must be shared with the advisory council.

The act does not require the initiative to include a workforce liaison, which was a pilot program requirement; however it requires the staff of the Commission on Women, Children, and Seniors’ (CWCS) to serve as the learning communities’ organizing and administrative staff.

Advisory Council

The act establishes an advisory council to oversee the initiative and to advise the state on how to foster family economic self-sufficiency in low-income households through a comprehensive two-generational service delivery approach for early care and education and workforce readiness. The council membership must include legislators, executive and judicial branch officials, representatives of the nonprofit and other sectors, and members of low-income households.

Under the act, the council consists of the following members:

1. one legislator appointed by the House speaker, who must serve as co-chairperson;
2. one senator appointed by the Senate president pro tempore, who shall serve as co-chairperson;
3. one member representing the interests of business or trade organizations, appointed by the Senate majority leader;
4. one member with expertise in health and mental health issues, appointed by the House majority leader;
5. one member with expertise on issues concerning children and families, appointed by the Senate minority leader;
6. one legislator, appointed by the House minority leader;
7. a member of a low-income household, selected by CWCS;
8. representatives of nonprofit and philanthropic organizations and scholars who are experts in two-generational programs and policies (the act does not specify how these representatives must be selected or how many there must be); and
9. other business and academic professionals as needed to achieve goals for two-generational systems planning, evaluations, and outcomes, selected by the co-chairpersons.

In addition, the chief court administrator and the commissioners of Correction, Early Childhood, Education, Housing, Labor, Public Health, Social Services, and Transportation, or any of their designees, must serve as ex-officio members of the advisory council. CWCS staff must also serve as the council’s organizing and administrative staff.

Legislative Report

The act requires the advisory council, by December 31, 2018, to report to the Appropriations, Education, Housing, Human Services, Public Health, and Transportation committees on the following:
1. the challenges and opportunities in working with a parent and child concurrently in a two-generational service delivery model;
2. recommendations to improve systems, policy, culture, program, budget, or communication issues among agencies and service providers at the local and state levels to achieve outcomes; and
3. recommendations on the elimination of barriers to promote two-generational success.

EFFECTIVE DATE: Upon passage

§ 142 — OPM REPORT ON CHILD RECIDIVISM

Requires OPM to begin annually reporting child recidivism information to the Judiciary Committee

By law, the OPM secretary must track and analyze child recidivism rates in the state. Starting in 2018, the act requires him to annually report by August 15 the rates and analysis to the Judiciary Committee.

EFFECTIVE DATE: Upon passage

§§ 143 & 144 — DCF MENTAL, EMOTIONAL, AND BEHAVIORAL HEALTH PLAN AND ADVISORY BOARD

Expands who DCF must consult when developing the children’s mental, emotional, and behavioral health plan; requires DCF to submit recommendations to legislative committees addressing children’s unmet mental health needs due to increased risk of juvenile and criminal
justice system involvement; and modifies advisory board membership

Implementation Plan

By law, DCF must develop a comprehensive implementation plan to meet the mental, emotional, and behavioral health needs of Connecticut’s children and prevent or reduce the long-term negative impact of mental, emotional, and behavioral health issues.

The act expands who the department must consult with when developing the plan to include representatives of children at risk of involvement with the juvenile justice system. The law already requires DCF to consult with specified stakeholders, advocates, and providers.

The act also adds to the plan’s required strategies those that identify and address any increased risk of involvement in the juvenile and criminal justice system attributable to children’s unmet mental, emotional, and behavioral health needs.

Additionally, the act requires DCF, by July 1, 2018, to submit to the Appropriations and Children’s committees recommendations for addressing any children’s unmet mental, emotional, and behavioral health needs attributable to an increased risk of involvement in the juvenile and criminal justice systems. The department must do this in collaboration with the Children’s Mental, Emotional, and Behavioral Health Plan Implementation Advisory Board.

Advisory Board Membership

The act requires that at least one of the DCF commissioner’s four appointees to the 34-member Children’s Mental, Emotional, and Behavioral Health Plan Implementation Advisory Board be a service provider to children involved with the juvenile justice system.

EFFECTIVE DATE: Upon passage

§§ 145, 146, 148 & 593 — FAMILY WITH SERVICE NEEDS (FWSN) PETITIONS

As of July 1, 2019, eliminates provisions that allow certain parties to file a FWSN petition with the court and makes conforming changes

Until July 1, 2019, a party (e.g., a parent or police officer) may file a FWSN petition with the juvenile court for a child who (1) commits certain status offenses, such as running away from home, or (2) is out of the control of his or her parent or guardian. It also makes related conforming changes.

Starting July 1, 2019, the act eliminates provisions that allow a party to file a FWSN petition with the court and makes conforming changes.

By law, a court that adjudicates a child as being from a FWSN can take various actions, such as referring the child to DCF for voluntary services or placing the child on probation.

EFFECTIVE DATE: July 1, 2019
§§ 147 & 149 — DETENTION SCREENING INFORMATION

Modify the purposes for which information obtained during a detention risk screening may be used

The act modifies the use of information obtained about a child during a detention risk screening. It specifies that such information may be used only to determine the child’s public safety risk, instead of for planning and treatment purposes and court-ordered evaluation and treatment, as under prior law.

Under prior law, information obtained from a detention screening instrument could only be used to make a recommendation to the court about the child’s detention. The act extends this requirement to any information obtained during the screening and the screening results.

As under prior law, information obtained during the screening and the screening results are otherwise confidential and must be retained by the person who performs the screening. But the act allows the information to be disclosed to any attorney of record upon motion and court order. Any material subsequently disclosed must be available to any attorney on the case and is not otherwise subject to subpoena or other court process for use in another proceeding or for another purpose.

The act also makes a technical change.

EFFECTIVE DATE: Upon passage

§§ 150 & 151 — PILOT PROGRAM PROVIDING LEGAL REPRESENTATION TO INDIGENT INDIVIDUALS IN CERTAIN CIVIL PROCEEDINGS

Establishes a one-year pilot program to provide legal representation to certain indigent individuals in civil restraining order proceedings

The act establishes a one-year pilot program to provide indigent individuals with access to legal counsel in civil proceedings on applications for relief from abuse (i.e., civil restraining orders).

Under the pilot program, the Division of Public Defender Services (DPDS) will provide legal counsel to respondents in these proceedings, and nonprofit organizations with which the Judicial Branch contracts will provide such counsel to applicants. The pilot program will operate from July 1, 2018 to June 30, 2019 in one judicial district selected by the chief court administrator.

The act requires the chief court administrator, by January 1, 2019, to report to the Judiciary Committee on (1) the pilot program’s status and results and (2) whether a similar, permanent program should be established in the state. The report may also include any legislative recommendations for establishing a permanent program.

EFFECTIVE DATE: January 1, 2018, except the funding provision takes effect upon passage
Program Eligibility

The act limits program eligibility to individuals who (1) have civil restraining order proceedings pending in the participating judicial district and (2) successfully demonstrate indigence to the contracted nonprofit organizations, if an applicant in these proceedings, or DPDS if a respondent. The act establishes the program’s income eligibility requirements (see Table 7).

Table 7: Income Limits for Program Eligibility

<table>
<thead>
<tr>
<th>Number of Dependents</th>
<th>Income Limit (Annual Gross Income)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$23,760</td>
</tr>
<tr>
<td>1</td>
<td>$32,040</td>
</tr>
<tr>
<td>2</td>
<td>$40,320</td>
</tr>
<tr>
<td>3</td>
<td>$48,600</td>
</tr>
<tr>
<td>More than 3</td>
<td>$48,600 + $8,320 for each additional dependent</td>
</tr>
</tbody>
</table>

Program Funding

In FYs 18 and 19, the act requires the attorney general to transfer $200,000 each to the judicial branch and DPDS. The attorney general must obtain the funds from settlements he receives from lawsuits to which the state is a party. If this funding is not made available by July 1, 2018, DPDS and the judicial branch are not required to implement the pilot program.

Under the act, the judicial branch must use these funds to contract with one or more nonprofit legal organizations that principally serve indigent individuals to provide legal counsel to applicants in civil restraining order proceedings. DPDS must use the funds to provide such legal counsel to respondents.

Legal Representation

The legal counsel provided by the program must be limited to (1) the program’s duration and (2) whether the restraining order will be granted or denied.

Before legal counsel is assigned through the program, DPDS and the contracted nonprofit organizations must ensure that attorneys are assigned in a way that avoids conflicts of interest, as defined by the Rules of Professional Conduct.

§ 152 — SUPERINTENDENTS FOR SMALL TOWNS

Allows local boards of education that meet certain “small town” criteria to receive direction from another board of education’s superintendent, rather than employ their own local superintendent

For local boards of education whose towns have fewer than (1) 10,000 residents, (2) 2,000 resident students, or (3) three public schools, the act gives them the option to either employ a local superintendent or receive direction from another board of education’s superintendent. The other board of education must
authorize the use of its superintendent.

The act limits the requirement to employ a superintendent to (1) local boards of education that do not meet the above criteria and (2) regional boards of education. Existing law, unchanged by the act, allows boards of education to jointly employ a superintendent.

EFFECTIVE DATE: Upon passage

§§ 153 & 154 — COOPERATIVE AGREEMENTS AND ARRANGEMENTS

Allows for cooperative agreements and arrangements for the provision of administrative and central office duties for boards of education and municipalities

The act allows a municipality and its board of education, upon joint approval, to enter into a cooperative agreement for performing administrative and central office duties.

Similarly, it allows two or more boards of education, upon written agreement, to enter into a cooperative arrangement to provide administrative and central office duties, just as they may already do for certain programs, services, and activities. By law, cooperative arrangements among boards of education may include the establishment of a supervisory committee whose membership is determined by the cooperating boards.

EFFECTIVE DATE: Upon passage

§ 155 — BOARD OF EDUCATION ADMINISTRATIVE PERSONNEL HIRING

Requires a local board of education to notify the local legislative body upon the hiring of certain administrative personnel

The act requires a local board of education to notify the municipal legislative body before the start date of any person hired to fill a central office administrative personnel position (1) with an annual salary of $100,000 or more and (2) for which the proposed or approved education budget does not provide funding. It also specifies that this requirement does not apply to positions paid for with grants, gifts, or donations to the board.

EFFECTIVE DATE: Upon passage

§ 156 — REGIONAL SCHOOL DISTRICT FINANCE COMMITTEE

Allows a regional board of education to establish a finance committee

The act allows a regional board of education to establish a finance committee for the regional school district to inform the board about member towns’ local budget issues and help prepare the district’s budget proposal upon request. It requires each member town’s local board of education, or the legislative body in a town without a local board, to appoint two representatives to the committee.

EFFECTIVE DATE: Upon passage

Page 65 of 228
§ 157 — EDUCATION ADMINISTRATIVE PERSONNEL CONTRACTS

Requires boards of education to file administrative personnel contracts with town clerks, who must then post them online

The act requires local boards of education to immediately file with their town clerks a signed copy of any contract for administrative personnel. It also requires regional boards of education to file copies of such contracts with the town clerk in each member town. In both instances, the clerk must post a copy of the contracts on the town’s website.

EFFECTIVE DATE: Upon passage

§ 158 — MUNICIPAL BUDGET RESERVES IN ARBITRATION

Establishes an irrebuttable presumption that 15% of a municipality’s budget reserve cannot be used to pay for arbitration awards

The act establishes an irrebuttable presumption that 15% of a municipality’s budget reserve is not available to pay the costs of any item subject to municipal employee contract arbitration.

Under the municipal employee arbitration law, arbitrators must prioritize the public interest and the municipal employer’s financial capacity, including other financial demands on the employer, when considering a union contract case. In effect, the act requires the panel to ignore 15% of the municipality’s budget reserve when considering the municipal employer’s ability to pay an arbitration award (e.g., a town with a $1 million reserve would be treated as if it had an $850,000 reserve for arbitration purposes). The act does not change the other factors a panel must also consider (e.g., changes in the cost of living).

EFFECTIVE DATE: Upon passage

§ 159 — MEDICAID WAIVER AND AMENDMENT NOTIFICATION

Requires DSS to report annually on potential Medicaid waivers and changes to the Medicaid state plan that may result in cost savings, and narrows a legislative notification requirement

The act requires the DSS commissioner, annually by December 15, to notify the Appropriations and Human Services committees of potential Medicaid waivers and amendments to the Medicaid state plan that may result in state cost savings. Under prior law, the commissioner had to notify these committees if, in developing the next fiscal year’s budget, the commissioner considered applying for a federal waiver for any assistance program or submitting a proposed Medicaid state plan amendment to the federal government. Existing law, unchanged by the act, requires the commissioner to submit applications for waivers and waiver renewals to the committees for approval before submitting them to the federal government.

EFFECTIVE DATE: Upon passage
§ 160 — MUNICIPAL CONSULTATION WITH BOARDS OF EDUCATION FOR PURCHASING INSURANCE

Requires municipalities, when possible, to consult with local boards of education about jointly purchasing property, casualty, and workers’ compensation insurance

The act requires municipal legislative bodies to consult with their local boards of education, when possible, about jointly purchasing property, casualty, and workers’ compensation insurance. It applies to any town, city, borough, consolidated town and city, or consolidated town and borough.
EFFECTIVE DATE: Upon passage

§ 161 — CONTRACTING PROCEDURES FOR LOCAL BOARDS OF EDUCATION

Requires a local board of education to consult with its municipal legislative body to consider cooperative agreements for goods or services

The act requires a local board of education, after receiving bids for a good or service, to consult with its municipal legislative body to determine whether the municipality provides or uses the good or service. If so, and it is provided equivalently by the municipality or through a municipal contract at a lower cost than the lowest qualified bid received by the board, the act requires the board to consider a cooperative agreement with its host municipality for the good or service.

Under the act, a “good” or “service” includes portable classrooms; motor vehicles; and materials and equipment, such as telephone systems, computers, and copy machines.
EFFECTIVE DATE: Upon passage

§ 162 — REGIONAL SHARING OF PAYROLL OR ACCOUNTS PAYABLE SOFTWARE

Requires a local board of education to consult with its municipal legislative body before purchasing payroll or accounts payable software systems

The act requires a municipality’s local board of education to consult with its legislative body before purchasing payroll processing or accounts payable software systems to determine whether they may be purchased or shared regionally.
EFFECTIVE DATE: Upon passage

§ 163 — BRIDGE RENAMING

Renames the “Detective Bruce Boisland Memorial Bridge” as the “Detective Bruce Boislard Memorial Bridge”

The act renames the “Detective Bruce Boisland Memorial Bridge” as the “Detective Bruce Boislard Memorial Bridge.” (PA 17-230 designated the bridge on Route 229 in Southington, passing over I-84, as the “Detective Bruce Boisland
Memorial Bridge.”)
EFFECTIVE DATE: Upon passage

§ 164 — OFFICE OF HEALTH STRATEGY

Establishes an Office of Health Strategy

The act establishes an Office of Health Strategy, headed by an executive director appointed by the governor with confirmation by the House or Senate. It places the office in the Department of Public Health (DPH) for administrative purposes only and makes it the successor to the:

1. Connecticut Health Insurance Exchange for the purpose of administering the all-payer claims database and
2. lieutenant governor’s office for purposes of (a) consulting with DPH to develop a statewide chronic disease plan; (b) housing, chairing, and staffing the Health Care Cabinet; and (c) appointing the state’s health information technology officer and overseeing the officer’s duties.

Any order or regulation of the above entities in force on July 1, 2018 continues in force and effect until amended, repealed, or superseded by law.

Responsibilities

Under the act, starting by July 1, 2018, the office is responsible for:

1. developing and implementing a comprehensive and cohesive health care vision for the state, including a coordinated state health care cost containment strategy;
2. directing and overseeing the (a) all-payers claim database program and (b) State Innovation Model Initiative and related successor initiatives;
3. coordinating the state’s health information technology initiatives;
4. directing and overseeing the Office of Health Care Access and all of its duties and responsibilities; and
5. convening forums and meetings with state government and external stakeholders, including the Connecticut Health Insurance Exchange, to discuss health care issues designed to develop effective health care cost and quality strategies.

EFFECTIVE DATE: January 1, 2018

§ 166 — BIRTH-TO-THREE PROVIDER AUDITS

Temporarily prohibits DSS from extrapolating overpayments or assessing penalties against Birth-to-Three early intervention providers

The act prohibits the DSS commissioner from extrapolating overpayments or assessing penalties against providers of Birth-to-Three early intervention services for errors made from November 1, 2017 to April 30, 2018 during the implementation of a fee-for-service payment methodology.

The Birth-to-Three program is a private, provider-based system that provides services to families with infants and toddlers who have developmental delays or disabilities.
EFFECTIVE DATE: Upon passage

§ 167 — CRIMINAL JUSTICE DIVISION’S COLD CASE UNIT AND SHOOTING TASK FORCE APPROPRIATIONS

Prohibits the Division of Criminal Justice from comingling funds appropriated to the Cold Case Unit with those appropriated to the Shooting Task Force

The act requires the Division of Criminal Justice to (1) maintain the Cold Case Unit’s appropriated funds separate from those of the Shooting Task Force and (2) spend the funds only for the purposes appropriated. EFFECTIVE DATE: Upon passage

§§ 168 & 169 — 7/7 BROWNFIELD AND UNDERUTILIZED PROPERTY REDEVELOPMENT PROGRAM

Authorizes a package of state and local tax incentives available to eligible owners after remediating, redeveloping, and using formerly contaminated, abandoned, or underutilized properties

The act provides a package of tax incentives to property owners after they remediate, redevelop, and use property that was contaminated, abandoned, or underutilized. Owners must apply to DECD for these incentives and provide certain information, including a commitment to hire students to work at the redeveloped property.

The incentives are available in two seven-year stages, with the second stage available only to contaminated and remediated properties (i.e., brownfields).

During the first seven years after an owner redevelops an approved property, the owner qualifies for (1) corporation, business, or personal income tax credits against the income attributed to business operations at the redeveloped property and (2) a sales and use tax exemption applicable to items purchased for use at the property. Also during this period, the owner may have the redeveloped property’s tax assessment frozen for five years at its predevelopment assessed value.

If the property was a brownfield, the owner qualifies for an additional seven-year benefit beginning in the eighth year after the property’s redevelopment. The benefit is a business or personal income tax deduction of up to 8.57% of the eligible expenses the owner incurred in remediating the property.

The act requires the DECD commissioner, in consultation with the DRS commissioner, to adopt regulations to implement the program. EFFECTIVE DATE: Upon passage and applicable to taxable years and income years beginning on or after January 1, 2017.

Eligibility

The act establishes the “7/7 program” and opens it to any person, firm, limited liability company, nonprofit or for-profit corporation, or other business entity that owns (1) an abandoned or underutilized property (i.e., problem property) or (2) property where actual or potential pollution has discouraged the owner or other parties from redeveloping, reusing, or expanding it (i.e., brownfield).
An abandoned or underutilized property qualifies for 7/7 program benefits if its host municipality certifies that the property has been in that condition for at least 10 years. A brownfield qualifies if its owner (1) is not responsible for pollution or a source of pollution on the property and (2) did not establish, create, or maintain a source that polluted the state’s water.

**DECD Application**

**Contents.** Eligible property owners seeking 7/7 program tax incentives must submit an application to DECD, providing:

1. a description of the property and its proposed reuse,
2. a written certification that the property is a brownfield or has been abandoned or underutilized for at least 10 years,
3. a plan of anticipated workforce needs and a commitment to hire trained students to work at the redeveloped property (see below),
4. a written certification from the property’s host municipality stating that it supports the property’s approval for 7/7 program incentives, and
5. any other information the DECD commissioner requests.

Under the act, the owner provides the certification that the property is a brownfield. The host municipality must provide the certification if the property has been abandoned or underutilized for at least 10 years.

The commissioner must approve an owner’s application if it includes all of the required information and notify the DRS commissioner when she does so.

**Worker Training and Hiring Requirements.** A property owner applying to be a 7/7 program participant must include in his or her application a plan outlining anticipated workforce needs and a commitment to hire trained students. The owner must submit the plan to the area’s high schools and the regional technical community colleges identifying the (1) types of jobs to be performed at the redeveloped property and (2) training requirements for the jobs so that the schools and colleges can prepare students for them. The owner must also commit to hiring at least 30% of the workers at the property from among the enrollees of the educational programs developed to train workers for jobs at the redeveloped property.

**7/7 Program Incentives: Timing**

The owners of brownfields approved for 7/7 incentives qualify for them only after they remediate the property, file the necessary documents verifying remediation, and notify the host municipality and the DRS and DECD commissioners to that effect. Neither owners of a remediated brownfield or a redeveloped problem property approved for 7/7 incentives can claim the incentives until they begin business operations on the property.

Brownfield and problem property owners qualify for the same types of benefits during the first seven years after they begin operations on the property (i.e., Stage 1 incentives). Brownfield owners qualify for an additional incentive over the next seven years (i.e., Stage 2 incentives).

Table 8 summarizes the schedule of 7/7 Program incentives.
### Table 8: 7/7 Program Incentive Schedule

<table>
<thead>
<tr>
<th>Stage</th>
<th>Eligible Property</th>
<th>Time Period</th>
<th>Incentives</th>
</tr>
</thead>
</table>
| 1     | Remediated and redeveloped former brownfields  
Redeveloped and reused previously abandoned and underutilized property | First seven years after business operations begin at redeveloped property | Personal income or corporation business tax credit equal to 100% of the taxes attributable to business operations at the redeveloped property  
Sales and use tax exemption for items purchased for use at redeveloped property  
Five-year property tax assessment freeze |
| 2     | Remediated and redeveloped former brownfields | Years eight to 14 after business operations begin at redeveloped property | Maximum 8.57% deduction against personal income or corporation business taxes for eligible remediation expenses |

#### 7/7 Program Incentives: Stage One Incentives

**Business and Personal Income Tax Credits.** Brownfield and problem property owners are eligible for a tax credit for seven years against their annual personal income or corporation business taxes equal to 100% of the taxes attributable to business operations at the property during the taxable year, after deducting any other available credits.

The credit against the personal income tax is available to owners organized as “S” corporations, limited liability partnerships, or limited liability companies. These business entities do not pay corporation business taxes, but the owners and partners pay personal income taxes on the income they derive from the entity. (These entities are commonly referred to as “pass-through entities,” meaning that the income flows from the business to the owner where it is taxed as personal income.) Consequently, the act allows these members, shareholders, and partners to claim a credit equal to their share of the taxes attributable to the property’s operation during the taxable year.

**Sales and Use Tax Exemptions.** Brownfield and problem property owners qualify for sales and use tax exemptions for any item they purchase and use at the redeveloped property in the ordinary course of business. Like the personal and corporation business tax credit, the sales tax exemption is available for seven calendar years from when business operations start at the property.

Owners may claim this exemption by presenting a certificate indicating that the purchased item is exempt from the tax. The certificate must be substantially in a form the DRS commissioner prescribes and bear the purchaser’s name, address,
and signature. If the purchaser does not use the item in the ordinary course of business at the property, the purchaser must pay the sales and use tax.

**Property Tax Assessment Freeze.** Property owners also receive a property tax incentive. Under the act, municipalities must freeze, for five assessment years after the owner receives a building permit to begin construction, the assessed value a property had at the time the DECD commissioner approved it for the program.

**7/7 Program Incentives: Stage Two Incentives**

Brownfield owners receive an additional incentive, which is available for seven years, beginning in the eighth year after business operations began at a remediated program property. The incentive is a deduction against the personal income or corporation business tax for up to 8.57% of the eligible expenses the owner incurred to remediate the property.

Eligible expenditures are those the owner incurred to investigate and assess the nature and extent of the contamination and to remediate it. They include:

1. investigating soil, groundwater, and infrastructure;
2. assessing the property’s condition;
3. remediating soil, sediments, groundwater, or surface water;
4. abating contamination;
5. removing and disposing of hazardous material or waste;
6. implementing long-term groundwater or natural attenuation monitoring;
7. implementing institutional controls, such as environmental land use restrictions or activity and use limitations;
8. paying reasonable attorneys’ fees;
9. retaining planners, engineers, and environmental consultants; and
10. remediating building and structural issues, such as demolishing structures, abating asbestos, and removing PCBs, contaminated wood, or paint.

Expenditures funded under a DECD brownfield cleanup program do not qualify for the exemption.

**§§ 170-173 — CERTAIN EDUCATIONAL GRANTS WITHIN AVAILABLE APPROPRIATIONS**

*Makes certain educational grants within available appropriations*

The act extends the eligibility for boards of education that are required to provide bilingual education programs to apply for grants through FY 19, but it limits the grants to available appropriations. The act also limits certain other State Board of Education grants and aid to available appropriations. These include:

1. grants to boards of education for a percentage of eligible costs for adult education,
2. special education aid in excess of the basic contribution paid by the local or regional board, and
3. aid for public school feeding programs to ensure that nutrition standards are met.

**EFFECTIVE DATE:** Upon passage
§§ 174-177 — BACKGROUND CHECKS FOR CHILD CARE PROVIDERS AND EMPLOYEES

Requires the Office of Early Childhood (OEC) commissioner to require, within available appropriations, comprehensive background checks of all prospective employees of child care centers, group child care homes, family child care homes, and Care 4 Kids providers.

The act requires the OEC commissioner to require, within available appropriations, comprehensive background checks (that include national and state criminal history record checks already required by existing law) of (1) prospective employees of child care centers and group child care homes, (2) initial applicants and prospective employees of family child care homes (including each household member age 16 or older), and (3) Care 4 Kids providers. It specifies that a prospective employee of a child care center or group child care home cannot have unsupervised access to children until the checks are completed and the OEC commissioner approves the hiring.

The act also requires the comprehensive background checks to be done at least once every five years and waived for any applicant who (1) is currently employed, or was employed in the past 180 days, at a Connecticut child care facility and (2) successfully completed such a check in the previous five years. It gives the OEC commissioner the discretion to require a child care facility employee to submit to such a check more frequently than every five years.

Additionally, the act eliminates the criminal history record check exemption for relatives participating in Care 4 Kids (the state’s subsidized child care program) and subjects them to the comprehensive background check as well.

EFFECTIVE DATE: Upon passage

§ 178 — PARKING ON STATE PROPERTY

Allows the DAS commissioner to delegate the authority to establish and enforce policies and procedures for parking on certain state property.

The act allows the DAS commissioner to delegate, to another executive branch agency commissioner, the authority to establish policies and procedures for using and maintaining order in parking areas on property under that commissioner’s supervision. Prior law gave her sole authority to establish the policies and procedures for parking areas on executive branch property, excluding those on community-technical college, state college, and UConn property.

The act also eliminates provisions (1) requiring the policies and procedures to be enforced by special policemen for state property and DAS’s buildings and grounds patrol officers and (2) allowing only the special policemen to tow vehicles or have them towed. Instead, it allows the DAS commissioner or her designee, including a third-party contractor, to issue a citation to, or tow the vehicle of, anyone violating the established policies or procedures.

EFFECTIVE DATE: Upon passage
§ 179 — WORKERS’ COMPENSATION COSTS

Requires OPM and DAS to recommend ways to reduce workers’ compensation costs

The act requires the OPM secretary and DAS commissioner to jointly develop recommendations to reduce workers’ compensation costs (presumably of state employees). The recommendations must include:

1. methods to better manage contracts with third-party administrators,
2. guidelines for the administrators to use when informing employees about available benefits and programs,
3. plans for increased light duty work options,
4. recommendations for necessary or appropriate legislation, and
5. any other recommendations to implement workers’ compensation cost reductions.

The secretary and commissioner must submit a report of their recommendations to the Labor and Public Employees and Appropriations committees by February 1, 2018.

EFFECTIVE DATE: Upon passage

§ 180 — PENSION SUSTAINABILITY COMMISSION

Creates the Connecticut Pension Sustainability Commission to study placing state capital assets in a trust for the state pension system’s benefit

The act establishes the Connecticut Pension Sustainability Commission to study the feasibility of placing state capital assets in a trust and maximizing them for the state pension system’s sole benefit. The commission must do the following:

1. perform a preliminary inventory of state capital assets to determine their suitability for inclusion in the trust;
2. study the potential impact that including and maximizing the assets in a trust may have on the pension system’s unfunded liability;
3. recommend whether placing state assets in a trust and maximizing them solely to benefit the pension system is appropriate;
4. examine the state facility plan and inventories of state real property; and
5. if appropriate, recommend any legislative or administrative actions needed to create and manage such a trust and identify specific capital assets to include in it.

The commission must report its findings to the Finance, Revenue and Bonding Committee by January 1, 2019, and the committee’s administrative staff must serve as the commission’s administrative staff. The commission terminates when it submits its report or on January 1, 2019, whichever is later.

Commission Membership

The commission consists of (1) eight appointed members, one each appointed by the governor and seven legislative leaders (including the deputy Senate Republican president pro tempore) and (2) five ex officio members (the DAS commissioner, OPM secretary, attorney general, state comptroller, and state
The act requires nursing homes, residential care homes, and intermediate care facilities for individuals with intellectual disability (hereinafter, “facilities”) to obtain a certificate of need (CON) from DSS before relocating any of their licensed beds to a new or replacement facility. It specifies that the department is not required to hold a public hearing on these CON applications, as it must do for applications proposing to terminate or significantly reduce a facility’s total bed
capacity.

Existing law, unchanged by the act, requires these facilities to obtain a CON when (1) transferring ownership before initial licensure, (2) adding or expanding functions or services, (3) terminating or substantially decreasing their total bed capacity, and (4) making certain capital improvements. (These facilities are exempt from DPH’s CON requirements for health care facilities.)

**Capital Expenditures**

The act eliminates the requirement that facilities obtain a CON from (1) DSS when acquiring major medical equipment that requires a capital expenditure over $400,000 and (2) both DPH and DSS when acquiring imaging equipment that requires a capital expenditure over $400,000.

Existing law, unchanged by the act, requires facilities to obtain a CON from DSS for capital expenditures exceeding (1) $1 million that increase the facility’s square footage by the greater of 5% or 5,000 square feet or (2) $2 million.

**Exemption**

The act exempts from DSS’s CON requirements nursing homes that are associated with a continuing care facility (i.e., continuing care retirement facility) and do not participate in Medicaid.

The act also makes related technical and conforming changes.

**Repealer**

The act repeals (1) a provision allowing the DSS commissioner to approve Medicaid bed relocations from a nursing home to a continuing care facility if the relocation meets certain criteria (CGS §17b-354b) and (2) an obsolete provision allowing certain nursing homes to convert beds from an intermediate to a nursing level of care under certain conditions (CGS § 17b-354c).

**EFFECTIVE DATE:** Upon passage

§ 184 — NURSING HOME BED MORATORIUM

*Modifies exemptions to DSS’ moratorium on accepting or approving CONs to add new nursing home beds and allows, rather than requires, the commissioner to adopt certain regulations*

The act modifies exemptions to DSS’ moratorium on accepting or approving certificate of need (CON) applications to add new nursing home beds. Prior law exempted from the moratorium Medicaid beds relocated from one licensed facility to another, provided at least one facility is closed in the transaction and the new facility’s bed total is at least 10% lower than the number of relocated beds. The act instead exempts Medicaid beds relocated from one nursing facility to a new nursing facility if:

1. no new Medicaid-certified beds are added,
2. at least one licensed facility is closed in the transaction as a result of the relocation,
3. the relocation is done within available appropriations,
4. the facility participates in the federal Money Follows the Person demonstration program, and
5. a CON is obtained for the new facility or facility relocation and associated capital expenditures.

As under prior law, the relocation cannot increase state expenditures or adversely affect bed availability in the area of need. However, the act removes this requirement for the relocation of Medicaid-certified beds relocated from one licensed nursing facility to another to meet a priority need identified in the state’s strategic plan to rebalance long-term care services and supports.

The act also specifies that the exemption from the moratorium for non-Medicaid beds associated with a continuing care facility applies only if the ratio of proposed beds to the facility’s independent living units is within applicable industry standards.

Lastly, the act allows, rather than requires, the DSS commissioner to adopt CON regulations. EFFECTIVE DATE: Upon passage

§§ 185 & 186 — BURIAL EXPENSES FOR PUBLIC ASSISTANCE RECIPIENTS AND INDIGENT INDIVIDUALS

Requires that life insurance deducted from DSS burial payments name the funeral home, cemetery, or crematory as a beneficiary and allows DSS to disclose information to such service providers in certain cases.

By law, DSS must pay up to $1,200 toward funeral and burial expenses for State Administered General Assistance, Temporary Family Assistance, or State Supplement Program recipients and certain other indigent individuals. Prior law required DSS to reduce this payment by certain funds from other sources, including any prepaid funeral contract and the face value of any life insurance policy owned by the decedent. The act bars DSS from subtracting the face value of a life insurance policy unless that policy names a funeral home, cemetery, or crematory as a beneficiary.

When the payment is reduced due to liquid assets in the decedent’s estate, the act allows the DSS commissioner to disclose information on the liquid assets to the funeral director, cemetery, or crematory providing services for the decedent. EFFECTIVE DATE: Upon passage

§§ 187-199 — BEHAVIOR ANALYST LICENSURE

Requires behavior analysts to be licensed by DPH and establishes a General Fund account to contain such licensing fee revenue to cover the costs of collecting the fees.

Subject to certain exemptions, the act requires behavior analysts to be licensed by DPH. To obtain a license, an applicant must be either certified by the Behavior Analyst Certification Board (“board”) or eligible for licensure by endorsement. The act creates a separate General Fund account to contain behavior analyst licensing fees, with the account to be used for covering expenses of collecting the fees.
The act eliminates prior provisions on required qualifications for individuals providing applied behavior analysis as part of special education services for students with autism spectrum disorder. Under the act, such individuals must be licensed or qualify under one of the act’s licensure exemptions, just like others providing behavioral analysis.

The act specifies that (1) no new regulatory board is created for behavior analysts (§ 187) and (2) assistant behavior analysts must work under a licensed behavior analyst’s supervision (§ 188). (By law, assistant analysts must be board certified.) It also makes technical and conforming changes, such as replacing references to “certified” behavior analysts with “licensed” behavior analysts in certain insurance statutes (§§ 197 & 198).

EFFECTIVE DATE: July 1, 2018

Behavior Analysis Definition (§ 188)

Under the act, “behavior analysis” is the design, implementation, and evaluation of environmental modifications, using behavior stimuli and consequences, to produce socially significant improvement in human behavior. This may include direct observation, measurement, and functional analysis of the relationship between the environment and behavior. The term does not include psychological testing, neuropsychology, cognitive therapy, sex therapy, psychoanalysis, hypnotherapy, cognitive behavioral therapy, psychotherapy, or long-term counseling.

Licensure Requirement and Exemptions (§§ 188 & 189)

Under prior law, it was a class D felony for someone not board certified to represent himself or herself as a board certified behavior analyst. The act removes the criminal penalty and instead generally prohibits anyone without a behavior analyst license from (1) practicing behavior analysis or (2) using the title “behavior analyst” or any title, words, letters, or abbreviations that may reasonably be confused with behavior analyst licensure.

These restrictions do not apply to:
1. individuals who provide behavior analysis or assist in the practice of behavior analysis while acting within the scope of practice of their license or certification and training, as long as they do not hold themselves out to the public as behavior analysts;
2. students enrolled in a board-accredited behavior analysis educational program or a graduate education program in which behavior analysis is an integral part of the course of study if performing behavior analysis or assisting in such analysis under a licensed behavior analyst’s direct supervision;
3. instructors in board-approved courses;
4. assistant behavior analysts working under a licensed behavior analyst’s supervision in accordance with board standards;
5. individuals implementing an intervention based on behavior analysis under a licensee’s supervision; or
6. family members, guardians, or caretakers implementing a behavior
analysis treatment plan under a licensee’s direction.

License Applications, Qualifications, and Renewals (§§ 190-192)

The act requires the DPH commissioner to issue a behavior analyst license to any applicant who submits, on a DPH form, satisfactory evidence that he or she is board certified as a behavior analyst.

The act also allows for licensure by endorsement for individuals who are not board certified. Such an applicant must provide DPH with satisfactory evidence that he or she is licensed or certified as a behavior analyst (or as someone entitled to perform similar services under a different title) in another state or jurisdiction. That jurisdiction’s requirements for practicing must be substantially similar to or greater than Connecticut’s, and there must be no pending disciplinary actions or unresolved complaints against the applicant.

The license application fee is $350, and the annual renewal fee is $175. To renew, licensees must provide satisfactory evidence that they are board certified.

Enforcement and Disciplinary Action (§ 193)

The act allows the DPH commissioner to take disciplinary action against a licensed behavior analyst for:

1. failing to conform to accepted professional standards;
2. a felony conviction;
3. fraud or deceit in obtaining or seeking reinstatement of a license or in the practice of behavior analysis;
4. negligence, incompetence, or wrongful conduct in professional activities;
5. an inability to conform to professional standards because of a physical, mental, or emotional illness;
6. alcohol or substance abuse; or
7. willfully falsifying entries in any hospital, patient, or other behavior analysis record.

By law, disciplinary actions available to DPH include, among other things, (1) revoking or suspending a license, (2) issuing a letter of reprimand, (3) placing the violator on probation, and (4) imposing a civil penalty of up to $25,000 (CGS § 19a-17). As under existing law for various other health professions, the act allows the commissioner to order a licensee to undergo a reasonable physical or mental health examination if his or her capacity to practice safely is under investigation.

The act allows the commissioner to petition Hartford Superior Court to enforce such an examination order or any disciplinary action he takes. He must give the person notice and an opportunity to be heard before taking disciplinary action.

Behavior Analysis Services for Students with Autism Spectrum Disorder (§ 195)

By law, unchanged by the act, school districts must provide applied behavior analysis for students with autism spectrum disorder who require the services (1) according to a special education individualized education program or (2) under an educational plan established under Section 504 of the 1973 federal Rehabilitation Act.
Under prior law, to provide these services, a person generally had to either be (1) licensed by DPH or certified by the State Department of Education (SDE) (with the services within the scope of the person’s license or certificate) or (2) board-certified as a behavior analyst or assistant behavior analyst. If the SDE commissioner determined that there were not enough such individuals to provide the needed services, prior law allowed her to authorize others with certain educational backgrounds to provide the services, under the supervision of a board-certified analyst.

The act eliminates these provisions and instead requires individuals providing behavior analysis to students with autism spectrum disorder to either be licensed or exempt from licensure as specified above.

Separate Account (§ 199)

The act establishes the “behavior analyst licensing fee expense account” as a separate, nonlapsing General Fund account. The account must contain behavior analyst licensure fees, sufficient to cover costs of any staff and equipment necessary to collect the fees, as determined by the DPH commissioner. DPH must spend the money in the account to fund such staff and equipment.

§ 200 — MEDICAID REIMBURSEMENT FOR HEMOPHILIA DRUGS

Applies Medicaid reimbursement formula for Factor VIII hemophilia drugs to Factor VII, IX, and X drugs and eliminates DSS’s authority to designate Factor VIII drug suppliers dispensing pharmacies must order from

Under prior law, the maximum allowable cost Medicaid paid for Factor VIII pharmaceuticals (i.e., hemophilia A drugs) was the actual acquisition cost plus eight percent. The act (1) specifies that the actual acquisition cost is the one reflected on the manufacturer’s invoice and (2) adds the outpatient drug professional dispensing fee to the calculation of the maximum allowable cost. The act also applies the maximum allowable cost formula to Factor VII, IX and X products (i.e., drugs that treat hemophilia A, B, and other bleeding disorders).

Additionally, the act eliminates the social services commissioner’s authority to (1) designate specific Factor VIII drugs suppliers a dispensing pharmacy must order from and (2) pay the dispensing pharmacy a handling fee of eight percent of the actual acquisition cost for each prescription from a designated supplier.

EFFECTIVE DATE: Upon passage

§ 201 — HUSKY A COST-SHARING

Prohibits DSS from imposing cost-sharing requirements for preferred prescription drugs and medically necessary non-preferred drugs for HUSKY A parents and caretaker relatives; establishes notification requirements for cost-sharing imposed for other Medicaid services for this group

The act prohibits the DSS commissioner from imposing cost-sharing requirements for prescription drugs on the department’s preferred drug list on parents or needy caretaker relatives enrolled in HUSKY A.
Under the act, the commissioner may impose cost-sharing requirements for nonpreferred drugs or other Medicaid services if he determines it is necessary and notifies the Human Services Committee and the affected parent or caretaker relative 30 days before imposing them. But he cannot impose such a requirement for a nonpreferred drug that a physician certifies as medically necessary. The act requires the notification to parents and caretaker relatives to specify that they will not be denied Medicaid coverage due to their inability to meet these cost-sharing requirements.

If the commissioner imposes a cost-sharing requirement, the act requires him to submit a quarterly report to the Human Services Committee on:

1. any decrease in the number of Medicaid provider visits by these parents or caretaker relatives compared to the same time period (presumably, quarter) before the cost-sharing requirement began and
2. any difference in the average number of Medicaid provider visits made by parents or caretaker relatives with a cost-sharing requirement compared to other Medicaid recipients of comparable health who are not subject to a cost-sharing requirement.

EFFECTIVE DATE: Upon passage

§§ 202 & 203 — INSURANCE COVERAGE FOR MENTAL OR NERVOUS CONDITIONS

Repeals the requirement that health insurance policies cover specified services related to mental and nervous conditions

The act eliminates the requirement that certain individual and group health insurance policies cover specified services related to mental and nervous conditions and, therefore, the state’s requirement to pay for them. These services were new mandates imposed effective January 1, 2017 under PA 15-5, JSS. The state is required to pay for these mandated benefits under the federal Affordable Care Act because they exceed that act’s essential health benefit requirements.

Specifically, the act repeals provisions requiring insurers to cover the following benefits:

1. evidence-based maternal, infant, and early childhood home visitation services designed to improve health outcomes for pregnant women, postpartum mothers, and newborns and children, including maternal substance use disorders or depression and relationship-focused interventions for children with mental or nervous conditions or substance use disorders;
2. intensive, family- and community-based treatment programs that focus on addressing environmental systems impacting chronic and violent juvenile offenders;
3. other home-based therapeutic interventions for children;
4. chemical maintenance treatment (i.e., when a person is admitted for the planned use of a substance under medical supervision); and
5. extended day treatment programs for children or youth with emotional disturbance, mental illness, behavior disorders, or multiple disabilities.
The act applies to individual and group health insurance policies issued, delivered, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or hospital or medical services, including those provided through an HMO.

EFFECTIVE DATE: January 1, 2018

§ 204 — CLASS NO. 3 BAZAAR PERMITS

*Increases the number of days a “Class No. 3” permit holder can operate a bazaar*

The act increases, from 10 consecutive days to 60 individual days, the number of days a “Class No. 3” permittee may operate a bazaar in a six month period following the permit’s issuance. By law, a bazaar is a place maintained by a sponsoring organization to award merchandise by means of chance (CGS § 7-170).

EFFECTIVE DATE: Upon passage

§ 205 — PROHIBITION ON REQUIRING CASH-ONLY BAIL

*Bars courts from requiring cash-only bail for all crimes, not just certain crimes as under prior law*

Under PA 17-145, courts may not prohibit a bond from being posted by surety for certain crimes (thus, courts may not require cash-only bail for such crimes). This provision did not apply to certain serious crimes.

This act extends this provision to all crimes, thus prohibiting courts from requiring cash-only bail.

EFFECTIVE DATE: Upon passage

§ 206 — ELDERLY CIRCUIT BREAKER PROGRAM

*With specified exceptions, authorizes OPM to reduce reimbursements to municipalities under the Elderly Circuit Breaker Program by up to 100%*

Under the Elderly/Disabled Circuit Breaker Program, municipalities reduce property taxes owed by certain elderly or totally disabled homeowners and may be reimbursed for lost revenue by OPM (CGS § 12-170aa *et seq.;* Conn. Agencies Regs. § 12-170aa-1 *et seq.*). The act, with specified exceptions, allows the OPM secretary to reduce reimbursements to municipalities by up to 100%.

The act prohibits OPM from reducing reimbursements to a municipality that is eligible for a certain payment in lieu of taxes grant for manufacturing facilities because it is (1) a distressed municipality, (2) a targeted investment community (i.e., contains an enterprise zone), or (3) part of an airport development zone. However, it is unclear whether these municipalities will receive reimbursements because:

1. the legislature did not appropriate any money for the Circuit Breaker Program in FYs 18 and 19 and
2. existing law, unchanged by the act, requires OPM to proportionately reduce grants to municipalities if appropriations are insufficient to fully
reimburse them.
EFFECTIVE DATE: Upon passage

§ 207 — WAIVER OF PAYMENTS DUE FROM CERTAIN HOUSING AUTHORITIES

Extends by one year the requirement that certain municipalities waive payments due from certain state-financed housing authorities.

The act extends by one year, from FY 18 to FY 19, a requirement that certain municipalities waive payments due from certain state-financed housing authorities.

Existing law (1) requires state-financed housing authorities for moderate rental housing projects to make payments to the municipalities in which the project is located instead of paying property taxes, special benefit assessments, and sewer system use charges and (2) authorizes the Department of Housing (DOH) to make payments on the authorities’ behalf as part of its Payment in Lieu of Taxes Subsidy Program. Prior law required municipalities to which DOH made a payment on a housing authority’s behalf in FY 15 to waive such payments in FYs 16-18. The act extends this requirement by one year, through FY 19.

Under both existing law and the act, no waiver is required if federal funds are made available for the payment.
EFFECTIVE DATE: Upon passage

§ 208 — YOUTH SERVICES GRANTS

Specifies how funds appropriated in FYs 18 and 19 to the Judicial Branch for youth services grants must be distributed.

The act appropriates $3,187,174 in both FYs 18 and 19 to the Judicial Branch for Youth Services Prevention (§ 1). It also specifies the grant amount for certain organizations, totaling $3,079,996.
EFFECTIVE DATE: Upon passage

§ 209 — ARBITRATOR FEES

Increases the fee a state arbitrator receives for writing a panel decision from $175 to $500.

By law, members of the State Board of Mediation and Arbitration who preside over an arbitration proceeding as a three-member panel each receive $325 when the proceeding concludes, and the member who writes the panel’s decision receives an additional fee. The act increases the writer’s additional fee from $175 to $500. Under existing law, unchanged by the act, if the proceeding lasts more than one day, each panel member also receives $150 for each additional day.
EFFECTIVE DATE: Upon passage
§ 210 — LITCHFIELD COUNTY COURTHOUSE

Allows the state to retain use of the old Litchfield County Courthouse land and building unless certain conditions are met

The act allows the state to retain use of the old Litchfield County Courthouse and associated land, unless the holder of the reversionary interest (i.e., heir of the lease holders) preserved that interest by recording certain documents in the Litchfield land records within the last 40 years. The act specifies that the reversionary interest is terminated unless the holder recorded a notice, deed, probate certificate, or other instrument of conveyance describing the interest within that time frame.

Previously, because the land is not being used as a courthouse, ownership of the property would revert to the holder of the reversionary interest (based on deeds from the early 19th century).

EFFECTIVE DATE: Upon passage

§ 211 — REGIONAL REVENUE SHARING AGREEMENTS

Authorizes COGs to enter into regional revenue sharing agreements with other COGs

The act authorizes any regional council of government (COG) to establish a regional sharing agreement with one or more COGs.

EFFECTIVE DATE: Upon passage

§ 212 — PERFORMANCE-INFORMED BUDGETING

Requires the governor and the legislature, in developing each biennial budget, to consider performance-informed analyses submitted by selected budgeted agencies

The act requires the legislature, starting in the FY 18-19 biennium, to identify for each biennium at least one budgeted agency (see Background) to transmit specified information and analyses for a performance-informed budget review for the next biennium. The Office of Fiscal Analysis (OFA) must provide technical support in identifying the agency or agencies.

Under the act, “performance-informed budget review” means that the legislature and governor, when developing a budget, must consider specified information and analyses prepared by the agency for each program it administers. For the purposes of the act, a “program” is a distinguishable service or group of services within budgeted agencies designed to accomplish a specific public goal and result in specific public benefits.

By October 1, 2018, and by October 1 of each even-numbered year afterwards, the administrative head of the selected agency or agencies must transmit the required information and analyses to the (1) OPM secretary; (2) Appropriations Committee (through OFA); (3) Finance, Revenue and Bonding Committee; and (4) relevant committee of cognizance. He or she must do so using the results-based report format developed by the Appropriations Committee’s accountability subcommittee.

The governor and legislature must consider this information and analysis in
developing each biennial budget, and a public review of the reports transmitted by each agency must be incorporated in the budget hearing process conducted by the relevant Appropriations Committee subcommittee.

The act also creates a joint bipartisan subcommittee on performance-informed budgeting consisting of seven members each from the Finance and Appropriations committees.

EFFECTIVE DATE: Upon passage

Information and Analyses

The performance-informed budget review must involve a results-oriented approach to planning, budgeting, and performance measurement of programs designed to improve recipients’ quality of life. Specifically, selected agencies must include the following information and analyses for such program they administer:

1. any basis, in statute or otherwise;
2. its history;
3. a description of how it fits within the agency’s strategic plan and goals;
4. an analysis of its quantified objectives;
5. a description of its goals, fiscal and staffing data, the populations served, and levels of funding and staff needed to achieve its goals if these are different than the actual maintenance level;
6. data demonstrating the amount of service it provided, its effectiveness, and the measurable impact it has on recipients’ quality of life;
7. an analysis of factors affecting changes in quality of life outcomes over time;
8. its administrative and other overhead costs;
9. where applicable, the amount of funds or benefits that actually reach the program’s intended recipients; and
10. any recommendations to improve program performance.

Bipartisan Subcommittee

The act creates a 14-member subcommittee on performance-informed budgeting. Under the act, the chairpersons of the Finance and Appropriations committees must each appoint to the subcommittee six members from their respective committees, at least two of whom are members of the minority party. The ranking member of each committee must appoint one member each to the subcommittee.

The Finance and Appropriations chairpersons must each choose one member they appoint to serve as one of the two subcommittee chairpersons.

The initial members of the subcommittee must be appointed by February 1, 2018; their terms end on December 31, 2018. Members appointed on or after January 1, 2019 serve two-year terms, beginning on the date of appointment.

Members continue to serve until a successor is appointed, except that a member’s term expires when he or she no longer serves in the legislature. A vacancy is filled by the appointing authority.
Background

By law, a budgeted agency means:

1. every department, board, council, commission, institution, or other agency of the executive branch, provided each such entity included by law within any given department is deemed a division of that department;
2. every court, council, division, and other agency of the Judicial Branch financed in whole or in part by the state, including those agencies, officers, employees, and services for which, or for the payment of whose salaries, appropriations are spent on the direction, taxation, or approval of any state court or judge, and all such courts, councils, divisions, agencies, officers, employees, and services are one or more budgeted agency or agencies as the OPM secretary may prescribe;
3. every full-time permanent department or agency of the legislative branch; and
4. every public and private institution, organization, association, or other agency receiving financial aid from the state (CGS § 4-69).

§ 213 — MEDICAID AND FAMILY PLANNING

Allows DSS, with legislative approval, to offset any reduction in federal funding for family planning services

The act allows the DSS commissioner, with legislative approval, to offset federal funding reductions for providers or recipients of family planning services otherwise covered by Medicaid. To do so, the legislature must vote to approve such use of funds within 90 days after the commissioner notifies it of a decrease in federal funding for the services. Under the act, eligible services are those otherwise covered by the state’s medical assistance program and the providers must otherwise meet DSS participation and enrollment requirements to receive state funding.

EFFECTIVE DATE: Upon passage

§ 214 — ARTWORK IN STATE BUILDINGS

Prohibits, for two years, the State Bond Commission from allocating a portion of bond proceeds for artwork in state building projects

The act prohibits the State Bond Commission, when allocating bond proceeds from January 1, 2018 to January 1, 2020 for constructing, reconstructing, or remodeling of any state building, from allocating any such proceeds for works of art.

The law usually requires the State Bond Commission to allocate, for artwork, at least 1% of the bond proceeds in state building projects (CGS § 4b-53).

EFFECTIVE DATE: Upon passage, but applies to projects commenced on or after January 1, 2018 to January 1, 2020.
§ 215 — COMPTROLLER REPORTS ON STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC) SAVINGS

Requires the comptroller to annually determine and report on the savings realized through the 2017 SEBAC Agreement and its related contracts

The act requires the comptroller, for each fiscal year from 2018 through 2027, to determine the amount of labor-management savings realized by the state under the following:

1. the 2017 SEBAC Agreement, including all of its attachments and appended agreements and any agreement reached through negotiations between the state and SEBAC over wages, hours, and other conditions of employment and
2. any other agreements between the state and the individual state employee collective bargaining units to achieve labor-management savings specified in (a) the state budget act for FYs 18 and 19; (b) adjustments or revisions made to the budget act for FY 19; and (c) each successive state budget act thereafter and any even-numbered year adjustments or revisions made to them, through FYs 26 and 27.

Starting by December 1, 2018, and by each December 1 after that through 2027, the comptroller must report to the governor and the legislature the amount of labor-management savings realized for the previous fiscal year under the above agreements.

EFFECTIVE DATE: Upon passage

§ 216 — PUBLIC HEARINGS ON AUDITS

Requires legislative committees to hold public hearings on auditor reports of agencies under their cognizance

The act generally requires each legislative joint standing committee with cognizance over a state agency that is subject to a state auditors’ report to hold a joint public hearing with the Government Administration and Elections Committee on the report within 180 days after the auditors submit it to the legislature.

But committee chairpersons may choose not to hold a hearing if (1) the report contains no statutory or regulatory violations by the agency, (2) the report has only minor or technical recommendations, or (3) they determine the report does not otherwise need a hearing.

EFFECTIVE DATE: Upon passage

§ 217 — JUDGE SALARY WITHHOLDINGS

Increases, from 5% to 6%, the amount withheld from the salaries of judges, family support magistrates, and compensation commissioners appointed on or after January 1, 2018, for deposit in the Judge’s Retirement Fund

The act increases, from 5% to 6%, the amount deducted and withheld from salaries of judges, family support magistrates who elect to be covered by the
judicial retirement system, and compensation commissioners. The increase applies only to those individuals appointed on or after January 1, 2018.

As under existing law, the deducted funds must be deposited in the Judge’s Retirement Fund.
EFFECTIVE DATE: Upon passage

§ 218 — FOUR-YEAR TERM LIMIT ON FUTURE SEBAC AGREEMENTS

Limits future SEBAC agreements to four-year terms

By law, the state must negotiate state employee pension and healthcare benefits with a coalition committee that represents all unionized state employees (i.e., SEBAC). Starting June 30, 2027 (when the current SEBAC agreement expires), the act caps at four years the duration of any agreement negotiated under this requirement.
EFFECTIVE DATE: Upon passage

§§ 219 & 220 — FIREFIGHTERS’ CANCER RELIEF PROGRAM FUNDING

Eliminates a requirement for the Firefighters’ Cancer Relief Program to be funded through E 9-1-1 charges

The act eliminates a requirement for the Firefighters’ Cancer Relief Program to be funded with a portion of the fees used to support the enhanced 9-1-1 (E 9-1-1) program. By law, the E 9-1-1 program is funded through a monthly phone service subscriber fee imposed by the Public Utilities Regulatory Authority (PURA). PA 16-10 established the cancer relief program to provide wage replacement benefits to certain firefighters diagnosed with cancer.

More specifically, the act eliminates requirements for (1) PURA to include the cancer relief program when it annually determines the amount of the E 9-1-1 fee and (2) one cent per access line to be diverted from the E 9-1-1 fee to the cancer relief program each month.
EFFECTIVE DATE: Upon passage

§ 221 — IMPAIRMENT OF STATE CONTRACTS

Specifies the circumstances under which state legislation may impair state contracts

The act specifies that the state may modify its contracts through legislation if the impairment to the contract is not substantial or if the impairment is substantial, the legislation serves a legitimate public purpose, such as remedying a general social or economic problem, and the means to accomplish the purpose are reasonable and necessary. The act further specifies that the impairment may be considered reasonable and necessary if the state did not (1) consider the impairment on par with other policy alternatives, (2) impose a drastic impairment when an evident and more moderate course of action would serve its purpose equally well, and (3) act unreasonably in light of the surrounding circumstances.

Section 22 of PA 17-4, JSS specifies that these provisions do not apply to (1) investments by, or administered by, the state treasurer, or any related contracts, or
(2) bonds, notes, evidences of indebtedness, or other direct or contingent state obligations for borrowed money, or any related contracts.

(It appears that the above provisions have no legal effect. Although they broadly codify federal court decisions regarding when a state may enact laws impairing its contracts, these decisions are based on the federal courts’ interpretations of the U.S. Constitution’s Contracts Clause and state statute cannot dictate how courts must interpret the U.S. Constitution.)

EFFECTIVE DATE: Upon passage

§ 222 — INTELLECTUAL DISABILITY PARTNERSHIP

Requires the Intellectual Disability Partnership to form an advisory committee and makes related changes

PA 17-61 allows the DDS commissioner, in collaboration with the OPM secretary and social services commissioner, to organize and participate in an Intellectual Disability Partnership. The act specifies that the commissioners and secretary may designate others to do so in their place.

The act also requires the partnership to form an advisory committee. It makes corresponding changes by requiring (1) the advisory committee, rather than the partnership, to include broad and diverse representation from families, providers, and advocates and (2) DDS to post online the meetings, agendas, and minutes of the advisory committee rather than the partnership.

EFFECTIVE DATE: Upon passage

§ 223 — PROTOTYPE SCHOOL DESIGN STUDY

Requires the School Building Projects Advisory Council to study prototype school designs

The act requires the School Building Projects Advisory Council to conduct a study on developing and implementing blueprints for prototype school designs for new construction projects and submit it, by January 1, 2019, to the Education and Finance, Revenue and Bonding committees.

The study must analyze:
1. the costs for creating blueprints for elementary, middle, and high schools;
2. the feasibility of boards of education using the blueprints as part of the school building project grant program; and
3. any cost savings from using them.

It must also include recommendations on implementing the blueprints and address whether using them should be related to reimbursement percentages for school building projects.

EFFECTIVE DATE: Upon passage

§ 224 — ALLIANCE DISTRICT DESIGNATION

Requires the education commissioner to designate 33 school districts as alliance districts for a period of five years (designation expired under prior law)

The act reauthorizes the alliance district program by requiring the education
commissioner to designate 33 school districts as alliance districts for a period of five years starting with FY 18. Under prior law, the designation expired on June 30, 2017.

Under the act, the new designation applies to the 30 districts with the lowest accountability index scores and any district previously designated as an alliance district when the program began in FY 13 (of which there are three). The accountability index ranks school districts by combining various measures of student performance, primarily standardized assessment scores, into a single score.

As under the program’s prior authorization, the act requires the education commissioner to withhold any Education Cost Sharing (ECS) aid increase over an alliance district’s FY 12 base amount until she approves the district’s plan to improve academic performance. According to the State Department of Education, the alliance districts serve more than 200,000 students in 410 schools.

EFFECTIVE DATE: Upon passage

§§ 225-230 — REVISIONS TO EDUCATION COST SHARING (ECS) FORMULA

Revises the ECS formula, the largest form of state aid to towns, by changing several major formula components including the base aid ratio and the weighting for need students; includes a phase-in for aid increases and decreases until FY 28

The act revises the state education equalization formula, commonly referred to as the ECS formula. (The state has not used the formula since FY 14; instead it has set a specific aid amount in statute for each town.) The act makes changes to key factors in the formula and establishes a method to determine each town’s aid amount for FY 18 and the following years. For FY 18, alliance district towns receive the same ECS grant they received in FY 17; non-alliance district towns receive 5% less than they received in FY 17.

EFFECTIVE DATE: Upon passage

Formula Factors

The ECS formula has the following three key factors:
1. the foundation dollar amount ($11,525);
2. the student count with weightings for high need students, referred to as total need students; and
3. the base aid ratio, which is a measure of town wealth.

Under the formula, the foundation is multiplied by the number of need students, and the result is multiplied by the base aid ratio, to produce the grant amount. A small bonus is added for regional schools (if applicable), and this results in a town’s fully-funded grant. For example, under prior law, a school district with no regional bonus and 1,000 need students that has a base aid ratio of .50 would receive a grant of $5.76 million (1,000 x $11,525 x .50).

The act modifies the student count and the base aid ratio but leaves the foundation dollar amount unchanged.
Student Count

Beginning with the 2017-18 school year, the act modifies two aspects of student need weightings. Specifically, it:

1. changes the student poverty weighting from 30% of students eligible for free or reduced priced meals or free milk (FRPM) to 30% of FRPM-eligible students plus an additional 5% of any FRPM-eligible students above 75% of the total number of resident students and
2. adds a new 15% weighting for the number of students who are English language learners, as identified by the school district.

Base Aid Ratio

The base aid ratio (also known as the aid percentage) is a measure of a town’s property and income wealth in relation to a median town wealth level set in the formula. Poorer towns have higher ratios than wealthier towns. The higher a town’s ratio, the closer the town comes to receiving the maximum aid.

Wealth Adjustment Factor. By law, in calculating a town’s base aid ratio, town wealth is compared to the wealth adjustment factor (WAF) (formerly called the guaranteed wealth level). The WAF is determined by a three-step process: (1) determining the property and income wealth measures with each expressed in a ratio, (2) applying weights to each, and (3) adding the ratios together.

The act alters the way the WAF is determined by lowering the multiplier from 1.5 to 1.35. By lowering the multiplier, this part of the formula decreases the state’s share of total education funding.

The property wealth measure is the ratio of (1) a town’s equalized net grand list (ENGL) per capita to (2) the ENGL per capita of the town with the state’s median ENGL multiplied by 1.35. The income wealth measure is the ratio of (1) a town’s median household income to (2) the state’s median town household income multiplied by 1.35.

Balance of Property Wealth and Income Wealth. The act also modifies the proportion of property to income wealth in the WAF. Under prior law, WAF was calculated using 90% property wealth and 10% income wealth. Under the act, it is calculated using 70% property and 30% income, thus increasing the weight for income wealth in the aid ratio part of the formula.

Minimum Aid Ratios. The act maintains the minimum aid ratio for alliance districts at 10% and reduces the minimum aid ratio for all other districts from 2% to 1%. The minimum aid ratio guarantees that wealthier towns receive at least a minimum amount of ECS aid.

New Factor: Base Aid Ratio Adjustment

The act creates the base aid ratio adjustment factor, which is a bonus added to a town’s base aid ratio if the town is ranked in the top 19 Connecticut towns based on points awarded through the eligibility index for public investment communities (PIC) (i.e., towns with the lowest relative wealth).

The PIC eligibility index measures towns’ relative wealth and need by ranking them in descending order by their cumulative point allocations for five categories:
(1) per capita income, (2) adjusted equalized net grand list per capita, (3) equalized mill rate, (4) per capita temporary family assistance, and (5) unemployment rate (CGS § 7-545).

Under the act, the adjustment factor gives towns anywhere from three to six percentage points bonus in their base aid ratio if they rank in the top 19 of all towns in total eligibility index points (see Table 9).

<table>
<thead>
<tr>
<th>Town Rank Based on PIC Eligibility Index</th>
<th>Bonus % Points Added to Base Aid Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>6</td>
</tr>
<tr>
<td>6-10</td>
<td>5</td>
</tr>
<tr>
<td>11-15</td>
<td>4</td>
</tr>
<tr>
<td>16-19</td>
<td>3</td>
</tr>
</tbody>
</table>

Town Aid Determination for FYs 18 and 19

The act establishes a new “base grant amount” for each town from which future aid is based. The base grant amount is the ECS grant amount a town was entitled to for FY 17 under the 2016 budget act (PA 16-2, May Special Session), minus authorized cuts implemented during FY 17.

For FY 18, the act entitles a town to receive an ECS grant in an amount determined by its alliance district status:

1. an alliance district town receives the same ECS grant amount it received in FY 17 (i.e., the “base grant amount”), and
2. a non-alliance district town receives the ECS amount it received in FY 17, reduced by 5%.

For FY 19, the act compares a town’s new base grant amount to its fully funded grant. For some towns the fully funded grant is an amount greater than the aid they had received in the past. For other towns, especially those with declining student enrollments, the fully funded grant may be less than the town is receiving. (This is primarily due to the past practice of keeping ECS aid at least level for all towns, even if student enrollment dropped.)

The act entitles a town to receive, for FY 19, an ECS grant as follows:

1. If a town’s fully funded ECS grant is greater than the amount received in FY 17, then the town is entitled to its base grant amount, plus 4.1% of the difference.
2. If a town’s fully funded ECS grant is less than the amount received in FY 17, then the town is entitled to its base grant amount, minus 25% of the difference; however, if this town is an alliance district, it is entitled to the amount received in FY 17 with no reduction.

Town Aid Determination for FYs 20 to 27 and Out Years

The act entitles a town to receive, for FYs 20 through 27, an ECS grant in an amount determined by comparing its base grant amount to its fully funded grant,
with an exception for alliance districts:

1. If a town’s fully funded ECS grant is greater than the base grant amount, then the town is entitled to the prior year’s amount, plus 10.66% of the difference.

2. If a town’s fully funded ECS grant is less than the base grant amount, then the town is entitled to the prior year’s amount, minus 8.33% of the difference; however, if the town is an alliance district, it is entitled to the base grant amount with no reduction.

For FY 28 and all years following, towns will receive their fully funded amount, except alliance districts continue to receive their base grant amount if that is higher than the fully funded grant.

§§ 231-233 — NURSING HOME AND RESIDENTIAL CARE HOME CITATIONS

Makes changes to the process for certain citations issued against nursing home facilities or residential care homes, such as modifying various deadlines

Issuance of Citation

The act allows, rather than requires, the DPH commissioner to immediately issue a citation if a review or an inspection or investigation reveals that a nursing home facility or residential care home (RCH) has violated certain statutes or regulations. This applies to violations classified as Class A violations (an immediate danger of death or serious harm to a patient) and Class B violations (a probability of death or serious harm in the reasonably foreseeable future). (Sections 234 & 235 redefine Class B violations as a potential, rather than a probability, of such harm; see below.)

As under prior law, the citation must provide notice of the nature and scope of the alleged violation. The act also requires the citation to include a notice of noncompliance.

Contesting the Citation

The act extends the time the nursing home or RCH licensee has to contest the citation, from three to five business days after receipt.

Under prior law, if the licensee contested the violation, the DPH commissioner had to hold an informal conference with the licensee within five business days. The act specifies that the commissioner may designate someone to appear in his place at the conference and eliminates the deadline for holding the conference.

The act also requires the commissioner, within five business days after the informal conference concludes, to notify the licensee of his determination, which may include (1) vacating the citation or (2) sustaining the final determination for the citation with or without modification.

Under prior law, if the parties failed to reach an agreement at the conference, the commissioner had to set the matter for a hearing as a contested case under the Uniform Administrative Procedure Act (UAPA). Under the act, this applies only if the licensee requests the hearing within five business days after the
The act eliminates certain deadlines for such cases in prior law and instead specifies that the commissioner must issue a final order after the hearing in accordance with the UAPA.

Finally, the act allows, rather than requires, the commissioner to file the final order and citation in the Hartford judicial district of the Superior Court.

EFFECTIVE DATE: Upon passage

§§ 234 & 235 — CIVIL PENALTIES FOR NURSING AND RESIDENTIAL CARE HOMES

Increases the maximum civil penalty that may be imposed on nursing homes that violate statutory or regulatory requirements and expands the definition of a class B violation for nursing homes and RCHs.

The act increases the maximum civil penalties for nursing home facilities that violate statutory or regulatory requirements from $5,000 to $20,000 for a Class A violation and from $3,000 to $10,000 for a Class B violation.

The act also changes the definition of Class B violations for nursing homes and residential care homes to actions that present a potential, instead of a probability, for death or serious harm to a patient in the reasonably foreseeable future. By law, unchanged by the act, Class A violations are actions that present an immediate danger of death or serious harm to a patient.

EFFECTIVE DATE: Upon passage

§§ 237-246 — SCHOOL CONSTRUCTION GRANT AUTHORIZATIONS

Authorizes 50 new school construction projects totaling $517.9 million in grants, reauthorizes three previous projects due to cost or scope changes, and makes changes affecting six other projects.

The act authorizes the DAS commissioner to enter into grant commitments totaling $517.9 million on behalf of the state for 50 new school construction projects.

It also:

1. reauthorizes and changes grant commitments, due to cost or scope changes, for three previously authorized local projects with a total increased grant commitment of $1.1 million and
2. exempts nine school construction projects from various statutory and regulatory requirements (referred to as “notwithstanding” provisions).

New Authorizations and Changes for Previously Authorized Projects (§ 237)

Table 10 shows the new school construction projects the act authorizes. The projects have an aggregate cost of $846.3 million, a percentage of which is reimbursed by the state school construction grant program with less wealthy towns receiving a higher reimbursement percentage.
<table>
<thead>
<tr>
<th>District</th>
<th>School</th>
<th>Project</th>
<th>Estimated Project Costs</th>
<th>Estimated Grant</th>
<th>State Reimbursement %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branford</td>
<td>Francis Walsh Intermediate School</td>
<td>Extension and alteration</td>
<td>$85,933,000</td>
<td>$30,385,909</td>
<td>35.36%</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Stratfield School</td>
<td>Alteration</td>
<td>36,793</td>
<td>9,592</td>
<td>26.07</td>
</tr>
<tr>
<td>Fairfield</td>
<td>North Stratfield School</td>
<td>Alteration</td>
<td>41,410</td>
<td>10,796</td>
<td>26.07</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Riverfield School</td>
<td>Alteration</td>
<td>48,970</td>
<td>12,766</td>
<td>26.07</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Jennings School</td>
<td>Alteration</td>
<td>55,639</td>
<td>14,505</td>
<td>26.07</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Tomlinson Middle School</td>
<td>Alteration</td>
<td>46,403</td>
<td>12,097</td>
<td>26.07</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Fairfield Woods Middle School</td>
<td>Alteration</td>
<td>86,168</td>
<td>22,464</td>
<td>26.07</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Sherman School</td>
<td>Alteration</td>
<td>30,394</td>
<td>7,708</td>
<td>25.36</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Osborn Hill School</td>
<td>Alteration</td>
<td>72,704</td>
<td>18,438</td>
<td>25.36</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Dwight Elementary School</td>
<td>Alteration</td>
<td>62,275</td>
<td>15,793</td>
<td>25.36</td>
</tr>
<tr>
<td>Fairfield</td>
<td>McKinley Elementary School</td>
<td>Alteration</td>
<td>69,666</td>
<td>17,667</td>
<td>25.36</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Mill Hill School</td>
<td>Alteration</td>
<td>87,550</td>
<td>22,203</td>
<td>25.36</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Burr Elementary School</td>
<td>Alteration</td>
<td>133,776</td>
<td>33,926</td>
<td>25.36</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Roger Ludlowe Middle School</td>
<td>Alteration</td>
<td>171,640</td>
<td>43,528</td>
<td>25.36</td>
</tr>
<tr>
<td>Greenwich</td>
<td>New Lebanon School</td>
<td>Diversity school, new construction</td>
<td>37,309,000</td>
<td>29,847,200</td>
<td>80</td>
</tr>
<tr>
<td>Hamden</td>
<td>West Woods Elementary School</td>
<td>New construction</td>
<td>26,180,000</td>
<td>15,147,748</td>
<td>57.86</td>
</tr>
<tr>
<td>Ledyard</td>
<td>Ledyard Middle School</td>
<td>Renovation, extension, and alteration</td>
<td>35,652,092</td>
<td>22,410,905</td>
<td>62.86</td>
</tr>
<tr>
<td>New Britain</td>
<td>Smalley Academy</td>
<td>Extension, alteration, and roof replacement</td>
<td>53,000,000</td>
<td>42,023,700</td>
<td>79.29</td>
</tr>
<tr>
<td>New Canaan</td>
<td>Saxe Middle School</td>
<td>Extension, alteration, and code violation</td>
<td>18,600,000</td>
<td>3,786,960</td>
<td>20.36</td>
</tr>
<tr>
<td>New London</td>
<td>New London High School - South Campus</td>
<td>Magnet school, alteration</td>
<td>49,462,274</td>
<td>39,569,819</td>
<td>80</td>
</tr>
<tr>
<td>North Stonington</td>
<td>Wheeler High School</td>
<td>Extension, alteration, and roof</td>
<td>23,820,500</td>
<td>10,974,104</td>
<td>46.07</td>
</tr>
<tr>
<td>Location</td>
<td>School Name</td>
<td>Description</td>
<td>Amount</td>
<td>Amount*</td>
<td>%</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------------</td>
<td>------------</td>
<td>----------</td>
<td>-------</td>
</tr>
<tr>
<td>North Stonington</td>
<td>North Stonington Elementary School</td>
<td>Extension, alteration, and roof replacement</td>
<td>14,207,500</td>
<td>8,879,688</td>
<td>62.50</td>
</tr>
<tr>
<td>West Hartford</td>
<td>Hall High School</td>
<td>Extension and alteration</td>
<td>12,800,000</td>
<td>8,120,000</td>
<td>63.44</td>
</tr>
<tr>
<td>Regional District 1</td>
<td>Housatonic Valley Regional High School</td>
<td>Alteration and code violation</td>
<td>4,255,856</td>
<td>1,930,456</td>
<td>45.36</td>
</tr>
<tr>
<td>Regional District 1</td>
<td>Shepaug Valley Regional Agriscience (STEM)</td>
<td>Vocational agricultural, new construction</td>
<td>29,957,408</td>
<td>23,965,926</td>
<td>80</td>
</tr>
<tr>
<td>Groton</td>
<td>Cutler Elementary School (Carl C. Cutler Middle)</td>
<td>Diversity school and roof replacement</td>
<td>45,850,000</td>
<td>36,680,000</td>
<td>80</td>
</tr>
<tr>
<td>Groton</td>
<td>Westside Elementary School (West Side Middle)</td>
<td>Extension, alteration, and roof replacement</td>
<td>48,480,000</td>
<td>27,876,000</td>
<td>57.50</td>
</tr>
<tr>
<td>Groton</td>
<td>Consolidated Middle School</td>
<td>New construction and site purchase</td>
<td>90,090,000</td>
<td>42,792,750</td>
<td>47.50</td>
</tr>
<tr>
<td>Hamden</td>
<td>Shepherd Glen School</td>
<td>Extension, alteration, and roof replacement</td>
<td>27,665,000</td>
<td>18,773,469</td>
<td>67.86</td>
</tr>
<tr>
<td>Killingly</td>
<td>Killingly High School (Vo-Ag)</td>
<td>Vocational agricultural equipment</td>
<td>123,000</td>
<td>98,400</td>
<td>80</td>
</tr>
<tr>
<td>Ledyard</td>
<td>Gallup Hill School</td>
<td>Renovation, extension, and alteration</td>
<td>28,612,104</td>
<td>17,985,569</td>
<td>62.86</td>
</tr>
<tr>
<td>Manchester</td>
<td>Verplanck School</td>
<td>Extension, alteration, and roof replacement</td>
<td>29,172,000</td>
<td>19,691,100</td>
<td>67.50</td>
</tr>
<tr>
<td>Newington</td>
<td>John Wallace Middle School</td>
<td>Alteration</td>
<td>1,300,000</td>
<td>742,820</td>
<td>57.14</td>
</tr>
<tr>
<td>Rocky Hill</td>
<td>Rocky Hill Intermediate School</td>
<td>New construction</td>
<td>48,345,097</td>
<td>16,577,534</td>
<td>34.29</td>
</tr>
<tr>
<td>Shelton</td>
<td>Long Hill School</td>
<td>Alteration</td>
<td>382,060</td>
<td>150,111</td>
<td>39.29</td>
</tr>
<tr>
<td>Shelton</td>
<td>Elizabeth Shelton School</td>
<td>Alteration</td>
<td>280,620</td>
<td>110,256</td>
<td>39.29</td>
</tr>
<tr>
<td>Shelton</td>
<td>Mohegan School</td>
<td>Alteration</td>
<td>280,620</td>
<td>110,256</td>
<td>39.29</td>
</tr>
<tr>
<td>Simsbury</td>
<td>Henry James Memorial School</td>
<td>Alteration and code violation</td>
<td>2,465,000</td>
<td>818,627</td>
<td>33.21</td>
</tr>
<tr>
<td>Waterbury</td>
<td>Wendell L. Cross School</td>
<td>Extension, alteration, and roof replacement</td>
<td>46,213,083</td>
<td>36,309,619</td>
<td>78.57</td>
</tr>
<tr>
<td>Regional</td>
<td>Shepaug</td>
<td>Alteration and</td>
<td>2,914,565</td>
<td>957,726</td>
<td>32.86</td>
</tr>
</tbody>
</table>
Table 11 lists changes to previously authorized school projects. In the case of Hartford’s West Middle School, the new authorization is sought because of a change in the project scope, but does not result in a higher cost.

### Table 11: Previously Authorized School Construction Projects with Substantial Changes in Scope or Cost

<table>
<thead>
<tr>
<th>District</th>
<th>School</th>
<th>Project</th>
<th>Previous Grant Authorization</th>
<th>Requested Grant Authorization</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairfield</td>
<td>Fairfield Ludlowe High School</td>
<td>Extension, alteration, energy conservation, and roof replacement</td>
<td>$3,073,994</td>
<td>$4,106,607</td>
<td>$1,032,613</td>
</tr>
<tr>
<td>Hartford</td>
<td>West Middle School</td>
<td>Extension, alteration, roof replacement, and code violation</td>
<td>43,680,000</td>
<td>43,680,000</td>
<td>0</td>
</tr>
</tbody>
</table>
School Construction Project Exemptions and Modifications (§§ 238-246)

The act exempts nine school construction projects from various statutory and regulatory requirements to allow them to, among other things, qualify for state reimbursement grants or for a higher level of reimbursement grant, as provided in Table 12 below.

### Table 12: School Construction Project Exemptions and Modifications

<table>
<thead>
<tr>
<th>Act §</th>
<th>Municipality/Grantee</th>
<th>School &amp; Project</th>
<th>Exemption, Waiver, or Other Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>238</td>
<td>Groton</td>
<td>Carl Cutler Middle School, extension, alteration, and roof replacement</td>
<td>Changes project designation from extension, alteration, and roof replacement to diversity school and roof replacement, thus triggering a higher state reimbursement level, provided the education commissioner finds the diversity school will assist Groton in addressing the existing racial disparity among students in the district; also explicitly prohibits the Claude Chester School from qualifying as a diversity school as of the act’s effective date</td>
</tr>
<tr>
<td>239</td>
<td>Hartford</td>
<td>Martin Luther King School, alteration, roof replacement, and code violation</td>
<td>Changes project designation from alteration, roof replacement, and code violation to magnet school, alteration, roof replacement, and code violation, provided the education commissioner approves the school’s magnet school plan</td>
</tr>
<tr>
<td>240</td>
<td>Brookfield</td>
<td>Brookfield High School, roof replacement</td>
<td>Waives the requirement that construction bid not be let out prior to DAS approval of the plans and specifications</td>
</tr>
<tr>
<td>241</td>
<td>New London</td>
<td>New London Magnet School for the Visual and Performing Arts, new magnet school construction approved in PA 14-90</td>
<td>Removes requirement that New London school board, the Garde Arts Center board of directors, and the DAS and education commissioners enter into a memorandum of understanding establishing the parameters under which the interdistrict magnet school must operate</td>
</tr>
<tr>
<td>242</td>
<td>Region 8 (RHAM)</td>
<td>RHAM Middle and High School (no project number or specifics yet available)</td>
<td>Waives the project application deadline of June 30, 2017 for eligibility for the priority list considered in the 2018 legislative session and commitment of the local funding share of the project, provided a (1) local funding authorization referendum is held and results</td>
</tr>
</tbody>
</table>
are submitted by November 15, 2017 and (2) completed grant application with authorization for the local share of the project is filed by September 30, 2017

<table>
<thead>
<tr>
<th>Town</th>
<th>School/Description</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norwich</td>
<td>Kelly Middle School, renovation</td>
<td>Waives the standard method of calculating the town’s reimbursement rate; provides an 80% reimbursement rate</td>
</tr>
<tr>
<td>Colchester</td>
<td>William J. Johnston Middle School, extension, alteration, and roof replacement</td>
<td>Waives the state standard space specifications</td>
</tr>
<tr>
<td>Norwalk</td>
<td>Side by Side Charter School, new construction</td>
<td>Increases the project costs, and consequently the grant amount, from $2.5 million to $4.2 million (project has a reimbursement rate of 100% under existing law)</td>
</tr>
<tr>
<td>New London</td>
<td>C.B. Jennings Elementary School, new construction</td>
<td>Waives rules regarding ineligible costs to allow for up to $703,653 in additional costs; waives the requirement that an audit be completed before receiving final state reimbursement, provided the (1) town submits documentation proving the expenses; (2) costs do not exceed $5,255,211; and (3) project meets all other requirements of the school construction program</td>
</tr>
</tbody>
</table>

**EFFECTIVE DATE:** Upon passage

§ 247 — AGENCY PROGRAM INVENTORIES AND RESULTS FIRST PILOT PROGRAM

*Makes several changes to program inventories required of certain agencies and requires the OPM secretary to create a pilot program that applies Pew-MacArthur Results First principles to at least eight state-finance grant programs*

*Agency Program Inventories*

Prior law required the Judicial Branch’s Court Support Services Division (CSSD) and the departments of Children and Families, Correction, and Mental Health and Addiction Services, by October 1 biennially beginning in 2018, to each (1) compile complete lists of each of their criminal and juvenile justice programs and (2) categorize them as evidenced-based, research-based, promising, or lacking any evidence. CSSD and the departments had to submit the program inventories to OPM’s Criminal Justice Policy and Planning Division (CJPPD); the Appropriations and Finance, Revenue and Bonding committees; OFA; and the Institute for Municipal and Regional Policy (IMRP) at Central Connecticut State University.

The act makes the following changes to these requirements:

1. extends them to DSS;
2. expands them to include all of the agencies’ and division’s programs, not just their criminal and juvenile justice programs;
3. makes the compilation and submission of the inventory an annual, rather than biennial, requirement (October 1, 2018 remains the first submission
4. requires submission to the OPM secretary, rather than CJPPD; and
5. adds the Human Services Committee as a required recipient.

Additionally, prior law required IMRP to use the program inventory data to annually develop a cost-benefit analysis for each program and submit the report of its analyses to CJPPD; the Appropriations and Finance, Revenue and Bonding committees; and OFA. The act requires submission to the OPM secretary, rather than CJPPD. As under prior law, the report is due annually by November 1.

Results First Pilot Program

The act requires the OPM secretary, by January 1, 2019, to create a pilot program that applies the principles of the Pew-MacArthur Results First cost-benefit analysis model to at least eight state-financed grant programs chosen by the secretary. His selections must include programs that provide services for families in the state, employment programs, and at least one contracting program provided by a state agency with an annual budget of more than $200 million. The pilot program must have an overall goal of promoting cost-effective state policies and programming.

The act requires the secretary to submit a report to the Appropriations Committee by April 1, 2019. It must include a description of the selected grant programs, the pilot program’s status, and any recommendations.

EFFECTIVE DATE: Upon passage

§ 248 — PRISON HEALTH CARE RFI PROGRESS REPORT

Requires DOC and OPM to submit a progress report to the legislature on a request for information to develop options for providing medical services to inmates

PA 15-1, December Special Session (§ 20) required the Department of Correction (DOC) commissioner and the OPM secretary to issue a request for information (RFI) on inmate medical services options available to the state and the associated costs of such services. The act requires DOC and the secretary, by February 1, 2018, to submit a progress report to the legislature on the RFI.

Currently, UConn’s Correctional Managed Health Care division provides such services to inmates under a memorandum of agreement with DOC.

EFFECTIVE DATE: Upon passage

§ 249 — REDUCTIONS FOR MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS

Requires DPH to reduce payments to municipal and district health departments in FY 19

The act requires the DPH commissioner to reduce, on a pro rata basis, payments to municipal and district health departments by a total of $504,218 for FY 19.

To receive state funding, existing law requires that, among other things, (1) municipalities have a full-time health department and a population of at least 50,000 and (2) health districts have a total population of at least 50,000 or serve
three or more municipalities, regardless of their combined total population.
EFFECTIVE DATE: Upon passage

§ 250 — FISCAL STABILITY AND ECONOMIC GROWTH COMMISSION

Establishes a 14-member commission to develop and recommend policies to achieve state
government fiscal stability and promote economic growth and competitiveness within the state

The act establishes a 14-member Commission on Fiscal Stability and Economic Growth.

Commission’s Charge

The commission must (1) develop and recommend policies to achieve state
government fiscal stability and promote economic growth and competitiveness
within the state and (2) study and make recommendations regarding state
revenues, tax structures, spending, debt, administrative and organizational actions,
and related activities. Under the act, related activities include relevant municipal
activities to (1) achieve consistently balanced and timely budgets that are
supportive of the interests of families and businesses and the revitalization of the
state’s major cities and (2) materially improve the state’s attractiveness for
existing and future businesses and residents.

Membership and Appointment

The commission must consist of the following 14 appointed members:
1. one appointed by the House speaker,
2. one appointed by the Senate president pro tempore,
3. one appointed by the House majority leader,
4. one appointed by the Senate majority leader,
5. one appointed by the House minority leader,
6. one appointed by the Senate Republican president pro tempore, and
7. eight appointed by the governor.

All appointments must be made within 30 days after the act passes, and any
vacancy must be filled by the appointing authority. The act requires the
appointing authorities to try to coordinate their appointments to achieve policy
balance and diversity, including by appointing members who are representative of
the state population’s diversity in gender, age, ethnicity, race, and geography.

The governor must select the commission’s chairpersons from among its
members. The chairpersons must schedule the commission’s first meeting, which
must be held within 40 days after the act passes.

Members’ Expertise, Compensation, and Code of Ethics

The commission members must (1) have expertise in public finance,
economic growth and development, job creation, or public administration and (2)
not receive compensation for their services.

Current public officials must not serve as members of the commission. Under
the act, "public official" means a statewide or municipal elected officer, General
Assembly member or member-elect, executive or judicial branch employee or official, or legislative branch employee. The act does not consider an advisory board member to be a public official.

Under the act, it is not a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation, or any individual having a financial interest in a person, firm, or corporation, to serve as a member of the commission, provided such trustee, director, partner, officer, or individual complies with all applicable provisions of the code of ethics for public officials. The act deems all commission members to be public officials for purposes of the code of ethics and requires that they adhere to the provisions of the code of ethics for public officials.

Staff Support

The OPM secretary and the Department of Economic and Community Development commissioner must provide staff support for the commission and must each designate at least one staff member to attend the commission’s meetings.

Each of the four caucuses of the legislative branch, the treasurer, the comptroller, and the attorney general must each appoint a staff member to (1) attend the commission meetings upon the commission’s request and (2) communicate with the member’s agency about the commission’s activities.

The commission may request any office, department, board, commission, or other state agency to supply information and assistance necessary or appropriate to carry out its duties and requirements.

Public Comment, Reporting, and Termination

The act requires the commission to solicit public comment by holding one or more public hearings on its proposals. By March 1, 2018, the commission must report its findings and recommendations to the governor, the General Assembly, and the Appropriations; Commerce; Finance, Revenue and Bonding; and Planning and Development committees.

The commission terminates on the date that it submits its report or March 1, 2018, whichever is later.

2018 Regular Session

The act requires the Appropriations; Commerce; Finance, Revenue and Bonding; and Planning and Development committees, by March 30, 2018, to hold either one joint public hearing or individual public hearings on the commission’s report. It also requires one or more of the committees mentioned above, during the 2018 regular session, to originate and, following an additional public hearing, report at least one bill with the commission’s recommendations relevant to the committee’s cognizance. The act also requires the General Assembly to vote on any such bill.

EFFECTIVE DATE: Upon passage
§ 251 — YOUTH EMPLOYMENT PROGR A M FUNDS

Allocates Youth Employment Program funds

For FY 18, the act allocates funds from the Youth Employment Program administered by the Connecticut Department of Labor as follows:

1. $150,000 to the City of Hartford Department of Families, Children, Youth, and Recreation;
2. $350,000 to the Capital Region Workforce Investment Board; and
3. $500,000 to the Wilson-Gray YMCA.

EFFECTIVE DATE: Upon passage

§ 252 — MINIMUM BUDGET REQUIREMENT

Extends the current minimum budget requirement through FY 19, along with reduction allowances and exemptions

The act extends, through FY 19, the prohibition in existing law against a town budgeting less for education than it did in the previous FY unless it can demonstrate specific achievements or changes within its school district. This prohibition is commonly referred to as the minimum budget requirement (MBR).

MBR Reduction Allowances

The act allows a town to reduce its MBR in FYs 18 and 19 if it experiences an ECS decrease during those years. The MBR reduction must be equal to the education cost sharing (ECS) grant decrease as calculated under the act and described below (see § 253 below).

Also, the act extends other MBR reduction allowances in existing law, which are based upon the following factors, through FY 19:

1. experiencing declining enrollment as evidenced by the percentage of students eligible for free and reduced price lunch;
2. paying tuition for students to attend high school out of town due to lack of a local public high school;
3. demonstrating savings through increased efficiencies or regional collaboration; or
4. ceasing school district operations permanently or closing one or more schools through FY 18 due to declining enrollment.

Through FY 19, the act extends the prohibition on an alliance district reducing its MBR.

MBR Exemptions

The act continues exemptions from the MBR through FY 19 for the following entities: (1) any district among the top 10% of districts in the State Department of Education’s accountability index and (2) member towns of a newly formed regional school district during the first full FY following its establishment.

EFFECTIVE DATE: Upon passage
§ 253 — CALCULATIONS FOR EDUCATION COST SHARING (ECS) GRANT INCREASES AND DECREASES

Revises the method for determining ECS increases and decreases for towns in FYs 18 and 19

The act calculates towns’ ECS grant increases and decreases for FY 18 as follows:

1. an increase is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 18 and (b) town’s lower “base grant amount” (i.e., the amount to which the town was entitled by law in FY 17 under the 2016 budget act, minus authorized cuts implemented later that year; see § 229 above) and
2. a decrease is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 18 and (b) town’s higher base grant amount.

The act calculates towns’ ECS grant increases and decreases for FY 19 as follows:

1. an increase is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 19 and (b) lower ECS grant amount to which the town was entitled by law in FY 18 and
2. a decrease is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 19 and (b) higher ECS grant amount to which the town was entitled by law in FY 18.

The act removes calculations for FY 17 ECS grant increases and decreases from prior law that were described as follows:

1. an increase is the difference between the (a) ECS grant amount received in FY 17 and (b) lesser ECS grant amount received in FY 16 and
2. a decrease is the difference between the (a) ECS grant amount received in FY 16 and (b) lesser ECS grant amount received in FY 17.

EFFECTIVE DATE: Upon passage

§§ 254-257 — JUDICIAL COMPENSATION

Rolls back a 3% salary increase for judges and certain other judicial officials that took effect July 1, 2017, and reinstitutes the increase on July 1, 2019

Under prior law, there was a 3% increase on July 1, 2017 in (1) salaries for judges and family support magistrates and (2) per diem rates for family support referees and judge trial referees. Under the act, this increase is rolled back upon the act’s passage and reinstituted effective July 1, 2019.

The act similarly rolls back and later reinstitutes increases in the additional compensation that certain judges receive for performing administrative duties. The act’s changes also affect the salary or per diem rate of certain officials whose compensation, by law, is determined in relation to a Superior Court judge’s salary or state referee’s per diem rate.

EFFECTIVE DATE: Upon passage
Judicial Salaries

Table 13 shows salaries and per diem rates affected by the act.

Table 13: Judicial Salaries and Rates under the Act

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary from July 1, 2017 until October 30, 2017; starts again effective July 1, 2019</th>
<th>Salary from October 31, 2017 until June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supreme Court chief justice</td>
<td>$206,617</td>
<td>$200,599</td>
</tr>
<tr>
<td>Chief court administrator (if a judge)</td>
<td>198,545</td>
<td>192,763</td>
</tr>
<tr>
<td>Supreme Court associate justice</td>
<td>191,178</td>
<td>185,610</td>
</tr>
<tr>
<td>Appellate Court chief judge</td>
<td>189,063</td>
<td>183,556</td>
</tr>
<tr>
<td>Appellate Court judge</td>
<td>179,552</td>
<td>174,323</td>
</tr>
<tr>
<td>Deputy chief court administrator (if a Superior Court judge)</td>
<td>176,277</td>
<td>171,143</td>
</tr>
<tr>
<td>Superior Court judge</td>
<td>172,663</td>
<td>167,634</td>
</tr>
<tr>
<td>Chief family support magistrate</td>
<td>150,314</td>
<td>145,936</td>
</tr>
<tr>
<td>Family support magistrate</td>
<td>143,060</td>
<td>138,893</td>
</tr>
<tr>
<td>Judge trial referee</td>
<td>259/ day*</td>
<td>251/ day*</td>
</tr>
<tr>
<td>Family support referee</td>
<td>223/ day*</td>
<td>217/ day*</td>
</tr>
</tbody>
</table>

*Plus expenses, mileage, and retirement pay

Administrative Judges

The law provides judges extra compensation in addition to their annual salaries for taking on certain administrative duties. Under prior law, these amounts increased from $1,142 to $1,177 starting July 1, 2017. The act rolls back this increase on October 31, 2017 and reinstitutes it effective July 1, 2019.

The judges who receive this additional amount are (1) the appellate system’s administrative judge; (2) each judicial district’s administrative judge; and (3) each chief administrative judge for (a) facilities, administrative appeals, the judicial marshal service, or judge trial referees and (b) the Superior Court’s family, juvenile, criminal, or civil divisions.

Other Compensation Affected

The act’s provisions similarly affect the salary or per diem rates for other officials or judges whose compensation is tied to those of Superior Court judges or judge trial referees. Specifically:

1. the salaries of workers’ compensation commissioners vary depending on experience and are tied to those of Superior Court judges (CGS § 31-277);
2. the salaries of probate court judges vary depending on probate district
classification and range from 45% to 75% of a Superior Court judge’s salary (CGS § 45a-95a);
3. senior judges receive the same per diem rates as judge trial referees (CGS §§ 51-47b & 52-434b); and
4. the probate court administrator’s salary is the same as that of a Superior Court judge (CGS § 45a-75).

§ 258 — MATERIALS INNOVATION AND RECYCLING AUTHORITY PAYMENT TO HARTFORD

Requires MIRA to make a $1 million payment in lieu of taxes to Hartford by December 1, 2017

The act requires the Materials Innovation and Recycling Authority (MIRA), by December 1, 2017, to make a $1 million payment in lieu of taxes to Hartford.

By law, MIRA is a quasi-public agency that plans, designs, builds, and operates solid waste disposal, volume reduction, recycling, intermediate processing, and resource recovery facilities. It operates the Connecticut Solid Waste System, which includes a recycling facility and a resource recovery facility in Hartford.

EFFECTIVE DATE: Upon passage

§§ 259 & 260 — GRANTS TO REGIONAL COUNCILS OF GOVERNMENT (COGS)

Establishes, beginning in FY 18, a new type of annual grant for COGs

Beginning in FY 18 and annually thereafter, the act makes COGs eligible for a “regional services grant.” The grant must be:
1. used to achieve efficiencies in delivering municipal services without diminishing the quality of such services,
2. made within available appropriations, and
3. based on a formula the OPM secretary determines.

In order to receive a grant, COGs must annually submit a grant spending plan by July 1 for the OPM secretary to approve. But for FY 18 grants, this plan must be submitted by November 1, 2017.

Under the act, COGs that receive one of the new regional services grants must annually submit a report by October 1 to the OPM secretary and Planning and Development and Finance, Revenue and Bonding committees describing:
1. grant fund expenditures;
2. regional programs, projects, and initiatives provided or planned by such COG;
3. the performance of existing programs, projects, and initiatives relative to their initial goals and objectives;
4. existing services provided by a member municipality or the state that, in the COG’s opinion, could be more effectively or efficiently provided on a regional basis; and
5. recommendations for legislative action related to potential impediments to the regionalization of services.
The act also eliminates prior law’s requirement that all COGs annually submit by January 1 a report to the OPM secretary and the Planning and Development Committee describing:

1. regional programs, projects, and initiatives provided or planned by such COG;
2. expenditures for programs, projects, and initiatives, including funding source and a cost-benefit analysis for each expenditure;
3. specific annual goals and objectives and quantifiable outcome measures for each program, project, and initiative that the COG administers or provides;
4. the performance of each program, project, and initiative, including any recommendations for legislative action; and
5. existing services provided by a municipality or state that, in the COG’s opinion, could be transferred to such COG and any efficiency associated with such transfer.

EFFECTIVE DATE: Upon passage

§§ 261 & 262 — TORRINGTON DSS PILOT PROJECT

Allows DSS, in partnership with Torrington’s community action agency, to establish a 12-month pilot project to streamline social services to eligible, low-income individuals

The act allows the Department of Social Services (DSS) commissioner, in partnership with Torrington’s community action agency, to establish a 12-month pilot project to provide streamlined social services to assist individuals who qualify for assistance from DSS or a community action agency (i.e., “eligible, low-income individuals”) with achieving economic independence. Under the act and existing law, a “community action agency” (CAA) is one that has been designated and authorized to accept funding from the state under the Community Services Block Grant.

EFFECTIVE DATE: Upon passage

Pilot Project Objectives

Under the act, the pilot project must assist eligible, low-income persons with achieving economic independence. The project must also include the transfer of certain DSS staff from the department’s Torrington office to the Torrington CAA in order to provide on-site eligibility determinations for DSS-administered assistance programs. In achieving the required transfer, the act prohibits the DSS commissioner from reducing department staff.

Pilot Project Funding

The act appropriates $100,000 to DSS for FY 18 for rental and overhead expenses associated with relocating DSS staff and for additional costs related to the pilot project. It prohibits the governor from reducing any FY 18 allotment for DSS that results in the early termination of the pilot project.
Case Conference Meetings

The act requires the Torrington CAA to coordinate community-wide case conference meetings of service providers to address systemic barriers to economic independence faced by eligible low-income individuals. In coordinating these meetings, the CAA must consult with service providers that may include the:

1. departments of Children and Families, Correction, Education, Housing, Labor, Mental Health and Addiction Services, Rehabilitation, and Social Services;
2. Torrington Housing Authority;
3. Northwestern Connecticut Transit District;
4. Northwestern Connecticut Community College;
5. Torrington Superior Court;
6. Office of Adult Probation serving Torrington; and
7. regional education service center serving western Connecticut.

Legislative Report

The act requires the DSS commissioner, in consultation with the Torrington CAA, to report to the Human Services Committee by January 1, 2019 on the (1) number of people the pilot project served; (2) services provided; and (3) documented outcomes in jobs, housing, and education obtained.

§ 263 — UNLOADING AND INSPECTING ALCOHOL SHIPMENTS

Generally codifies an existing regulatory requirement that alcohol manufacturers and wholesalers inventory and unload alcohol; gives DCP oversight to ensure compliance; and deems any violation a CUTPA violation.

The act generally codifies an existing regulation that prohibits wholesaler and manufacturer permittees from selling or delivering alcoholic liquor unless they first receive, inventory, and unload the product into their warehouse facility before shipping to a retailer (Conn. Agencies Regs., § 30-6-B9). Under the act, the DCP commissioner or her authorized agent may inspect such wholesaler’s or manufacturer’s permit premises, books, and records to ensure compliance. Violators are deemed to have committed a CUTPA violation.

The act’s unloading and inspection requirements do not apply to the sale, delivery, or shipment of wine delivered by an out-of-state (1) shipper’s permittee for alcoholic liquors that operates a farm winery or (2) small winery shipper’s permittee for wine. By law, such out-of-state permittees must not produce more than 100,000 gallons of wine annually.

EFFECTIVE DATE: Upon passage

§ 264 — DISTRICT HEATING SYSTEM

Requires an electric company to conduct a procurement for a combined heat and power system owned by a thermal energy transportation company and compatible with a district heating system; requires the company to recover costs of the procurement from ratepayers.

The act requires an electric distribution company (EDC, e.g., United
Illuminating) to conduct a procurement by January 1, 2018, for electricity and renewable energy credits from a combined heat and power (CHP) system located in a distressed municipality with a population over 127,000. The act requires the CHP system to:

1. have a nameplate capacity of no more than 10 megawatts,
2. be compatible for use with a district heating system,
3. be procured and owned by a thermal energy transportation company through a competitive bidding process, and
4. be installed at a location that will maximize the efficient use of thermal energy from the CHP system by a thermal energy transportation company.

The act allows the CHP system to include fuel cells.

Under the act, the procurement is in furtherance of the state’s Comprehensive Energy Strategy as it relates to the evaluation of district heating and thermal loops in high-density areas. By law, district heating systems and thermal loops are generally operated by thermal energy transportation companies (CGS § 16-1(a)(44)). CHP systems produce electric power and thermal energy from a single source. Thus, under the act, the EDC procures electric power from a CHP connected to a district heating system that can be fueled by the CHP’s heat.

The act allows the EDC to enter into a power purchase agreement (PPA) after reviewing any proposals submitted in response to the procurement. Under the act, the PPA is with the thermal energy distribution company (presumably, a thermal energy transportation company) for the purchase of electricity and renewable energy credits and is for a term of up to 20 years.

The act requires the CHP’s thermal energy to be subject to firm customer commitments to subscribe to thermal energy services from the thermal energy transportation company for the PPA’s term.

Under the act, the EDC must submit the PPA to the Public Utilities Regulatory Authority (PURA) no later than 15 days after entering into it. The act requires PURA to evaluate the PPA and allows PURA to approve the PPA if it finds that the agreement complies with the act’s requirements and serves the long-term interests of ratepayers. The act prohibits PURA from approving a PPA supported in any form of cross subsidization by entities affiliated with the EDC.

The act requires the EDC to recover the net costs of any approved PPA (including the EDC’s costs under the PPA and its reasonable costs incurred in connection with it) on a timely basis through a reconciling component of electric rates as determined by PURA that cannot be bypassed when switching electric suppliers. The act prohibits the EDC from recovering from ratepayers more than the PPA’s full cost as approved by PURA.

Under the act, the EDC must credit to customers any net revenues from the sales of products purchased in accordance with the PPA through the same rate component used for cost recovery. The EDC must decide whether to sell or retain Class I and Class III renewable energy certificates by determining which option is in the ratepayers’ best interest and consistent with the procurement plan for standard service.

EFFECTIVE DATE: Upon passage
§ 265 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO DECREASED AID

Allows municipalities to amend adopted budgets and adjust tax levies if they receive less state aid than projected

For FYs 18 and 19, the act allows municipalities that adopt, adjust, or modify a budget; make budget-related transfers; or levy taxes before the state adopts its FY 18 or FY 19 budget; to amend their budgets and levies if the state’s budget provides less in state aid than projected in the municipality’s budget.

Amending Education and Noneducation Budgets and Making Transfers

The act allows municipalities to amend their:

1. education budgets in the same manner the budget was originally adopted, adjusted, or modified as long as the amendment does not exceed the educational cost sharing (ECS) grant decrease and
2. noneducation budgets in the same manner the noneducation budget was originally adopted, adjusted, or modified as long as amendment does not exceed the state aid decrease (excluding ECS grant decreases).

The act also authorizes municipalities to make transfers between accounts without following their normal budget processes as long as the transfers are approved by a majority of the legislative body.

The act specifies that budget amendments or account transfers, except those made by an alliance district, will not impact future ECS grant or minimum budget requirement calculations.

Adjusting Levies Following Budget Adjustment

Under the act, by February 1, 2018 for FY 18 and January 1, 2019 for FY 19, municipalities may adjust tax levies and any remaining tax installments or issue supplemental bills.

Applicability

The act’s authorization applies regardless of conflicting (1) statutes affecting municipalities, property tax levy and collection, and the minimum budget requirement; (2) special acts; or (3) municipal charters or home rule ordinances.

“Municipalities” covered by the authorization are any towns, cities, boroughs, consolidated towns and cities, and consolidated towns and boroughs. Under the act, “legislative body” means town or city council or board of selectmen, aldermen, directors, representatives, or the warden and burgesses.

EFFECTIVE DATE: Upon passage

§ 266 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID

Authorizes municipalities and regional boards of education to amend adopted budgets and adjust tax levies if they receive more state aid than projected
The act allows municipalities and regional boards of education that adopted a budget or levied taxes for FY 18 before the state adopted its FY 18 budget to change their budgets and levies if the state’s budget provides over $100,000 more in state aid than the board or municipality projected.

PA 17-4, JSS (§§ 20 & 28) repeals this provision and replaces it with a similar authorization. Please see the Public Act summary for PA 17-4 for a summary of these changes.

Budget and Levy Adjustments

Under the act, municipalities and boards may (1) amend their budget in the same manner that it was originally adopted, in an amount not exceeding the increase in state aid to the board or municipality, and (2) by January 1, 2018, adjust tax levies and any remaining tax installments.

Under the act, municipalities that collect taxes in a single installment may issue supplemental bills reflecting the repeal of the motor vehicle mill rate cap (the act does not repeal the cap).

Applicability

The act’s provisions apply regardless of conflicting (1) statutes affecting education and boards of education, municipalities, and property tax levy and collection (including the provisions concerning installments); (2) special acts; or (3) municipal charters or home rule ordinances. “Municipalities” covered by the act’s authorization are any towns, cities, boroughs, consolidated towns and cities, and consolidated towns and boroughs.

EFFECTIVE DATE: Upon passage

§ 267 — SUPERINTENDENTS FOR MULTIPLE TOWNS

Allows boards of education that share a superintendent to hold regular joint meetings at least once every two months

Notwithstanding any state or local law, the act allows boards of education that jointly employ the same superintendent to hold regular joint meetings, at least once every two months, in order to reduce expenses and align their provision of education.

EFFECTIVE DATE: Upon passage

§§ 268-273 & 276 — CITIZENS’ ELECTION PROGRAM (CEP)

Makes changes to the CEP, including establishing a grant reduction schedule; increasing the maximum individual qualifying contribution (QC) amount; and adjusting QCs for inflation

The act makes changes affecting QCs and grants under the CEP, the state’s voluntary public campaign financing system available to legislative and statewide office candidates.

EFFECTIVE DATE: Upon passage
QC Increase and Adjustments

By law, candidates qualify for the CEP by raising an aggregate amount of QCs, which under prior law ranged from $5 to $100. QCs must come from individual donors, and the required aggregate amount depends on the office sought.

The act (1) increases the individual QC limit from $100 to $250, effective December 1, 2017, and January 1, 2019, for legislative and statewide office candidates, respectively. It also requires the State Elections Enforcement Commission (SEEC) to adjust the maximum individual amount, as well as the aggregate QC amounts required to qualify, for inflation. It leaves the $5 minimum unchanged.

Under the act, adjustments to the QC range must be rounded to the nearest multiple of $10 with exactly $5 rounded up. Similarly, adjustments to the aggregate amount must be rounded to the nearest multiple of $100 with exactly $50 rounded up.

By increasing the required aggregate QC amounts, the act also increases the CEP spending limits. Generally, under the program candidates must limit spending to the amount of allowable QCs; grants from the Citizens’ Election Fund; and allowable personal funds (CGS § 9-702(c)).

The table below shows when the changes to the QC amounts occur.

<table>
<thead>
<tr>
<th>Candidates For</th>
<th>Maximum Individual QC Amount Increases from $100 to $250</th>
<th>First Inflationary Adjustment to Maximum Individual QC Amount of $250</th>
<th>First Inflationary Adjustment to Aggregate QC Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor and lieutenant governor</td>
<td>January 1, 2019</td>
<td>January 15, 2022</td>
<td>January 15, 2022</td>
</tr>
<tr>
<td>Other statewide offices</td>
<td>January 1, 2019</td>
<td>January 15, 2022</td>
<td>January 15, 2018</td>
</tr>
<tr>
<td>State senator</td>
<td>December 1, 2017</td>
<td>January 15, 2020</td>
<td>January 15, 2018</td>
</tr>
<tr>
<td>State representative</td>
<td>December 1, 2017</td>
<td>January 15, 2020</td>
<td>January 15, 2018</td>
</tr>
</tbody>
</table>

Adjustments to Maximum QC Amount. Beginning with primaries and elections held in 2020 for legislative office candidates, the act requires SEEC to adjust the maximum individual QC amount by January 15, 2020. The adjustment must be based on any change in the Consumer Price Index for All Urban Consumers (CPI-U) from January 1, 2017, to December 31, 2019. After 2020, SEEC must adjust the amounts every two years by January 15, basing the adjustment on the CPI-U change from January 1, 2017 through December 31 in the year before the election.

Beginning with primaries and elections held in 2022 for statewide office candidates, the act requires SEEC to adjust the QC amount by January 15, 2022. The adjustment must be based on any change in the CPI-U from January 1, 2017, to December 31, 2021. After 2022, SEEC must adjust the amount every four years by January 15, basing the adjustment on the CPI-U change from January 1, 2017 through December 31 in the year before the election.
Adjustments to Aggregate QC Amounts. Beginning with primaries and elections held in 2018 for legislative and statewide office candidates, other than candidates for governor or lieutenant governor, the act requires SEEC to adjust the aggregate QC amounts, by January 15, 2018, based on CPI-U changes. As with the adjustments to the maximum QC amounts, SEEC must adjust the aggregate amounts every two years for legislative office candidates and every four years for statewide offices candidates, using the same methodology described above (i.e., using CPI-U changes from January 1, 2017).

Beginning in 2022, SEEC must adjust the aggregate QC amounts, by January 15, 2022, for candidates for governor and lieutenant governor. SEEC must adjust the amount every four years by January 15, basing the adjustment on the CPI-U change from January 1, 2017 through December 31 in the year before the election.

Grants for the 2018 Election Cycle

By law, SEEC must adjust CEP grant amounts for inflation before each regular election for statewide or legislative office candidates. SEEC last adjusted these amounts in 2014 and 2016, respectively. The act eliminates the requirement that SEEC adjust the CEP grants for the 2018 election cycle.

Grant Reduction Schedule

The act establishes a four-step grant reduction schedule under which candidate committees receive reduced grants, beginning 70 days before the election, the closer to the election that they submit their application. The schedule applies to general election grants for major, minor, and petitioning party candidates. (PA 17-4, JSS (§ 27) limits the grant reduction schedule to regular election grants.)

Table 15 below shows the act’s grant reduction schedule.

<table>
<thead>
<tr>
<th>Days Before Election When Application Received</th>
<th>% of Applicable Grant Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>70 through 57 days</td>
<td>75%</td>
</tr>
<tr>
<td>56 through 43 days</td>
<td>65%</td>
</tr>
<tr>
<td>42 through 29 days</td>
<td>55%</td>
</tr>
<tr>
<td>28 days through the last day that SEEC accepts applications</td>
<td>40%</td>
</tr>
</tbody>
</table>

*Applies to major, minor, and petitioning party candidates.

Table 15: Grant Reduction Schedule*

By law, for a general election, SEEC accepts grant applications starting on the third Wednesday in May in the election year (e.g., May 18, 2016), and every subsequent Wednesday, through the fourth to last Friday before the election (e.g., October 14, 2016) (CGS § 9-706(g)(1)).
§ 274 — SEEC

Revises SEEC’s process for reviewing complaints

By law, SEEC receives complaints from the secretary of the state, registrars of voters, town clerks, and individuals under oath about alleged election law violations. It investigates and holds hearings as it deems appropriate.

The act revises SEEC’s process for reviewing complaints before determining whether probable cause exists to believe that a violation occurred. It also requires SEEC to dismiss any complaint it receives on or after January 1, 2018, that it has not adjudicated within one year after receiving it.

Under existing law, unchanged by the act, if the commission makes a probable cause determination the case generally proceeds to a contested case hearing, which SEEC holds in accordance with the Uniform Administrative Procedure Act.

EFFECTIVE DATE: Upon passage

Preliminary Examination

Under the act, commission staff must conduct and complete a preliminary examination of a complaint within 14 days after receiving it. At that time, the act requires commission staff to do one of the following:

1. dismiss a complaint that fails to allege, with supporting evidence, a substantial violation of state election law;
2. attempt to speedily resolve a complaint about a de minimus violation by engaging the respondent in discussions; or
3. investigate and docket the complaint for a probable cause determination by the commission.

The act requires commission staff to provide a brief, written statement setting forth the reasons for any complaint dismissal. It also requires staff to docket a complaint for a probable cause determination by the commission for any complaint it is unable to resolve within 45 days after receipt.

Deadlines

For complaints received on or after January 1, 2018, the act requires SEEC to issue a final decision within one year after receipt or dismiss the complaint. Under the act, if any of the following actions delays the issuance of a final decision, the length of the delay is added to the one-year deadline:

1. commission or commission staff grants a respondent an extension or continuance before issuing the decision;
2. a subpoena is issued in connection with the complaint;
3. litigation in state or federal court is related to the complaint; or
4. consultation with the chief state’s attorney, attorney general, U.S. Department of Justice, or U.S. attorney for Connecticut.

Under existing law, unchanged by the act, if SEEC has not either issued a decision or made a probable cause determination by 60 days after receiving a written complaint, the complainant or respondent may apply to Hartford Superior
Court for an order to show cause why the commission has not acted and provide evidence that it has unreasonably delayed action. Complaints that the secretary of the state files must be disposed of more quickly.

§ 275 — POST-ELECTION AUDIT

Changes the formula SEEC must use to audit legislative candidate committees following a primary or election

The act changes the formula SEEC must use to audit legislative candidate committees following a primary or election. Under prior law, SEEC had to randomly select these candidate committees by lottery.

The act requires that the random lottery be weighted by taking into account the frequency with which a legislative district was audited during the last three regular elections for that office. The formula must increase or decrease the likelihood that a district will be selected for audit based on this frequency.

By law, SEEC must audit all statewide office candidate committees after a primary or election. It cannot audit more than 50% of legislative candidate committees and must notify those committees of the audit no later than May 31 of the year following the election.
EFFECTIVE DATE: Upon passage

§ 277 — TEACHERS’ RETIREMENT FUND ACTUARIAL ASSUMPTIONS STUDY

Requires the Teachers’ Retirement Board to (1) study the impact of potential changes in actuarial assumptions used in the Teachers’ Retirement Fund’s valuation and (2) report its findings and recommendations to the legislature

The act requires the Teachers’ Retirement Board, by June 30, 2018, to study the impact of potential changes in actuarial assumptions used in the Teachers’ Retirement Fund’s valuation, including the assumed annual investment rate of return and the period and methodology for amortizing unfunded liabilities on the following:
1. annual actuarially determined employer contributions,
2. funded and unfunded liabilities, and
3. funding ratio estimated over a period of at least 30 years.

By December 1, 2018, the act requires the board to submit a summary of the study’s results and any recommendations for changes to the actuarial assumptions to the Appropriations and Education committees.
EFFECTIVE DATE: Upon passage

§§ 278-319 & 732 — STATE DEPARTMENT ON AGING CONSOLIDATION

Consolidates the state Department on Aging (SDA) within the Department of Social Services (DSS); transfers the Long-Term Care Ombudsman Program from SDA to OPM

The act consolidates the State Department on Aging (SDA) within DSS and authorizes the governor, with the Finance Advisory Committee’s approval, to
transfer funds between the departments in FY 18. Additionally, the act transfers to DSS all SDA functions, powers, duties, and personnel. Specifically, it transfers to DSS authority over the following functions, among others:

1. serving as the designated “state unit on aging” under the federal Older Americans Act (OAA) and administering related programs;
2. allocating OAA funding to the state’s five area agencies on aging;
3. overseeing municipal agents for the elderly;
4. awarding state grants for elderly community services and programs and using up to 5% of funds appropriated for these grants for related administrative expenses;
5. establishing and overseeing a fall prevention program, within available appropriations;
6. operating the CHOICES Medicare counseling, Statewide Respite, Community Choices, and elderly nutrition programs;
7. establishing an outreach program to educate consumers on long-term care, including financing, asset protection, and insurance; and
8. providing information to help people choose appropriate long-term care insurance.

Under the act, SDA orders and regulations continue in force as DSS orders and regulations until amended, repealed, or superseded.

Additionally, the act transfers the Long-Term Care Ombudsman Office from SDA to OPM.

EFFECTIVE DATE: Upon passage

§ 320 — PAYMENTS FOR RETIRED TEACHERS HEALTH INSURANCE

Authorizes a reduction in state payments for FYs 18 and 19 to the Teachers’ Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education

The act authorizes a reduction, for FYs 18 and 19, in state payments to the Teachers’ Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education.

The act supersedes the law that requires the state to pay one-third of the premium for the basic TRB health plan for retired teachers enrolled in Medicare Parts A and B and instead requires the state to pay only the amount appropriated for FYs 18 and 19. Also, it supersedes the law that requires the state to pay one-third of the subsidy to local boards of education that provide retiree health insurance to those who are not enrolled in Medicare Parts A and B and instead requires the state to pay only the amount appropriated for FYs 18 and 19.

Under the superseded law, the annual premiums for the basic TRB health plan are split equally among the General Fund, the retired teacher, and the retired teachers’ health insurance premium account (CGS § 10-183t). As for the plans offered by local boards of education, the superseded law requires the TRB to provide a subsidy to local school boards to offset retired teachers’ local plan premiums (for the subsidy, one-third comes from the General Fund and the rest is paid by the retired teachers’ health insurance premium account (CGS § 10-183t).
The act requires the retired teachers’ health insurance premium account to make up the difference for both of these health plans for FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§§ 321-323 – DELINQUENCY COMMITMENTS AND JUVENILE JUSTICE SERVICES

Starting July 1, 2018, prohibits courts from committing children adjudicated delinquent to DCF; establishes transition period during which the Judicial Branch may place such a child in DCF congregate care or order DCF services; allows court-ordered facility placement for delinquent child probationary sentences; and requires the Judicial Branch to expand its juvenile justice services

Delinquency Commitments

By law, when a child is convicted as delinquent, the juvenile court may take certain actions, such as placing the child on probation. Starting July 1, 2018, the act prohibits the court from committing a child to DCF as a result of such a conviction.

But the act establishes a transitional period, from July 1, 2018 to January 1, 2019, during which the Judicial Branch may place a child convicted as delinquent in a DCF-operated congregate care setting or order the child to receive community-based DCF services. The Judicial Branch may do so only if DCF operated the setting or provided the services to delinquent children before July 1, 2018. The act requires the agencies to enter into an agreement that allows the Judicial Branch to use the settings and services and requires it to pay DCF for their use.

The act defines a child as a person who is (1) under age 18 or (2) over age 18 and allegedly committed a delinquent act while under age 18.

Probationary Sentences

When sentencing a delinquent child to probation, the act allows the juvenile court to order a period of placement in a secure, limited secure, or nonsecure residential facility. Existing law already allows the court to include certain orders and conditions on these probationary sentences, such as community service or drug testing.

Expanded Juvenile Justice Services

The act requires the Judicial Branch to expand its contracted juvenile justice services to include a comprehensive system of graduated responses with an array of services, sanctions, and secure placements available for the court, juvenile probation officers, and other Court Support Services Division (CSSD) staff. Services must be used to provide individualized supervision, care, accountability, and treatment to any child convicted as delinquent.

Under the act, the court, probation officers, and CSSD staff must apply the services and sanctions and make the placements in a manner that ensures public safety and deters future delinquency.

EFFECTIVE DATE: Upon passage
§ 324 — TWEED-NEW HAVEN AIRPORT

Earmarks funds in FYs 18 and 19 to operate Tweed-New Haven Airport

The act earmarks $1.5 million from the Connecticut Airport and Aviation account (see § 672) in each of FYs 18 and 19 for Tweed-New Haven Airport operations.

EFFECTIVE DATE: Upon passage

§§ 325-331 — PASSPORT TO THE PARKS

Establishes a fee on motor vehicle registrations to support a new passport to the parks account, which must be used for (1) operating state parks and campgrounds; (2) funding soil and water conservation districts and environmental review teams; and (3) beginning with FY 19, paying the expenses of the Council on Environmental Quality; exempts Connecticut motor vehicles from parking fees at state parks, forests, and recreational facilities

The act establishes a supplemental, nonrefundable “passport to the parks fee” on new and renewal motor vehicle registrations. The fee is (1) $10 for a biennial registration or (2) $5 per year for an individual age 65 or over who chooses to renew his or her registration annually. The act requires the motor vehicles commissioner to collect the fee from the individual registering the vehicle. The fee, which must be identified on registration forms, applies to the following registration types: passenger, motorcycle, motor home, combination, and antique.

Beginning January 1, 2018, the act exempts individuals with a valid Connecticut motor vehicle license plate from paying a parking fee at any state park, forest, or recreational facility. It requires the energy and environmental protection commissioner to establish fees for and sell annual, nontransferable parking passes to nonresidents for parking throughout the calendar year at state parks, forests, boat launches, or other state recreational facilities. Under existing law, parking fees for nonresidents cannot be more than 150% of the fees charged as of April 1, 2009.

Under the act, collected passport to the parks fees must be deposited in the passport to the parks account, which the act establishes as a separate, nonlapsing General Fund account. The account must be used for the care, maintenance, operation, and improvement of state parks and campgrounds; funding soil and water conservation districts and environmental review teams; and, beginning with FY 19, paying the expenses of the Council on Environmental Quality. Money in the account may only be spent pursuant to a legislative appropriation. The account must contain all money required by law to be deposited in it and may also receive funds from private or public sources. It must contain subaccounts for funds collected from state park property for any special event of limited duration (e.g., weddings and receptions) attributable to the state park from which the funds are collected.

The act also requires certain revenue to be deposited to the passport to the parks account instead of any other fund or account as under prior law. Specifically, the act shifts to the passport to the parks account the revenue derived from the following:
1. parking, admission, boat launching, and other uses of state parks, forests, boat launches, and other state recreational facilities;
2. providing services at state parks, forests, and facilities;
3. entering into contracts with concession operators;
4. operating state parks;
5. leasing camping sites and buildings on state parks; and
6. renting state property for any special event of limited duration.

Lastly, the act makes various minor, technical, and conforming changes. For example, it specifies that the federal Clean Air Act fee required by law is nonrefundable.

**EFFECTIVE DATE:** January 1, 2018

§ 332 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE COLLECTIVE BARGAINING AGREEMENTS

Requires the legislature to affirmatively vote in order to approve state employee collective bargaining agreements and arbitration awards; establishes caps on the time allowed to debate approval; revises the process that occurs after the legislature rejects an agreement or award

**Legislative Approval Process**

The act requires the legislature to affirmatively vote in order to approve state employee collective bargaining agreements and arbitration awards. Under prior law, such agreements and awards were automatically deemed approved if the legislature failed to vote to approve or reject them within 30 days after they were filed or submitted to the legislature. Under the act, they will instead be deemed rejected if the legislature fails to approve or reject them within the same timeframe.

The act also imposes limits on the time allowed to debate a resolution to approve or reject an agreement or award, depending on when the debate occurs. If the debate occurs during the first 27 days of the 30-day deadline, each chamber may allow no more than six total hours of debate, with those in favor and those opposed each allocated up to three hours to speak. If the debate occurs during the last three days of the 30-day deadline, each chamber may allow up to four total hours of debate, with those in favor and those opposed each allocated up to two hours to speak. A vote must be taken at the end of the debate.

**Revised Process for Rejected Agreements and Awards**

The act revises the process that occurs after the legislature rejects an arbitration award or collective bargaining agreement. Under prior law, when an award or agreement was rejected the matter was returned to the parties for further negotiating. The act instead establishes separate processes for rejected awards and agreements. Rejected arbitration awards must return to arbitration with the award from this subsequent arbitration automatically deemed approved by the legislature. Rejected collective bargaining agreements must go to arbitration under the state employee arbitration law and the subsequent arbitration award must be submitted to the legislature for approval. If the legislature rejects this award, the matter must return for further arbitration and the subsequent award
from the further arbitration is automatically deemed approved by the legislature.

**EFFECTIVE DATE:** Upon passage

§ 333 — **FISCAL ACCOUNTABILITY REPORTS**

*Exempts OPM and OFA from submitting annual fiscal accountability reports in November 2017*

Existing law requires (1) the OPM secretary and the director of OFA to each submit annual fiscal accountability reports to the legislature’s fiscal committees in November and (2) the Appropriations and Finance, Revenue and Bonding committees to meet to consider these reports by November 30 each year (CGS § 2-36b). For 2017, the act exempts (1) OPM and OFA from submitting their annual fiscal accountability reports and (2) the committees from meeting to consider them.

**EFFECTIVE DATE:** Upon passage

§§ 334-348 — **CRUMBLING CONCRETE FOUNDATIONS**

*Creates a framework to assist homeowners with crumbling concrete foundations*

The act provides a framework to assist owners of residential buildings (i.e., one- to four-family dwellings, including condominium and planned development units) with concrete foundations damaged by the presence of pyrrhotite (“crumbling concrete foundations”). Among other things, the act:

1. creates a captive insurance company to distribute grants and organize assistance programs, and authorizes the State Bond Commission to issue bonds of up to $20 million per year for five years (see § 553) to capitalize and fund the captive’s activities;
2. creates a Collapsing Foundations Credit Enhancement Program (CFCEP) to help homeowners obtain additional funding necessary to replace or repair crumbling concrete foundations;
3. allows taxpayers to reduce their Connecticut adjusted gross income by the amount of certain financial assistance received to repair or replace crumbling concrete foundations;
4. waives certain building permit fees for repairing or replacing crumbling concrete foundations;
5. allows an insured to sue his or her homeowners insurer for up to one year after the insurer denies a claim for coverage of a crumbling concrete foundation; and
6. prohibits, unless certain standards are adopted, using recycled material containing pyrrhotite to produce structural concrete for residential or commercial construction.

**EFFECTIVE DATE:** Upon passage

*Captive Insurance Company (§ 336)*

The act requires five “incorporators” (see below) to establish a not-for-profit captive insurance company (“captive”) for the public purpose of providing assistance to owners of residential buildings with crumbling concrete foundations.
Under the act, such assistance is intended to provide owners with structurally sound concrete foundations by arranging and approving a financial aid package that achieves full repair or replacement of a crumbling foundation with the lowest amount of borrowed funds.

The act sunsets the captive on June 30, 2022, or earlier if its existence is terminated by law, and vests all of its rights and properties to the state at that time.

Financial Assistance. The captive must:

1. provide financial assistance to owners of residential buildings with crumbling concrete foundations, including financial reimbursement to owners that repaired or replaced a foundation prior to the act’s effective date;
2. ensure that the financial assistance is used solely to repair or replace crumbling concrete foundations; and
3. help owners obtain additional financing if needed to fully repair or replace a crumbling concrete foundation.

The captive must also:

1. develop, in coordination with the DOH, Connecticut Housing Finance Authority (CHFA), and participating CFCEP lenders, a single, unified financial assistance application for owners of residential buildings to apply for all financial assistance available for crumbling concrete foundations under the act;
2. develop financial assistance eligibility requirements and underwriting guidelines and publish them on the captive’s website at least 30 days before their adoption, amendment, or modification;
3. (a) require owners to disclose any amount they receive under a homeowner’s insurance policy for crumbling concrete foundations and (b) consider this amount when determining how much financial assistance to offer homeowners; and
4. approve eligible contractors and vendors and disburse funds to them on behalf of claimants for repairing or replacing foundations.

The captive must issue a decision on a homeowner’s application for assistance in writing and include any information it relied upon in reaching its decision, including the relevant eligibility and underwriting criteria. A homeowner may request a review of the decision within 30 days. A final determination must be made within 30 days of receiving the homeowner’s request for a review unless he or she agrees to an extension. Final determinations are subject to the board of directors’ approval, and homeowners have no right to appeal.

Operations. The captive must also:

1. enter into agreements, as necessary, with CHFA or lenders participating in the CFCEP to develop additional financial products or loan programs that have terms and conditions more favorable than those available on the open market and
2. apply for any federal funds available to owners of residential buildings and condominiums with crumbling concrete foundations. (Any money received must, to the extent possible by federal law, be deposited into the Crumbling Foundations Assistance Fund.)
The act authorizes the captive to do all things necessary and desirable to accomplish its purposes, including hiring employees and contracting for administrative and operational services. It prohibits the captive from using more than 10% of funding allocated or available to it in a given calendar year for administrative or operation costs. Captive employees and agents are not state employees, but the act subjects the captive’s employees, directors, agents, consultants, and contractors to certain state ethics provisions (e.g., conflict of interest) and grants the Office of State Ethics the authority to enforce these provisions.

_Incorporation and Organization._ The act requires five incorporators, one appointed by each of the four legislative leaders (the House speaker and minority leader and the Senate president pro tempore and Republican president pro tempore) and one by the governor, to incorporate the captive.

The four legislative leaders must also each appoint a General Assembly member as a nonvoting, ex-officio member of an organizing committee. The incorporators may appoint others to the organizing committee at their discretion. Presumably, the organizing committee assists the incorporators in establishing the captive.

Under the act, if the legislative leaders do not make their appointments within thirty days after the act’s effective date, the governor must do so.

The captive must establish a volunteer board of directors that includes a real estate agent or broker; two owners of residential buildings with crumbling concrete foundations; the chief executive, or his or her designee, of a municipality with residential buildings with crumbling concrete foundations; an experienced, registered investment advisor; the executive directors of the Capitol Region Council of Governments and the Eastern Region Council of Governments, or their designees; and insurance and banking industry representatives who do not have professional relationships with any bank or insurance company that has a financial interest in buildings receiving assistance covered by the act.

The four legislative leaders must also each appoint a member of the General Assembly as a nonvoting, ex-officio member of the board of directors.

_Reporting and Disclosure Requirements._ The captive must, upon request of the Planning and Development, Public Safety, and Housing committees or the governor, make recommendations to improve the captive’s efficiency and operation and expand eligibility for financial assistance.

It must also, in addition to any reports required of nonprofits by the IRS, submit quarterly reports to the Insurance and Real Estate; Finance, Revenue and Bonding; Planning and Development; Housing; and Public Safety committees. The reports must include information about:

1. any funding allocated or made available to the captive;
2. the total amount of financial assistance provided, by town and in aggregate;
3. the total number of assistance applications received and granted for the quarter, by town and in aggregate;
4. the total number of pending applications, including the amounts of the claims, by town and in aggregate;
5. the average application processing time; and
6. the captive’s administrative and operational expenses.

These committees must also, at least annually, hold a joint public hearing on the captive’s operation and financial condition.

*Licensure.* The act subjects the captive to existing laws regulating captive insurance companies but exempts it from having to pay a license fee in its first year or a renewal fee thereafter.

*Crumbling Foundations Assistance Fund (§ 335)*

The act establishes the Crumbling Foundations Assistance Fund as a separate, nonlapsing General Fund account. The account contains donations and any money required by law to be deposited into it. Money in the account must be (1) used to incorporate the act’s captive insurance company and (2) transferred to the captive upon its licensure.

Under the act, donations to the fund are for helping homeowners repair or replace crumbling concrete foundations and to minimize such homes’ negative municipal impact. Donations cannot be further restricted by the donor or used by the captive for any other purpose. The act (1) prohibits the captive from returning any contributions and (2) requires it to keep bond proceeds separate from all other funds in the account.

*Department of Housing Requirements.* The act allows DOH to apply for, receive, and administer any federal funds intended to assist owners of residential buildings with crumbling concrete foundations, including any funds available by the federal Department of Housing and Urban Development Section 108 Loan Guarantee program. All funds received in this way must be deposited into the Crumbling Foundations Assistance Fund.

*Collapsing Foundations Credit Enhancements Program (§ 337)*

The act creates the CFCEP, administered by CHFA, to assist eligible borrowers (i.e., residential building owners) with obtaining funding necessary to replace or repair crumbling concrete foundations. The program must make one or more financial products or credit enhancements available, including loan guarantees that may enable participating lenders to make qualifying loans with loan-to-value ratios in excess of regulatory standards.

Participating lenders must offer qualifying loans with interest rates at least 0.5% below the interest rate otherwise available to the borrower based on his or her creditworthiness.

Under the act, a “participating lender” is a depository bank or credit union participating in the program. A “qualifying loan” is any loan provided to an eligible borrower to repair or replace a crumbling concrete foundation that (1) is issued by a participating lender and subject to the lender’s underwriting standards, (2) carries an interest rate in accordance with the act (see above), and (3) is made subject to the program.

The act requires CHFA to (1) seek banks’ and credit unions’ participation in the CFCEP and (2) develop, in consultation with the lieutenant governor and representatives from the banking and credit union industries, the program’s terms,
conditions, and standards at least 30 days before the program or any phase of it is available to borrowers. The terms, conditions, and standards must identify the:

1. inspection or testing needed to verify a borrower’s foundation is crumbling due to pyrrhotite and
2. terms and conditions of any financial product or credit enhancement available under the program, taking into account the funding necessary to support them.

The program may be launched in phases and must allow a participating lender to make a qualifying loan with or without using any other financial products or credit enhancements developed under the program.

The act requires CHFA to publish on its website a plain language summary of the program and borrower eligibility requirements at least 15 days before the program, or any phase of it, is made available to property owners.

**Pyrrhotite Standards and Prohibition on Using Recycled Pyrrhotite (§§ 338 & 346)**

Under the act, if the State Building Inspector adopts a standard established by the Federal Army Corps of Engineers, National Institute of Standards and Technology, ASTM International, or other nationally recognized standards bureau for the presence of pyrrhotite in concrete intended for use in residential building foundations, then any person selling or offering such concrete must provide a purchaser or potential purchaser with written notice that the concrete complies with such standard.

The act prohibits anyone from using any part of recycled material known to contain pyrrhotite to produce structural concrete for residential or commercial construction unless such reuse meets the standards above. Under the act, a violation of this prohibition is an unfair or deceptive act or practice.

**Building Permit Fee Waivers (§ 339)**

The act requires municipalities to waive the application and education fees for building permit applications to repair or replace crumbling concrete foundations. This waiver requirement applies regardless of conflicting municipal charters, home rule ordinances, or special acts.

(By law, the state-required education fee is used for building and fire code training and education programs for state and local officials and individuals in the construction industry (CGS § 29-251c).)

**Residential Disclosure Report (§ 340)**

The act requires the DCP commissioner to include the following in the residential property condition disclosure report:

1. a recommendation that the prospective purchaser have any concrete foundation inspected by a state licensed structural engineer for deterioration and the presence of pyrrhotite,
2. a question on whether the seller knows of any testing or inspection related to the property’s foundation, and
3. a question on whether the seller knows of any repairs related to the
property’s foundation.

Generally, individuals offering a one- to four-family residential property for sale, exchange, or lease with the option to buy must provide the prospective purchaser with a residential property condition disclosure report. The DCP commissioner prescribes the report’s form. Existing law requires the report to recommend that the prospective purchaser have the property inspected by a licensed home inspector. And under existing regulations, sellers must disclose in the report any known foundation, slab, or settling problems (Conn. Agencies Regs. § 20-327b-1).

**Contractual Limitations Period for Personal Risk Insurance Policies (§ 341)**

The act requires personal risk insurance policies and certain condominium master and property insurance policies to allow suit against the insurer for up to one year after the date the insured receives a written denial for all or any part of a claim under a property coverage provision for a crumbling concrete foundation. The requirement applies to policies issued, renewed, or in effect on or after the act’s effective date. Under existing law, a person who wants to sue a homeowners insurer over a claim denial has 24 months from the inception of loss to file suit (CGS § 38a-307).

Under the act, “personal risk insurance” means homeowners, tenants, mobile home, and other property and casualty insurance for personal, family, or household needs, but not workers’ compensation and automobile insurance.

**Personal Income Tax Deductions (§ 342)**

The act allows taxpayers, beginning in the 2017 tax year, to reduce their Connecticut adjusted gross income by the amount of any financial assistance received from the Crumbling Foundations Assistance Fund or paid to, or on behalf of, an owner of a residential building under the act’s CFCEP or municipal joint borrowing provisions. The deduction applies to the extent that the financial assistance was properly included in the taxpayer’s federal gross income.

**Municipal Joint Borrowing (§ 343)**

The act specifies that two or more municipalities may, with the approval of their legislative bodies and subject to the Connecticut Health and Educational Facilities Authority statutes, jointly borrow funds from any source to pay for all or part of any project jointly entered into to abate a deleterious condition caused by a crumbling concrete foundation that, if left unabated, would collapse and damage the municipalities’ housing stock and economies.

The act also authorizes any such municipalities who jointly borrow to enter into an agreement with the captive or any participating lender in the CFCEP to, jointly or otherwise, provide financial assistance to owners of residential buildings with crumbling concrete foundations.
Municipal Bonding Authority (§ 344)

The act specifically authorizes municipalities to issue bonds, notes, or other obligations to fund all or part of a project undertaken to abate an actual or potential deleterious condition due to a crumbling concrete foundation that, if left unabated, would collapse and damage the municipality’s housing stock and economy.

Municipalities issuing bonds under this provision must do so in conformity with the municipal bonding statutes (CGS § 7-369 et seq.). Among other things, these provisions require that bonds mature within 20 years of the initial issuance.

For purposes of this authorization, a “municipality” is any town; city; borough; consolidated town and city; consolidated town and borough; metropolitan district; special taxing district; or municipal corporation with the power to levy taxes and issue bonds, notes, or other obligations.

Quarry Quality Control Working Group (§ 345)

The act establishes an eight-member working group to develop a model quality control plan for quarries and to study the workforce of contractors engaged in repairing and replacing crumbling concrete foundations. The working group must submit its plan to the General Law Committee on or before December 31, 2018, at which point the group terminates.

The working group consists of the following members:
1. two appointed by the House speaker, one with expertise in residential home building and one with expertise in the construction industry;
2. two appointed by the Senate president pro tempore, one of whom must be a Capitol Region Council of Governments member;
3. one each appointed by the House majority and minority leaders; and
4. one each appointed by the Senate majority and minority leaders.

The act specifies that working group appointees may be legislators. It requires appointments to be made within 30 days after the act’s effective date and any vacancies to be filled by the appointing authority.

The working group’s chairpersons must be selected by the House speaker and the Senate president pro tempore and schedule the first meeting within 60 days after the act’s effective date.

The act requires the General Law Committee’s administrative staff to also serve as the working group’s administrative staff.

Homeowner Advocate (§ 347)

The act establishes a special homeowner advocate within DOH responsible for:
1. coordinating state efforts to assist homeowners with crumbling concrete foundations;
2. working with the federal government on federal support for such homeowners;
3. advising and assisting such homeowners in making claims for financial assistance from the captive insurance company and accessing any other
available assistance or support;
4. referring eligible homeowners to any entities providing support or assistance;
5. helping to resolve complaints against the captive; and
6. reporting, at least annually, to the Insurance and Real Estate; Finance, Revenue, and Bonding; Planning and Development; Housing; and Public Safety committees on these complaints and testifying at any associated hearings held by these committees.

Contractor Training Program (§ 348)

The act requires the consumer protection commissioner, in consultation with the labor commissioner and within available appropriations, to establish a training program for contractors repairing or replacing crumbling concrete foundations.

§§ 349-376 — MUNICIPAL ACCOUNTABILITY REVIEW BOARD

Establishes a process through which financially distressed municipalities may issue deficit financing bonds and obtain state financial assistance if they submit to state fiscal oversight by the Municipal Accountability Review Board, also established by the act

The act provides a process through which financially distressed municipalities may issue deficit financing bonds and obtain state financial assistance if they agree to state fiscal oversight and control. The process classifies municipalities based on financial distress criteria and assigns them to one of four tiers, each subjecting a municipality to an increasingly higher degree of state fiscal oversight and control.

The act establishes an 11-member Municipal Accountability Review Board (MARB) to provide this oversight and control. For municipalities that receive the most distressed designation, tier IV, the MARB (1) assumes control of the town budget, (2) may reject proposed collective bargaining agreements, and (3) may impose binding arbitration on parties negotiating employee contracts. The board consists of state officials and members with municipal government, labor, and business expertise appointed by the governor or legislative leaders.

The act’s four-tier designation process is an alternative to the existing two-tier certification process, which allows certified municipalities to issue deficit financing bonds if they agree to state fiscal oversight and control by the Municipal Finance Advisory Commission (MFAC), a state body authorized to oversee the finances and administration of financially distressed municipalities (see background).

EFFECTIVE DATE: Upon passage

Certified and Designated Municipalities

The act adds an alternative to the existing process through which financially distressed municipalities can use certain deficit-financing methods to secure their bonds.

Certified Municipalities. Under the existing process, a municipality may access these methods based on statutory criteria that classifies municipalities into
two tiers, which the act labels certified tier I and certified tier II, with each tier subjecting a municipality’s finances to MFAC’s oversight.

Table 16 shows the certification criteria, which reflect a municipality’s bond rating.

**Table 16: Criteria for Certified Tier I and Tier II Municipalities**

<table>
<thead>
<tr>
<th>Certified Tier I</th>
<th>Certified Tier II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has a long-term investment grade or higher bond rating</td>
<td>Has a long-term investment grade or higher bond rating</td>
</tr>
<tr>
<td>Unable to obtain bond insurance on reasonable terms and conditions</td>
<td>Unable to obtain bond insurance on reasonable terms and conditions</td>
</tr>
<tr>
<td>Meets other Office of Policy and Management (OPM) standards</td>
<td>Has not issued a deficit obligation within the last five years</td>
</tr>
<tr>
<td></td>
<td>Has no outstanding deficit obligations</td>
</tr>
<tr>
<td></td>
<td>Meets other standards established by OPM</td>
</tr>
</tbody>
</table>

The act eliminates the requirement that the OPM secretary establish other standards for tier I and II certification in regulations and instead requires him to do so only in writing and post the standards on OPM’s website (§ 362).

By law, certified tier II municipalities are subject to more state fiscal oversight and control than certified tier I municipalities. The MFAC exercises the oversight and control.

**Designated Municipalities.** The act’s alternative process allows municipalities to request classification as a designated tier I, II, III, or IV municipality based on criteria the act establishes. Designated tier I municipalities, like certified tier I and certified tier II municipalities, are subject to oversight by MFAC. Designated tier II, III, and IV municipalities are subject to increasingly greater degrees of state fiscal oversight and control as exercised by MARB.

The increase in state oversight and control corresponds to a municipality’s overall fiscal condition, as reflected in the designation criteria. The criteria include the capacity to issue bonds based on standard industry ratings, the degree to which a municipality depends on state aid to fund its budget (i.e., state aid as a percentage of total revenue), the ability to operate efficiently and generate fund balances, percentage of year to year revenue increases, and equalized mill rate.

As explained below, municipalities initiate the process by requesting the OPM secretary to assess their fiscal condition and assign a designation based on the act’s criteria. But the act also specifies other criteria under which the secretary must assign a municipality a specified tier designation. For example, he must designate any municipality that issues a bond to finance a general fund deficit as tier III municipality.
Designated Tier I Municipalities (§ 360)

Designation Criteria. Under the act, a municipality’s chief elected official (CEO) may apply to the secretary to have the municipality designated as a tier I municipality if it meets one of the three sets of criteria for each measure shown in Table 16.

Table 16: Tier I Designation Criteria

<table>
<thead>
<tr>
<th>Measures</th>
<th>Set 1</th>
<th>Set 2</th>
<th>Set 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond rating</td>
<td>No rating or its highest rating is A or above, as long as all of its ratings are investment grade</td>
<td>No rating or its highest rating is A, as long as all of its ratings are investment grade</td>
<td>Bond rating is AA or above, as long as all of its ratings are investment grade</td>
</tr>
<tr>
<td>State municipal aid as percentage of current year general fund budget</td>
<td>Less than 30%</td>
<td>Less than 30%</td>
<td>30% or more of current year general fund</td>
</tr>
<tr>
<td>Fund balance</td>
<td>Positive</td>
<td>Positive fund balance of less than 5%</td>
<td>Positive</td>
</tr>
<tr>
<td>FY 18 municipal revenue increase as a percentage of revenue</td>
<td>At least 2%</td>
<td>Not applicable</td>
<td>At least 2%</td>
</tr>
<tr>
<td>Equalized mill rate</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Equalized mill rate less than 30 mills</td>
</tr>
</tbody>
</table>

Besides “bonding capacity,” the criteria include the following budgetary and taxing terms:

1. “State municipal aid” is the funding a municipality receives from the state that is used to fund its municipal general fund and education budgets. It includes grants, formula grants, payments in lieu of taxes, reimbursements, payments, and other funding.

2. “Fund balance” refers to whether a municipality’s general fund is in the black at the end of the fiscal year, as reflected in the municipality’s most recent audited statements that were prepared according to generally accepted accounting principles. The balance is the amount by which the fund’s assets and deferred outflows exceed its liabilities and deferred inflows. (Deferred inflows and outflows refer to revenues and expenses, respectively, that have been incurred or received, but not yet recognized as such.)

3. “Fund balance percentage” is the ratio of a municipality’s year end general fund balance to the total of general fund revenues and operating transfers.
to the fund for that fiscal year.

4. “Municipal revenue increase” measures the extent to which municipal revenue grew between FY 17 and FY 18 as a share of a municipality’s total FY 16 general fund revenues and operating transfers to the fund.

5. “Equalized mill rate” is the tax rate derived by dividing a municipality’s most recent grand levy by the municipality’s equalized net grand list.

State Oversight and Control. The OPM secretary must refer any municipality that requests a tier I designation to the MFAC, and the municipality must prepare and present a three-year financial plan to the commission for its review and approval.

The act also places the municipality on the same footing as those the secretary refers to the commission under existing law. Thus, among other things, the commission can make recommendations to improve the municipality’s financial conditions, and the municipality’s chief executive officer must submit a report on the status of those recommendations or any other remedial measures to improve those conditions (CGS § 7-394b).

If the chief executive officer fails to provide information or submit the report within 30 days, the MFAC may impose a civil penalty of between $1,000 and $10,000 on the municipality. Upon the chief executive officer’s request, the OPM secretary may waive some or all of the penalty if he determines the chief executive official had reasonable cause not to comply with the commission’s request (CGS § 7-394b).

Designated Tier II Municipalities (§§ 363 & 370)

Designation Criteria. Under the act, a municipality’s CEO may apply to the OPM secretary to have the municipality designated as a tier II municipality if it meets one of the five sets of criteria for each measure shown in Table 17.

Table 17: Tier II Designation Criteria

<table>
<thead>
<tr>
<th>Measures</th>
<th>Set 1</th>
<th>Set 2</th>
<th>Set 3</th>
<th>Set 4</th>
<th>Set 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Rating</td>
<td>No rating from a bond rating agency or its highest rating is A, as long as all of its ratings are investment grade</td>
<td>No rating from a bond rating agency or its highest rating is A, as long as all of its ratings are investment grade</td>
<td>Highest bond rating is AA or higher, as long as all of its ratings are investment grade</td>
<td>Highest bond rating is AA or higher, as long as all of its ratings are investment grade</td>
<td>Highest rating is Baa or BBB, as long as all of its ratings are investment grade</td>
</tr>
<tr>
<td>State aid as percent of prior or current fiscal year general fund budget</td>
<td>30% or more</td>
<td>30% or more</td>
<td>30% or more</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Fund balance</td>
<td>Positive</td>
<td>Positive</td>
<td>Not</td>
<td>Negative</td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>Fund balance of at least 5%</td>
<td>Fund balance of less than 5%</td>
<td>Applicable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----------------------------</td>
<td>------------------------------</td>
<td>------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 18 municipal revenue increase as a percentage of revenue</td>
<td>At least 2%</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>Equalized mill rate</td>
<td>Less than 30 mills</td>
<td>Less than 30 mills</td>
<td>30 or more mills</td>
<td>Not applicable</td>
<td>Less than 30 mills</td>
</tr>
</tbody>
</table>

State Oversight and Control. The act requires the OPM secretary to refer any municipality that requests a tier II designation to MARB. And it gives MARB the same authority and responsibilities with respect to these municipalities that the law gives MFAC with respect to certified tier II municipalities. That authority includes the power to require designated tier II municipalities to prepare three-year financial plans and monthly financial reports and submit them to MARB for its review and approval in the manner its specifies.

The tier II designation also imposes certain conditions and restraints on the municipality’s fiscal practices. In preparing and adopting its budget, the municipality must include only MARB-approved assumptions about state and property tax revenue. MARB must approve or disapprove all of a tier II municipality’s debt obligations and approve them only if they improve the municipality’s financial condition.

If the municipality applies for and receives funding from the Municipal Restructuring Fund described below, it must submit its annual budget to MARB for approval (§ 370).

Designated Tier III Municipalities (§ 366)

The act specifies two avenues through which a municipality may be designated as tier III: (1) the municipality requests designation by the OPM secretary, which he must grant if it meets the act’s distress criteria, or (2) the secretary designates it as tier III based on its bonding capacity regardless of whether it requested the designation.

Municipal Request. The act allows a municipality’s CEO or legislative body, by majority vote, to apply to the OPM secretary to designate the municipality as a tier III municipality if it meets one of the following criteria:

1. the municipality has at least one bond rating from a bond rating agency that is below investment grade or
2. the municipality has no bond rating from a bond rating agency or its highest bond rating is A, Baa, or BBB, as long as all of its ratings are investment grade, and it has either (A) a negative fund balance percentage or (B) an equalized mill rate of 30 or more and it receives 30% or more of its current or prior fiscal year general fund budget revenues in state municipal aid.
The municipality’s CEO may submit the application for tier III designation only after notifying the legislative body that he or she intends to do so and giving it the time the act requires to approve or reject the CEO’s request. Under the act, the legislative body has up to 30 days from the day it received the CEO’s notice to act. If the legislative body neither approves nor disapproves the CEO’s decision within the 30-day period, it is deemed to have approved the decision.

The OPM secretary must designate a municipality as tier III if it meets the above designation criteria and he finds that its fiscal condition warrants a tier III designation, based on MFAC’s reports and findings.

**OPM Designation.** Beginning July 1, 2018, the act requires the OPM secretary to designate any municipality as tier III, regardless of whether it applied for such designation, if it issues:

1. a deficit funding bond or has issued one since July 1, 2012, or
2. refunding bonds with over 25-year terms that fail to achieve net present value savings as the law requires (CGS § 7-370c, as amended by PA 17-147) and its total annual debt obligations, including the refunding bonds, exceed the obligations for the refunding bonds for the first full year after they were issued.

The act also creates an exception to the above criteria, applicable before July 1, 2018, that allows a town with a population of 120,000 or more and a bond rating of Caa1 or less to be designated.

**State Oversight and Control.** The OPM secretary must refer any municipality designated as tier III to MARB, whose oversight authorities and responsibilities with respect to designated tier III municipalities are described below.

**Designated Tier IV Municipalities (§ 368)**

While the option to request a tier I-III designation is available to all municipalities that meet the statutory financial distress criteria, the option to designate a municipality as tier IV is limited to designated tier III municipalities and signals a worsening of their financial condition. A designated tier III municipality may request a tier IV designation or MARB may, after April 1, 2018, recommend such designation based on the act’s criteria. The tier IV designation subjects the municipality to more MARB fiscal oversight and control, including requiring MARB’s approval for any municipal budget or tax levy.

**Municipality Requested Tier IV Designation.** A designated tier III municipality’s CEO or legislative body may, by majority vote, apply to the OPM secretary to designate the municipality as a tier IV municipality. As with designated tier III municipalities, the CEO may submit the application only after notifying the legislative body that he or she intends to do so, and it must have up to 30 days from the notice to act. If the legislative body neither approves nor disapproves the CEO’s decision after the 30 days, it is deemed to have approved the decision.

The secretary may approve the request if he determines that (1) the designation is necessary to ensure the municipality’s fiscal sustainability and (2) it is in the state’s best interest.

**MARB Recommended Designation.** The act allows the MARB, on its own
initiative, to recommend changing the designation of a tier III municipality to tier IV. It allows MARB to do so based on an evaluation of the municipality’s:

1. reserve fund balance;
2. short- and long-term liabilities, including the municipality’s ability to meet statutorily, judicially, or contractually mandated minimum funding levels;
3. initial budgeted revenues for the previous five years compared to the actual revenue for those years;
4. budget projections for the three subsequent fiscal years;
5. economic outlook; and
6. access to capital markets.

To decide whether the municipality’s fiscal condition warrants a tier IV designation, the act expands MARB’s 11-member board (see below) to include the municipality’s CEO, treasurer, and a legislative body member selected by that body, but it prohibits the treasurer from voting on whether to change the designation to tier IV.

MARB must submit its findings and recommendation to the OPM secretary, who must notify the public and give it 30 days to comment. (The act does not indicate how the public comment notice must be implemented.) After the 30-day comment period, the secretary must submit MARB’s findings and recommendations, along with a report on the public comments, to the governor, who must decide whether to approve or disapprove the tier IV designation.

If the OPM secretary or MARB approves the tier IV designation, and the municipality subsequently issues a deficit obligation, the municipality must retain the tier IV designation.

**Designation Changes (§§ 369 & 371)**

*Tier I and Tier II.* Under the act, a municipality designated as tier I or II must generally retain such designation regardless of any positive changes in the factors that led to its current designation until, in the fiscal years after its designation:

1. there have been no annual operating deficits in the municipality’s general fund for two consecutive fiscal years;
2. the municipality’s bond rating has either improved or remained unchanged since its most current designation;
3. the municipality has presented, and the commission or board has approved, a financial plan that projects a positive unreserved fund for the three succeeding consecutive fiscal years; and
4. the municipality’s audits for such consecutive fiscal years have been completed and contain no general fund deficit.

Under the act, a municipality whose designation was removed must remain undesignated unless a change in circumstances requires it to be designated in a higher tier than its most recent designation.

*Tier III and Tier IV.* Under the act, a municipality designated as a tier III or tier IV municipality retains its designation regardless of any positive changes in the factors that led to its current designation or until, in the fiscal years following that designation:

1. there have been no annual operating deficits in the municipality’s general
fund for three consecutive fiscal years, but MARB may set a longer or shorter term based on the fiscal year before the municipality’s designation;

2. the municipality’s bond rating has either improved or remained unchanged since its most current designation, provided it has no bond ratings that are below investment grade;

3. the municipality has presented and the board has approved a financial plan that projects a positive, unreserved fund balance for three succeeding consecutive fiscal years covered by the financial plan; and

4. the audits for these fiscal years have been completed and contain no general fund deficit.

But a tier IV municipality that meets these criteria must still retain its designation if it issues bonds or other debt to fund a general fund deficit, as permitted under CGS § 7-568.

A municipality whose tier III or tier IV designation was removed must remain undesignated unless it:

1. has an annual operating deficit in its general fund equal to 1% or more of its completed annual general fund budget,

2. experiences an annual operating deficit in its general fund in consecutive years of any amount, and

3. has one or more bond ratings that are below investment grade.

The municipality must meet these conditions regardless of whether it issued debt secured by certain statutory mechanisms, such as the property intercept procedure, or meets the conditions for tier I-IV designation.

**MARB (§ 367)**

_Membership._ The act establishes MARB to oversee designated tier II, III, and IV municipalities, exercising the powers and performing responsibilities the act authorizes. It places MARB within OPM for administrative purposes only. Table 18 identifies the board members, their respective appointing authorities, and terms.

**Table 18: MARB Membership**

<table>
<thead>
<tr>
<th>Member</th>
<th>Appointing Authority</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPM secretary or designee (also serves as co-chairperson)</td>
<td>Per the act</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Treasurer or designee (also serves co-chairperson)</td>
<td>Per the act</td>
<td></td>
</tr>
<tr>
<td>Municipal finance director</td>
<td>Governor</td>
<td>Six years, until successor appointed, but two of the governor’s initial appointments serve three-year terms and all subsequent appointments serve six-year terms</td>
</tr>
<tr>
<td>Municipal bond or bankruptcy attorney</td>
<td>Governor</td>
<td></td>
</tr>
<tr>
<td>Town manager</td>
<td>Governor</td>
<td></td>
</tr>
<tr>
<td>Person with organized labor experience</td>
<td>Governor, chosen from three recommendations by the American Federation of State, County and Municipal Employees</td>
<td></td>
</tr>
</tbody>
</table>
Person with experience as a teacher or representing a teachers organization | Governor, chosen from three joint recommendations by the Connecticut Education Association and American Federation of Teachers—Connecticut | Persons appointed to fill a vacancy serve for the balance of the member’s term
---|---|---
One person with business, finance, or municipal management experience | Senate president pro tempore |  
One person with business, finance, or municipal management experience | House speaker |  
One person with business, finance, or municipal management experience | Senate minority leader |  
One person with business, finance, or municipal management experience | House minority leader |  
Alternates for gubernatorially appointed members, each with the same experience as the appointed member | Governor may appoint one or more alternates for his appointments if there are two or more designated tier II, III, or IV municipalities | Same term as the regular member

### Limited Membership Related to Tier III or IV Municipality

| Municipal representatives from the town under consideration | For determining whether to designate a tier III as a tier IV, CEO, treasurer (nonvoting), and legislative body member are added to board | Limited to time it takes to make designation decision
---|---|---

For designated tier IV, the following added to board as ex officio: municipality’s CEO or designee, legislative body member or designee, treasurer or official responsible for issuing bonds, and minority party member of legislative body

As noted above, the act expands the board’s membership when a tier III municipality is redesignated as a tier IV municipality. The board members are not compensated for their service, but they are reimbursed for expenses incurred while performing their duties.

**Operation Costs.** The board may charge designated tier III and IV municipalities for expenses it incurs for work related to them, including staff and consultant costs, and the municipalities may pay for these expenses with the proceeds of deficit obligation or restructuring bonds.

**Municipal Reporting Requirements.** Under the act, any municipality, including its administrative units and board of education, must supply MARB with any financial reports, data, audits, statements, and any other records or documentation it needs to exercise its powers and perform its duties and functions. These reports may include:

1. proposed budgets,
2. monthly reports of the municipality’s financial condition,
3. the status of the municipality’s current annual budget and progress under its financial plan for the current fiscal year,
4. estimates of the operating results for all funds or accounts to the end of the fiscal year,
5. pension plan and debt projections,
6. statements and projects of general fund cash flow reserves,
7. the number of employees on the municipal payroll, and
8. debt service requirements on all of the municipality’s bonds and notes for the following month.

The board must establish written procedures it deems necessary to carry out its responsibilities and meet the act’s purposes.

**MARB Powers and TIER III Municipalities (§ 367)**

Under the act, each designated tier III municipality must work with the board and report to it. In overseeing tier III municipalities, MARB has the same powers that it has with respect to designated or certified tier II municipalities (although the act does not give MARB oversight authority over certified tier II municipalities) plus many additional responsibilities and authorities described below.

**Budgetary.** Under the act, when preparing their annual budgets, designated tier III municipalities must include only the assumptions MARB approved regarding state revenue and local property tax revenue and the mill rate.

Furthermore, with respect to municipal budgets, MARB must:
1. review and comment on the municipality’s annual budget before the municipality’s legislative body adopts it;
2. monitor compliance with the municipality’s three-year financial plan and annual budget and recommend that the municipality make any changes necessary to ensure budgetary balance; and
3. obtain information on the municipality’s and board of education’s financial conditions and needs.

If the municipality applies for and receives state municipal restructuring funds, as described below, it must submit its annual budget to MARB for approval.

In addition to reviewing and commenting on municipal budgets, MARB may review and comment on any pending municipal or board of education contract that exceeds certain thresholds, depending on the municipality’s population: $50,000 for municipalities with populations under 70,000, and $100,000 for those with populations of 70,000 or more. To effectuate this power, MARB may require the municipality or board of education to notify it at least 30 days before executing a contract. But first it must establish, in consultation with the municipality and board, applicable policies and procedures.

**Bonding.** With respect to debt obligations, MARB must approve certain obligations and review and comment on others. It must approve:
1. debt obligations issued by a designated tier III municipality that is eligible to issue bonds supported by a special capital reserve fund (SCRF),
including general obligation bonds to fund a deficit, and

2. bonds issued to refund existing debt.

In both cases, MARB approves the issuance if at least five of its members approve and, in its judgement, the debt is needed to improve the municipality’s financial condition. MARB may set up to 40-year terms for repaying the debt.

Collective Bargaining Agreements. The act gives MARB authority to approve or reject any municipal or board of education collective bargaining agreement or amendment negotiated under the statutes. Under the act, MARB has the same opportunity and authority to act on these agreements and amendments as the municipality’s legislative body and can exercise that authority on no more than two occasions.

Binding Arbitration Awards. The act similarly gives MARB power to reject arbitration awards affecting municipal employees or board of education administrators. MARB has the same opportunity and authority as the municipality’s legislative body or board of education to reject an award and can exercise that authority on no more than two occasions. When MARB votes to reject an award, it must provide a written statement to that effect to the State Board of Mediation and Arbitration or the education commissioner and the administrators’ union. MARB’s authority does not extend to teachers’ union awards.

Efficiency Improvements. The act authorizes MARB to assess how a designated tier III municipality and its board of education operate and to recommend the appropriate steps they can take to reduce costs, improve services, and advance the act’s purposes by operating and managing more efficiently and productively. The recommendations may include policies and procedures to ensure that employees responsibly use municipal and board of education vehicles, credit and purchasing cards, and other property and resources.

MARB may also require the municipality or board of education to apply specific practices and principles intended to maximize the value of the service they provide while minimizing waste the service generates. MARB may also require them to take certain steps to improve the municipality’s fiscal sustainability and vitality. These include efforts to establish common strategies and goals and organizational changes based on how the municipal agencies and the board of education affects the municipality, its residents, businesses, and employees.

Staff and Consultants. MARB may, in consultation with designated tier III municipalities, retain staff and hire consultants experienced in municipal finance, municipal law, governmental operations and administration, or municipal accounting as the board deems necessary or desirable for achieving its purposes. It may also consult with federal, state, quasi-public, and nongovernmental agencies to accomplish these purposes.

Mandated Collective Bargaining Mediation Assistance for Designated Tier III Municipalities with Populations of At Least 100,000 (§ 367)

Under the act, a tier III municipality with 100,000 or more people must request mediation assistance when negotiating employee contracts. The
municipality’s legislative body must designate one of its members to provide the assistance, and the parties to the negotiations must ask the OPM secretary to designate a staff member for that purpose. These mediators must meet with the parties negotiating the contract and may help them resolve differences with respect to their proposals’ benefits and costs. The mediators may assist the parties for no more than 60 days.

**MARB’s Powers and Tier IV Municipalities (§ 368)**

*Overview.* Since the tier IV designation represents the highest degree of financial distress, the act increases MARB’s authorities and responsibilities with respect to designated tier IV municipalities. MARB has the same authorities and responsibilities that it has with respect to designated tier III municipalities, plus the following additional or superseding authorities and responsibilities:

1. review and approve or disapprove the municipality’s annual budget, certain funds and fees (see below), bond ordinances, and bond resolutions;
2. monitor compliance with the municipality’s three-year financial plan and annual budget and require the municipality to make any changes necessary to ensure budgetary balance in the plan and budget;
3. approve or reject certain collective bargaining agreements to be entered into by the municipality or any of its agencies or administrative units (see below);
4. impose binding arbitration on the parties negotiating collective bargaining agreements;
5. require MARB approval of proposed budget transfers and contracts exceeding specified amounts;
6. exercise certain powers with respect to the board of education’s budget (see below);
7. appoint the municipality’s financial manager (see below); and
8. approve and authorize the issuance of general obligations, including designated tier IV municipalities that are otherwise ineligible to issue such bonds (see below).

**Annual Municipal Budget.** MARB has the authority and responsibility to review and approve or disapprove the municipality’s annual budget, including the general fund, other governmental funds, enterprise funds, and internal service funds. A municipality’s annual budget, annual tax levy, or user fee does not become operative until MARB approves it. The act also requires MARB’s approval if the municipality applied for and received state municipal restructuring funds, as described below.

If MARB disapproves any annual budget for the next fiscal year, the act sets deadlines by which MARB and the municipality’s legislative body must act before that year begins (July 1). MARB has until May 21 to specify its reasons for disapproving the budget, and the legislative body has until June 15 to resubmit the budget. If the legislative body does not adopt a budget by that date, MARB must adopt an interim budget and set a tax rate and user fees. The interim budget remains in effect until the municipality submits, and MARB approves, a modified budget. The act waives any deadlines for doing so set in state law or in a local
law, charter, ordinance, or resolution.

Once adopted, MARB may require its approval of any proposed budget transfers that exceed $50,000 according to policies and procedures it must establish in consultation with the municipality.

**Board of Education Annual Budget.** Under the act, MARB may require (1) that it review, approve, disapprove, or modify the board of education’s annual budget on a line item basis and (2) the submission of any budget transfers. MARB must consult with the board on establishing policies and procedures to meet these requirements.

**Contracts.** The act allows MARB to require its review and approval of municipal and board of education contracts that exceed (1) $50,000 for designated tier IV municipalities with populations under 70,000 and (2) $100,000 for those with populations of 70,000 or more. A municipality or board must notify MARB about these contracts and submit them to it at least 30 days before executing them. MARB must establish, in consultation with the municipality and board, policies and procedures for meeting this requirement.

**Collective Bargaining Agreements.** The act authorizes MARB to approve or reject proposed municipal or board of education collective bargaining agreements for a new term and any modifications, amendments, or reopeners to existing agreements. In doing so, MARB may indicate the total cost impact or savings that are acceptable in a new agreement or modification, amendment, or reopener to any existing one. The parties negotiating these provisions may, by mutual consent, request MARB’s guidance regarding the area and level of savings acceptable to it, which they may do at any time during the negotiation and before reaching an agreement.

If the MARB rejects an agreement or a modification, amendment, or reopener, it must specify the reasons for its decision, citing the provisions, present or missing, that are at issue. The negotiating parties then have 10 days from the rejection date to consider MARB’s concerns and propose a modified agreement. After the 10-day period, MARB must approve or reject the parties’ modifications.

However, if the parties cannot agree on a modification or MARB rejects their proposed modification, MARB must impose binding arbitration on them as specified below. The arbitration must address the issues MARB identified as preventing the parties from reaching agreement or causing it to reject the agreement. In specifying the issues that must be arbitrated, as well as deciding whether to reject a proposed agreement, MARB may consider or include matters the parties did not raise or negotiate. Before acting on a modification, amendment, or reopener, MARB must give the parties an opportunity to make a presentation.

**Binding Arbitration.** The act authorizes MARB to:

1. impose binding arbitration on municipal or board of education collective bargaining agreements that are in or subject to binding arbitration on the 75th day after negotiations begin or
2. reject an arbitration award pending potential municipal or board of education action on the day MARB is established.

The act specifies MARB’s authorities and responsibilities if it imposes binding arbitration or rejects an arbitration award. In both cases, these authorities
and responsibilities apply only after MARB rejects an agreement or award, as the act allows. For agreements and arbitration awards under the education collective bargaining law, this authority only applies to school administrator contracts after the board has rejected an award on two occasions. It must recommend a list of three potential arbitrators to the governor and use the arbitrator he selects. The list must include former state and federal judges and other people who have experience with arbitration or similar proceedings. Before the governor makes his selections, the parties negotiating the collective bargaining agreement may recommend potential arbitrators to MARB, which may recommend these and others to the governor. MARB may reduce by one-half any statutory time limit applicable to the binding arbitration process.

The act also sets conditions under which MARB must replace an existing binding arbitration panel. MARB must immediately replace any panel that exists on the date the municipality is designated as a tier IV municipality with an arbitrator in the same manner described above. It must also do the same if it rejects a pending arbitration award.

If MARB imposes binding arbitration or replaces an arbitration panel, it may consider and include in the collective bargaining agreement other offers and matters besides the last best offers or the matters the parties raised or negotiated in the agreement, but, if it does so, it must state its reasons for considering and including them.

**Arbitrator.** The act also specifies the arbitrator’s authorities and responsibilities and the timeline for making decisions. The arbitrator must allow MARB to make a presentation. Besides any statutory factors the arbitrator must consider when acting on a municipal or board of education collective bargaining agreement, it must give the highest priority to the short- and long-term fiscal exigencies that resulted in the municipality’s tier IV designation.

The act also specifies the steps and timeline for making an arbitration decision:

1. Within 10 days of the arbitrator’s decision, MARB may request the arbitrator to reconsider it, stating MARB’s position on how the decision affects the municipality’s short- and long-term fiscal sustainability.
2. Within five days after MARB’s request, the negotiating parties may submit comments responding to MARB’s stated position.
3. Within 30 days of MARB’s request, the arbitrator may, based on the arbitration record, modify or maintain his or her original decision.

**Municipality’s Financial Manager.** MARB may appoint a financial manager and delegate to him or her, in writing, certain review, comment, and investigatory powers it deems necessary or appropriate for managing the municipality’s financial and administrative affairs while the municipality is subject to the board’s powers. But MARB may override any action the manager takes at the time.

MARB may specifically delegate to the manager the power to monitor compliance with the municipality’s three-year financial plan and annual budget and require the municipality to make any changes necessary to ensure budgetary balance in the plan and budget. But it may not delegate any of the other powers or superseding authority it has with respect to designated tier IV municipalities.
The act also allows MARB to delegate to the financial managers the following responsibilities and authorities it has with respect to designated tier III municipalities:

1. review and comment on the municipality’s annual budget prior to its adoption by the legislative body,
2. review and comment on proposed multi-year debt obligations that are not backed by a SCRF prior to their issuance,
3. monitor a designated tier IV municipality’s compliance with the three-year financial plan and annual budget and recommend changes needed to ensure budgetary balance in the plan and budget,
4. recommend that the municipality implement efficiency and productivity measures, and
5. obtain information on the municipality’s financial condition and needs.

Issuance of Obligations and Bonds. MARB may approve and authorize the issuance of obligations for deficit financing, addressing pension liabilities, restructuring debt, and other statutorily authorized purposes. Its power to do so extends to designated tier IV municipalities that are otherwise ineligible to issue such obligations.

MARB may authorize a designated tier IV municipality to issue refunding bonds regardless of the law’s limitations on the forms of municipal bonds and any statutory net present value savings requirement. MARB must approve the issue of such refunding bonds only if it determines that, in its judgment, the bonds will improve the municipality’s financial condition.

MARB may authorize a designated tier IV municipality to issue bonds for which the last installment of any series must mature, or the last sinking fund payment for such series of bonds must be due, within 40 years after the issuance of such bonds. MARB must approve the issuance of such bonds only if it determines that they will improve the municipality’s financial condition.

Property Tax Cap (§ 372)

The act prohibits designated tier IV municipalities from adopting budgets that would increase the property tax levy by more than 3% of the levy for the prior fiscal year’s budget. The OPM secretary must adopt any procedures and guidelines necessary to implement the cap.

The act allows a designated tier IV municipality to apply to MARB for an exception from the cap. In deciding whether to grant the exception, MARB must consider whether it is needed to:

1. address critical matters impacting citizens’ health and welfare,
2. provide necessary funding to reduce the municipality’s long-term obligations, and
3. implement court orders.

The act also allows designated tier II and III municipalities to apply for an exception, although the act does not appear to impose the property tax cap on them.
Court Action (§ 373)

The act authorizes the attorney general to apply for a writ of mandamus on MARB’s behalf for the same reasons the law allows him to do so on MFAC’s behalf. These include requiring a (1) municipal official or agent to implement the board’s orders and (2) municipality to repay the state any funds it paid into the municipality’s SCRF and comply with the agreement’s or indenture’s terms pertaining to fund and other statutorily authorized methods for securing bonds. With respect to the MFAC, the act eliminates the requirement that, when the attorney general applies for a writ of mandamus on its behalf, he does so with the commission acting through its chairperson.

The act also authorizes the Hartford judicial district, upon MARB’s application, to enforce the board’s statutory powers, an authorization that already applied to the OPM secretary, MFAC, and the attorney general with respect to the municipal deficit financing statutes.

Municipal Restructuring Fund (§ 370)

The act implicitly establishes the nonlapsing Municipal Restructuring Fund to provide financial assistance to designated tier II, III, and IV municipalities. To receive assistance, an eligible municipality must submit a plan for approval to the OPM secretary that details the municipality’s overall restructuring plan, including the local actions it will take and how it will use the funds. The municipality, in consultation with its board of education, may include in the plan a reduction in the statutorily required minimum budget amount related to its education budget (i.e., the minimum budget requirement (MBR)).

In deciding whether to fund the plan, the secretary must consult with the (1) education commissioner about approving or rejecting a proposed reduction in the MBR and (2) MARB about the amount and timing of the fund distributions and the conditions on how the funds can be used.

The secretary may approve all, none, or a portion of the funds a municipality requests, basing the distribution on the municipality’s relative fiscal needs. In attaching conditions to the distribution, he must consider how they affect the ability of the municipality to meet its legal and other obligations. MARB must monitor and report to the secretary on how the municipality is using the funds and whether it is adhering to the conditions.

The secretary must develop and issue a guidance document on the fund’s administration, criteria municipalities must meet to participate in the fund, requirements for submitting restructuring plans, and how the secretary will rank funding requests.

Although the fund is generally available only to designated tier II, III, and IV municipalities and administered by OPM, the act requires MARB, when making distributions from the fund, to give immediate consideration to any designated or undesignated municipality that could default on its obligations by January 1, 2018 unless it immediately receives a distribution.
State Debt Service Assistance for Designated Tier III and IV Municipalities (§ 376)

The act authorizes the OPM secretary and treasurer to help designated tier III and IV municipalities pay the annual debt service on their bonds and their issuance cost (i.e., contract assistance). The secretary and the treasurer may do so by entering into a contract with an eligible municipality for an amount limited to the:

1. annual debt service on outstanding refunding bonds or other bonds the municipality issued and
2. cost to issue these bonds and any other expenses, including tax payments that result from refunding the debt.

The act specifies that the municipality may use the contract assistance to pay the debt on refunding or other bonds the municipality issued to pay, fund, refund, redeem, replace, or substitute for bonds, notes, or other obligations it previously issued.

To receive contract assistance, an eligible municipality must file a certificate with the secretary and treasurer specifying the projected debt service amount and issuance costs for the refunding bonds the contract will secure. In making a finding or determination needed to enter into or execute the contract, the secretary and treasurer may rely on any reports or estimates prepared by experts that evaluate whether it is feasible to refund the debt.

The contract through which the state provides the assistance may require that the debt service payments for the refunding or other outstanding bonds go directly to the municipality or the holder, trustee, or paying agent of those bonds. Under the act, any provision of the contract constitutes the state’s full faith and credit obligation. As such, the appropriation of all amounts needed to comply with contract are made, and the treasurer must pay the amounts as they become due to the municipality, trustee, paying agent, or bond holder, as applicable. The municipality may also pledge the contract assistance as security for paying the refunding bonds.

In lieu of contract assistance, the act allows the secretary and treasurer to provide other forms of credit support up to the amount an eligible municipality would receive if the state were to provide contract assistance. The credit support can be an assumption of all or a portion of any of the municipality’s bonds, notes, or other obligations or the issuance of new state obligations to replace the municipality’s outstanding obligations.

Lastly, the act

1. specifies that its contract assistance does not limit the total amount of funds available to a designated tier III or IV municipality that is also a state designated distressed municipality and
2. prohibits the secretary and treasurer from providing contract assistance to any municipality that files for bankruptcy.

Deficit Financing (§§ 355-359, 361, 362, 364 & 365)

As discussed below, the law authorizes several methods certified tier I and II municipalities may use to secure bonds issued to finance deficits. The act extends
this authorization to designated tier I-IV municipalities.

**Deficit Financing (§ 355)**

Existing law provides a process any municipality may use to issue bonds to finance general fund deficits. The act requires the OPM secretary to designate any municipality that uses such process a designated tier III municipality, subject to the state oversight and control described above. It also requires him to impose the designation on any municipality that issued a deficit financing bond between July 1, 2012 and June 30, 2017.

By law, the process is available only to a municipality that has not issued a deficit-funding bond within the previous five years and has no outstanding debt obligations. Before the municipality can issue the bond, it must notify the OPM secretary of its intent to do so, provide the documents he requires, and establish a procedure to intercept and deposit property tax payments in a fund dedicated only to repay the bond (i.e., property intercept procedure (CGS § 7-561)).

The act eliminates the requirement that the secretary refer the municipality to the Municipal Finance Advisory Commission.

**Special Capital Reserve Fund (SCRF) (§§ 356-359, 361, 362, 364 & 365)**

A SCRF is a fiscal tool designed to ensure that funds are available when necessary to repay bondholders. Prior law allowed only certified tier I and tier II municipalities to issue bonds to capitalize a SCRF established to cover the cost of issuing these bonds, and fund the outstanding bonds. The act also allows designated tier I – IV municipalities to issue bonds supported by a SCRF.

**Local Approvals.** Under the act, designated tier I – IV municipalities must follow the same local approval process certified tier I and II municipalities must follow if they issue additional bonds to capitalize a SCRF. That process supersedes all other state and local laws pertaining to bond issuances, including those for holding public hearings and referenda and sale of bonds. A majority of the members of a municipality’s legislative body must approve a resolution authorizing these SCRF capitalization bonds. The state treasurer determines the terms and conditions under which the bonds are sold (CGS § 7-570).

**State Supported SCRF.** SCRFs may be backed by the state, but if they are, the municipality must first comply with specific statutory requirements, including the treasurer’s approval of the indenture agreement creating the SCRF (CGS § 7-571). The act allows designated tier I-IV municipalities to establish SCRFs under the same procedural rules that apply to certified tier I and II municipalities.

Designated tier I-IV municipalities must also comply with the statutory requirements for establishing and maintaining SCRFs. By law, a SCRF must contain the greatest amount of principal and interest payments due in any succeeding fiscal year, excluding sinking fund installments payable in the preceding fiscal year. Every December 1, the state must, if necessary, pay into the fund enough to ensure that the succeeding fiscal year’s total debt service can be paid from it.

By law, that amount must be certified by the CEO of a certified municipality to the OPM secretary, treasurer, and MFAC. The act requires (1) the CEO of a
designated tier I municipality to certify the amount to these officials and the commission and (2) MARB to certify the amounts for designated tier II, III, and IV municipalities. By law, the municipalities establishing state-backed SCRFs must repay the state as soon as possible.

As she must by law for certified municipalities, the treasurer must, under the act, approve the agreement created between a designated municipality and the bondholders’ trustee (i.e., indenture of trust) for any SCRF that is backed by the state. Among other things, she must base her approval on whether:

1. the municipality is current on its bond repayments,
2. it has funded or made arrangements to fund the SCRF,
3. the bonds issued to fund the SCRF are in the public interest, and
4. she and the OPM secretary approved the municipality’s property tax intercept procedure.

Under prior law, she also had to base her approval on whether the OPM secretary certified the municipality and the MFAC approved the bond. The act changes these requirements to reflect the municipality’s tier designation. Consequently, the treasurer must base her approval on whether the municipality requested the OPM secretary to classify it as a designated tier I, II, or III municipality or whether he classified it as a designated tier III or IV municipality when the act requires him to do so.

The treasurer must also base her approval on whether the bond authorization was approved by the (1) MFAC for a designated tier I or certified tier I or II municipality and (2) MARB for a designated tier III or IV municipality.

**Limitations on Designated Tier I Municipalities.** The act allows designated tier I municipalities to issue SCRF-backed general obligation bonds under some of the conditions that currently apply to certified tier I municipalities. Specifically, the municipality must (1) have a long-term bond rating that is investment grade or higher, (2) be unable to obtain bond insurance on reasonable terms and conditions, and (3) meet the secretary’s other standards. As under existing law, a designated tier I municipality may not issue these bonds to finance a projected budget deficit.

Before issuing a SCRF-backed bond, a municipality must notify the OPM secretary that it intends to issue bonds, provide him with any documentation the law requires to issue such bonds, establish a property tax intercept procedure and debt service payment plan, and comply with the laws for issuing SCRF-backed deficit-financing bonds.

**Limitations on Designated Tier II, III, and IV Municipalities.** The act allows designated tier II, III, and IV municipalities to issue SCRF-backed bonds, including bonds issued to fund a deficit, if they meet the eligibility criteria for certified tier II municipalities. The term of these bonds can be for more than one year, except for those issued to finance a projected fiscal year deficit.

Under the act, designated tier II, III, and IV municipalities may issue SCRF-backed bonds if they:

1. have a long-term bond rating that is investment grade or higher,
2. are unable to obtain bond insurance,
3. have not issued a deficit obligation bond within the past five years,
4. have no outstanding deficit obligations, and  
5. meet other standards the OPM secretary prescribes.  
A designated tier IV municipality that does not meet these criteria may also issue the bond if the MARB approves the issuance.  
Designated tier II, III, and IV municipalities that meet these criteria and plan to issue SCRF-backed bonds must first consult with the treasurer and, before issuing the bonds, complete the following tasks:  
1. notify the OPM secretary that they intend to issue bonds and provide him with any documentation they must, by law, prepare;  
2. establish a property intercept procedure and debt service payment plan; and  
3. comply with the laws for issuing SCRF-backed bonds.  
The act automatically designates as tier III a tier II or IV municipality that issues these bonds.  

Background  

MFAC. The commission is the entity that oversees the two-tier certification system that predates the act’s four-tier designation system (CGS § 7-394b). It oversees certified tier I and II municipalities, and under the act, also oversees designated tier I municipalities.  
The commission’s oversight is tied to the OPM secretary’s statutory duty to review municipal audit reports. By law, he must refer any municipality to the commission if the audit report was not prepared as the statute requires or contains evidence of unsound or irregular practices based on commonly accepted municipal finance standards. He must also refer certified tier I and II municipalities.  
The commission’s powers apply to all referred municipalities. It may require a municipality’s CEO to report on the status of any remedial actions it recommended and assess a civil penalty if the municipality fails to provide information or submit the required status report.  
Certified tier II municipalities must prepare a three-year financial plan and monthly financial reports for the commission’s approval. These municipalities must also use the commission’s assumptions about state and local tax revenue when they prepare and adopt their budgets. The commission must also approve all of the municipality’s bond issuances, but only if it determines that they will improve the municipality’s fiscal condition.  

§§ 377-553 — BOND AUTHORIZATIONS, ADJUSTMENTS, AND CANCELLATIONS  

Authorizes up to $1.723 billion for FY 18 and $1.621 billion for FY 19 in new GO bonds for state projects and grant programs; authorizes up to $200 million for FYs 18 to 22 in new GO bonds for hospital improvements and crumbling foundations; authorizes up to $820.3 million in FY 18 and up to $824.6 million in FY 19 in new STO bonds for DOT projects; restores, reduces, or cancels bond authorizations for various projects and grants; adjusts the annual bond caps under the CSCU 2020 program and UConn 2000 programs and extends both programs; expands the purposes of funds in the Bioscience Innovation Fund; makes permanent the school security infrastructure grant program; allocates no LoCIP funds in 2017 and $55 million in 2018; and
The act authorizes certain transportation funding agreements with the federal government and the issuance of “federal transportation bonds.”

The act authorizes up to $1.723 billion for FY 18 and $1.621 billion for FY 19 in state general obligation (GO) bonds for state capital projects and grant programs, including school construction, economic development, municipal capital improvement grants, and housing development and rehabilitation programs. The act also authorizes $200 million in GO bonds for FYs 18 through 22 for grants to hospitals for capital improvements and for the Crumbling Foundations Assistance Fund ($20 million per year for each purpose). It cancels or reduces approximately $306.6 million in GO bond authorizations. And it restores $24 million in bonds cancelled or reduced in the 2016 bond act (PA 16-4, May Special Session).

The act authorizes $820.3 million for FY 18 and $824.6 million for FY 19 in special tax obligation (STO) bonds for transportation projects, including $482.3 million over the two years for bus and rail facilities and equipment.

The act also makes various other changes, including (1) adjusting the annual bond caps under the CSCU 2020 and UConn 2000 infrastructure programs and extending the programs, by one and three years respectively; (2) expanding the purposes of funds in the Bioscience Innovation Fund to include funding regenerative medicine research; (3) making the school security infrastructure competitive grant program permanent; and (4) authorizing the state to enter into loan or other credit agreements with the federal government to help finance transportation-related construction projects and the issuance of “federal transportation bonds.”

Lastly, the act makes various technical corrections related to provisions in PA 16-4, May Special Session.

EFFECTIVE DATE: Upon passage for FY 18 bond authorizations and July 1, 2018 for FY 19 authorizations; other sections are effective upon passage.

New Bond Authorizations for State Agency Projects and Grants (§§ 377-414 & 432)

The act authorizes up to $676.8 million in new GO bonds for FY 18 and $523.4 million for FY 19 for the state projects and grant programs listed in Table 19 below. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency (except OPM) include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.
### Table 19: GO Bond Authorizations for State Projects and Grant Programs for FYs 18 and 19

<table>
<thead>
<tr>
<th>§§</th>
<th>Agency</th>
<th>Purpose</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>378(a), 397(a)</td>
<td>Office of Policy and Management (OPM)</td>
<td>Transit-oriented development and predevelopment activities</td>
<td>$6,000,000</td>
<td>$6,000,000</td>
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<tr>
<td></td>
<td></td>
<td>Information technology capital investment program</td>
<td>50,000,000</td>
<td>25,000,000</td>
</tr>
<tr>
<td>378(b), 397(b)</td>
<td>Department of Administrative Services (DAS)</td>
<td>Alterations and improvements in compliance with the Americans with Disabilities Act (ADA)</td>
<td>0</td>
<td>1,000,000</td>
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<tr>
<td></td>
<td></td>
<td>Infrastructure repairs and improvements, including (1) fire, safety, and ADA compliance; (2) improvements to state-owned buildings and grounds, including energy conservation and off-site improvements; and (3) preservation of unoccupied buildings and grounds, including office development, acquisition, renovations for additional parking, and security</td>
<td>10,000,000</td>
<td>10,000,000</td>
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<tr>
<td></td>
<td></td>
<td>Removing or encapsulating asbestos and hazardous material in state buildings</td>
<td>5,000,000</td>
<td>5,000,000</td>
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<td></td>
<td></td>
<td>Upgrade and replace technology infrastructure for the Connecticut Education Network</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>378(c)</td>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>Alterations and improvements to buildings and grounds, including utilities, mechanical systems, and energy conservation projects</td>
<td>2,000,000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Planning and design for a new Forensic Science Laboratory</td>
<td>6,000,000</td>
<td>0</td>
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<tr>
<td></td>
<td></td>
<td>Upgrade the Statewide Monitoring and Notification System</td>
<td>4,000,000</td>
<td>0</td>
</tr>
<tr>
<td>378(d), 397(c)</td>
<td>Military Department</td>
<td>Alterations, renovations, and improvements to the drill shed at the William A. O’Neill Armory in Hartford</td>
<td>1,000,000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Matching funds to construct a warehouse at Camp Hartell in Windsor Locks</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acquiring property to develop readiness centers in Litchfield county</td>
<td>0</td>
<td>2,000,000</td>
</tr>
<tr>
<td>378(e), 397(d)</td>
<td>Department of Energy and Environmental Protection (DEEP)</td>
<td>Dam repairs, including state-owned dams</td>
<td>5,500,000</td>
<td>5,500,000</td>
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<tr>
<td></td>
<td></td>
<td>Energy services projects resulting in increased efficiency measures in state buildings or renewable energy or combined heat and power projects in state buildings</td>
<td>20,000,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Water pollution control projects at state facilities</td>
<td>1,250,000</td>
<td>0</td>
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<td>-----------------------------------------------------</td>
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<tr>
<td>378(f), 397(e) Capital Region Development Authority (CRDA)</td>
<td>Alterations, renovations, and improvements to the XL Center in Hartford, including capital improvements, acquiring abutting real estate and rights of way, tenant and fan amenities, and infrastructure connections</td>
<td>40,000,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Alterations, renovations, and improvements to the Connecticut Convention Center and Rentschler Field</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td></td>
<td></td>
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<tr>
<td>Alterations, renovations, and improvements to parking garages in Hartford</td>
<td>5,000,000</td>
<td>5,000,000</td>
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<tr>
<td>Infrastructure renovations and improvements to the Hartford Front Street district</td>
<td>3,000,000</td>
<td>7,000,000</td>
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<tr>
<td>378(g), 397(f) Department of Developmental Services (DDS)</td>
<td>(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td></td>
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<tr>
<td>378(h), 397(g) Department of Mental Health and Addiction Services (DMHAS)</td>
<td>(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities</td>
<td>2,000,000</td>
<td>2,000,000</td>
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<tr>
<td>378(i), 397(h) Connecticut State Colleges and Universities (CSCU)</td>
<td>All colleges and universities: new and replacement instruction, research, or laboratory equipment</td>
<td>3,000,000</td>
<td>0</td>
<td></td>
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<tr>
<td>All colleges and universities: system telecommunications infrastructure upgrades, improvements, and expansions</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td></td>
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<tr>
<td>All colleges and universities: advanced manufacturing and emerging technology programs</td>
<td>2,750,000</td>
<td>2,875,000</td>
<td></td>
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<tr>
<td>All colleges and universities: security improvements</td>
<td>3,000,000</td>
<td>5,000,000</td>
<td></td>
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<tr>
<td>All community colleges: deferred maintenance, code compliance, and</td>
<td>14,000,000</td>
<td>14,000,000</td>
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<tr>
<td>Description</td>
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<tr>
<td>infrastructure improvements</td>
<td></td>
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<tr>
<td>All universities: deferred maintenance, code compliance, and infrastructure improvements</td>
<td>7,000,000</td>
<td>7,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Naugatuck Valley Community College (NVCC): upgrades to mechanical systems</td>
<td>6,000,000</td>
<td>0</td>
<td></td>
<td></td>
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<tr>
<td>NVCC: alterations and improvements in compliance with the ADA</td>
<td>0</td>
<td>5,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norwalk Community College: alternations, renovations, and improvements to the B wing building</td>
<td>18,600,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quinebaug Valley Community College: new maintenance and office building</td>
<td>476,088</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwestern Community College (NWCC): alterations, renovations, and improvements to the White building</td>
<td>825,000</td>
<td>2,021,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NWCC: alterations, renovations, and improvements to Greenwoods Hall</td>
<td>2,685,817</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Children and Families (DCF)</td>
<td>Alterations, renovations, and improvements to buildings and grounds, including new or revised juvenile justice facilities</td>
<td>3,750,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Judicial Department</td>
<td>Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td>Implementation of the Technology Strategic Plan Project</td>
<td>0</td>
<td>3,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exterior renovations and improvements at the New Haven superior courthouse</td>
<td>2,000,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alterations and improvements in compliance with the ADA</td>
<td>1,000,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security improvements at various state-owned and maintained facilities</td>
<td>2,000,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Corrections (DOC)</td>
<td>Renovations and improvements to state-owned buildings for inmate housing, programming and staff training space, and additional inmate capacity; support facilities; and off-site improvements</td>
<td>0</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>Department of Housing (DOH)</td>
<td>Housing development and rehabilitation for various kinds of state-assisted affordable housing and housing-related financial assistance programs; authorizes DOH to use up to $30 million in each FY to revitalize moderate rental housing units in the Connecticut Housing Finance Authority’s state housing portfolio</td>
<td>125,000,000</td>
<td>100,000,000</td>
<td></td>
</tr>
</tbody>
</table>
### Grants

<table>
<thead>
<tr>
<th>Reference</th>
<th>Agency</th>
<th>Description</th>
<th>OLM</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>389(a), 408(a), 432</td>
<td>OPM</td>
<td>Grants to private, nonprofit health and human service organizations for alterations, renovations, improvements, additions, and construction related to ADA compliance, energy conservation, IT systems, technology, vehicle purchases, and property acquisition</td>
<td>25,000,000</td>
<td>25,000,000</td>
<td></td>
</tr>
<tr>
<td>389(b), 408(b)</td>
<td>DAS</td>
<td>Responsible Growth Incentive Fund</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>389(b), 408(b)</td>
<td>DAS</td>
<td>Grants to municipalities for the Town-Aid-Road program</td>
<td>60,000,000</td>
<td>60,000,000</td>
<td></td>
</tr>
<tr>
<td>389(b), 408(b)</td>
<td>DAS</td>
<td>Grants to municipalities for general improvements to school buildings</td>
<td>30,000,000</td>
<td>30,000,000</td>
<td></td>
</tr>
<tr>
<td>389(b), 408(b)</td>
<td>DAS</td>
<td>Grants to municipalities for a regional school district incentive grant</td>
<td>5,000,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>389(c)</td>
<td>DEEP</td>
<td>Program to establish energy microgrids to support critical municipal infrastructure</td>
<td>5,000,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>389(c)</td>
<td>DEEP</td>
<td>Grants to municipalities and state agencies to improve incinerators and landfills, including bulky waste landfills and landfills formerly operated by the CT Resources Recovery Authority</td>
<td>1,450,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>389(c)</td>
<td>DEEP</td>
<td>Grants for containment, removal, or mitigation of identified hazardous waste disposal sites</td>
<td>2,500,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>389(d), 408(c)</td>
<td>Department of Economic and Community Development (DECD)</td>
<td>Small Business Express program</td>
<td>5,000,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>389(d), 408(c)</td>
<td>Department of Economic and Community Development (DECD)</td>
<td>CT Manufacturing Innovation Fund, with $3.5 million in FY 18 and $1.5 million in FY 19 for grants to the CT Center for Advanced Technology for R&amp;D to help the manufacturing supply chain</td>
<td>8,500,000</td>
<td>6,500,000</td>
<td></td>
</tr>
<tr>
<td>389(d), 408(c)</td>
<td>Department of Economic and Community Development (DECD)</td>
<td>Brownfield Remediation and Revitalization program</td>
<td>30,000,000</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>389(d), 408(c)</td>
<td>Department of Economic and Community Development (DECD)</td>
<td>Grants to homeowners (1) near the West River in New Haven’s Westville section and Woodbridge for structural home damage from subsidence and (2) abutting the Yale Golf Course in New Haven’s Westville section for damage from water infiltration or structural damage from subsidence</td>
<td>4,000,000</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
Grants to nonprofits sponsoring cultural and historic sites

<table>
<thead>
<tr>
<th>Act Numbers</th>
<th>Entity/Program</th>
<th>Description</th>
<th>Amount Requested</th>
<th>Amount Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>389(e), 408(d)</td>
<td>Connecticut Innovations, Inc. (CI)</td>
<td>Recapitalizing CI’s statutory programs</td>
<td>20,000,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td>389(f), 408(e)</td>
<td>CRDA</td>
<td>Encouraging development according to CRDA’s statutory purposes</td>
<td>40,000,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grant to East Hartford for general economic development activities, including infrastructure development and improvements to the riverfront; creating housing through rehabilitation and new construction; demolishing or redeveloping vacant buildings; and redevelopment</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>389(g), 408(f)</td>
<td>State Department of Education (SDE)</td>
<td>Grants to assist targeted local and regional school districts for alterations, repairs, improvements, technology, and equipment in low-performing schools</td>
<td>10,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>389(h), 408(g)</td>
<td>State Library</td>
<td>Grants to public libraries for construction, renovations, expansions, energy conservation, and handicapped access</td>
<td>2,500,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>389(i), 408(h)</td>
<td>Department of Transportation (DOT)</td>
<td>Grants to municipalities for the Town-Aid-Road program</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>389(j), 408(i)</td>
<td>Department of Labor (DOL)</td>
<td>Workforce Training Authority Fund</td>
<td>10,000,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td>389(k), 408(j)</td>
<td>DOH</td>
<td>DOH and CT Children’s Medical Center’s Healthy Homes Program to abate lead in homes</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
</tbody>
</table>

**Hospital Grants (§ 552).** The act authorizes up to $20 million each year in new GO bonds in FYs 18 to 22 ($100 million total) for OPM to provide grants to hospitals for capital improvements.

**Crumbling Foundations Assistance Fund (§ 553).** The act also authorizes up to $20 million each year in new GO bonds for FYs 18 to 22 ($100 million total) for DOH’s Crumbling Foundations Assistance Fund. The fund’s purpose is to assist homeowners with repairing or replacing concrete foundations that are deteriorating due to pyrrhotite (see § 335, above).

**Transportation Bonds (§§ 415-426)**
The act authorizes up to $820.3 million in new STO bonds in FY 18 and up to $824.6 million in FY 19 for DOT projects, as shown in Table 20 below.

### Table 20: STO Bond Authorizations for DOT Projects

<table>
<thead>
<tr>
<th>Authorized Program Areas</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bureau of Engineering and Highway Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interstate highway program</td>
<td>$13,000,000</td>
<td>$13,000,000</td>
</tr>
<tr>
<td>Urban systems projects</td>
<td>14,776,250</td>
<td>16,217,392</td>
</tr>
<tr>
<td>Intrastate highway program</td>
<td>44,000,000</td>
<td>44,000,000</td>
</tr>
<tr>
<td>Environmental compliance, soil and groundwater remediation, hazardous material abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or near state-owned properties or related to DOT operations</td>
<td>17,660,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>State bridge improvement, rehabilitation, and replacement</td>
<td>33,000,000</td>
<td>33,000,000</td>
</tr>
<tr>
<td>Capital resurfacing and related reconstruction</td>
<td>75,000,000</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Fix-it-First bridge repair program (up to $10.9 million must be used in FY 18 for the Stratford Bridge carrying US1 over the Metro North Rail Line)</td>
<td>111,115,000</td>
<td>99,760,000</td>
</tr>
<tr>
<td>Fix-it-First road repair program</td>
<td>55,000,000</td>
<td>55,000,000</td>
</tr>
<tr>
<td>Local transportation capital program</td>
<td>62,000,000</td>
<td>64,000,000</td>
</tr>
<tr>
<td>Grants to municipalities for transportation projects</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Highway and bridge renewal equipment</td>
<td>10,400,000</td>
<td>10,400,000</td>
</tr>
<tr>
<td>Local bridge program</td>
<td>0</td>
<td>24,000,000</td>
</tr>
<tr>
<td><strong>Bureau of Public Transportation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects (In FYs 18 and 19, up to $10 million each year must be used for service and equipment improvements to the Danbury Rail Line. In FY 18 only, up to $250,000 must be used for a feasibility study to explore possibilities for a new passenger rail station at the Wall St. location on the Danbury Rail Line in Norwalk.)</td>
<td>236,250,000</td>
<td>246,000,000</td>
</tr>
<tr>
<td><strong>Bureau of Administration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department facilities</td>
<td>63,132,500</td>
<td>44,247,000</td>
</tr>
<tr>
<td>STO bonds: cost of issuance and debt service reserve</td>
<td>55,000,000</td>
<td>55,000,000</td>
</tr>
</tbody>
</table>

**Bond Authorizations for Statutory Programs and Grants (§§ 427, 430-431, 433-436, 447-448, & 454)**

The act increases bond authorization limits for various statutory grants and purposes and allocates new bonds for these purposes for FYs 18 and 19, as shown in Table 21 below.

### Table 21: Statutory Bond Authorizations for FYs 18 and 19

<table>
<thead>
<tr>
<th>§</th>
<th>Agency</th>
<th>Purpose/Fund</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>427</td>
<td>OPM</td>
<td>Urban Action (economic and community development project grants)</td>
<td>$50,000,000</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>430</td>
<td>OPM</td>
<td>Capital Equipment Purchase Fund</td>
<td>15,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>431</td>
<td>OPM</td>
<td>Local Capital Improvement Program (LoCIP)</td>
<td>90,000,000</td>
<td>35,000,000</td>
</tr>
<tr>
<td>433</td>
<td>DOH</td>
<td>Housing Trust Fund</td>
<td>0</td>
<td>30,000,000</td>
</tr>
<tr>
<td>434</td>
<td>SDE</td>
<td>Charter school capital expenses</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

The act cancels or reduces, by a total of approximately $240.1 million, all or part of prior bond authorizations for the projects and grants shown in Table 22 below. Authorizations are listed alphabetically by agency. The act also makes conforming changes to the bond supertotals that correspond to these authorizations.

Table 22: Cancellations and Reductions in GO Bond Authorizations

<table>
<thead>
<tr>
<th>§</th>
<th>Purpose</th>
<th>Prior Authorization</th>
<th>Amount Cancelled</th>
</tr>
</thead>
<tbody>
<tr>
<td>475</td>
<td>Establish or expand manufacturing technology programs at four community colleges</td>
<td>17,800,000</td>
<td>970,500</td>
</tr>
<tr>
<td>492</td>
<td>Quinebaug Valley Community College (QVCC): parking and site improvements</td>
<td>2,189,622</td>
<td>225,275</td>
</tr>
<tr>
<td>493</td>
<td>QVCC: heating, ventilation, and air conditioning system improvements</td>
<td>1,750,000</td>
<td>145,000</td>
</tr>
<tr>
<td>505</td>
<td>Housatonic Community College: parking garage improvements</td>
<td>3,907,258</td>
<td>233,281</td>
</tr>
<tr>
<td>506</td>
<td>Middlesex Community College: new academic building planning, design, and construction</td>
<td>35,200,000</td>
<td>35,200,000</td>
</tr>
<tr>
<td>526</td>
<td>Capital Community College: alterations, renovations, and improvements to optimize space utilizations</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>502</td>
<td>Alterations, renovations, and improvements to the Connecticut Convention Center and Rentschler Field</td>
<td>3,727,500</td>
<td>18,500</td>
</tr>
<tr>
<td>446</td>
<td>Energy Conservation Loan Fund and Green Connecticut Loan Guaranty Fund (also eliminates a requirement that $5 million authorized for FY 11 be used for the guaranty fund)</td>
<td>5,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>540</td>
<td>Grants for port, harbor, and marina improvements, including dredging and navigational improvements</td>
<td>13,500,000</td>
<td>6,750,000</td>
</tr>
<tr>
<td>471</td>
<td>Development and implementation of ITS for HIPAA compliance</td>
<td>6,310,500</td>
<td>2,652,975</td>
</tr>
<tr>
<td>516</td>
<td>Development and implementation of an electronic filing system for probate court</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Department</td>
<td>Program Description</td>
<td>Department of Agriculture</td>
<td>Department of Children and Families</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------</td>
<td>----------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>524</td>
<td>Development and implementation of an electronic filing system for probate court offices</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>Farm Reinvestment Program</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Department of Children and Families</td>
<td>Grants for construction, alteration, repairs, and improvements to residential facilities, group homes, shelters, and permanent family residences</td>
<td>5,000,000</td>
<td>2,839,842</td>
</tr>
<tr>
<td>Department of Developmental Services</td>
<td>(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities, including improvements in compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, roof repair or replacement, air conditioning, and other building renovations and additions at all state-owned facilities</td>
<td>5,000,000</td>
<td>428,000</td>
</tr>
<tr>
<td>Department of Economic and Community Development (DECD)</td>
<td>(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities, including improvements in compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, roof repair or replacement, air conditioning, and other building renovations and additions at all state-owned facilities</td>
<td>5,000,000</td>
<td>253,248</td>
</tr>
<tr>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>Killingworth: Killingworth Old Town Hall restoration and renovations</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>University of New Haven: establishment and construction of Henry Lee Institute</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>Grants to nursing homes for alterations, renovations, and improvements to convert to other uses to support right-sizing; specifies that any funds allocated after the act’s passage are for DOH</td>
<td>10,000,000</td>
<td>4,430,767</td>
</tr>
<tr>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>Program to offer payments to holders of tax credit eligibility certificates under the urban and industrial sites reinvestment program to replace allowable credits under the certificates</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>Buy-out program for storm-damaged properties</td>
<td>2,800,000</td>
<td>800,000</td>
</tr>
<tr>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>Design and construction of a firearms training facility and vehicle operations training center, including land acquisition</td>
<td>6,576,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Department of Emergency Services and Public Protection (DESPP)</td>
<td>Alterations, renovations, and improvements to the Forensic Science Laboratory in Meriden</td>
<td>2,500,000</td>
<td>2,500,000</td>
</tr>
</tbody>
</table>
### Department of Energy and Environmental Protection (DEEP)

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>462</td>
<td>East Lyme: purchase of Oswegatchie Hills for open space</td>
<td>2,000,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td>465</td>
<td>Stamford: Holly Pond Tidal Restoration project</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>468</td>
<td>Norwalk: flood control system improvements</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>469</td>
<td>Fairfield: Rooster River flood control project</td>
<td>2,030,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>498</td>
<td>Grants to municipalities for open space acquisition and development for conservation or recreational purposes</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>501</td>
<td>Recreation and Natural Heritage Trust Program for recreation, open space, resource protection, and resource management</td>
<td>8,000,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>528</td>
<td>Long Island Sound stewardship and resiliency program (1) to protect coastal marshes and other natural buffer areas and (2) for grants to increase the resiliency of wastewater treatment facilities</td>
<td>15,000,000</td>
<td>7,000,000</td>
</tr>
<tr>
<td>529</td>
<td>Grants to municipalities, in consultation with OPM, to encourage low-impact design of green municipal infrastructure to reduce nonpoint source pollution</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
</tbody>
</table>

### Department of Housing

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>519</td>
<td>Shoreline Resiliency Fund</td>
<td>8,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>531</td>
<td>Main Street Investment Fund</td>
<td>5,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>538</td>
<td>Main Street Investment Fund</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>541</td>
<td>Homelessness prevention and response fund</td>
<td>26,000,000</td>
<td>5,125,000</td>
</tr>
</tbody>
</table>

### Department of Mental Health and Addiction Services (DMHAS)

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>460</td>
<td>Alterations, renovations, additions, and improvements, including new construction, in accordance with the DMHAS master campus plan</td>
<td>886,593</td>
<td>722,090</td>
</tr>
<tr>
<td>480</td>
<td>Grants to nonprofits for community-based residential and outpatient facilities for purchases, repairs, alterations, and improvements</td>
<td>5,000,000</td>
<td>1,043,836</td>
</tr>
</tbody>
</table>

### Department of Public Health

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>479</td>
<td>Grants to community health centers, primary care organizations, and municipalities for the purchase of equipment, renovations, improvements, and expansion of facilities</td>
<td>2,000,000</td>
<td>1,750,000</td>
</tr>
</tbody>
</table>

### Department of Rehabilitation Services (DORS)

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>520</td>
<td>Grants for programs providing home modifications and assistive technology devices related to aging in place, which may be run by a nonprofit under contract with DORS</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
</tbody>
</table>

### Department of Transportation

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>445</td>
<td>Commercial rail freight line competitive grant program</td>
<td>10,000,000</td>
<td>2,500,000</td>
</tr>
</tbody>
</table>

### Department of Veterans Affairs

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>515</td>
<td>Planning and feasibility study for additional veterans’ housing at the Rocky Hill campus, including vacant building demolition</td>
<td>500,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>

### Judicial Department
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>477</td>
<td>Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities</td>
<td>5,000,000</td>
<td>223,817</td>
</tr>
<tr>
<td>486</td>
<td>Development of a juvenile court building in Meriden or Middletown</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>494</td>
<td>Development of a juvenile court building in Meriden or Middletown</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>495</td>
<td>Mechanical upgrades and code-required improvements at New Haven superior courthouse</td>
<td>1,000,000</td>
<td>200,000</td>
</tr>
<tr>
<td>507</td>
<td>Development of a juvenile court building in Meriden or Middletown</td>
<td>9,000,000</td>
<td>9,000,000</td>
</tr>
<tr>
<td>508</td>
<td>Mechanical upgrades and code-required improvements at New Haven superior courthouse</td>
<td>8,500,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td><strong>Multiple Agencies</strong></td>
<td>Bridgeport economic development projects (for DECD or DEEP, as designated by the Bond Commission)</td>
<td>2,200,000</td>
<td>950,000</td>
</tr>
<tr>
<td>499</td>
<td>Grants to towns and nonprofits for facility improvements and minor capital repairs to facilities that house school readiness programs and state-funded day care centers</td>
<td>11,500,000</td>
<td>5,641,832</td>
</tr>
<tr>
<td>511</td>
<td>Grants to towns and nonprofits for facility improvements and minor capital repairs to facilities that house school readiness programs and state-funded day care centers</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Office of Early Childhood</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Office of Governmental Accountability</strong></td>
<td>Information technology improvements</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>514</td>
<td>Production and studio equipment for the Connecticut Network</td>
<td>3,230,000</td>
<td>2,230,000</td>
</tr>
<tr>
<td><strong>Office of Legislative Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Office of Policy and Management</strong></td>
<td>Small Town Economic Assistance Program (STEAP)</td>
<td>280,000,000</td>
<td>9,000,000</td>
</tr>
<tr>
<td>429</td>
<td>Intertown Capital Equipment Purchase Incentive Program</td>
<td>5,000,000</td>
<td>62,851</td>
</tr>
<tr>
<td>542</td>
<td>Regional dog pound grant program</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>544</td>
<td>West Hartford: improvements to the Trout Brook Canal area</td>
<td>1,200,000</td>
<td>700,000</td>
</tr>
<tr>
<td>546</td>
<td>West Hartford: wireless fidelity and broadband network initiative for West Hartford Center</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>State Comptroller</strong></td>
<td>Connecticut Public Broadcasting Network: transmission, broadcast, production, and information technology equipment</td>
<td>1,300,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td><strong>State Department of Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Grants for expanding the availability of high-quality school models and assisting in implementing Common Core state standards and assessments: alteration, repair, improvements, technology, equipment, acquisition, and capital start-up costs

Technical high school system: alterations, renovations, and improvements to buildings and grounds, including equipment, tools, and supplies necessary to update curricula, vehicles, and technology

Technical high school system: pilot program to provide expanded educational opportunities, for academic enrichment and trades training for secondary and adult learners, by extending hours at technical high schools in Hamden, Hartford, New Britain, and Waterbury (see also § 521 below)

Grants for Sheff magnet school program capital start-up costs

American School for the Deaf: alterations, renovations, and improvements to buildings and grounds

Grants for Sheff magnet school program capital start-up costs

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Prior Limit</th>
<th>Act’s Limit</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>489</td>
<td>Grants for expanding the availability of high-quality school models and assisting in implementing Common Core state standards and assessments: alteration, repair, improvements, technology, equipment, acquisition, and capital start-up costs</td>
<td>24,888,946</td>
<td>6,334,200</td>
<td></td>
</tr>
<tr>
<td>504</td>
<td>Technical high school system: alterations, renovations, and improvements to buildings and grounds, including equipment, tools, and supplies necessary to update curricula, vehicles, and technology</td>
<td>15,500,000</td>
<td>11,000,000</td>
<td></td>
</tr>
<tr>
<td>521</td>
<td>Technical high school system: pilot program to provide expanded educational opportunities, for academic enrichment and trades training for secondary and adult learners, by extending hours at technical high schools in Hamden, Hartford, New Britain, and Waterbury (see also § 521 below)</td>
<td>3,500,000</td>
<td>3,066,000</td>
<td></td>
</tr>
<tr>
<td>532</td>
<td>Grants for Sheff magnet school program capital start-up costs</td>
<td>20,000,000</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td>533</td>
<td>American School for the Deaf: alterations, renovations, and improvements to buildings and grounds</td>
<td>5,000,000</td>
<td>2,507,950</td>
<td></td>
</tr>
<tr>
<td>539</td>
<td>Grants for Sheff magnet school program capital start-up costs</td>
<td>5,750,000</td>
<td>5,750,000</td>
<td></td>
</tr>
</tbody>
</table>

**Smart Start Competitive Grant Program (§ 437).** The act cancels $36,480,851 in GO bonds authorized for FYs 16 through 19 ($6,480,851 for FY 16 and $10 million each for FYs 17 to 19) for the Smart Start competitive grant program, which provides grants to local and regional boards of education for establishing or expanding preschool programs.

**Changes to CSCU 2020 Bond Program (§§ 438 & 439)**

The act adjusts the annual bond caps under the CSCU 2020 program, as shown in Table 23 below, by (1) cancelling $110 million in bonds for FY 18 and reallocating them to FY 20 and (2) authorizing an additional $16 million in bonds for FY 20 for supplemental project funding. The act correspondingly extends Phase III of the program by one year, from FY 19 to FY 20.

**Table 23: CSCU 2020 Annual Bond Limits (millions)**

<table>
<thead>
<tr>
<th>FY</th>
<th>Prior Limit</th>
<th>Act’s Limit</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>$150</td>
<td>$40</td>
<td>($110)</td>
</tr>
<tr>
<td>19</td>
<td>95</td>
<td>95</td>
<td>0</td>
</tr>
<tr>
<td>20</td>
<td>0</td>
<td>126</td>
<td>126</td>
</tr>
</tbody>
</table>

**UConn 2000 (§§ 440-444)**

**Bond Schedule.** The act extends the UConn 2000 program by three years, from 2024 to 2027, and defers $185.8 million in bonds currently authorized for FYs 18-23 to FYs 24-27. It adjusts the annual bond caps for the program, as
shown in Table 24 below.

**Table 24: UConn 2000 Annual Bond Limits (millions)**

<table>
<thead>
<tr>
<th>FY</th>
<th>Prior Limit</th>
<th>Act's Limit</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>$295.5</td>
<td>$200</td>
<td>($95.5)</td>
</tr>
<tr>
<td>19</td>
<td>251</td>
<td>200</td>
<td>(51)</td>
</tr>
<tr>
<td>20</td>
<td>269</td>
<td>291.6</td>
<td>22.6</td>
</tr>
<tr>
<td>21</td>
<td>191.5</td>
<td>186.2</td>
<td>(5.3)</td>
</tr>
<tr>
<td>22</td>
<td>144</td>
<td>101.4</td>
<td>(42.6)</td>
</tr>
<tr>
<td>23</td>
<td>112</td>
<td>98</td>
<td>(14)</td>
</tr>
<tr>
<td>24</td>
<td>73.5</td>
<td>85</td>
<td>11.5</td>
</tr>
<tr>
<td>25</td>
<td>0</td>
<td>70.1</td>
<td>70.1</td>
</tr>
<tr>
<td>26</td>
<td>0</td>
<td>63.6</td>
<td>63.6</td>
</tr>
<tr>
<td>27</td>
<td>0</td>
<td>40.6</td>
<td>40.6</td>
</tr>
</tbody>
</table>

**Project Authorizations.** The act expands two existing Phase III projects for deferred maintenance and other infrastructure improvements at the university and health center, respectively, to include utility, infrastructure, administrative, and support facilities. Under the act utility, infrastructure, administrative, and support facilities include any eligible UConn 2000 project at the Storrs or regional campuses or health center, including any building or structure that is essential, necessary, or useful for such facilities. It includes (1) new construction, expansion, extension, addition, renovation, restoration, replacement, repair, and deferred maintenance of such facilities; (2) accessories and facilities located on, above, or under the ground used in connection with the facilities; and (3) anything else that relates to or supports the facilities.

**Connecticut Bioscience Innovation and Regenerative Medicine Funds (§§ 450-453)**

**Bond Authorizations.** Prior law authorized $200 million in bonds over 11 years, from FYs 13-23, for the Connecticut Bioscience Innovation Fund (CBIF). The act:

1. authorizes $4 million in new bonds for the program;
2. extends the program by one year to FY 24; and
3. cancels $20 million in bonds authorized for FYs 18 and 19, deferring them to FY 24 (see Table 25 below).

**Table 25: CBIF Authorizations (millions)**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Prior Authority</th>
<th>Act's Authority</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>$25</td>
<td>$15</td>
<td>($10)</td>
</tr>
<tr>
<td>19</td>
<td>25</td>
<td>15</td>
<td>(10)</td>
</tr>
<tr>
<td>20</td>
<td>25</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>21</td>
<td>25</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>22</td>
<td>25</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>23</td>
<td>25</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>24</td>
<td>0</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>
The act earmarks $3 million each in FYs 18-20 for grants to the Yale Connecticut Precision Medicine Initiative.

The act also cancels $30 million in bonds authorized for FYs 17-19 for the Regenerative Medicine Research Fund (REGEN) and eliminates the requirement that at least $10 million be available each year until FY 19 to provide financial assistance for conducting regenerative medicine research.

**CBIF’s Purposes.** The act allows CBIF resources to provide financial assistance to institutions eligible for funding under the existing REGEN program (CGS §§ 32-41jj to 32-41mm). Such assistance must be provided pursuant to existing REGEN requirements. (Because the CBIF and REGEN programs are overseen by different committees and are awarded through different processes, it is unclear how this change will be applied in practice.)

Regenerative medicine research involves examining the process for creating living, functional tissue to repair or replace tissue or organ function lost due to aging, disease, damage, or congenital defects. The Bioscience Innovation Fund finances projects to improve health care delivery, lower health care costs, and create bioscience jobs.

**Adjustments and Technical Corrections to 2016 Bond Act (§§ 455-458, 472, 512, 523, 530, 536, 548 & 549)**

The act restores several GO bond authorizations cancelled or reduced in the 2016 bond act (PA 16-4, May Special Session) as shown in Table 26 below. The act also expands the purposes of $5.7 million in bonds authorized for BOR to make certain improvements at Three Rivers Community College to include other miscellaneous campus improvements (§ 472). And it makes various technical corrections related to provisions in the 2016 act (§§ 455-456, 536, 548 & 549).

**Table 26: Restored Bond Authorizations**

<table>
<thead>
<tr>
<th>§</th>
<th>Agency</th>
<th>For</th>
<th>Prior Authorization</th>
<th>Amount Cancelled in PA 16-4</th>
<th>Act’s Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>458</td>
<td>SDE</td>
<td>American School for the Deaf: alteration, renovation, and improvements to buildings and grounds, including new construction</td>
<td>$4,405,709</td>
<td>$5,000,000</td>
<td>$9,405,709</td>
</tr>
<tr>
<td>512</td>
<td>CI</td>
<td>Regenerative Medicine Research Fund</td>
<td>0</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>523</td>
<td>DAS</td>
<td>Removal or encapsulation of asbestos and hazardous material in state-owned buildings</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>530</td>
<td>DECD</td>
<td>Brownfield Remediation and Revitalization program</td>
<td>16,000,000</td>
<td>4,000,000</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>
Increase Authorization for Technical High Schools (§ 521)

The act increases, by $3.066 million, an existing $5 million authorization for SDE (see § 521 in Table 26 above). SDE must use the funds to provide grants to technical high schools to provide evening training programs in skilled trades, including manufacturing, masonry, electrical, plumbing, and carpentry, that prepare participants to earn a credential or degree recognized by employers or trade associations.

School Security Infrastructure Competitive Grant Program (§ 490)

The act makes permanent the school security infrastructure competitive grant program, which under prior law ended in FY 17. The program is jointly administered by DESPP, DAS, and SDE and provides grants to develop or improve security infrastructure in schools, based on the results of school building security assessments conducted under the supervision of local law enforcement agencies.

By law, if there is not enough money to reimburse every applicant for its full grant amount in FYs 15-17, first priority is given to applicants with schools that have the greatest need for security infrastructure. The act does not extend these priority requirements beyond FY 17.

LoCIP (§ 550)

Existing law requires the OPM secretary to allocate LoCIP funds to municipalities on February 1 of each year, up to the amount the legislature authorized for the fiscal year. For 2017 and 2018, the act instead requires the OPM secretary to allocate no LoCIP funds on February 1, 2017 and $55 million to municipalities on February 1, 2018.

Under LoCIP, the OPM secretary allocates a share of available state funds to each municipality based on miles of road, population density, and population factors and credits the amount to each town’s LoCIP account. A town may use its LoCIP credits to reimburse local spending for approved qualified projects.

Federal Transportation Loan Program Assistance and STO Bonds (§ 551)

Federal Loan Program Agreements. The act authorizes the Treasurer, OPM secretary, and DOT commissioner (i.e., “state officials”) to enter into loan agreements or other credit agreements with the U.S. Department of Transportation (U.S. DOT), including agreements under the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF) programs. It allows such loan agreements to be backed by STO bonds (see below).

Under the act, the state officials:
1. may execute and deliver any documents, certificates, and instruments related to the agreements and obligations issued under them;
2. must determine the agreements’ terms, conditions, covenants, and other provisions in the state’s best interest; and
3. may take all other actions necessary to enter into these agreements or
receive other financial assistance under any U.S. DOT program, including preparing, executing, and submitting applications.

Securing Federal Loans with STO Bonds. The act authorizes the issuance of “federal transportation bonds,” which are state STO bonds that are issued to evidence and secure U.S. DOT loans or other financial assistance made to the state under federal programs, including TIFIA and RRIF. Federal law generally requires that U.S. DOT loans be backed by revenue sources, such as tolls, user fees, or other dedicated revenue sources that secure the financed project’s other obligations (23 U.S.C. § 602(a)(6); 45 U.S.C. § 822(f)(3)). TIFIA and RRIF loans have longer repayment periods (35 years) than STO bonds (20 years) and flexible repayment schedules (i.e., repayment does not have to begin until five years after the financed project is complete).

Under the act, federal transportation bonds are generally subject to the requirements, covenants, and conditions that apply to STO bonds issued under the transportation STO bond program, and they may be secured by a trust indenture between the state and a corporate trustee under the same provisions that apply to the STO bond program under existing law. Regardless of STO program provisions regarding tax exemption, the act allows federal transportation bonds to be issued as taxable bonds.

The act provides that the bonds’ debt service requirements and other obligations must be secured by a lien on “pledged revenues,” which is the revenue that is credited to the Special Transportation Fund (STF) in any year. The lien is subordinate and junior to every lien securing bonds issued under the STO bond program.

And whenever the General Assembly authorizes STO bonds, those authorizations are deemed to have authorized federal transportation bonds, including STO bond authorizations that are already in effect.

TIFIA and RRIF. Under federal law, the TIFIA program provides credit assistance, including direct loans, loan guarantees, and standby lines of credit, for qualified transportation projects of regional and national significance. In general, states may receive federal credit assistance in amounts of up to 33% of total reasonably anticipated eligible project costs (23 U.S.C. § 601 et seq.).

The RRIF program provides direct loans and loan guarantees to finance development of railroad infrastructure. Under the program, states can receive direct loans to fund up to 100% of a railroad project with repayment periods of up to 35 years (45 U.S.C. § 821 et seq.).

§ 554 — INTERRUPTIBLE GAS SERVICE FOR CERTAIN MANUFACTURING FACILITIES

Requires gas companies to propose a new rate for certain manufacturers that do not qualify for interruptible service rates

The act requires each gas company, when it next applies to change its rates on or after October 1, 2017, to propose a new rate for certain manufacturers. These manufacturers are those who:

1. are described in the North American Industry Classification System Codes
324000 to 325999 (i.e., petroleum and coal products manufacturers or chemical manufacturers);

2. are firm service customers of the gas company on October 1, 2017; and

3. do not qualify for interruptible gas sales or transportation service under the gas company’s interruptible service rates.

The new rate must be at least 70% of the delivery component in the company’s firm gas service rate for large commercial or industrial customers.

The act prohibits the new rate from being used at a qualified manufacturer-owned manufacturing facility that used over 2.5 million centum cubic feet of natural gas in any calendar year since January 1, 2016, unless the Public Utilities Regulatory Authority (PURA) grants approval. The manufacturer must petition PURA for approval, and PURA must determine that its use of the new rate (1) is in the public interest, (2) will provide economic benefits to the state, and (3) will not endanger the integrity of the gas company’s distribution system.

Under the act, a gas company must recover any revenue that it loses due to the new rate through its decoupling mechanism or a monthly surcharge assessed to all of the company’s firm service customers. Each company must file with PURA, as part of its annually required decoupling filing or in a separate proceeding, an annual revenue reconciliation of actual revenues to allowed revenues associated with implementing the new rate.

**EFFECTIVE DATE:** Upon passage

**Background**

“*Firm*” and “Interruptible” Gas Service. In general, customers who contract for “firm” service receive uninterrupted gas service. In contrast, customers who contract for “interruptible” service pay lower rates in return for allowing their gas service to be cut off if there is not enough pipeline capacity during peak demand periods. The gas companies’ current interruptible tariffs limit interruptible service to customers with equipment that can operate on another fuel when service is interrupted.

“Decoupling.” Historically, a gas company’s revenues have been directly linked to the amount of gas it sold, potentially giving it a disincentive to promote efficiency. “Decoupling” seeks to limit this linkage by separating a company’s distribution revenue from its sales volume revenue. A “decoupling mechanism” is a billing charge that allows a company to make up any distribution revenue lost due to a lower than expected sales volume.

**§ 555 — CONSUMER DATA PRIVACY WORKING GROUP**

Establishes an eight-member working group on consumer data privacy and requires the group to report its findings and recommendations to the legislature by January 15, 2018

The act establishes an eight-member working group to examine and make recommendations on:

1. broadband internet access service consumer data privacy,

2. broadband internet access service industry standards on consumer data protection,
3. definitions for “sensitive customer personal information” and “nonsensitive customer personal information,”
4. ways to notify customers of consumer data privacy provisions, and
5. ways of enforcing consumer data privacy laws.

Membership and Appointments

The eight-member working group must consist of:
1. the attorney general and consumer counsel, or their designees;
2. a Commerce Committee member, appointed by the Senate president pro tempore;
3. an Energy and Technology Committee member, appointed by the Senate Republican president pro tempore;
4. two representatives of a nonprofit organization with data privacy expertise, appointed one each by the House speaker and the House minority leader;
5. a member of the broadband internet service provider industry, appointed by the Senate majority leader; and
6. an attorney with consumer privacy expertise, appointed by the deputy Senate Republican president pro tempore.

All appointments must be made within 30 days after the act’s passage, and appointing authorities must fill any vacancies. The House speaker and the Senate president pro tempore must select the working group’s chairperson from among the group’s members. The chairpersons must schedule the group’s first meeting, which must take place within 60 days of the act’s passage. The act requires the Energy and Technology Committee’s administrative staff to serve as the working group’s administrative staff.

The act specifies that working group members, including legislators, do not receive mileage reimbursement or a transportation allowance for traveling to working group meetings.

Reporting Requirement

The act requires the working group to report its findings and recommendations to the Commerce and Energy and Technology committees by January 15, 2018. The working group terminates on January 15, 2018 or when it submits its report, whichever is later.

EFFECTIVE DATE: Upon passage

§ 556 — TAXES OWED ON MOTOR VEHICLES REGISTERED OUT OF STATE

Establishes a procedure by which local tax assessors receive information about motor vehicles registered in other states in order to add such vehicles to grand lists

The act establishes a procedure by which local tax assessors may receive certain identifying information about certain motor vehicles registered in other states from the motor vehicles commissioner in order to add such vehicles to a municipality’s grand list. The act requires municipalities to remit one percent of
the property taxes collected for any such vehicles to the STF.

By law, a vehicle’s owner is liable for property taxes in Connecticut if the vehicle, during its normal course of operation, most frequently leaves from, returns to, or remains (i.e., is garaged) in Connecticut. The tax applies whether or not the vehicle is registered with the Department of Motor Vehicles (CGS § 12-71 (f)).

**EFFECTIVE DATE:** Upon passage

*Procedure for Taxing Certain Vehicles Registered Out-Of-State*

Under the act, if a municipal tax assessor determines that a motor vehicle is taxable but registered out-of-state, he or she must make a reasonable effort to provide information on the vehicle’s out-of-state registration to the motor vehicles commissioner. After receiving the information, the commissioner must make a reasonable effort to provide the assessor with information on the vehicle’s make and model, model year, and identification number, and the registered owner’s name and mailing address.

If the information provided is sufficient to determine the vehicle’s value, the assessor must do so and add it to the grand list for the immediately preceding assessment year. Under the act, the tax due on the vehicle is collected, payable, and appealable in the same way as taxes for vehicles added to the grand list after the assessment year begins.

*Remittance to STF*

Municipalities must remit one percent of any property taxes collected for such vehicles to the STF to fund administrative costs associated with registering these out-of-state vehicles.

**§§ 558 & 572 — HOME HEALTH CARE ADD-ON PAYMENTS**

*Allows DSS to eliminate home health care add-on payments for FYs 18 and 19, conforming to current practice*

By law, the Department of Social Services (DSS) commissioner can provide payments to home health care agencies and homemaker-home health aide agencies that apply with evidence of extraordinary costs related to (1) serving people with AIDS, (2) high-risk maternal and child health care, (3) escort services, or (4) extended-hour services. The act allows the commissioner to eliminate such “add-on” payments for FYs 18 and 19. In practice, DSS has already done so.

**EFFECTIVE DATE:** Upon passage

**§§ 559, 586 & 587 — TEACHER CONTRIBUTIONS TO THE TEACHERS’ RETIREMENT SYSTEM (TRS)**

*Starting in 2018, increases teachers’ regular contribution rate to TRS from 6% to 7%; requires the Teachers’ Retirement Board (TRB) to recalculate the amount the state must contribute to TRS in FYs 18 and 19 due to this increase but assume the 6% contribution rate starting in FY 20*
Starting on January 1, 2018, the act increases teachers’ regular contribution rate to TRS from 6% to 7% of their annual salary (§ 586). By law, teachers’ mandatory contributions to TRS consist of their regular contribution rate plus a 1.25% health contribution for retiree health insurance.

The act requires TRB, by December 1, 2017, to (1) request a revised actuarial valuation forFYs 18 and 19 based on the mandatory contribution percentage for those fiscal years and (2) based on the revised valuation, certify to the legislature the amount needed to maintain TRS on an actuarial reserve basis in those fiscal years (§ 587). For FY 20 and each fiscal year after, the act requires the board to assume that teachers’ regular contributions are 6%, rather than 7%, when actuarially determining the amount needed to maintain TRS on an actuarial reserve basis (§ 559). The teachers’ regular contribution rate remains at 7%; the act just changes how the board counts it in its determination.

In effect, these changes should lower the state’s General Fund contribution to TRS in FYs 18 and 19 (due to the increased contributions from teachers), then have it resume in FY 20 and the following years as if teacher contributions had not increased.

EFFECTIVE DATE: Upon passage

§§ 560-562 — 90-DAY TURNAROUND FOR CERTAIN PERMITS

Deems certain state agency permit applications approved if the relevant agency does not make a determination on them within 90 days after receiving them

The act requires DOT, the Department of Energy and Environmental Protection (DEEP), and the Department of Agriculture (DoAg) to review and make final determinations on specified permit applications within 90 days after receiving them; otherwise, it deems the applications approved.

The act applies to the following DOT permit applications: encroachment, parkway, industrial truck, outdoor advertising, and specific information signs on limited access highways. It applies to DoAg’s aquaculture permit applications and to the DEEP permit applications shown in Table 27.

Table 27: DEEP Permits with 90-Day Required Turnaround

<table>
<thead>
<tr>
<th>Permit Category</th>
<th>Certificate/Application</th>
<th>Turnaround Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air permits for the temporary use of radiation DTX or RMI</td>
<td>Aquifer protection registrations</td>
<td>Aquifer protections</td>
</tr>
<tr>
<td>Certificates of permission</td>
<td>Coastal management consistency review forms for federal authorization</td>
<td>Emergency authorizations to discharge to groundwater to remediate pollution</td>
</tr>
<tr>
<td>Property transfers</td>
<td>Disposals of special waste</td>
<td>Marine terminals</td>
</tr>
<tr>
<td>Pesticide applications by aircraft</td>
<td>Pesticides in state waters</td>
<td>Waste transportation</td>
</tr>
<tr>
<td>E-waste: manufacturer</td>
<td>E-waste: covered recycler</td>
<td>Emergency discharge authorizations</td>
</tr>
<tr>
<td>Online sportsman licensing systems</td>
<td>State park passes and bus permits</td>
<td>State parks and forests special use licenses</td>
</tr>
<tr>
<td>Campground reservations</td>
<td>Other camping permits</td>
<td>Boating permits</td>
</tr>
<tr>
<td>Safe boating certifications</td>
<td>Marine event permits</td>
<td>Marine dealer certificates</td>
</tr>
<tr>
<td>Navigation marker permits</td>
<td>Regulatory marker permits</td>
<td>Water ski slalom course or</td>
</tr>
</tbody>
</table>
### EFFECTIVE DATE: Upon passage

**§§ 563-565 — RENTERS’ REBATE PROGRAM**

*Makes municipalities, instead of the state, responsible for grants under the Renters’ Rebate Program*

The state’s Renters’ Rebate Program provides rebates to older adult or totally disabled renters whose incomes do not exceed certain limits (CGS § 12-170d *et seq.*). The act makes municipalities, instead of the state, responsible for (1) funding the grants under the program and (2) administering the program. But the act does not specify how the program must transition to municipal administration for purposes of 2016 rebates.

The act also:

1. appropriates $12,685,377 in FY 18 and $13,666,177 in FY 19 to the Office of Policy and Management (OPM) for the program (see § 1) and
2. makes a number of conforming changes, including specifying that applicants can appeal a local assessor’s decision on a rebate application to OPM.

(17 PA 4-6, JSS (§§ 23-26) returns administration of the program to OPM and establishes a mechanism for municipalities to contribute funding toward grants.)

**EFFECTIVE DATE: Upon passage**

*Background*

To be eligible for a rebate, the recipient, or his or her spouse, must be (1) age 65 or older; (2) age 50 or older and the surviving spouse of a renter who at the time of the renter’s death had qualified for and was entitled to tax relief, provided such spouse was domiciled with such renter at the time of the renter’s death; or (3) age 18 or older with a total and permanent disability. The recipient also must have lived in the state for at least one year. Under prior law and the act, individuals apply annually to local assessors or their agents between April 1 and October 1 for reimbursement for payments made in the preceding calendar year. Rebate amount is based on a graduated income scale and the applicant’s rent and

<table>
<thead>
<tr>
<th>Licensing and Registration Requirements</th>
<th>Regulations</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jump permits</td>
<td>Inland fishing licenses</td>
<td>Marine recreational and commercial licenses</td>
</tr>
<tr>
<td>Hunting and trapping</td>
<td>Non-shooting field trials</td>
<td>Private land shooting preserve permits</td>
</tr>
<tr>
<td>Regulated hunting dog training applications</td>
<td>Scientific collection permits for aquatic species, plants, and wildlife and educational mineral collection</td>
<td>Commercial arborists</td>
</tr>
<tr>
<td>Licensed environmental professionals</td>
<td>Pesticide certification licensing and registrations</td>
<td>Solid waste facility operators</td>
</tr>
<tr>
<td>Wastewater treatment facility operator certifications</td>
<td>Commercial fishing licenses and permits</td>
<td>Forest practitioners</td>
</tr>
<tr>
<td>Nuisance wildlife control operators</td>
<td>Taxidermists</td>
<td>Wildlife rehabilitators</td>
</tr>
</tbody>
</table>
utility payments.

§§ 566 & 567 — PREVAILING WAGE

*Increases prevailing wage thresholds for new public works projects; temporarily exempts certain projects in New Haven County from prevailing wage requirements; and applies prevailing wage requirements to certain DECD-funded projects*

The act makes several changes to the state’s prevailing wage law. First, it increases the public works prevailing wage threshold for new construction projects from $400,000 to $1 million. It does not change the $100,000 threshold for public works renovation projects. By law, employers on public works projects of the state or its political subdivisions with total costs that exceed the thresholds must pay their construction workers the prevailing wage (i.e., wages and benefits equal to those that are customary or prevailing for the same work, in the same trade or occupation, in the same town). The act specifies that the public works prevailing wage thresholds apply to (1) a new construction project’s total bond authorization and (2) any project’s combined total costs.

Until July 1, 2019, the act also temporarily exempts from prevailing wage requirements any public works projects that are (1) for a New Haven County municipality that has a population between 12,000 and 13,000, as determined by the most recent Department of Public Health estimate, and (2) funded in whole or in part by a $9 million - $12 million private bequest.

Lastly, starting July 1, 2018, the act extends prevailing wage requirements to any business that receives at least $1 million in DECD financial assistance for a covered project to include the same prevailing wage provision in its contracts for the project. DECD must impose this requirement as a condition of receiving assistance.

As under the public works prevailing wage law, the labor commissioner must determine the prevailing wage for each trade or occupation and location (in practice, the commissioner uses rates established by the U.S. Department of Labor). Unlike the public works prevailing wage law, the act does not require:

1. DECD to certify the total dollar amount of work to be done on the project,
2. the business to (a) obtain the applicable prevailing wage rates from the
labor commissioner prior to advertising for the contracts or (b) include the prevailing wage rates in proposals for the contracts, or

3. contractors, upon award of a contract, to certify the pay scale that they and their subcontractors will use on the project.

**Enforcement.** Similar to the public works prevailing wage law, the act requires contractors or subcontractors on the business’s covered project who knowingly or willfully fail to pay their employees the prevailing wage to be fined between $2,500 and $5,000 per offense. In addition, a first-time violator must fully repay back wages and cannot bid on other DECD covered projects until six months after it has done so. A contractor or subcontractor with subsequent violations must fully repay back wages and cannot bid on other covered projects until two years after it has done so.

Similar to the public works prevailing wage law, if a business finds that a contractor or subcontractor on its covered project is not paying the prevailing wages, the business can (1) by written or electronic notice terminate the contractor’s right to continue working on the project and hold the contractor and its sureties liable for any excess costs to complete the work or (2) withhold payments to the contractor or subcontractor. If the business takes either of these steps, it must notify the labor commissioner, within two days, of the contractor’s or subcontractor’s name; the project and its location; the violations involved; the date the contract was terminated, if applicable; and steps taken to collect the required wages. The labor commissioner may file a complaint with the proper prosecuting authorities for violations.

**Record Keeping Requirements.** The act expands the public works prevailing wage law’s record keeping requirements to include DECD’s covered projects. Among other things, this requires contractors and subcontractors on a project to submit monthly certified payroll records to DECD. The records must contain the same information required under the public works prevailing wage law, including:

1. detailed payroll records for each employee and
2. a signed statement that, among other things, (a) the records are correct, (b) the employer met the prevailing wage law’s requirements, and (c) the employer understands the penalties for knowingly filing false payroll records.

The penalties for failing to comply with the certified payroll records requirement or knowingly filing false payroll records are the same as under the public works prevailing wage law (class D felonies, see Table on Penalties).

**EFFECTIVE DATE:** Upon passage

§ 569 — STATE SUPPLEMENT PROGRAM (SSP)

*Extends freeze on SSP rates and eliminates unearned income disregard for SSI COLAs*

Generally, low-income people who are aged, blind, or have a disability can receive federal Supplemental Security Income (SSI) benefits if they meet certain financial eligibility requirements. The state supplements SSI benefits with SSP benefits for those who are eligible. To calculate the benefit, DSS takes the applicant’s income, subtracts any applicable “disregards,” and compares the
difference to the program’s payment standard. If the net income figure is less than
the benefit, the person qualifies, and the benefit equals the difference between
them.

The law generally requires the DSS commissioner to annually increase SSP
payment standards based on the consumer price index, within certain parameters.
The act extends the freeze on these payment standards for the next two fiscal
years (FYs 18 and 19).

The act eliminates a requirement that the DSS commissioner annually increase
the amount of unearned income he disregards when determining eligibility and
benefits for SSP. Prior law required the DSS commissioner to increase the
disregard by the amount of the annual cost-of-living adjustment (COLA), if any,
provided to SSI recipients.

Both changes reduce SSP benefits and may result in fewer people being
eligible for benefits.
EFFECTIVE DATE: Upon passage

§§ 570 & 571 — MEDICAID PRESCRIPTION DRUG REIMBURSEMENT

Eliminates statutory requirements for calculating drug and fee payments; requires DSS to revise
reimbursement methodology and professional dispensing fees; requires DSS to submit proposed
revisions to legislative committees

The act eliminates the statutory requirements and formulas for calculating
DSS medical assistance (e.g., Medicaid) payments for prescription drugs, over-
the-counter drugs, and pharmacists’ professional fees. It also eliminates a
requirement that the state pay a $1.40 professional fee to licensed pharmacies for
each prescription dispensed.

Effective April 1, 2017, the act instead requires the DSS commissioner to
revise the reimbursement methodology and professional dispensing fees for
covered outpatient drugs under the Medicaid program to comply with federal
regulations concerning Medicaid reimbursement for these drugs, in accordance
with the legislative review process described below. Among other things, the
federal regulations require states to reimburse providers for (1) certain drugs
based on their actual acquisition cost and (2) pharmacists’ professional services
and costs with a professional dispensing fee. The act maintains a requirement that
DSS pay a professional fee for each approved refill, changing the name of this fee
from “professional license fee” to “professional dispensing fee.”

Legislative Review (§ 571)

The act requires the DSS commissioner to submit proposed revisions to the
Medicaid reimbursement methodology and dispensing fees for covered outpatient
drugs to the Human Services and Appropriations committees before he
implements them. The commissioner must publish a notice of his intention to seek
a proposed revision in the Connecticut Law Journal and on the DSS website at
least 30 days before submitting a proposed revision. The act requires the notice to
summarize the proposed revision and describe how individuals may submit
comment. Under the act, the commissioner must (1) provide 30 days for written
comments on the proposed revision and (2) include all written comments in the submission to the committees.

EFFECTIVE DATE: Upon passage

§ 573 — PRIORITY SCHOOL DISTRICT (PSD) GRANTS

Distributes PSD grants for FYs 18 and 19

The act distributes PSD grants for FYs 18 and 19 across three categories, as shown in Table 28 below.

Table 28: PSD Grant Funding Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority school districts</td>
<td>$31,609,003</td>
<td>$31,609,003</td>
</tr>
<tr>
<td>Extended school building hours</td>
<td>2,994,752</td>
<td>2,994,752</td>
</tr>
<tr>
<td>School accountability</td>
<td>3,499,699</td>
<td>3,499,699</td>
</tr>
</tbody>
</table>

By law, the PSD program provides grants to districts with significant poverty for (1) early reading programs, (2) summer school, and (3) extended school building hours for enrichment and recreational activities.

EFFECTIVE DATE: Upon passage

§ 574 — EDUCATION GRANT EARMARKS

Earmarks up to $1.6 million of SDE appropriations in FYs 18 & 19 for various education-related grants

The act earmarks up to $1,623,479 per year of amounts appropriated to SDE for FYs 18 and 19 for grants to:

1. Bridge Family Center in West Hartford (up to $40,000 per year from the Bridges to Success appropriation);
2. New Haven Reads in New Haven (up to $80,000 per year from the K-3 Reading Assessment Pilot appropriation);
3. Career Pathways TECH Collaborative at Eli Whitney Technical High School, administered by the Justice Education Center, Inc. (up to $125,000 per year from the appropriation for Other Expenses);
4. East Hartford ($915,000 per year from the appropriation for Magnet Schools); and
5. Project Oceanology (up to $463,479 per year from the appropriation for Interdistrict Cooperation).

EFFECTIVE DATE: Upon passage
§§ 575-582 — EDUCATION GRANT CAPS

Reinstates prior law’s caps on certain education grants to school districts and regional education service centers through FY 19

The act caps eight state education grants to school districts and regional education service centers (RESCs) for FYs 18 and 19. The caps, which had expired under prior law on June 30, 2017, require that grants be proportionately reduced if the state budget appropriations do not cover the full amounts required by the respective statutory formulas.

The caps apply to grants for:
1. health services for private school students (CGS § 10-217a);
2. adult education programs (CGS § 10-71);
3. RESC operations (CGS § 10-66j);
4. school districts’ special education costs for public agency-placed students under an order of temporary custody (CGS § 10-76d);
5. school districts’ excess special education costs (CGS § 10-76g);
6. excess regular education costs for state-placed children educated by private residential facilities (CGS § 10-253); and
7. transportation costs for school districts (CGS § 10-266m), including costs for transporting students to private schools within a district (CGS § 10-281).

EFFECTIVE DATE: Upon passage

§§ 583 & 584 — CHARTER SCHOOL GRANTS

Increases the per pupil grants for state charter schools by $250 beginning in FY 19 and requires state and local charter school grants to be paid directly to the schools’ fiscal authorities, rather than the towns

Beginning in FY 19, the act increases the current per pupil grant for state charter schools from $11,000 to $11,250.

It also requires the state to pay per pupil grants for state and local charter schools directly to the schools’ fiscal authorities. Prior law required these payments to be made to the towns where these schools are located, and the towns were required to subsequently transfer the funds to the schools’ fiscal authorities.

The act makes various technical and conforming changes and removes obsolete language.

EFFECTIVE DATE: Upon passage

§ 585 — MAGNET SCHOOL GRANTS

Renews the prioritization for per-student grant payments for magnet school enrollment increases and allows RESC-operated magnets outside of the Sheff region to be eligible for a higher per-student grant

For FY 17, the law authorized SDE to consider a magnet school’s enrollment as of October 1, 2013 or October 1, 2015, whichever was lower, as the base enrollment that SDE will fund. For that fiscal year, the law required SDE to
prioritize funding for additional magnet school seats based on enrollment increases due to (1) certain planned additions of new grade levels or (2) compliance with magnet school law requirements (i.e., racial and economic diversity).

For FY 18, the act similarly authorizes SDE, within available appropriations, to consider a magnet school’s enrollment as of October 1, 2013, October 1, 2015, or October 1, 2016, whichever is lower, as the base enrollment that SDE will fund. For FY 19, it authorizes SDE to consider a magnet school’s enrollment as of the above dates, as well as October 1, 2017, whichever is lower, as the base enrollment for SDE funding. The act requires SDE to prioritize funding approval, subject to the SDE commissioner’s approval, for additional magnet school seats, including increases in enrollment due to planned and approved new grade levels.

It also extends, for FYs 18 and 19, (1) the Sheff region host magnet school per-student grant ($13,054) and (2) an authorization under which magnet school programs operating at less than full-time, but more than half-time, receive 65% of the normal per-student grant.

For FYs 18 and 19 the act applies the Sheff region RESC magnet school per-student grant amount ($10,443) to any RESC magnet school in the state that enrolls more than 50%, but less than 60%, of its students from Hartford. Under prior law, these magnets were entitled to per-student grants ranging from $7,085 to $8,180, depending on enrollment and the date the school opened. Also, for a RESC magnet school that enrolls less than 50% of its students from Hartford the per-student grant will be $7,900 for half of the non-Hartford students who are over 50% of the total enrollment and $10,443 for all other students enrolled there.

The act also makes technical changes.

**EFFECTIVE DATE:** Upon passage

§ 588 — MASHANTUCKET PEQUOT AND MOHEGAN FUND GRANTS

Allocates the total grant amounts paid to municipalities from the Mashantucket Pequot and Mohegan Fund for FYs 18 and 19

For FYs 18 and 19, the act specifies the total grant amounts paid to municipalities from the Mashantucket Pequot and Mohegan Fund. In doing so, it overrides the statutory formulas and requirements for the grants.

**EFFECTIVE DATE:** Upon passage

§ 589 — MUNICIPAL STABILIZATION GRANTS

Establishes a new municipal stabilization grant for FYs 18 and 19

For FYs 18 and 19, the act establishes a new municipal stabilization grant for specified municipalities and lists the respective grant amounts. The act requires the grants to be paid by October 31 of each year.

**EFFECTIVE DATE:** Upon passage
§ 590 — MUNICIPAL REVENUE SHARING GRANTS

Eliminates the municipal revenue sharing grants for all but five municipalities and specifies their amounts for FYs 18 and 19

For FYs 18 and 19, the act eliminates municipal revenue sharing grants for all but five municipalities (Bridgeport, Hartford, Mansfield, New Haven, and Waterbury) and specifies the amounts payable to each one by October 31 of each year. (However, the act overrides the statutory grant amounts for FY 17, rather than those for FYs 18 and 19.)

EFFECTIVE DATE: Upon passage

§§ 591 & 592 — PAYMENT IN LIEU OF TAXES (PILOT) GRANTS

Allocates supplemental PILOT grant amounts for FYs 18 and 19

The act overrides statutory requirements for PILOT grants in FYs 18 and 19 and instead lists the grant amounts payable to eligible municipalities for college and hospital property and state-owned property.

Prior law required PILOTs for FYs 18 and 19 to be proportionately reduced if the amount appropriated was not enough to fund the full amount to every municipality or special taxing district, except that (1) municipalities and districts had to receive PILOTs that equaled or exceeded the reimbursement rates they received in FY 15 and (2) 42 specified municipalities and districts received a supplemental PILOT grant according to amounts listed in statute.

EFFECTIVE DATE: Upon passage

§§ 601-617 — HOSPITAL PROVIDER TAX AND USER FEES ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES

Beginning July 1, 2017, sunsets the prior tax on hospitals and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities and reestablishes them as a new tax and fee structure

Beginning July 1, 2017, the act sunsets the prior tax on hospitals and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities (ICF-IDs) and reestablishes them as a new tax and fee structure. It establishes administrative, record keeping, and penalty provisions for the tax and fees that generally parallel those in existing law for other taxes. It also authorizes the DRS commissioner to adopt implementing regulations.

Tax on Hospital Services (§§ 602, 611 & 612)

Overview. Under prior law, the hospital tax was based on a hospital’s net patient revenue (defined as the amount of accrued payments earned by a hospital for the provision of inpatient and outpatient services) for a base year determined by the Department of Social Services (DSS) commissioner in accordance with the adopted state budget. The hospital tax rate was set up to the maximum allowed by federal law (6%) and in conformance with the adopted state budget.

Beginning July 1, 2017, the act sunsets prior law’s tax and imposes a new tax
based on the total net revenue hospitals received for FY 16 (defined below) for providing inpatient and outpatient hospital services. The act establishes a formula for calculating the tax rate, based on the amount of tax revenue specified for the given fiscal year. For FYs 18 and 19, the tax rate for (1) inpatient hospital services is $306 million divided by the total FY 16 audited net inpatient revenue for all hospitals subject to the tax and (2) outpatient hospital services is $594 million divided by the total FY 16 audited net outpatient revenue for all such hospitals. (PA 17-4, JSS (§ 2) instead sets the tax rate for FYs 18 and 19 for (1) inpatient hospital services at 6% of each hospital’s FY 16 audited net revenue attributable to such services and (2) outpatient hospital services at $900 million minus the total tax imposed on all hospitals for providing inpatient hospital services, divided by the total FY 16 audited net revenue attributable to outpatient hospital services for all hospitals subject to the tax.)

For FY 20 and thereafter, the tax rate for both inpatient and outpatient hospital services is $384 million divided by the total FY 16 audited net revenue for all hospitals subject to the tax.

Payment Requirements. For each fiscal year, with the exception of FY 18, the act requires hospitals to pay the total amount due in four quarterly payments according to the standard filing and payment requirements the act establishes (described further below).

For FY 18, the act requires hospitals to make an estimated tax payment on December 15, 2017 that equals 133% of the tax that was due for FY 17 under the prior hospital tax. If a hospital was not required to pay the tax on either inpatient or outpatient hospital services, it must make its estimated payment based on its unaudited net patient revenue. (PA 17-4, JSS (§ 2) requires the DRS commissioner to apply any tax payments hospitals made for the prior hospital tax for the period ending September 30, 2017, as a partial payment of the hospital’s estimated tax payment due December 15, 2017.) Hospitals must pay the remaining balance due for FY 18 in two equal payments, due on April 30, 2018, and July 31, 2018, respectively.

The act requires hospitals to make these required payments according to procedures established by the commissioner on forms he provides. (PA 17-4, JSS (§ 2) requires hospitals to calculate the amount of tax due on forms prescribed by the DRS commissioner by multiplying the applicable rate described above by its FY 16 audited net revenue.)

Hospitals Subject to the Tax. Under prior law, the hospital tax applied to all short-term general hospitals except children’s hospitals and hospitals operated exclusively by the state, other than those the state operates as a receiver (i.e., Connecticut Children’s Medical Center and John Dempsey Hospital). Under the act, the tax applies to the net revenue tax to any health care facility that (1) is licensed by DPH as a short-term general hospital; (2) is maintained primarily for the care and treatment of patients with disorders other than mental diseases; (3) meets the requirements for participation in Medicare as a hospital; and (4) has a utilization review plan in effect, applicable to all Medicaid patients, that meets federal requirements or has been granted a federal waiver.

Request for Federal Waiver to Exempt Certain Hospitals. The act requires the
DSS commissioner to seek CMS approval to exempt from the hospital tax (1) specialty hospitals; (2) children’s general hospitals; and (3) hospitals operated exclusively by the state, other than those the state operates as a receiver. (However, specialty hospitals do not appear to be subject to the tax since they are not licensed by DPH as short-term general hospitals.) It requires hospitals to, upon request, provide the DSS commissioner with information he needs to make any necessary calculations to seek approval for this exemption. (The same exemption applied against the hospital tax under prior law.)

The act similarly requires the commissioner, before January 1, 2018 and every three years thereafter, to seek CMS approval to exempt financially distressed hospitals from the tax on outpatient hospital services. It defines a “financially distressed hospital” as one that has experienced, over a five-year period, an average net loss of more than 1% of aggregate revenue. Under the act, a hospital has an average net loss of more than 1% of aggregate revenue if the loss is reflected in the five most recent years of financial reports made available by the Office of Healthcare Access for such hospital as of July 1 of the year in which the waiver is requested. (The same exemption applied against the hospital tax under prior law.) (PA 17-4, JSS (§ 2) increases the threshold at which a hospital is considered financially distressed to one that has experienced an average net loss of more than 5% of aggregate revenue over a five-year period, rather than more than 1%).

Under the act, any hospital for which CMS grants an exemption is exempt from the net revenue tax and any hospital denied an exemption must pay the tax. (PA 17-4, JSS (§ 2) specifies that any hospital for which CMS denies an exemption is deemed a hospital for purposes of the provider tax.)

The act exempts these waivers from the statutes requiring the DSS commissioner to submit notice of any proposed amendment to the Medicaid state plan to the Human Services and Appropriations committees before submitting it to the federal government.

**Definition of Net Revenue.** The act defines net revenue as “gross receipts” minus payer discounts, charity care, and bad debts on which the taxpayer previously paid the tax. Under the act, “gross receipts” means the amount received (cash or in-kind) from patients, third-party payers, and others for taxable health care items or services the taxpayer provides in the state. It includes retroactive adjustments under reimbursement agreements with third-party payers, with no deduction for expenses. Under the act, “received” means received or accrued according to the taxpayer’s customary accounting method.

“Payer discounts” means the difference between a provider’s published charges and the payments it received for a rate or payment method that is different than or discounted from the published charges. It excludes charity care and bad debts.

“Charity care” is free or discounted health care services provided to an individual who cannot afford to pay, including health care services provided to an uninsured patient who is not expected to pay all or part of a provider’s bill based on income guidelines and other financial criteria established in statute or in a provider’s charity care policies on file at the provider’s office. It excludes bad
debts and payer discounts.

Under the act, net revenue derived from providing a health care item or service to a patient must be taxed only one time.

**FY 16 Audited Net Revenue.** As discussed above, the tax on inpatient and outpatient hospital services is based on the provider’s FY 16 audited net revenue.

The act defines “FY 16 audited net inpatient revenue” and “FY 16 audited net outpatient revenue” as the amount of revenue the DRS commissioner determines, in accordance with federal law, that a health care provider received for providing inpatient or outpatient hospital services, respectively, during federal fiscal year 2016, based on information provided by each health care provider subject to the tax. It defines “FY 16 audited net revenue” as the net revenue reported in each hospital’s audited financial statement, minus the amount of revenue that the DRS commissioner determines, in accordance with federal law, that a hospital received from anything other than providing inpatient and outpatient hospital services. Under the act, the total FY 16 audited net revenue is the sum of FY 16 audited net revenue for each hospital subject to the tax.

The act requires hospitals to submit to the commissioner any information he requires in order to calculate the FY 16 audited net inpatient revenue, net outpatient revenue, and net revenue for all hospitals. They must provide this information by January 1, 2018. The commissioner must request additional information he needs to fully audit each hospital’s net revenue. Once he has completed his examination, the commissioner must, by February 28, 2018, notify each hospital of its FY 16 audited net inpatient revenue, net outpatient revenue, and net revenue.

Hospitals that fail to provide the requested information before January 1, 2018, or fail to comply with a request for additional information, are subject to a penalty of $1,000 per day for each day the failure continues. The act allows the commissioner to engage an independent auditor to assist him with these duties and responsibilities.

**Taxable Services.** The tax applies to the revenues a health care provider receives for providing inpatient and outpatient hospital services. Under the act, “inpatient hospital services” are, in accordance with federal law, all services (1) ordinarily furnished in a hospital for the care and treatment of inpatients, (2) furnished under the direction of a physician or dentist, and (3) furnished in a hospital. They exclude skilled nursing facility and intermediate care facility services furnished by a hospital with swing bed approval. An “inpatient” is a patient admitted to a medical institution as an inpatient on a physician’s or dentist’s recommendation and who (1) receives room, board, and professional services in the institution for at least a 24-hour period or (2) is expected to do so by the institution, even if the patient does not actually stay for 24 hours.

The act defines “outpatient hospital services” as preventive, diagnostic, therapeutic, rehabilitative, or palliative services furnished (1) to an outpatient, (2) by or under the direction of a physician or dentist, and (3) by a hospital. An “outpatient” is a patient of an organized medical facility, or a distinct part of such facility, who is expected by the facility to receive, and does receive, professional services for less than a 24-hour period, regardless of (1) when the patient is
admitted, (2) whether a bed is used, or (3) whether the patient remains in the facility past midnight.

**DRS Guidance.** The act requires the DRS commissioner to issue guidance regarding administering the tax on inpatient and outpatient hospital services after completing a study of the applicable federal law governing the administration of health care provider taxes. The commissioner must conduct the study in collaboration with the DSS commissioner, OPM secretary, Connecticut Hospital Association, and hospitals subject to the tax.

**Nursing Home and ICF-ID User Fees (§§ 603 & 613-617)**

**Facilities Subject to the Fees.** The act imposes quarterly resident day user fees on nursing homes and ICF-IDs that are generally the same as those imposed under prior law. The act imposes the nursing home fee on all nursing homes (i.e., any licensed chronic and convalescent nursing home or rest home with nursing supervision) and requires the DSS commissioner to seek a federal Medicaid waiver to exempt continuing care retirement communities (CCRCs) from the fee (described further below). CCRCs were similarly exempt from the nursing home fee under prior law.

The act imposes the ICF-ID user fee on the same facilities subject to the fee under prior law (i.e., residential facilities for people with intellectual disabilities that are certified to meet federal requirements and, in the case of private facilities, state-licensed).

**Fee Calculation.** Under prior law, DSS was required to calculate the fees every two years based on the facilities’ net revenue (i.e., the amount billed for all services provided less contractual allowances, payer discounts, charity care, and bad debt) and a percentage set by the OPM secretary up to the maximum allowed by federal law (6%). The act instead establishes the fees as the product of each facility’s total resident days during the quarter multiplied by $21.02 for nursing homes and $27.26 for ICF-IDs, which generally are the user fees set by DSS applicable for 2017. (The nursing home resident user fee was previously $16.13 per resident day for municipally-owned nursing homes and homes licensed for more than 230 beds.)

Under the act, a nursing home or ICF-ID resident day is the same as under prior law, that is, a day a nursing home or ICF-ID provides residential care to an individual, and includes a day (1) a resident is admitted, (2) for which the facility is eligible for payment for reserving the resident’s bed due to hospitalization or temporary leave, or (3) a resident dies. As under prior law, a resident day does not include the day a resident is discharged or, in the case of nursing homes, a Medicare day (i.e., days of nursing home care service provided to someone eligible for Medicare payments).

**Waiver and Fee Reduction.** The act requires the DSS commissioner to seek federal approval from CMS to (1) exempt CCRCs from the nursing home fee and (2) impose a lower fee of $16.13 for municipally-owned homes and those homes licensed for more than 230 beds. (PA 17-4, JSS (§ 3), establishes specified criteria for determining the CCRCs for which DSS must seek the waiver.) Under the act, the exemption and lower fee apply if CMS grants approval; if CMS denies the
exemption or lower fee, the nursing home fee or higher user fee applies (i.e., CCRCs pay the nursing home fee or the higher fee applies to larger or municipally-owned homes).

As with the hospital waivers discussed above, the act exempts the nursing home and ICF-ID user fee waivers from the statutes requiring the DSS commissioner to submit notice of any proposed amendment to the Medicaid state plan to the Appropriations and Human Services committees before submitting it to the federal government.

**Tax Credits**

The act prohibits health care providers from using tax credits to reduce their hospital tax or nursing home or ICF-ID user fee liability. Under prior law, hospitals and ambulatory surgical centers (ASCs) could apply urban and industrial site reinvestment (UISR) tax credits against their hospital or ASC taxes. Prior law did not allow any tax credits against the nursing home or ICF-ID user fees.

Under the act, any provider assigned UISR tax credits that apply against the prior hospital or existing ASC tax may further assign the credits to another taxpayer or taxpayers one time, but these taxpayers may (1) claim the credits only for the tax year for which the provider would have been eligible to claim them and (2) not further assign the credits. The assigning health care provider must file with the DRS commissioner information he requests on such assignments, including the current credit holders as of the end of the preceding calendar year. (PA 17-4, JSS (§ 2), requires the DRS commissioner to return to a hospital any tax credit the hospital claimed related to the prior hospital tax for the period ending September 30, 2017, so that it may be assigned.)

**Tax and Fee Administration (§§ 604-609)**

*Filing Returns and Remitting Taxes and Fees.* Under the act, taxpayers doing business in this state (i.e., health care providers subject to the tax or fee) must file quarterly returns and generally remit the tax and fee payments to the DRS commissioner by the last day of January, April, July, and October of each year on DRS-prescribed forms. (For FYs 18 and 19, § 618 allows hospitals to delay their tax payments for any quarter in which DSS delays supplemental payments, without incurring penalties or interest, until 14 days after getting the supplemental payments due for that quarter. PA 17-4, JSS (§§ 4 & 11), eliminates this provision and instead allows taxpayers subject to the provider tax or fees to request a payment extension under certain circumstances.)

The returns must be signed by one of the taxpayer’s principal officers and must state the (1) taxpayer’s name and location, (2) amount of its net patient revenue or resident days during the respective quarter, and (3) other information the commissioner deems necessary to properly administer the health provider taxes and the state’s Medicaid program.

Taxpayers must file the returns electronically and remit their payments by electronic funds transfer, regardless of whether they would have otherwise been required to do so electronically under existing law.

*Failure to Pay Tax or Fee.* Taxpayers that fail to pay the tax or fee they owe
on time are subject to a penalty of 10% of the unpaid tax or fee or $50, whichever is greater, plus 1% interest for each full or partial month that the tax or fee remains unpaid.

If a taxpayer does not file a return within one month of its due date, the DRS commissioner may make the return based on the best information available and according to the prescribed form. In addition to the tax or fee due, the taxpayer must pay a penalty of 10% of the tax or fee due or $50, whichever is greater. Interest of 1% on the tax due accrues for each full or partial month that it remains unpaid.

The DRS commissioner must notify the DSS commissioner of any delinquent amount. Once the DSS commissioner receives the notice, he must deduct and withhold the amount due from any amount DSS would otherwise pay the taxpayer.

**Penalty Waivers.** The act authorizes the DRS commissioner to waive all or part of any penalty if the taxpayer proves that the failure to pay the tax or fee was due to reasonable cause and not intentional or due to neglect. By law, the Penalty Review Committee must approve penalty waivers of more than $1,000.

**Willfully Failing to Pay the Taxes or Fees or Supplying False Information.** In addition to other penalties provided by law, taxpayers that willfully fail to pay the taxes or fees, file returns, keep records, or supply information within the time allowed under the act are subject to a fine of up to $1,000, one year in prison, or both. The act allows DRS to prosecute taxpayers for these violations within three years after they were committed. (The act appears to incorrectly refer to violations committed on or after July 1, 1997.)

The act also provides that anyone who willfully delivers or discloses to the commissioner or his authorized agent any list, return, account, statement, or other document known to be fraudulent or false in any material matter is, in addition to any other penalties provided by law, guilty of a class D felony (see Table on Penalties). Taxpayers may not be charged with these two offenses (willfully failing to pay the taxes or fees, or supplying fraudulent or false information) for the same tax period, but they may be charged and prosecuted for both such offenses based on the same information.

**Examination of Records and Deficiency Assessments.** The act authorizes the DRS commissioner to examine the records of any taxpayer subject to the hospital tax or user fees as he deems necessary. If he determines there is a deficiency, he must assess the deficiency, give notice of the deficiency assessment to the taxpayer, and make demand for payment. Interest of 1% per month on the amount due accrues from the date when the original tax or fee was due. An additional penalty of (1) 10% of the deficiency or $50, whichever is greater, applies when it appears that the deficiency is due to negligence or intentional disregard for the act or regulations and (2) 25% of the deficiency applies when it appears that the deficiency is due to fraud or intent to evade the act or regulations. A taxpayer cannot be subject to more than one penalty in relation to the same tax period. Taxpayers must pay the tax, penalty, and interest due within 30 days after the notice’s mailing.

The commissioner must mail notice of a deficiency assessment to the taxpayer
within three years after the return is filed or was originally due, whichever is later. But there is no time limit when a willfully false or fraudulent return is filed with intent to evade the tax or fee. In cases where the taxpayer consents, in writing, to an extension of the period for assessing an additional tax or fee, the amount of the additional tax due may be determined at any time within the extended period. The extended period may be further extended by additional written consents before the period expires.

The DRS commissioner may require taxpayers to (1) keep certain records and (2) produce books, papers, documents, and other data to provide or secure information relevant to the determination of the taxes or fees and their enforcement and collection. The commissioner, or any person he authorizes, may examine such books, papers, records, and equipment and may investigate the business’s character to verify the accuracy of a tax return or determine the amount due.

**Agreements with the DSS Commissioner.** The act authorizes the DRS commissioner to enter into an agreement with the DSS commissioner delegating to the DSS commissioner the authority to examine health provider taxpayer records and returns and determine whether the correct amount has been paid. Under a delegated authority agreement, these examinations and determinations have the same effect as those made by DRS.

The act also authorizes the DRS commissioner to enter into an agreement with the DSS commissioner to facilitate the exchange of return or return information necessary for the DSS commissioner to perform his responsibilities and ensure compliance with the state’s Medicaid program.

The DSS commissioner may engage an independent auditor to assist him in performing these duties and responsibilities. Any reports the independent auditor generates must be provided simultaneously to DRS and DSS.

**Claims for Overpayment.** A taxpayer who has overpaid has three years from the date the tax or fee was due to file a written claim for a refund stating the specific grounds for the claim. Failure to file a claim within the three-year period constitutes a waiver of the right to an overpayment refund. Within a reasonable time, as the commissioner determines, the commissioner must decide the claim’s validity and, if valid, have the comptroller pay a refund. If the commissioner disallows the claim, in whole or in part, his notice must be mailed to the taxpayer briefly setting forth his factual findings and the reasons for the disallowances. His action becomes final 60 days after being mailed unless the taxpayer has filed a written protest with the commissioner as described below.

**Written Protest.** Within 60 days after the mailing of a proposed disallowance for an overpayment claim, the taxpayer may file a written protest with the commissioner indicating the grounds on which it is based. The commissioner must reconsider the proposed disallowance and may grant or deny a hearing if the taxpayer or its authorized representative requests one. Notice of the commissioner’s determination must be mailed to the taxpayer and briefly indicate the commissioner’s findings and the basis of his decision. The commissioner’s decision on the protest is considered final one month from the date he mails the notice, unless the taxpayer appeals to court during this period as described below.
Appeals of Commissioner’s Decisions. The act allows a taxpayer aggrieved by the DRS or DSS commissioner’s action, or that of an authorized agent, in setting the amount of any health provider tax, penalty, interest, or fee to apply in writing for a hearing and correction to the DRS commissioner within 60 days after notice of the action is delivered or mailed to the taxpayer. The application must indicate the reasons why the hearing should be granted and the amount by which the tax, penalty, interest, or fee should be reduced. The commissioner must promptly consider the application and may grant or deny the hearing request. He must immediately notify the taxpayer if the hearing request is denied. If the hearing request is granted, he must notify the applicant of the hearing’s date, time, and place. After the hearing, the commissioner may issue an order that appears just and lawful and provide a copy to the taxpayer. The commissioner may order a hearing on his own initiative and require the taxpayer or any individual he believes has relevant information to appear with any specified documents for examination under oath.

Court Appeal. Any taxpayer aggrieved by an order, decision, determination, or disallowance of the commissioner can appeal for relief to the Superior Court for the judicial district of New Britain. (PA 17-4, JSS (§7), extends this authorization to include appeals of the commissioner’s decisions with respect to taxpayer requests for a hearing and correction on the amount of any health provider tax, penalty, interest, or fee.) The appeal must be made within one month after notice is served of the commissioner’s action. It must be accompanied by a citation for the commissioner to appear in court. The citation and appeal must be handled like other civil actions, and the authority filing the appeal must provide a bond to assure prosecution of the appeal and compliance with court orders. These appeals become preferred cases, which must be heard at the first court session unless there is cause to do otherwise.

The court is authorized to grant equitable relief. If the tax or charge has already been paid, relief may include interest at a rate of 0.67% per month. If the taxpayer has appealed without probable cause, the court may charge double or triple costs; and when an appeal is denied, the court can impose costs against the taxpayer bringing the appeal. But the court cannot charge costs against the state.

Enforcement. The act authorizes the DRS commissioner, and any duly authorized agent, to conduct inquiries, investigations, or hearings as the act or the existing hospital tax and user fee law provides and administer oaths and take testimony under oath related to the matter being investigated. (PA 17-4, JSS (§ 8), authorizes the commissioner to do so only as authorized by the act.)

At any hearing the commissioner orders, he or his agent may subpoena witnesses and pertinent books, papers, and documents. Individuals subject to subpoena cannot use the self-incrimination protection of the Constitution to refuse subpoenas, but information gathered through these processes cannot be used in criminal proceedings. If a person refuses to respond to the commissioner’s subpoena, the commissioner can ask the Superior Court to enforce it and, in the face of continued lack of cooperation, the court can order the recalcitrant party imprisoned for up to 60 days. In such cases the commissioner is authorized to continue the investigation. Officers who serve subpoenas and witnesses who
attend hearings are entitled to compensation and fees at the same rates as officers and witnesses in state courts.

Collection. Taxes, including penalties, interest, and fees, due and unpaid, may be collected through existing statutory procedures. The interest must be at least 1.25% per month. The commissioner or his authorized agent can sign a tax warrant, which must include an itemized bill of the amount due, to be served on the taxpayer. The amount of unpaid tax, penalty, interest, and fees is a lien against all of the taxpayer’s Connecticut real estate and may be filed with the town clerk where the property is located. Such a lien is not effective against a mortgage holder or a bona fide purchaser of the property who does not know of the lien. When the tax has been paid, the commissioner, on the request of any interested party, must issue a certificate discharging the lien. Any foreclosure action on the lien must be brought by the attorney general in the judicial district where the property is located. The court may limit the time for redemption of the lien, order sale of the property, or issue some other decree it deems equitable. Fees must be treated as a tax for purposes of withholding state payments due to a taxpayer to offset delinquent taxes and related penalties.

Revenue (§ 610)

Beginning in FY 18, the act authorizes the comptroller, at the close of each fiscal year, to record as revenue the amount of health provider taxes and fees received by the DRS commissioner within five business days after the July 31 following the end of the fiscal year.

§§ 618, 620 & 621 — HOSPITAL SUPPLEMENTAL PAYMENTS

Establishes various supplemental pools for hospital Medicaid payments and a payment schedule; requires payments in the aggregate to be approximately $598 million in FY 18 and $496 million in FY 19; allows DSS to make advance payments to certain hospitals; and limits the governor’s rescission authority for supplemental payments in FYs 18 and 19

Establishment of Supplemental Pools and Payment Schedules (§ 618)

The act requires, rather than allows, DSS to establish supplemental pools for certain hospitals. Generally, supplemental pools are hospitals grouped for purposes of receiving supplemental Medicaid payments. Under the act, pools include (1) a supplemental inpatient and a supplemental outpatient pool and (2) a supplemental small hospital pool and a supplemental mid-size hospital pool, both as determined by DSS in consultation with the Connecticut Hospital Association (CHA). (Under PA 17-4, June Special Session (JSS), the requirement to establish pools is subject to federal approval, and the CHA consultation requirement applies to all of the supplemental pools, not just the small and mid-sized hospital pools.)

The act requires the amount of funds in the supplemental pools to total, in aggregate, $598,440,138 for FY 18 and $496,340,138 in FY 19.

Under the act, DSS must distribute supplemental payments to hospitals based on criteria (1) determined by DSS in consultation with CHA and (2) including utilization and proportion of total Medicaid expenditures. As part of the required
consultation, DSS must send proposed distribution criteria in writing to CHA at least 30 days before making any payments based on them. But the act creates an exception from this requirement for the quarter ending September 30, 2017, requiring instead that DSS send CHA distribution criteria at least seven days before making payments. The act requires the consultation to provide an opportunity to discuss such criteria before making any payments based on them.

For FYs 18 and 19, the act establishes a schedule for supplemental payments (see Table 29). (PA 17-4, JSS (§ 11) delays the first supplemental payments due to hospitals and establishes a new schedule.)

Table 29: Supplemental Payment Schedule for FYs 18 and 19
(See PA 17-4, JSS (§ 11) for new schedule)

<table>
<thead>
<tr>
<th>Payments for the Quarter Ending</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2017</td>
<td>October 31, 2017</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>December 31, 2017, except that DSS may delay payments until 14 days after the Centers for Medicare and Medicaid Services (CMS) approves any Medicaid state plan amendments necessary to receive federal Medicaid funds for the supplemental payments</td>
</tr>
<tr>
<td>March 31, 2018 through June 30, 2019</td>
<td>The last day of each calendar quarter</td>
</tr>
</tbody>
</table>

The act allows hospitals to delay their provider tax payments for any quarter in which DSS delays supplemental payments without incurring penalties or interest until 14 days after getting the supplemental payments due for that quarter. (PA 17-4, JSS (§ 11) eliminates this provision.)

Distressed Hospitals (§ 620)

For FY 18, the act allows DSS to advance all or a portion of a quarterly supplemental payment to distressed hospitals. (PA 17-4, JSS (§ 13) allows DSS to advance all or a portion of scheduled supplemental payments, conforming to the schedule under that act.) Under the act, a distressed hospital is a short-term, general acute care hospital licensed by DPH that (1) the DSS commissioner determines is financially distressed in accordance with financial criteria he selects or develops and (2) is independent and not affiliated with any other hospital or hospital-based system that includes two or more hospitals, as documented through the certificate of need process administered by DPH’s Office of Health Care Access.

Under the act, to receive such an advance, the distressed hospital must request the advance in writing with an explanation of how the hospital complies with related requirements. The act requires the distressed hospital to provide the DSS commissioner with all requested financial information, including annual audited financial statements, quarterly internal financial statements, and accounts payable records. The act allows the DSS commissioner to impose conditions as he deems necessary in making advance payments, including financial reporting, scheduling...
repayment of advance payments, and adjusting future payments.

Limit on Governor’s Rescission Authority (§ 621)

For FYs 18 and 19, the act prohibits the governor from reducing any allotment requisition or allotment in force for DSS’s hospital supplemental payments account.

EFFECTIVE DATE: Upon passage

§ 619 — MEDICAID RATES FOR HOSPITALS

Requires DSS to (1) increase hospital Medicaid rates such that affected hospitals receive $140.1 million more for inpatient services and $35 million more for outpatient services and (2) establish the increased rates as a lower limit for FY 19 and subsequent years

By law, and with certain exceptions, Medicaid rates paid to acute care hospitals are based on diagnosis-related groups (DRGs). The law requires DSS, within available appropriations and at the commissioner’s discretion, to transition hospital-specific DRG base rates to statewide DRG base rates over a four-year period. In practice, DSS is in the process of doing so. The law also includes requirements for payments for outpatient and emergency room services.

The act requires DSS to increase FY 17 Medicaid rates for hospitals that are subject to the provider tax, superseding the provisions described above. Under the act, the rate increase must (1) occur by January 1, 2018 and (2) result in an annualized, aggregate increase of $140.1 million for inpatient hospital services and $35 million for outpatient hospital services.

For FY 19 and subsequent years, the act prohibits hospitals subject to the provider tax from receiving a lower rate than the one in effect on January 1, 2018.

(PA 17-4, June Special Session (JSS) (§ 12) eliminates these provisions and instead increases rates, subject to federal approval, by increasing the DRG group base rate for inpatient hospital services and the ambulatory payment classification base conversion factor for outpatient hospital services.)

EFFECTIVE DATE: Upon passage

§§ 622-625 — INSURANCE PREMIUMS TAX

Rate Reduction (§§ 622-624)

Reduces, from 1.75% to 1.5%, the insurance premiums tax rate and makes the tax credit cap for insurance premiums taxpayers permanent

Beginning January 1, 2018, the act reduces, from 1.75% to 1.50%, the tax on total net direct (1) subscriber charges that health care centers (i.e., HMOs) impose on contracts they enter into or renew during the calendar year and (2) insurance premiums paid to domestic and foreign insurers on property or risks in Connecticut.

EFFECTIVE DATE: Upon passage
Insurance Premiums Tax Credit Cap (§ 625)

The act restores and makes permanent the cap on the maximum amount of insurance premium tax liability that an insurer may reduce with tax credits. Under prior law, the cap expired December 31, 2016.

The cap is part of a structure that (1) classifies the tax credits into three types based on their purpose, (2) specifies the order in which insurers must apply each type to reduce their tax liability, and (3) establishes the maximum amount of liability that insurers can reduce by applying one or more of the types.

By law, (1) type one credits are film and digital media production, entertainment infrastructure, and digital animation credits; (2) type two credits are insurance reinvestment credits; and (3) type three credits are all other credits. Table 30 shows the order and reduction schedule.

Table 30: Order and Reduction Schedule for Claiming Insurance Premium Tax Credits

<table>
<thead>
<tr>
<th>Credit Types Claimed</th>
<th>Order of Applying Credits</th>
<th>Maximum Reduction in Tax Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 3</td>
<td>Not Applicable</td>
<td>30%</td>
</tr>
<tr>
<td>Types 1 &amp; 3</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; - Type 3</td>
<td>Type 3 = 30%</td>
</tr>
<tr>
<td></td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; - Type 1</td>
<td>Sum of both types = 55%</td>
</tr>
<tr>
<td>Types 2 &amp; 3</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; - Type 3</td>
<td>Type 3 = 30%</td>
</tr>
<tr>
<td></td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; - Type 2</td>
<td>Sum of both types = 70%</td>
</tr>
<tr>
<td>Types 1, 2 &amp; 3</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; - Type 3</td>
<td>Type 3 = 30%</td>
</tr>
<tr>
<td></td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; - Type 1</td>
<td>Types 1 &amp; 3 = 55%</td>
</tr>
<tr>
<td></td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; - Type 2</td>
<td>Sum of all types = 70%</td>
</tr>
<tr>
<td>Type 1 &amp; 2</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; - Type 1</td>
<td>Type 1 = 55%</td>
</tr>
<tr>
<td></td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; - Type 2</td>
<td>Sum of both types = 70%</td>
</tr>
</tbody>
</table>

EFFECTIVE DATE: Upon passage

§ 626 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDITS

Permanently bars the issuance of film and digital media tax credits to certain motion pictures; allows the credits to be used against the gross receipts tax on cable, satellite, and competitive video services

The act restores and makes permanent the moratorium on issuing film and digital media production tax credits to certain motion pictures. (The prior moratorium had expired on July 1, 2017.) As under prior law, the moratorium does not apply to motion pictures that conduct at least 25% of their principal photography days in a Connecticut facility that receives at least $25 million in private investment and opens for business on or after July 1, 2013.

By law, unchanged by the act, film and digital media production tax credits may be claimed against insurance premium and corporation business taxes. Starting January 1, 2018, the act allows such credits to also be claimed against the gross receipts tax on cable, satellite, and competitive video services, subject to certain conditions. Specifically, for the January 2018 income year, transferred credits may be claimed against such tax (1) only if there is common ownership of at least 50% between the transferor and transferee and (2) at 92% of face value. For the January 2019 and subsequent income years, transferred credits may be
claimed against such tax (1) at 92% of face value if there is at least 50% common ownership between the transferee and transferor or (2) at 95% of face value if transfer is to another taxpayer.

EFFECTIVE DATE: Upon passage

§ 627 — ADMISSIONS TAX

Eliminates certain admissions tax exemptions

The act eliminates the 10% admissions tax exemption for events at the XL Center, Webster Bank Arena in Bridgeport, Dunkin Donuts Park in Hartford, and any athletic event held by a member team of the Atlantic League of Professional Baseball at the New Britain Stadium. It also makes a technical change by removing an expired exemption for athletic events held at the Ballpark at Harbor Yard in Bridgeport.

EFFECTIVE DATE: December 1, 2017

§§ 628-630 — CIGARETTE TAX

Increases the cigarette tax from $3.90 to $4.35 per pack; reduces, by 50%, the cigarette tax on “modified risk tobacco products;” imposes a per pack $0.45 floor tax on unsold inventory

The act increases the cigarette tax from $3.90 to $4.35 per pack (i.e., 20 cigarettes). It also reduces, by 50% (i.e., $2.175), the cigarette tax on “modified risk tobacco products,” as determined by the U.S. Department of Health and Human Services secretary. Under federal law, modified risk tobacco products are tobacco products that are sold or distributed for use to reduce harm or the risk of tobacco-related disease associated with commercially marketed tobacco products (21 U.S.C. § 387k).

The act imposes a $0.45 excise tax (i.e., “floor tax”) on each pack of cigarettes that dealers and distributors have in their inventories at the earlier of the close of business or 11:59 p.m. on November 30, 2017. By December 15, 2017, each dealer and distributor must report to the Department of Revenue Services (DRS) the number of cigarettes in inventory as of November 30, 2017 and pay the floor tax on that inventory. If a dealer or distributor does not report by January 1, 2018, the DRS commissioner must estimate the number of cigarettes in the dealer’s or distributor’s inventory using any information the commissioner has or obtains. If this occurs, the dealer or distributor is subject to a penalty of 10% of the tax due or $50, whichever is greater, plus interest of 1% per month (CGS § 12-309).

Failure to file the report by the due date is grounds for DRS to revoke or not renew a cigarette dealer’s or distributor’s license and any other DRS-issued license or permit the person or entity holds. Willful failure to file subjects the dealer or distributor to a fine of up to $1,000, one year in prison, or both. A dealer or distributor who willfully files a false report is guilty of a class D felony (see Table on Penalties) (CGS § 12-306b). Late filers are also subject to the same interest and penalties as apply to other late cigarette tax payments, namely, 10% of the tax due or $50, whichever is greater, plus interest of 1% per month.

EFFECTIVE DATE: December 1, 2017, and applicable to sales on or after that
date, except that the floor tax provisions are effective upon passage.

§ 631 — TOBACCO PRODUCTS TAX

*Increases the tax on snuff tobacco products from $1 to $3 per ounce; lowers, by 50%, the tobacco products tax on “modified risk tobacco products”*

The act increases the tax on snuff tobacco products from $1 to $3 per ounce. It also reduces, by 50%, the tobacco products tax on “modified risk tobacco products” (see § 630, above). In doing so, it reduces the tax on such products (1) from $3 to $1.50 per ounce for snuff tobacco and (2) from 50% to 25% of wholesale price for other tobacco products. By law, unchanged by the act, the tax on cigars is capped at $0.50 per cigar.

**EFFECTIVE DATE:** December 1, 2017, and applicable to sales on or after that date.

§§ 632-636 — ESTATE AND GIFT TAX

*Increases the estate and gift tax threshold over three years; modifies the rate schedule for estates and gifts over $3.1 million; lowers, from $20 million to $15 million, the cap on the maximum estate and gift tax imposed; makes minor and technical changes to the estate tax*

**Tax Threshold**

Beginning in 2018, the act increases the estate and gift tax threshold over three years, from $2 million to the federal estate and gift tax threshold (i.e., the “federal basic exclusion amount,” which the act defines as the amount published annually by the Internal Revenue Service (1) at which a decedent would be required to file a federal estate tax return based on the value of his or her gross estate and federal taxable gifts or, for the gift tax, (2) over which a donor would owe federal gift tax based on the value of the donor’s lifetime federally taxable gifts). The federal estate and gift tax threshold is $5.49 million for 2017. The act also modifies the rate schedule for gifts and estates over $5.1 million, as shown in Table 31.

<table>
<thead>
<tr>
<th>Table 31: Estate and Gift Tax Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value of Taxable Estate or Gift</strong></td>
</tr>
<tr>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Up to $2,000,000</td>
</tr>
<tr>
<td>$2,000,001 to $2,600,000</td>
</tr>
<tr>
<td>$2,600,001 to $3,600,000</td>
</tr>
<tr>
<td>$3,600,001 to $4,100,000</td>
</tr>
<tr>
<td>$4,100,001 to $5,100,000</td>
</tr>
<tr>
<td>$5,100,001 to federal threshold</td>
</tr>
<tr>
<td>Federal threshold to $6,100,000</td>
</tr>
<tr>
<td>$6,100,001 to $7,100,000</td>
</tr>
<tr>
<td>$7,100,001 to $8,100,000</td>
</tr>
<tr>
<td>$8,100,001 to $9,100,000</td>
</tr>
</tbody>
</table>
**Tax Cap**

The act lowers, from $20 million to $15 million, the cap on the maximum (1) estate tax imposed on the estates of decedents dying on or after January 1, 2019 and (2) gift tax imposed on taxable gifts donors make on or after January 1, 2019.

**Filing Estate Tax Returns**

The act makes conforming changes to requirements for filing tax returns with the Department of Revenue Services (DRS) and the probate court. By law, all estates, regardless of their gross value, must file an estate tax return. If the estate’s value is more than the taxable threshold, the executor must file the return with DRS, with a copy to the probate court for the district where the decedent lived or, if the decedent was not a Connecticut resident, where the Connecticut property is located. If the estate’s value is below the tax threshold, the return must be filed only with the appropriate probate court. The probate judge must review the return and issue a written opinion to the estate’s representative if the judge determines it is not subject to the estate tax.

Under prior law, the threshold for filing an estate tax return only with the probate court for someone who died on or after January 1, 2011 was $2 million. The act increases that threshold to (1) $2.6 million for deaths on or after January 1, 2018, but prior to January 1, 2019; (2) $3.6 million for deaths on or after January 1, 2019, but prior to January 1, 2020; and (3) the federal estate tax threshold for deaths on or after January 1, 2020.

**Release of Estate Tax Liens**

The act also makes a conforming change in requirements for releasing estate tax liens.

By law, a person who does not owe, or who has paid, the estate tax receives a certificate releasing the lien on his or her interest in real property in the estate. Under existing law and the act, the certificates must be issued either by the probate court or the DRS commissioner, depending on with whom the tax return must be filed.

**Person Responsible for Paying Estate Tax**

By law, executors, administrators, trustees, grantees, donees, beneficiaries, and surviving joint owners are liable for the estate tax and any related interest and penalty on the tax, until it is paid, up to the value of the property they received from the estate. The act provides that this liability for the tax applies regardless of any provision of state probate laws concerning decedents’ estates.

**EFFECTIVE DATE:** Upon passage for the tax threshold and cap provisions; for the remaining provisions, January 1, 2018, and applicable to estates of decedents dying on or after January 1, 2018 or gifts made on or after that date.
§§ 637 & 638 — REGIONAL PLANNING INCENTIVE ACCOUNT

_Suspends the revenue diversion to the Regional Planning Incentive Account for FYs 18 and 19_

The act suspends the revenue diversion to the Regional Planning Incentive Account for FYs 18 and 19, thus redirecting this revenue to the General Fund. (It does not specify whether any amounts transferred for FY 18 before the act’s passage must be transferred to the General Fund.) Prior law directed to the account 6.7% of the revenue generated by the room occupancy tax and 10.7% of the revenue generated by the rental car tax, on a quarterly basis. Under the act, the required revenue diversion resumes in FY 20.

By law, the account funds (1) annual grants to councils of government (COGs) and (2) regional performance incentive program grants to municipalities, boards of education, COGs, economic development districts, and regional educational service centers.

**EFFECTIVE DATE:** Upon passage

§§ 637 & 638 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DIVERSION

_Suspends the sales tax revenue diversion to MRSA for FYs 18 and 19_

For FYs 18 and 19, the act suspends the sales tax revenue diversion to MRSA, thus redirecting this revenue to the General Fund. However, the act retains the corresponding use tax diversion to the account. (It does not specify whether any amounts transferred for FY 18 before the act’s passage must be transferred to the General Fund.) Prior law directed to the account 7.9% of sales tax revenue for each month. Under the act, the required revenue diversion resumes in FY 20.

**EFFECTIVE DATE:** Upon passage

§§ 637 & 638 — SALES AND USE TAX REVENUE DIVERSION FROM CERTAIN MOTOR VEHICLE SALES

_Beginning in FY 21, phases in, over five years, a revenue diversion to the STF of sales and use tax revenue from motor vehicle sales_

Beginning in FY 21, the act requires the DRS commissioner to divert to the STF a portion of revenue from motor vehicle sales and use tax, as shown in Table 32. Under the act, the revenue diversion applies to revenue from motor vehicle sales subject to the 6.35% rate or 7.75% luxury tax rate (generally those costing more than $50,000).

**Table 32: Schedule of Motor Vehicle Sales and Use Tax Diversion to STF**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>% of Revenue Diverted to STF</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>20%</td>
</tr>
<tr>
<td>22</td>
<td>40</td>
</tr>
<tr>
<td>23</td>
<td>60</td>
</tr>
<tr>
<td>24</td>
<td>80</td>
</tr>
<tr>
<td>25 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
EFFECTIVE DATE: Upon passage

§§ 637 & 639 — TOURISM FUND

Transfers 10% of room occupancy tax revenue to a new Tourism Fund

The act requires the DRS commissioner, beginning with the calendar quarter ending on September 30, 2018, to transfer 10% of room occupancy tax revenue to the new Tourism Fund it establishes. Under the act, the Tourism Fund is a separate, nonlapsing fund that contains any money the law requires to be deposited in the fund. (In § 10, the act appropriates money from the fund for statewide marketing and for various arts, culture, and recreation organizations.)

EFFECTIVE DATE: Upon passage

§ 640 — SALES AND USE TAX ON SERVICES RENDERED BETWEEN PARENT COMPANIES AND SUBSIDIARIES

Expands the number of affiliated businesses that qualify for the sales and use tax exemption on sales of services between affiliates

Under prior law, sales of services between affiliated businesses were exempt from the state’s sales and use tax only when (1) one business owned a 100% controlling interest in the other or (2) the same parent company owned a 100% controlling interest in both. Beginning July 1, 2019, the act expands the number of affiliated businesses qualifying for the exemption by lowering the ownership threshold, from 100% to at least 80%, for media businesses (1) organized as a (A) corporation or (B) single member limited liability company (LLC) where the member is a corporation and (2) principally located in the state.

Under the act, the 100% threshold continues to apply to (1) non-media businesses and (2) media business businesses organized as LLCs with more than one member, partnerships, limited partnerships, limited liability partnerships, trusts, estates, and nonstock corporations.

EFFECTIVE DATE: Upon passage

§§ 641 & 642 — INCOME TAX DEDUCTIONS

 Increases the income thresholds for the Social Security income tax exemption; delays, by two years, the scheduled increase in the teacher pension income tax exemption; phases out, from 2019 through 2025, the income tax on pension and annuity income for taxpayers with incomes below a specified threshold; establishes a deduction of up to $10,000 for expenses related to donating an organ for transplants occurring on or after January 1, 2017

Social Security Income

Beginning with the 2018 tax year, the act increases the income thresholds at which taxpayers qualify for a 100% income tax exemption for their Social Security benefits. (PA 17-4, JSS (§ 18) delays this increase to the 2019 tax year.) Prior law allowed a 100% exemption for single filers and married people filing separately with federal adjusted gross incomes (AGI) of less than $50,000 and...
joint filers and heads of household with federal AGIs of less than $60,000. The act increases these income thresholds to $75,000 and $100,000, respectively. Under the act, as under existing law, taxpayers with incomes equal to or greater than these thresholds qualify for a 75% exemption.

**Teacher Pensions**

The act delays, by two years, the scheduled increase in the teacher pension income tax exemption. Under prior law, the exemption was scheduled to increase from 25% to 50% for 2017 and subsequent tax years. The act instead maintains it at 25% for 2017 and 2018 and increases it to 50% beginning in 2019.

The act also makes a conforming change to the teacher pension exemption by allowing taxpayers to claim either the teacher pension exemption or the pension and annuity income exemption established by the act (see Table 33).

**Pension and Annuity Income**

From the 2019 through 2025 tax years, the act phases out the income tax on pension and annuity income for taxpayers with federal AGIs below (1) $75,000 for single filers, married people filing separately, and heads of households and (2) $100,000 for married people filing jointly. It does so by allowing taxpayers, when calculating Connecticut adjusted gross income for state income tax purposes, to deduct a percentage of any pension or annuity income, as shown in Table 33.

Under the act, the deduction ends after 2025.

**Table 33: Phase-In of Income Tax Exemption for Pension and Annuity Income**

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Percent of Pension and Annuity Income Exempt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>14%</td>
</tr>
<tr>
<td>2020</td>
<td>28</td>
</tr>
<tr>
<td>2021</td>
<td>42</td>
</tr>
<tr>
<td>2022</td>
<td>56</td>
</tr>
<tr>
<td>2023</td>
<td>70</td>
</tr>
<tr>
<td>2024</td>
<td>84</td>
</tr>
<tr>
<td>2025</td>
<td>100</td>
</tr>
</tbody>
</table>

**Organ Donation Expenses**

The act establishes a personal income tax deduction for expenses related to donating an organ for transplants occurring on or after January 1, 2017. Specifically, it allows a taxpayer to deduct from Connecticut AGI for state income tax purposes up to $10,000 in lost wages and medical, travel, and housing expenses related to donating any part of the bone marrow, liver, pancreas, kidney, intestine, or lung.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2017.
§ 643 — STATE EMPLOYEE PAID LEAVE AFTER ORGAN DONATION

Allows state employees to take, in addition to other authorized leave, (1) seven days of paid leave for donating bone marrow and (2) 15 days of paid leave for certain organ donations.

The act allows state employees to take paid leave for recovery after donating bone marrow or any part of the liver, pancreas, kidney, intestine, or lung for transplantation in another individual. This is in addition to other medical leave authorized by law. The act allows up to (1) seven days of paid leave for donating bone marrow and (2) 15 days of paid leave for donating any such organs.

The act applies to donations occurring on or after January 1, 2018.

EFFECTIVE DATE: Upon passage

Paid Leave after Organ or Bone Marrow Donations

The act applies to full- or part-time employees in all three branches of state government, whether in the classified or unclassified service. Under the act, “paid leave” includes compensatory time, vacation time, personal days, or other paid time off.

The act provides that the authorized paid leave:
1. is in addition to any medical leave authorized under law and
2. must not result in a pay reduction, the loss of any leave to which the employee is otherwise entitled, or a loss of credit for time or service, or affect the employee’s rights to any other employee benefits under federal or state law.

State employees who take leave authorized by the act must provide the employer with at least seven days’ notice before the leave begins, when practicable. The employer may require the employee to obtain a physician’s verification of the purpose and length of the leave.

Under existing law, unchanged by the act:
1. permanent state employees are entitled to medical leave, without pay, if the employee serves as an organ or bone marrow donor and
2. an employee who requests such leave must provide his or her employer, before the leave, with sufficient written certification from a physician or advanced practice registered nurse of the proposed donation and the probable duration of the employee’s recovery period (CGS § 5-248a).

§ 644 — PROPERTY TAX CREDIT

Limits eligibility for the property tax credit against the personal income tax to seniors and taxpayers with dependents

For the 2017 and 2018 tax years, the act limits eligibility for the property tax credit against the personal income tax to people who (1) are age 65 or older before the end of the tax year or (2) validly claim at least one dependent on their federal income tax return for that year. By law, taxpayers earn the credit for property taxes paid on their primary residences or motor vehicles, and the amount of property taxes paid that can be taken as a credit declines as adjusted gross income increases until it completely phases out. The maximum credit is $200 per
tax return.
EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2017.

§ 645 — EARNED INCOME TAX CREDIT

Reduces the earned income tax credit (EITC) from 30% to 23%

The act reduces the state EITC from 30% to 23% of the federal credit. The credit was temporarily reduced to 25% for the 2013 tax year and 27.5% for the 2014 through 2016 tax years, but under prior law was scheduled to return to 30% beginning with the 2017 tax year.

The EITC is a refundable tax credit available to people who work and earn incomes below certain levels.
EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2017

§ 646 — REDUCTION OF THE ANNUAL AMOUNT OF TAX CREDITS AVAILABLE UNDER THE NEIGHBORHOOD ASSISTANCE ACT (NAA) PROGRAM

Reduces, from $10 million to $5 million, the annual cap on NAA tax credits

The act reduces, from $10 million to $5 million, the annual amount of tax credits available under the NAA program. (PA 15-5, JSS (§ 446) increased the annual amount of credits available under this program from $5 million to $10 million beginning FY 18.) By law, these credits are available to businesses that contribute or invest in municipally approved community projects and programs.
EFFECTIVE DATE: Upon passage

§ 647 — GREEN BUILDING TAX CREDIT

Eliminates the green building tax credit beginning December 1, 2017

The act sunsets the green building tax credit for income years beginning on or after December 1, 2017. Under prior law, the credit was earned for certain costs related to the construction or renovation of projects meeting specific energy efficiency standards. Earned credits may be applied against the corporation business tax.
EFFECTIVE DATE: Upon passage

§ 648 — STEM GRADUATE TAX CREDIT

Creates a refundable personal income tax credit for qualifying college graduates in STEM fields that live and work in Connecticut

The act establishes a refundable personal income tax credit for college graduates in science, technology, engineering, or math (STEM) fields. The annual credit amount is $500, and qualifying graduates may claim it in each of the five
To qualify for the credit, an individual must:
1. be employed in the state;
2. have received, on or after January 1, 2019, a bachelor’s, master’s, or doctoral degree in a STEM field from an in-state or out-of-state higher education institution; and
3. live in Connecticut or move here within two years after graduating.

Any individual who claims the credit must provide any documentation the DRS commissioner requires in the form and manner he prescribes. Under the act, the DRS commissioner must refund, without interest, any amount of the tax credit that exceeds an individual’s liability unless the law allows him to retain the individual’s income tax refund because he or she (1) owes state or municipal taxes or other obligations or (2) is in default of a student loan made by the Connecticut Student Loan Foundation or the Connecticut Higher Education Supplemental Loan Authority (CGS §§ 12-739 & 742).

EFFECTIVE DATE: January 1, 2019

§§ 649-652 — FANTASY CONTESTS

Specifically legalizes, once certain conditions are met, fantasy contests; requires fantasy contest operators to provide certain consumer protections to players and pay up to a $15,000 registration fee and 10.5% tax on fantasy games

Once certain conditions are met, the act specifically legalizes fantasy contests in Connecticut (e.g., daily fantasy sports) by exempting the contests and devices used to play them from the definition of gambling and gambling device, respectively. These conditions include an amendment to the current tribal-state gaming agreements, which must be approved by the state legislature and the federal Department of the Interior (U.S. DOI) (see Background).

After such conditions have been met, the act (1) requires fantasy contest operators to provide certain consumer protections to fantasy contest players; (2) requires operators to register and pay an initial and annual registration fee of $15,000 unless the Department of Consumer Protection (DCP) commissioner reduces it; and (3) imposes a 10.5% tax on the gross receipts of each operator.

Fantasy Contests

Under the act, “fantasy contest” does not include lottery games and is any online fantasy or simulated game or contest in which:
1. players pay an entry fee;
2. the value of all prizes and awards offered to winners is established and made known to players before the game or contest;
3. all winning outcomes reflect the knowledge and skill of the players and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in sporting events; and
4. the winning outcome is not based on the score, point spread, or any performance of any single actual team or combination of teams or solely on any single performance of an individual athlete or player in a single
actual sporting event.
A “fantasy contest operator” is a person or entity that operates and offers fantasy contests to members of the general public in the state.

Conditions to be Met Before Authorization is Effective

Under the federal Indian Gaming Regulatory Act (IGRA), the Mashantucket Pequot and Mohegan tribes currently operate the Foxwoods and Mohegan Sun casinos, respectively, on their reservations. Gambling at the Foxwoods Casino is conducted under federal procedures, which are a legal substitute for an IGRA-negotiated gaming compact. Gambling at the Mohegan Sun Casino is conducted under a legally negotiated IGRA tribal-state compact. Both the compact and procedures are like federal regulations. As such, they supersede state law.

Under the federal procedures and the compact the tribes may operate video facsimile machines only pursuant to (1) a state-tribal agreement (e.g., memorandum of understanding (MOU)); (2) a court order; or (3) a change in state law that allows the operation of video facsimile machines by any person, organization, or entity. Currently, both tribes are able to operate video facsimile machines at the casinos because of a MOU that each has with the state.

The MOU gives the tribes the exclusive right to operate video facsimile machines and casino gaming in Connecticut in exchange for 25% of the gross operating revenue from the video facsimile machines.

Before the legalization of fantasy contests and the associated consumer protection regulations and tax provisions take effect, the act requires the governor to enter into agreements with the tribes to amend the federal procedures, the compact, and MOUs.

Amendments to Procedures, Compact, and MOUs. Under the act, the amendments to the procedures and compact must include a provision stating that the authorization to conduct fantasy contests in the state does not terminate the moratorium against operating video facsimile games.

Under the act, the amendments to the MOUs must include a provision stating that the authorization to conduct fantasy contests in the state does not relieve the tribes of their obligation to contribute a percentage of the gross operating revenues of video facsimile games to the state under the MOUs.

Legislative and Federal Approval. Upon the tribes and state reaching an agreement on the amendments to the procedures, compact, and MOUs, the amendments must be approved by the state legislature under the statutory process for approving tribal-state compacts (see Background). They also must be approved or deemed approved by the U.S. DOI secretary, pursuant to IGRA and its implementing regulations. If a court overturns U.S. DOI’s approval in a final judgment that is not appealable, the act’s authorization ceases to be effective.

Consumer Protection Regulations

The act requires the DCP commissioner to adopt regulations, by July 1, 2018, on the operation of, participation in, and advertisement of fantasy contests in Connecticut. The regulations must protect players who pay an entry fee to play fantasy contests from unfair or deceptive acts or practices and include:
1. a prohibition on operators against allowing anyone under age 18 to participate in a contest they operate,
2. protections for the players’ funds on deposit with the operators,
3. requirements for truthful advertising by operators,
4. procedures to ensure the integrity of fantasy contests offered by operators,
5. procedures to ensure operators provide players with (a) information on responsible playing and where they can seek assistance for addictive or compulsive behavior and (b) protections against compulsive behavior, and
6. reporting requirements and procedures to demonstrate eligibility for reducing the initial registration fee and annual registration renewal fee (see below).

Registration

Under the act, within 60 days after DCP adopts its regulations, and annually thereafter, each operator in the state must register with the DCP commissioner on a form she prescribes. Operators must generally pay an initial $15,000 registration fee and a $15,000 annual registration fee thereafter. But the commissioner must reduce the initial or annual registration fee so that such fees do not exceed 10% of the operator’s gross receipts for the registration period.

In order to demonstrate eligibility for a reduced initial or annual registration fee, the operator must provide the commissioner with an estimate of the gross receipts he or she expects to receive in the upcoming registration period. Before renewing a registration where the operator paid or should have paid a reduced registration fee, the operator must submit to the commissioner the actual amount of gross receipts in the previous registration period. Both the submission of the estimate and actual gross receipts must be done in a manner the DCP commissioner prescribes.

The commissioner must calculate the difference, if any, between the estimated and actual gross receipts and determine if the registration fee the operator previously paid was the correct amount. If the operator paid more than the amount determined, the commissioner must refund the amount to the operator or credit the amount against the registration fee for the upcoming registration period, as long as the operator renews his or her registration. If the operator did not pay enough, he or she must pay the commissioner the difference.

Penalty

Anyone who violates the consumer protections or registration requirements, including the payment portions, must be fined up to $1,000 for each violation.

Tax

The act imposes a 10.5% tax on the gross receipts of each operator. “Gross receipts” means the total of all entry fees collected by an operator from all players less the total amount paid out as prizes to players, multiplied by the location percentage. “Location percentage” means the percentage rounded to the nearest tenth of a percent of the total entry fees collected from players located in
Connecticut, divided by the total of entry fees collected from all players in fantasy contests.

Under the act, each operator must report and remit such tax to the Department or Revenue Services (DRS) commissioner in a form and manner he prescribes. Any such tax due and unpaid is subject to (1) a penalty equal to 10% of the amount due and unpaid or $50, whichever is greater and (2) 1% interest per month or fraction thereof, from the due date. Such tax, penalty, or interest, due and unpaid, may be collected under the procedures the state uses to collect such money (e.g., warrant on real or personal property).

In addition, the act applies the same enforcement, liability, and appeal process requirements established in statute for the admissions and dues taxes to the fantasy contest tax and requires them to be adapted accordingly unless they are inconsistent with the act’s tax provisions. Under these requirements, the DRS commissioner can, among other things, (1) assess tax deficiencies where necessary; (2) require the operators to keep certain records and examine all of their records; (3) administer oaths, subpoena witnesses, and receive testimony; and (4) require a security deposit to ensure compliance in some cases. The operators can file for a refund for tax overpayments, request a hearing on the amount of taxes they are required to pay, and appeal the hearing decision if aggrieved. Lastly, an additional penalty may be imposed on operators for willful violations or filing fraudulent returns.

EFFECTIVE DATE: Upon passage, except for the tax provisions, which are effective July 1, 2019, and applicable to income and taxable years commencing on or after July 1, 2019

Background

Legislative Approval for Tribal-State Gaming Compacts. By law, both houses of the legislature must approve a tribal-state compact (CGS § 3-6c). The governor must file a tribal-state compact or amendment with the Senate and House clerks within 10 days after it is executed. If filed during a regular session, the legislature has until its adjournment to approve or reject it. If not filed during a regular session, the legislature has until adjournment of (1) the next regular session or (2) a special session convened to take action on the measure. If the legislature does not act by adjournment, the compact or amendment is rejected and is not implemented.

If the governor files a compact or amendment within 30 days before the end of a regular session, the legislature can either (1) convene a special session and vote within 30 days or (2) vote on it within the first 30 days of its next regular session. The legislature has until the end of either 30-day period to vote before the measure is considered rejected.

Attorney General Opinion. In a 2016 opinion, the attorney general raised concerns that regulating daily fantasy sports could impact the state’s revenue-sharing arrangement with the Mashantucket Pequot and Mohegan tribes. He cautioned that there were arguments that daily fantasy games could, among other things, constitute video facsimile of a game of chance or a commercial casino game.
§ 653 — SURCHARGE AND FEES ON CAR AND TRUCK RENTALS

Eliminates the 3% rental surcharge on car and truck rentals and instead authorizes rental companies to charge lessees individually itemized charges or fees as part of a rental agreement.

Under prior law, the state imposed a surcharge on certain car, truck, and machinery rentals (3% for car and truck rentals and 1.5% for machinery rentals) and required rental companies to remit the surcharge collected during the calendar year that exceeds the Connecticut property taxes and Department of Motor Vehicles (DMV) registration and titling fees they paid on the vehicles and equipment.

The act eliminates the 3% rental surcharge on car and truck rentals and the related remittance requirement. Instead, it authorizes rental companies to charge lessees (i.e., renters) individually itemized charges or fees as part of a rental agreement, including vehicle cost recovery; airport access; or airport concession fees; subject to the requirements described below. (The act retains the 1.5% surcharge on machinery rentals.)

Prior law required rental companies to annually report by February 15 to DRS the aggregate amount of (1) personal property taxes paid to towns and registration and titling fees paid to DMV and (2) rental surcharges collected in the previous calendar year, along with any other information DRS requires. The act terminates this requirement after February 15, 2018 for the 3% surcharge it eliminates but retains it for the 1.5% surcharge on machinery rentals.

General Requirements for Rental Agreement Charges or Fees

The act subjects the rental fees to requirements that previously applied to the 3% rental surcharge. Specifically, it requires that any such fees be:

1. imposed on the total amount the rental company charges for the rental,
2. in addition to any other applicable taxes,
3. subject to sales and use tax,
4. paid by the lessee to the rental company and collected in full by the rental company from the lessee,
5. a debt the rental company may recover from the lessee (when added to the original lease or rental price), and
6. separately stated in the rental contract.

Specific Requirements for Vehicle Cost Recovery Fees

Under the act, if a rental company charges a vehicle cost recovery fee for car or truck rentals, the fee must:

1. represent the company’s estimate of the annual cost of any required license, title, registration, tax, inspection, or number plates for the car or truck (i.e., vehicle costs), prorated to a daily rate, and
2. be described in the rental agreement’s terms and conditions as the estimated average cost per day the company incurs in vehicle costs.

If the rental company collects more in total vehicle cost recovery fees in any calendar year than what it paid in vehicle costs on the cars and trucks, the act
requires the company to retain the excess amount and reduce its estimated vehicle costs for the following calendar year by the excess amount. The act specifies that its provisions may not be construed to prohibit a rental company from adjusting the vehicle recovery fees charged during any calendar year.

EFFECTIVE DATE: January 1, 2018

§ 654 — TRANSPORTATION NETWORK COMPANY (TNC) FEE

Requiring TNCs to pay a 25-cent fee on each ride originating in Connecticut

The act requires TNCs (e.g., Uber and Lyft) to pay a 25-cent fee on each ride originating in the state. TNCs must electronically file a return, in the form prescribed by the DRS commissioner, and remit the fees before the last day of the next month succeeding the quarter (e.g., they must pay the fees for the quarter ending March 31 by April 30). The act specifies that any documents DRS receives from TNCs are considered “return information” and are not subject to disclosure under FOIA.

The act subjects unpaid fees to (1) a penalty of $50 or 10% of the amount due, whichever is greater, and (2) interest at the rate of 1% per month from the due date. It applies to the TNC fee the same collection, enforcement, liability, registration certificate, and appeal process requirements established in statute for other taxes unless such a provision is inconsistent with the act. It also allows the DRS commissioner to adopt regulations to carry out the act’s provisions.

Under the act, fee revenue must be deposited in the General Fund. When reporting revenue, DRS must include TNC fee revenue with motor carrier road tax revenue.

EFFECTIVE DATE: January 1, 2018

§ 655 — MMCT LOAN

Requiring MMCT to provide a $30 million advance to the state, which will be credited against required future casino payments

PA 17-89 gave MMCT, Venture LLC, a company jointly owned and operated by the Mashantucket Pequot and Mohegan tribes, the right to conduct authorized games at a new off-reservation commercial casino, once certain conditions are met (e.g., amending gaming agreements and the state legislature and federal Department of the Interior approving such amendments). Additionally, PA 17-89 requires MMCT to pay the state 25% of its gross gaming revenue (e.g., slots and table games).

The act requires MMCT Venture, LLC, by June 30, 2019 to provide a $30 million advance to the state, which will be credited against required future monthly casino gross gaming revenue payments to the state in an amount and manner determined by an agreement between the OPM secretary and MMCT. The act prohibits interest from being charged.

EFFECTIVE DATE: Upon passage
§ 656 — FRESH START PROGRAM

Authorizes the Department of Revenue Services (DRS) commissioner to establish a fresh start program for qualified taxpayers who owe Connecticut state taxes

The act authorizes the DRS commissioner to establish a fresh start program in which he may, at his discretion, enter into agreements with qualified taxpayers to waive all of the penalties and half of the interest due on delinquent state taxes (other than motor carrier road taxes). Under the act, a fresh start agreement for taxpayers who failed to file a tax return may also provide a limited look-back period (i.e., limiting the scope of DRS’s review of prior year returns). In exchange, taxpayers must, among other things, disclose certain tax information to the commissioner, file any required returns or documents, and pay their liabilities. The program runs from October 31, 2018 to November 30, 2018 and covers any tax returns due on or before December 31, 2016.

Qualified Taxpayers

Under the act, the program is open to taxpayers who apply for a fresh start agreement, in the form and manner the commissioner prescribes, and who:

1. failed to file a tax return, or failed to report the full amount of tax properly due on a previously filed return, that was due by December 31, 2016;
2. voluntarily come forward before receiving a billing notice or notice that DRS is conducting an audit for the tax type and taxable period for which the taxpayer is seeking a fresh start agreement;
3. are not parties to a closing agreement with the DRS commissioner for such taxes;
4. have not made an offer of compromise that has been accepted by the commissioner for such taxes;
5. have not protested an audit determination for such taxes; and
6. are not parties to litigation against the commissioner for such taxes.

Conditions

As part of any fresh start agreement, qualified taxpayers must:
1. voluntarily and fully disclose on the application all material facts relevant to their tax liability;
2. file any tax returns or documents that the commissioner requires;
3. pay in full the tax and interest as stated in the agreement in the form and manner the commissioner prescribes;
4. agree that for the three years after the agreement is signed they will timely file any required tax returns and pay any associated state taxes; and
5. waive all administrative and judicial rights of appeal that have not run or expired for the tax period or periods subject to the penalty and interest waiver.

The commissioner is not bound by the penalty and interest waivers in the act or any fresh start agreement if he finds that the qualified taxpayer:
1. misrepresented material facts in applying for or entering into the agreement;
2. failed to provide any information required for the applicable tax periods by the required due date;
3. failed to pay any tax, penalty, or interest due in the time, form, or manner prescribed;
4. understated by 10% or more the tax due for any taxable period covered by the agreement, including any amount shown on an amended tax return, and cannot demonstrate to the commissioner’s satisfaction that a good faith effort was made to accurately compute the tax; or
5. failed to timely file any required tax returns or pay any associated state taxes in the three years following the agreement’s signing.

The act prohibits any payment made by a qualified taxpayer for a tax period covered by an agreement to be refunded to the taxpayer or credited to any other tax period other than the one for which the payment was made.

EFFECTIVE DATE: Upon passage

§ 657 — TRANSFERS FROM NONAPPROPRIATED ACCOUNTS

Allows OPM to transfer funds from certain nonappropriated accounts to the General Fund for FY 19

For FY 19, the act allows the OPM secretary to transfer up to $20 million to the General Fund’s resources from the fund’s nonappropriated accounts that do not receive (1) gifts, grants, or donations from public or private sources or (2) other revenues from individuals to support a particular interest or purpose.

EFFECTIVE DATE: Upon passage

§ 658 — TAX EXPENDITURE EVALUATION

Requires the OPM secretary to examine and report on state tax expenditures

The act requires the OPM secretary, in consultation with the revenue services and economic and community development commissioners, to evaluate existing state tax expenditures and, by February 1, 2018, report their findings and recommendations to the Finance, Revenue and Bonding Committee. (Tax expenditures are tax revenues the state forgoes due to tax credits, exemptions, or deductions that benefit specific activities or taxpayers.)

The examination must, at a minimum, prioritize the tax expenditures and identify other revenue sources available to the state that can be used to pay for the expenditures. In conducting the examination, the secretary and the commissioners may consult with other individuals and entities they deem appropriate.

EFFECTIVE DATE: Upon passage

§ 659 — STATE AGENCIES TO REVIEW FEES

Requires (1) agency heads to determine whether the fees their agencies charge cover program administration costs and (2) OPM to recommend fee increases to the legislature

The act requires all agency heads, except the OPM secretary, to determine whether the fees charged by their departments cover the cost of collecting the fee
and administering the program for which the fee is collected. The agency heads
must recommend any fee increases to the OPM secretary before December 1,
2017.

The OPM secretary must review agencies’ submissions and submit, by
February 7, 2018, a report on recommended fee increases to the Finance, Revenue
and Bonding Committee. The act limits the fee recommendations submitted to the
committee to those fees that are increased by no more than 50% and the aggregate
fee increases may not exceed $20 million. (It is unclear under the act how this cap
is measured.)
EFFECTIVE DATE: Upon passage

§ 660 — REDUCING CONNECTICUT LOTTERY CORPORATION (CLC)
EXPENSES

Requires CLC to reduce its expenses for the next two fiscal years

The act requires CLC to reduce its expenses from the amount of its FY 17
expenses by $1 million in FYs 18 and 19.
EFFECTIVE DATE: Upon passage

§ 661 — CORPORATION INCOME TAX DEDUCTION FOR CERTAIN
PUBLICLY-TRADED COMPANIES (FAS 109 DEDUCTION)

Extends, from seven to 30 years, the period over which certain publicly traded companies may
claim the FAS 109 deduction

The act extends, from seven to 30 years, the period over which certain
publicly traded companies may claim the FAS 109 corporation income tax
deduction. By law, companies are entitled to this deduction if combined reporting
implemented in the 2016 income year) resulted in an aggregate (1) increase in
their net deferred tax liability, (2) decrease in their net deferred tax assets, or (3)
change from a net deferred tax asset to a net deferred tax liability.

By law, the deduction equals the amount necessary to offset these changes.
Prior law required the deduction to be spread out over the seven year period with
annual deductions equaling one-seventh of the total amount. The act instead
requires the deduction to be taken over thirty years and correspondingly changes
the annual deduction to one-thirtieth of the total amount. (PA 17-4, JSS (§ 19)
delays, from the 2018 income year to the 2021 income year, the first year in
which this deduction can be claimed.)

The act also eliminates the requirement that companies calculate the reduction
regardless of its impact on federal taxes.

This deduction is referred to as a “FAS 109” deduction because of a financial
accounting and reporting standard for income taxes (Financial Accounting
Standards No. 109, “Accounting for Income Taxes”). Under FAS 109, a company
that is required to issue financial statements must create a liability or asset for
estimated taxes payable or refundable for the current year. By law, this deduction
applies to publicly traded companies, including affiliated corporations
participating in a publicly traded company’s financial statements prepared
according to GAAP, as of January 1, 2016.

EFFECTIVE DATE: Upon passage

§ 662 — CONNECTICUT TELEVISION NETWORK (CT-N) REDUCTION

Reduces by half the amount of specified tax revenue that must be reserved for CT-N

The act reduces by half, from $3.2 million to $1.6 million, the amount of funding reserved for CT-N. The funding comes from the gross receipts tax on cable, satellite, and competitive video service companies and is used to defray the costs of providing the state with CT-N coverage of state government deliberations and public policy events.

EFFECTIVE DATE: Upon passage

§§ 663 & 664 — TOBACCO SETTLEMENT FUND DISBURSEMENTS

Suspends, for FYs 18 and 19, disbursements from the Tobacco Settlement Fund to the Tobacco and Health Trust Fund and the Smart Start competitive operating grant account

The act suspends, for FYs 18 and 19, the following annual transfers from the Tobacco Settlement Fund: (1) $6 million to the Tobacco and Health Trust Fund and (2) $10 million to the Smart Start competitive operating grant account. Under the act, the transfers resume in FY 20.

EFFECTIVE DATE: Upon passage

§ 665 — DOCUMENT RECORDING FEE

Increases, from $3 to $10, the document recording fee charged to generate revenue for preserving historic documents and modifies the fee revenue distribution

The act (1) increases, from $3 to $10, the recording fee municipalities charge on documents recorded in their land records to generate revenue for preserving historic documents and (2) changes the fee revenue distribution (see Table 34).

Table 34: Document Recording Fee Revenue Distribution Changes

<table>
<thead>
<tr>
<th>Fee Purpose</th>
<th>Share of Revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior Law ($3 fee)</td>
<td>Act ($10 fee)</td>
</tr>
<tr>
<td>State Historic Document Preservation</td>
<td>66% ($2)</td>
<td>40% ($4)</td>
</tr>
<tr>
<td>Municipal Historic Document Preservation</td>
<td>33% ($1)</td>
<td>20% ($2)</td>
</tr>
<tr>
<td>General Fund</td>
<td>0% ($0)</td>
<td>40% ($4)</td>
</tr>
</tbody>
</table>

EFFECTIVE DATE: December 1, 2017

§ 666 — RECORD CHECK FEE INCREASES

Increases, by $25, fees for certain record searches

The act increases, from $50 to $75, the fees for all of the following record searches: fingerprint, personal record, letters of good conduct, bar association, and criminal history record information. By law, federal, state, and municipal agencies
do not pay these fees.

EFFECTIVE DATE: December 1, 2017 and applicable to record checks requested on or after that date.

§ 667 — MOTOR VEHICLE TRADE-IN FEE

Requires the DMV commissioner to charge new and used car dealers $35 for each motor vehicle they accept as a trade-in.

The act requires the DMV commissioner to charge new and used car dealers a $35 fee for each used motor vehicle they accept as a trade-in when selling a new or used vehicle. Proceeds from the fee must be deposited in the General Fund.

EFFECTIVE DATE: December 1, 2017, and applicable to transactions occurring on or after that date.

§§ 668-670 — REGISTRATION FEE INCREASES FOR BROKER-DEALERS AND INVESTMENT ADVISERS

Increases, by $25 each, specified registration fees for broker-dealers, investment advisers, and their agents.

The act increases, by $25, each of the registration fees for broker-dealers, investment advisers, and their agents, who transact business in Connecticut as shown in Table 35.

Table 35: Registration Fee Increases

<table>
<thead>
<tr>
<th>Broker-Dealers and Investment Advisers</th>
<th>Registration Fee under Prior Law</th>
<th>Registration Fee under the Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm – initial registration</td>
<td>$315</td>
<td>$340</td>
</tr>
<tr>
<td>Firm – annual renewal of registration</td>
<td>190</td>
<td>215</td>
</tr>
<tr>
<td>Firm – mass transfers received</td>
<td>50</td>
<td>75</td>
</tr>
<tr>
<td>(fee per agent)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branch Office – initial registration</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Branch office – relocation or acquisition</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Agent – initial registration</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Agent – annual renewal of registration</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Exempt investment adviser – notice of registration exemption</td>
<td>250</td>
<td>275</td>
</tr>
<tr>
<td>Exempt investment adviser – annual renewal of notice of registration exemption</td>
<td>150</td>
<td>175</td>
</tr>
</tbody>
</table>

§ 671 — EMISSIONS ENTERPRISE FUND

Reduces, by $250,000, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund.

The act reduces, from $1.625 million to $1.375 million, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to
the Emissions Enterprise Fund. The funds to be transferred are those received from the $20 biennial emissions inspection fee, $20 emissions inspection late fee, and $40 inspection exemption fee for new vehicles and those less than four model years old (CGS § 14-164c) and the $10 biennial or $5 annual federal Clean Air Act fee (CGS § 14-49b). As under existing law, the fund transfers must be made on the first day of October, January, April, and July.

EFFECTIVE DATE: Upon passage

§ 672 — DIVERSION OF AVIATION FUEL TAX REVENUE

Diverts a portion of revenue from the petroleum products gross earnings tax (PGET) on aviation fuel to a new “Connecticut airport and aviation account” to be used for airport-related purposes.

The act creates the “Connecticut airport and aviation account” as a separate, nonlapsing account within the Grants and Restricted Accounts Fund. It requires DOT, with OPM approval, to use the account’s resources for airport and aviation-related purposes. (Section 324 of the act earmarks $1.5 million of the account’s funds in each of FY 18 and FY 19 for Tweed-New Haven Airport.)

Under the act, the DRS commissioner must deposit into the account 75.3% of PGET revenue from aviation fuel sources (equivalent to 6.1% of aviation fuel sales) regardless of a law requiring that all PGET revenue be deposited in the STF. (By law, sales of all petroleum products, including aviation fuel, are subject to the 8.1% PGET (CGS § 12-587).) Under the act, the remaining 24.7% of PGET revenue from aviation fuel (equivalent to 2% of aviation sales) is deposited in the STF.

Background

Federal law requires that all airport revenue be used exclusively for airport-related purposes (49 U.S.C.A. § 47107(b)). Federal Aviation Administration (FAA) policy guidance clarifies that state revenue derived from taxes on aviation fuel is considered “airport revenue,” even if those taxes are of general applicability, and is therefore subject to such restrictions (79 FR 66282). However, the restrictions do not apply to revenue from a tax or a portion of a tax that was in effect when the federal law took effect.

EFFECTIVE DATE: Upon passage

§ 673 — HIGHWAY RIGHT-OF-WAY ENCROACHMENT PERMIT FEES

Requires the DOT commissioner, by January 1, 2018, to set fees for certain applications for highway right-of-way encroachment permits to mirror the fees the Massachusetts DOT charges for similar permits; eliminates the commissioner’s authority to adopt regulations setting fees for other highway right-of-way encroachment permit applications.

The act requires the DOT commissioner to charge fees for certain state highway right-of-way encroachment permit applications that reflect the fees the Massachusetts DOT charges for such permits. Specifically, it requires the commissioner, by January 1, 2018, to charge such fees for permit applications for open air theaters, shopping centers, and other developments generating large
volumes of traffic.

It eliminates the commissioner’s authority to adopt regulations setting fees for other state highway right-of-way encroachment permit applications. Under prior law the commissioner could adopt regulations establishing “reasonable fees” for all such permit applications, but could exempt municipalities from them. DOT has set such fees (Conn. Agencies Regs. § 13b-17-4 (6)).

As under prior law, the commissioner may adopt regulations setting reasonable fees for certificates of operation for open air theaters, shopping centers, and other developments generating a large volume of traffic, provided the fees do not exceed 125% of the estimated administrative costs related to the application.

The law does not define a major traffic generator, but state regulations for certificates of operation specify that a development qualifies as one if it has (1) 200 or more parking spaces or (2) a gross floor area of at least 100,000 square feet (Conn. Agencies Regs. § 14-312-1).

EFFECTIVE DATE: Upon passage

§§ 674 & 675 — URGENT CARE CENTERS AND OUTPATIENT CLINICS

Requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018 and authorizes DSS to establish payment rates for these centers; requires outpatient clinics to renew their license every three years instead of every four years

License Requirement

Starting April 1, 2018, the act requires a person who establishes, conducts, operates, or maintains an urgent care center to obtain an outpatient clinic license from the Department of Public Health (DPH). The act also requires outpatient clinics to renew their license every three years instead of every four years as under prior law. (Section 39 contains this same provision, effective upon passage.) By law, outpatient clinics must pay a $1,000 license and inspection fee unless operated by municipal health departments or districts or licensed nonprofit nursing or community health agencies.

The act also authorizes the DPH commissioner to implement policies and procedures for the urgent care center licensure program while in the process of adopting them in regulations, provided he publishes notice of intent to adopt regulations on the state’s eRegulations system.

Generally, if an urgent care center is part of a hospital, it is licensed as a satellite site of the hospital. Under prior law, if such a center was not part of a hospital and did not meet the definition of an outpatient clinic, it was considered a physician’s office, and DPH licensed the providers but not the center itself.

Department of Social Services (DSS) Payment Rates

The act allows the DSS commissioner to establish payment rates to providers practicing in urgent care centers. The commissioner may implement related policies and procedures while in the process of adopting them in regulations, provided he publishes notice of intent to adopt regulations within 20 days after the policy implementation date.
Definitions

The act defines an “urgent care center” as a free-standing facility, separate from an emergency department, that (1) treats medical conditions that do not require critical or emergent intervention for life-threatening or potentially permanently disabling conditions, (2) treats these conditions without requiring an appointment, and (3) provides services during times when primary care provider offices are not customarily open.

EFFECTIVE DATE: December 1, 2017

§ 676 — SAFE DRINKING WATER PRIMACY ASSESSMENT FOR FY 19

Requires water companies that own community public water systems or non-transient non-community public water systems to pay a safe drinking water primacy assessment in FY 19

The act requires water companies that own community public water systems or non-transient non-community public water systems to pay to DPH a safe drinking water primacy assessment during FY 19. Under the act, the assessment’s purpose is to support DPH’s ability to maintain primacy under the federal Safe Drinking Water Act (SDWA). Under the SDWA, the federal Environmental Protection Agency (EPA) delegates primary enforcement responsibility (“primacy”) for public water systems to states if they meet certain requirements.

Among other things, the act (1) allows water companies that own community water systems to recover the assessment from customers, (2) exempts state agencies and transient non-community public water systems from the assessment, and (3) allows the DPH commissioner to adopt implementing regulations.

EFFECTIVE DATE: Upon passage through June 30, 2019

Assessment Amount and Procedure

Tables 36 and 37 describe the (1) assessment amounts and (2) deadlines for making payments.

<table>
<thead>
<tr>
<th>System Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community water system</td>
<td>Fewer than 50 service connections: $125</td>
</tr>
<tr>
<td></td>
<td>50 to 99 service connections: $150</td>
</tr>
<tr>
<td></td>
<td>100 or more service connections: An amount set by the DPH commissioner, up to $4 per connection</td>
</tr>
<tr>
<td>Non-transient non-community water system</td>
<td>$125</td>
</tr>
</tbody>
</table>
Table 37: Invoice and Payment Deadlines

<table>
<thead>
<tr>
<th>System Type</th>
<th>Deadline for DPH Issuing Invoice</th>
<th>Deadline to Pay Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community water system</td>
<td>October 1, 2018</td>
<td>January 1, 2019: ½ of assessment due</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May 31, 2019: remaining ½ due due</td>
</tr>
<tr>
<td>Non-transient non-community water system</td>
<td>January 1, 2019</td>
<td>March 1, 2019</td>
</tr>
</tbody>
</table>

For community water systems, the number of service connections is the number in DPH’s records as of June 30, 2017.

The act provides that:
1. the total assessment must not exceed $2.5 million and
2. if one water company acquires another, the purchaser must pay the assessment amount that the acquired company has not paid.

**Assessment Recovery for Community Water Systems**

The act allows water companies that own community water systems to collect the assessment amount from their customers and allows the fee for each customer to be based on the customer’s share of the assessment.

The act allows water companies to include the assessment in the company’s rates or as a separate item on the customers’ water bills without the water company needing to go through the standard process for rate change approval. The assessment charges are subject to a company’s past due and collection procedures, including interest charges, which apply to other authorized charges.

**DPH Online Reporting**

The act requires DPH, in consultation with the OPM secretary, to post the following on DPH’s website by July 1, 2018:
1. the costs to support DPH’s ability to maintain primacy under the SDWA (that amount must constitute the total assessment amount for the fiscal year) and
2. the assessment amount due, based on such costs, for each (a) service connection a community water system serves and (b) non-transient non-community water system.

**Termination**

The act provides that the requirement for water companies to pay the assessment terminates immediately if DPH loses primacy under the SDWA. This applies whether primacy is removed by the EPA or any other action by a state or federal authority. If the assessment is terminated and not reinstated within 180 days, a water company must credit its customers any amounts collected from them for the amount that the company is no longer required to pay.
Penalty for Late Payment

The act generally provides that if a water company fails to pay the assessment within 30 days after its due date, DPH may impose a fee of 1.5% of the assessment for each month of nonpayment beyond that initial 30-day period. If the delinquent water company is a town, city, or borough, a 9% annual fee applies.

Definitions

Under the act, a “public water system” is a water company that supplies daily drinking water to 15 or more consumers (e.g., private dwellings or places of business) or 25 or more people at least 60 days per year.

A “community water system” is a public water system that regularly serves at least 25 residents. A “non-community water system” is a public water system that serves at least 25 people at least 60 days of the year and is not a community water system.

A “non-transient non-community public water system” is a public water system that is not a community water system and that regularly serves at least 25 of the same people for at least six months per year (e.g., serves a school or office building). A “transient non-community public water system” is a non-community water system that does not meet the definition of such a non-transient system.

§ 677 — SAFE DRINKING WATER PRIMACY ASSESSMENT METHODOLOGY

Requires DPH to develop a methodology for a safe drinking water primacy assessment on community water systems and transient and non-transient non-community water systems

The act requires the DPH commissioner, by January 1, 2019, and in consultation with the OPM secretary and water company representatives, to develop a methodology for a safe drinking water primacy assessment on community water systems and transient and non-transient non-community water systems. The assessment’s purpose is to meet federal requirements for DPH to maintain primacy for enforcing the federal SDWA. The act specifies that the assessment would not apply to systems owned by a state agency.

Under the act, the methodology must include how to calculate the fee to be assessed and the procedures to implement it. In developing the methodology, the commissioner may consider customer billing frequency and timing, customer payment delinquency rates, and the feasibility of assessing a fee based on service or customer connections.

The act requires the commissioner to provide for a 30-day public comment period after developing the methodology. After the 30 days, but no later than February 15, 2019, he must submit to the Public Health Committee his recommendations for legislation needed to implement the developed methodology.

EFFECTIVE DATE: Upon passage
§§ 678 & 728 — NEWBORN SCREENING ACCOUNT

Eliminates, on July 1, 2018, the newborn screening account and transfers any money from it into the General Fund for DPH to use for newborn health screening services in FY 18

The act eliminates, on July 1, 2018, the newborn screening account, which DPH currently uses to pay for certain newborn health screening services. It also eliminates the associated annual $500,000 credit to the account from the General Fund.

Additionally, the act requires funds in the account as of June 30, 2017 to be credited to the General Fund for DPH to use for newborn health screening services in FY 18. (Prior law required unused funds to be carried forward into the next fiscal year).

By law, DPH operates a newborn screening program that tests infants for certain genetic, endocrine, and metabolic disorders; hearing loss; and critical congenital heart defects.

The act also makes a related conforming change.

EFFECTIVE DATE: Upon passage, except the repeal of the account is effective July 1, 2018.

§ 679 — MUNICIPAL VIDEO COMPETITION TRUST ACCOUNT

Beginning in FY 18, increases by $2 million the annual transfer from the municipal video competition trust account to the General Fund

Beginning in FY 18, the act increases, from $3 million to $5 million, the annual transfer from the municipal video competition trust account to the General Fund.

EFFECTIVE DATE: Upon passage

§ 680 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT

Beginning in FY 18, requires $3.5 million to be transferred to the General Fund each fiscal year from the Public, Educational, and Governmental Programming and Education Technology Investment Account (PEGPETIA)

Beginning in FY 18, the act requires $3.5 million to be transferred to the General Fund each year from the Public, Educational, and Governmental Programming and Education Technology Investment Account. The account provides grants to support public, educational, and government (i.e. community access) programming and education technology initiatives.

EFFECTIVE DATE: Upon passage

§§ 681-698 — TRANSFERS TO GENERAL FUND

Transfers funds from various sources to the General Fund for FYs 18 and 19

The act transfers money to the General Fund from various sources in FYs 18
and 19 (see Table 38). It also requires the comptroller, after the FY 18 accounts are closed, to credit $17.8 million of the unappropriated surplus to the General Fund for FY 19 (§ 698).

### Table 38: Transfers to the General Fund

<table>
<thead>
<tr>
<th>$</th>
<th>Source</th>
<th>Amount (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>681</td>
<td>School Bus Seat Belt Account</td>
<td>FY 18: $2, FY 19: $2</td>
</tr>
<tr>
<td>682</td>
<td>Regional Greenhouse Gas Account</td>
<td>FY 18: 10, FY 19: 10</td>
</tr>
<tr>
<td>683</td>
<td>Energy Conservation and Loan Management Fund</td>
<td>FY 18: 63.5, FY 19: 63.5</td>
</tr>
<tr>
<td>684</td>
<td>Consumer Counsel and Public Utility Control Fund</td>
<td>FY 18: 2.5, FY 19: -</td>
</tr>
<tr>
<td>685</td>
<td>Clean Energy Fund</td>
<td>FY 18: 14, FY 19: 14</td>
</tr>
<tr>
<td>686</td>
<td>State of Connecticut Health and Educational Facilities Authority</td>
<td>FY 18: .9, FY 19: .9</td>
</tr>
<tr>
<td>687</td>
<td>Banking Fund</td>
<td>FY 18: 11.2, FY 19: 9.2</td>
</tr>
<tr>
<td>688</td>
<td>Emissions Enterprise Fund</td>
<td>FY 18: 1.5, FY 19: -</td>
</tr>
<tr>
<td>689</td>
<td>Technical Services Revolving Fund</td>
<td>FY 18: 3, FY 19: -</td>
</tr>
<tr>
<td>690</td>
<td>Correctional Commissions Account, DOC</td>
<td>FY 18: 1, FY 19: -</td>
</tr>
<tr>
<td>691</td>
<td>Correctional Industries Account, DOC</td>
<td>FY 18: 1, FY 19: -</td>
</tr>
<tr>
<td>692</td>
<td>Ed-Net Account</td>
<td>FY 18: 1, FY 19: -</td>
</tr>
<tr>
<td>693</td>
<td>Probation Transition-Technical Violation Account, Judicial Department</td>
<td>FY 18: 8.3, FY 19: -</td>
</tr>
<tr>
<td>694</td>
<td>Tobacco Litigation Settlement Account, OPM</td>
<td>FY 18: 5, FY 19: -</td>
</tr>
<tr>
<td>695</td>
<td>Judicial Data Processing Revolving Fund</td>
<td>FY 18: .1, FY 19: .1</td>
</tr>
<tr>
<td>696</td>
<td>Passport to the Parks Account</td>
<td>FY 18: 2.6, FY 19: 5</td>
</tr>
<tr>
<td>697</td>
<td>Community Investment Account</td>
<td>FY 18: 5, FY 19: 5</td>
</tr>
</tbody>
</table>

**EFFECTIVE DATE:** Upon passage

**§§ 699 & 700 — MOTOR VEHICLE MILL RATE CAP AND PROPERTY TAX APPEALS**

*Increases the cap on motor vehicle mill rates and allows municipalities that previously set their motor vehicle mill rate for the 2016 assessment year to change it; requires boards to hear car tax appeals before December 15, 2017*

Existing law authorizes municipalities and special taxing districts to tax motor vehicles at a different rate than other taxable property, but it imposes a cap on the mill rate for motor vehicles. The act raises prior law’s motor vehicle mill rate cap from 32 to 39 mills for the 2016 assessment year and to 45 mills for the 2017 assessment year and thereafter. As under existing law, the caps apply to the combined mill rate of municipalities, districts, and other municipal organizations authorized to levy and collect taxes.

The act authorizes municipalities and special taxing districts, notwithstanding contrary special acts, municipal charters, or home rule ordinances, to revise their 2016 assessment year motor vehicle mill rates if such rates were set before the act’s effective date. They must do so (1) by December 15, 2017 and (2) by vote of their legislative bodies or in a municipality where the legislative body is a town meeting, by vote of the board of selectmen.

The act also requires boards of assessment appeals of a municipality that
issued motor vehicle property tax bills before the act’s effective date to hear motor vehicle property tax appeals for the October 1, 2016 assessment year by December 15, 2017.

It also makes conforming changes to the motor vehicle property tax grant program, which beginning in FY 18 provides grants to municipalities that impose a mill rate on real and personal property (other than motor vehicles) that is greater than the capped motor vehicle mill rate.

EFFECTIVE DATE: Upon passage

§§ 701-703 — STRANDED TAX CREDITS

Requires DECD to administer programs to allow businesses to use stranded R&D tax credits in exchange for undertaking certain capital projects or making certain venture capital investments

The act authorizes programs which allow corporation business taxpayers with certain “stranded” tax credits to use the credits in exchange for undertaking certain capital projects or making corporate venture fund investments. “Stranded” tax credits are credits that a taxpayer has earned but not taken through the business’s last complete income year, usually because the business has more credits than it does tax liability against which the credits may be claimed.

Under the act, DECD must (1) establish and administer a program that allows in-state businesses to use these stranded credits in exchange for undertaking eligible in-state capital projects and (2) hold tax credit auctions, or enter into agreements, to allow taxpayers holding these credits to use them in exchange for making specified venture capital investments. Under the act, the total amount of accumulated tax credits, at full value, used for capital projects and venture capital investments made through auction or agreement may not exceed $50 million.

The act also makes a conforming technical change (§703).

EFFECTIVE DATE: Upon passage

Stranded Tax Credits and Capital Projects

The act requires the DECD commissioner to establish and administer a program that allows in-state businesses to use certain stranded tax credits (referred to as “accumulated credits” in the bill) for eligible in-state capital projects and allows her to adopt implementing regulations. For this program, “accumulated credits” is defined as nonincremental research and development (R&D) credits (CGS § 12-217n) that have not been taken through the business’s last complete income year prior to its program application date (therefore, the credits are “stranded”).

A business is eligible to exchange credits for a project that is planned or currently underway that (1) expands the business’s scale or scope, (2) increases employment at the business, or (3) generates a substantial return to the state’s economy.

Application and Review. Under the act, businesses must apply to DECD, on forms the commissioner provides, to use their stranded credits under the program. The application must include (1) a detailed plan of the capital project, (2) the project’s term and estimated cost, and (3) the amount of stranded tax credits the
business proposes to use.

The act requires the DECD commissioner to (1) perform an econometric analysis of each proposed project and (2) approve only those projects that she determines will generate state revenue in excess of the amount of stranded tax credits proposed for use. Stranded tax credit amounts must be confirmed by DRS in consultation with the DECD commissioner.

**Claiming Schedule.** Under the act, the DECD commissioner, in consultation with DRS and OPM, must determine when a business may claim its stranded tax credits. The act prohibits her from approving a business’s use of the credits before its capital project has generated enough revenue to cover the credits’ cost to the state. Stranded credits may be claimed against the corporation business and sales and use taxes.

**Reporting.** By February 1, 2019, DECD must include the following information in its annual report:

1. the number of applications received and approved under the program,
2. the status of approved capital projects,
3. the amount of stranded tax credits proposed for use under the program, and
4. for each approved project, the amount and type of state revenue (a) generated to date and (b) projected for the five years after the project’s completion.

**Stranded Tax Credits and Venture Capital Investments**

The act authorizes two options for using stranded tax credits (i.e., “accumulated credits”) in exchange for venture capital investments. It requires the DECD commissioner, in consultation with the DRS commissioner and Connecticut Innovations (CI) CEO, to hold tax credit auctions or, in lieu of auctions, enter into agreements to allow taxpayers holding accumulated credits to use them in exchange for making specified corporate venture fund investments. Under this program, “accumulated credits” is defined as nonincremental R&D tax credits (CGS § 12-217n) and incremental R&D tax credits (CGS § 12-217j) that have not been taken through the last complete income year prior to the auction’s date.

The DECD commissioner must continue to hold auctions or proactively seek agreements until at least two deals with different corporate venture funds are reached, after which she may hold additional auctions or seek additional agreements at her discretion. Auctions and agreements may be held or entered into for five years after the date the first auction is held or agreement entered into, whichever is earlier.

**Auctions.** Under the act, the DECD commissioner must hold such auctions (termed “innovation investment fund tax credit auctions” in the act) whenever and as often as she determines is appropriate and effective.

For each auction, the DECD commissioner, in consultation with the CI CEO, must specify the (1) information that a bid must include, (2) deadline for submitting a bid, and (3) minimum number of cents for each dollar of accumulated credits that may be bid. Bidders must submit sealed bids, and the
DECD commissioner, in consultation with the CI CEO, must select the winning bid or bids based on the amount the bidder proposes to invest and the amount of stranded tax credits the bidder proposes to exchange, as well as any other criteria the DECD commissioner and CI CEO deem appropriate.

Under the act, the DECD commissioner must invest the amount received from the winning bidder or bidders in the winning bidder’s corporate venture fund. All investments must be made under the advisement of a CI representative, who must be a member of the corporate venture fund’s investment committee.

The act additionally requires that:

1. the amount invested into a corporate venture fund under this program be between $5 million and $10 million;
2. all amounts invested be invested in (a) in-state startup businesses or (b) in-state spin-off companies from the bidder’s R&D department;
3. the portion of profits from such investments be divided evenly between the bidder and the state, which must deposit its portion into the General Fund; and
4. the bidder must agree to reinvest the profits attributable to such investments in the bidder’s venture fund.

Agreements in Lieu of Auctions. In lieu of holding a tax credit auction, the DECD commissioner may, in consultation with the CI CEO, enter into an agreement with a taxpayer that has accumulated tax credits to allow the taxpayer to use the credits in exchange for making an investment in its corporate venture fund under the same conditions that apply to investments made through auctions. The number of cents per dollar of accumulated tax credit may be negotiated by the DECD commissioner in consultation with the DRS commissioner.

Claiming Credits. Beginning July 1, 2020, the credits allowed for corporate venture fund capital investments may be claimed against the (1) sales and use tax or (2) corporate business tax, regardless of any applicable tax credit caps. Taxpayers may not claim any credits until the second full income year after making the investment and must claim them according to a schedule agreed to by the commissioner, in consultation with the revenue services commissioner, and the taxpayer. The act allows taxpayers to sell, assign, or transfer the tax credits.

§§ 704, 707, 708 & 729 — BUDGET RESERVE FUND (BRF)

Diverts specified income tax revenue exceeding a $3.15 billion threshold to the BRF; increases the BRF’s maximum balance, from 10% to 15% of net General Fund appropriations and expands its allowable uses; and repeals provisions, previously scheduled to take effect July 1, 2019, establishing a mechanism for diverting to the BRF projected surpluses in certain revenue

Income Tax Revenue Diverted to the BRF

The act requires the state treasurer to transfer to the BRF revenue the state receives each fiscal year in excess of $3.15 billion from personal income tax estimated and final payments (i.e., the income tax revenue generated from taxpayers who make estimated income tax payments on a quarterly basis). It requires consensus revenue estimates, beginning with those due by November 10, 2017, to include a line item, designated as the volatility adjustment, reflecting the
estimated amount of this transfer. (Consensus revenue estimates are the basis for
the governor’s proposed budget and the revenue statement included in the budget
act the legislature passes.)

Beginning in FY 18, the act requires consensus revenue estimates and the
revenue statement included in the state budget act to itemize the withholding and
estimated and final payment components of personal income tax revenue. Under
prior law, a similar requirement was scheduled to apply beginning in FY 20 as
part of the revenue volatility mechanism the act repeals (see below).

**Maximum Balance**

The act increases the BRF’s maximum balance from 10% to 15% of net
General Fund appropriations for the current fiscal year. It repeals a provision
scheduled to take effect July 1, 2019, that increases the maximum balance to 15%
or more of such appropriations.

**Directing Funds to Pay Unfunded Pension Liabilities**

Under prior law, once the BRF reached the maximum, any remaining General
Fund surplus was deemed appropriated for (1) reducing the unfunded liability of
the State Employee Retirement Fund by up to 5% and (2) paying off outstanding
state debt. The act instead requires the treasurer to transfer any remaining General
Fund surplus, as she determines to be in the state’s best interests, for reducing
either the State Employee Retirement Fund’s or Teachers’ Retirement Fund’s
unfunded liability by up to 5%. Under the act, any remaining surplus funds may
be used to make additional payments to either retirement system, as the treasurer
determines to be in the state’s best interests, in addition to paying off other forms
of outstanding state debt specified under existing law.

The act also provides statutory authority for the legislature to transfer funds
from the BRF to pay unfunded pension liabilities when the fund’s balance equals
5% or more of net General Fund appropriations for the current fiscal year. It
authorizes the legislature to transfer funds above the 5% threshold amount to
either the State Employee Retirement Fund or Teachers’ Retirement Fund, as it
determines to be in the state’s best interests, in consultation with the treasurer.
Under the act, any amounts transferred to either retirement system must be in
addition to statutorily required contributions or payments.

**Authorized Use of Funds in the BRF for Projected Deficits**

By law, BRF funds are deemed appropriated in any fiscal year in which the
comptroller has certified a deficit for the immediately preceding fiscal year. The
act additionally allows the legislature to transfer funds from the BRF to the
General Fund when a deficit is projected. Under the act, if any consensus revenue
estimate for the current biennium projects a decline in General Fund revenue for
the current biennium of at least 1% from the total amount of General Fund
estimated revenue on which the budget act (or any adjusted appropriation and
revenue plan) was based, the legislature may transfer funds from the BRF to the
General Fund at any time during the remainder of the current biennium. In
addition, if any April 30 consensus revenue estimate projects a decline in General
Fund revenue in either year or both years of the subsequent biennium of at least 1% from the total General Fund appropriations for the current year, the legislature may transfer funds from the BRF to the General Fund in the fiscal year for which the deficit is projected.

Repeal of Mechanism for BRF Deposits Beginning in FY 20

The act repeals provisions in prior law, scheduled to take effect July 1, 2019, establishing a mechanism for diverting to the BRF projected surpluses in historically volatile revenue sources (corporation income tax and personal income tax estimated and final payments). The mechanism required mid-year diversions of this revenue, based on a threshold level calculated using the average revenue from these two sources over 10 years. In eliminating this volatility mechanism, the act repeals a number of related provisions that are also scheduled to take effect July 1, 2019. These provisions generally concern the calculation and reporting of the threshold level and BRF deposits, as well as the use of funds in the BRF.

EFFECTIVE DATE: Upon passage

§ 705 — CAP ON GENERAL FUND AND SPECIAL TRANSPORTATION FUND (STF) APPROPRIATIONS

Beginning FY 20, imposes a new cap on General Fund and STF appropriations but allows the General Assembly to exceed it under certain circumstances

In addition to the existing spending cap on general budget expenditures (see § 709), the act imposes a new cap that applies specifically to General Fund and STF appropriations but allows the General Assembly to exceed it under certain circumstances.

Beginning in FY 20, the act prohibits the General Assembly from authorizing for any fiscal year General Fund and STF appropriations that, in the aggregate, exceed a specified percentage of the estimated revenues included in the budget act (i.e., the statement of estimated revenues, supplied by the Finance, Revenue and Bonding Committee, that is based on the most recent consensus revenue estimates). Table 39 lists the specified percentages. For example, for FY 20, the act caps the total amount of General Fund and STF appropriations at 99.5% of estimated General Fund and STF revenue.

Table 39: Cap on General Fund and STF Appropriations

<table>
<thead>
<tr>
<th>FY</th>
<th>Percentage of Estimated Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>99.5%</td>
</tr>
<tr>
<td>21</td>
<td>99.25</td>
</tr>
<tr>
<td>22</td>
<td>99.0</td>
</tr>
<tr>
<td>23</td>
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<td>24</td>
<td>98.5</td>
</tr>
<tr>
<td>25</td>
<td>98.25</td>
</tr>
<tr>
<td>26 and thereafter</td>
<td>98.0</td>
</tr>
</tbody>
</table>
Under the act, the General Assembly may authorize for any fiscal year General Fund and STF appropriations that, in the aggregate, exceed the applicable percentage of estimated revenues if either of the following conditions is met:

1. the governor declares an emergency or the existence of extraordinary circumstances, specifying the nature of the emergency or circumstances; at least three-fifths of the members of each chamber of the General Assembly vote to exceed the percentage; and the appropriation is limited to the fiscal year in progress; or
2. the General Assembly approves the appropriation, by majority vote, for an adjusted appropriation and revenue plan.

EFFECTIVE DATE: Upon passage

§ 706 — BOND COVENANT TIED TO BRF, SPENDING CAP, AND GO BOND CAP LAWS

Requires certain state bonds to include a pledge to bondholders that the state will comply with the BRF law, spending caps, and GO and credit revenue bond caps, except under limited circumstances

For each fiscal year during which state general obligation (GO) or credit revenue bonds (see §§ 714-716) issued from May 15, 2018 to June 30, 2020, are outstanding, the act expressly requires the state to comply with the following requirements in the act and existing law:

1. the Budget Reserve Fund law (CGS § 4-30a), as amended by the act (see § 704);
2. the cap on General Fund and STF expenditures established under this act and in effect as of October 31, 2017 (see § 705);
3. the statutory spending cap, as amended by the act (see § 709); and
4. the caps on GO and credit revenue bond authorizations, allocations, issuances, and expenditures (see §§ 710-712).

The act also requires, for GO and credit revenue bonds issued during this timeframe, that the treasurer include a pledge to bondholders that the state will not enact any laws taking effect from May 15, 2018 to June 30, 2028, that change the state’s obligation to comply with the laws listed above until the bonds are fully paid off unless the following conditions are met:

1. bondholders are protected in another way or
2. (a) the governor declares an emergency or the existence of extraordinary circumstances in which he invokes the statute allowing him at his discretion, and requiring him whenever the comptroller projects a General Fund budget deficit greater than 1%, to reduce appropriated accounts by up to 5% and total fund appropriations by up to 3% (CGS § 4-85); (b) at least three-fifths of the members of each house of the General Assembly approve the change in compliance; and (c) the change is limited to the fiscal year in progress.

Under the act, the pledge must apply for 10 years from the bonds’ first issuance date but not to refunding bonds issued to pay the original bonds.

EFFECTIVE DATE: May 15, 2018
§ 709 — SPENDING CAP CALCULATION

Modifies definitions used to calculate the state’s spending cap and requires a base adjustment under certain circumstances

The state’s statutory and constitutional spending caps bar the legislature from authorizing an increase in “general budget expenditures” for any fiscal year that exceeds the greater of the percentage “increase in personal income” or “increase in inflation” unless (1) the governor declares an emergency or extraordinary circumstances and (2) at least three-fifths of each house of the legislature approves the extra expenditure for those purposes (CGS § 2-33a & Conn. Const., art. III, § 18(b)).

Spending Cap Definitions

The act modifies the definitions used to calculate the state’s spending cap. The state constitution requires the legislature to define these terms by a three-fifths majority. The act passed by more than this minimum threshold.

*Increase in Personal Income.* Prior law defined the “increase in personal income” as the state’s average annual increase in personal income for the preceding five years. The act instead defines it as the compound annual growth rate of personal income in the state over the preceding five calendar years. As under existing law, the calculation must be based on United States Bureau of Economic Analysis data.

*Increase in Inflation.* The act modifies the definition of “increase in inflation” by excluding food and energy items from the consumer price index for urban consumers used to calculate the increase and requiring the increase to be calculated on a December over December basis. This calculation, as under existing law, must be made using United States Bureau of Labor Statistics data.

*General Budget Expenditures.* The act modifies the definition of “general budget expenditures” by:

1. eliminating the exclusion for statutory grants to distressed municipalities that were in effect on July 1, 1991, thus subjecting these grants to the cap;
2. excluding expenditures of federal funds granted to the state or state agencies; and
3. requiring expenditures for federal programs in which the state is participating as of October 31, 2017, and for which the state receives federal matching funds, to be subject to the cap.

Under the act, expenditures for federal programs in which the state begins participating after October 31, 2017, and for which it receives federal matching funds, are excluded from the cap for the first fiscal year in which they are authorized but must be considered general budget expenditures for that year for purposes of determining the following year’s general budget expenditures.

The act also temporarily excludes from the cap certain payments for unfunded pension liabilities. For FYs 18 through 22, it excludes annual expenditures for the portion of the actuarially determined employer contribution (ADEC) representing the unfunded liability for that fiscal year for any retirement system or alternative retirement program administerd by the State Employees Retirement
Commission, other than the teachers’ retirement system. And for FYs 18 through 26, it excludes annual expenditures for the portion of the ADEC representing the unfunded liability for that fiscal year for the teachers’ retirement system.

**Base Adjustment**

The act requires a spending cap base adjustment to be made in any fiscal year in which an expenditure’s funding source is converted, from the previous fiscal year, from (1) an appropriation to state bonding, a revenue intercept, or a nonappropriated source, or (2) any of these three funding sources to an appropriation.  

**EFFECTIVE DATE:** Upon passage

§§ 710-712 — CAP ON GENERAL OBLIGATION (GO) AND CREDIT REVENUE BOND ALLOCATIONS, ISSUANCES, AND SPENDING

_Imposes caps on GO and credit revenue bond allocations, issuances, and spending, with certain exclusions_

The act imposes new caps on GO and credit revenue bond allocations, issuances, and spending. The caps apply in addition to the existing cap limiting the total amount of General Fund-supported state debt the legislature can authorize to 1.6 times the estimated net General Fund tax receipts for the fiscal year of the authorization (CGS § 3-21).

Beginning in 2017, the act imposes a $2 billion aggregate cap on the amount of GO and credit revenue bonds the State Bond Commission may authorize (i.e., allocate) in any calendar year (“allocation cap”). With certain exceptions, the act also imposes a $1.9 billion aggregate cap on the amount of GO bonds or notes and credit revenue bonds (1) the treasurer may issue in any fiscal year, beginning with FY 19 (“issuance cap”), and (2) for which the governor may approve allotment requisitions (i.e., expenditures) in any fiscal year, beginning with FY 17 (“spending cap”). It excludes from the issuance and spending caps GO bonds issued as part of the Connecticut State Colleges and Universities 2020 or UConn 2000 infrastructure programs.

The act requires the caps to be annually adjusted for inflation based on the change in the consumer price index for all urban consumers for the preceding calendar year, less food and energy. The allocation cap must be adjusted beginning January 1, 2018, and the issuance and spending caps must be adjusted beginning July 1, 2019.

The act requires the treasurer, annually beginning by January 1, 2018, to provide the governor with a list of allocated but unissued bonds (i.e., bonds authorized by the legislature and allocated by the State Bond Commission but not yet issued by the treasurer). It also requires the governor, annually beginning by April 1, 2018, to provide the treasurer with a list of GO and credit revenue bond expenditures of up to $1.9 billion that can be made on the following July first. The list’s limit must be annually adjusted for inflation, as described above, beginning July 1, 2019. The governor must post both lists on his office’s website.  

**EFFECTIVE DATE:** Upon passage
§ 713 — COMPTROLLER’S ANALYSIS OF OPM MONTHLY STATEMENTS

**Requires the comptroller to analyze OPM’s monthly revenue and expenditure statements**

The law requires the OPM secretary to submit to the comptroller a cumulative monthly statement of revenue and expenditures, including a statement of (1) estimated revenue, by source, to the end of the fiscal year in at least as much detail as the budget act and (2) General Fund appropriation requirements to the end of the fiscal year, itemized as much as practical for each agency (CGS § 4-66).

The act requires the comptroller, in his cumulative monthly financial statements, to include an analysis of OPM’s monthly statements. As under existing law, the comptroller’s statements must also include statements of (1) revenue and expenditures to the end of the last completed month and (2) estimated revenue by source and appropriations from the General Fund to the end of the fiscal year.

**EFFECTIVE DATE:** November 1, 2017 and applicable to cumulative monthly statements issued on or after December 1, 2017

§§ 714-716 — CREDIT REVENUE BOND PROGRAM

**Authorizes the state treasurer to issue credit revenue bonds in place of GO bonds and directs the savings from the new bonding program to the Budget Reserve Fund; requires bond premiums to be used to fund previously authorized capital projects**

The act authorizes the state treasurer to issue “credit revenue bonds” in place of general obligation (GO) bonds and directs the savings from the new bonding program to the Budget Reserve Fund (BRF). Under the act, the credit revenue bonds are backed by withholding taxes that are statutorily pledged for the repayment of the bonds. The act establishes parameters for issuing the bonds, including a requirement that the withholding tax revenues pledged to pay the bonds be paid directly by taxpayers to collection accounts kept separate from other state funds. It subjects the bonds to the state’s bond authorization cap and State Bond Commission authorization.

The act requires that for each year in which the bonds are outstanding, the aggregate savings from the bonds in that fiscal year be automatically transferred from the General Fund to the BRF. It allows the state to reduce this transfer only if the bonds’ terms allow it or the governor declares an emergency or extraordinary circumstance and a supermajority of the legislature approves a reduction.

Beginning July 1, 2019, the act also requires bond premiums to be used to fund previously authorized capital projects.

**Authorization**

The act deems any GO bond authorization enacted before, on, or after October 31, 2017, as authorizing such bonds to be issued as either GO bonds or credit
revenue bonds up to the amount authorized under the original bond authorization. Under the act, the credit revenue bonds are subject to existing GO bond issuance procedures and requirements (i.e., the GO Bond Procedure Act), except for the requirement that the bonds be backed by the state’s full faith and credit. The act also subjects the credit revenue bonds to the state’s bond authorization cap.

**Bond Payments**

Under the act, the bonds are special obligations of the state payable only from withholding taxes or other amounts statutorily pledged to repay the bonds and do not make the state or any of its political subdivisions liable except to the extent of pledged revenues. The act defines withholding taxes as the state personal income taxes required to be deducted, withheld, and paid to the DRS commissioner by employers from the wages and salaries they pay to employees, including any penalty and interest charges on such taxes.

As part of the contract between the state and bondholders, the amount necessary to timely pay the principal and interest on the bonds is deemed appropriated, and the treasurer must pay the amounts, as well as any redemption premium on the bonds, as they become due, but only from the pledged sources. Similar provisions apply to GO bonds under existing law.

**Revenue Pledge**

Under the act, the state pledges its right and title to, and interest in, the pledged revenues to secure the bonds and redemption premium. This pledge secures all of the credit revenue bonds equally and supersedes any other party’s claim to the pledged revenues, including any holder of state GO bonds.

The bonds may also be secured by:

1. a pledge of reserves, sinking funds (i.e., funds created to regularly set aside funds sufficient to pay the debt), and any other funds and accounts, including investment proceeds from these sources, authorized under the act or by the State Bond Commission’s proceedings authorizing the bond issuance and
2. moneys paid under a credit facility, including letters of credit or bond insurance policies issued by a financial institution under an agreement authorized by such proceedings.

Under the act, the revenue pledge takes effect without any further action by the state and is valid and binding from the time it is made. The pledged revenues and amounts received by the state are immediately subject to the pledge’s lien without physical delivery of the money or any further action. The lien is valid and binding against all parties with claims against the state, regardless of whether they received specific notice of the lien.

The act provides that the issuance of credit revenue bonds does not directly, indirectly, or contingently obligate the state or any of its political subdivisions to (1) levy or pledge any tax, except for taxes included in the pledged revenues, or (2) make any additional appropriation for their payment. It requires each such bond and bond anticipation note (BAN) to state plainly on its face that it is not a charge, lien, or encumbrance, legal or equitable, on any property owned by the
state or its political subdivisions other than the pledged revenues or other amounts.

**Bond Indenture**

The act requires the credit revenue bonds to be secured by a trust indenture, approved by the State Bond Commission, made between the state and a corporate trustee. (A trust indenture is an agreement between a bond issuer and a trustee that represents the bondholder’s interests by establishing the rules and responsibilities to which each party must adhere.) The trustee may be any trust company or bank having the powers of a trust company within or outside the state.

The trust indenture may include provisions for (1) protecting and enforcing bondholders’ rights and remedies, including covenants that establish the state’s duties in relation to the pledged revenues, and (2) paying and disbursing the pledged revenues with any safeguards and restrictions the state provides that are consistent with the act’s provisions.

The act also establishes the terms and conditions that may be included in the credit revenue bonds’ issuance proceedings, which the act defines as (1) the Bond Commission’s proceedings that authorize the issuance; (2) the provisions of certain documents incorporated into such proceedings (e.g., a resolution or trust indenture securing bonds); and (3) to the extent applicable, the treasurer’s certificate of determination for the bonds. Under the act, the proceedings may contain provisions:

1. concerning covenants that confirm the state’s agreements, as part of the contract with bondholders;
2. for executing reimbursement agreements in connection with credit facilities (e.g., letters of credit or bond insurance policies);
3. for collecting, holding, investing, reinvesting, and using revenue pledged to repay the bonds;
4. for reserves, sinking funds, and other funds and accounts that the State Bond Commission approves, including requirements that the funds be separate from other state funds;
5. for issuing additional bonds that have parity with earlier ones; and
6. regarding rights and remedies available to the bondholders or trustees in the case of a default.

The bond proceedings may also contain other provisions or covenants that are consistent with those described above and which the State Bond Commission considers necessary, convenient, or desirable to improve the bonds’ security or marketability and are in the state’s best interest. These provisions may be replicated in any trust indenture that secures the bonds.

**Collection Accounts for the Pledged Revenue**

In the proceedings authorizing the credit revenue bonds, the state must direct the (1) trustee to establish one or more collection accounts with the “collection agent” to receive the pledged revenues and (2) payment of the pledged revenues into these collection accounts. Under the act, the collection agent is the financial institution acting as trustee or agent that receives the pledged revenues directed by
the state to be paid to it by taxpayers (i.e., those remitting withholding taxes to the state). Funds in the collection accounts must be kept separate from other state funds until they are disbursed.

The proceedings must also require that no funds from the collection accounts be disbursed to the state until all current claims of any trustee established in the proceedings have been satisfied.

The agreements with the depositaries establishing the collection accounts may provide for customary settlement terms for the collection of revenues. The expenses the state incurs in establishing the accounts and directing the deposits may be paid as part of the issuance costs for credit revenue bonds or GO bonds. These expenses include those the Department of Revenue Services and Office of the Comptroller incur in establishing mechanisms to verify, allocate, track, and audit the accounts and deposits made into them.

State Commitments to Bondholders

The act makes certain commitments to bondholders concerning the credit revenue bonds’ terms and authorizes the State Bond Commission to include this covenant in any credit revenue bondholder agreement.

The act promises bondholders that the General Assembly will impose, charge, raise, levy, collect, and apply the pledged revenues as necessary to pay the annual “debt service requirements,” as defined below, as long as the credit revenue bonds are outstanding, or unless expressly permitted by the terms of its agreements with bondholders. It also promises that the state will perform, or cause to be performed, every promise, covenant, agreement, or contract with bondholders and will not:

1. limit or alter the duties imposed on the treasurer and other state officers with respect to the pledged revenues;
2. change the provisions (a) establishing collection accounts with the collection agent or the direction of pledged revenues to such accounts or (b) applying such pledged revenues to debt service;
3. issue any other bonds, notes, or other debt with any of the same rights as the credit revenue bonds or secured by the same pledged revenues;
4. create or cause to be created any lien or charge on the pledged amounts; or
5. impair bondholders’ rights, exemptions, or remedies.

Debt Service Requirements. Under the act, debt service requirements means the:

1. principal and interest on bonds and unrefunded principal and interest on BANs;
2. purchase price of bonds and BANs that are subject to purchase or redemption at the owner’s option;
3. amounts, if any, (a) required to establish or maintain reserves, sinking funds, or other funds at the respective required levels or (b) due under a reimbursement or similar agreement;
4. bond and BAN issuance and administrative costs, as determined by the treasurer; and
5. additional costs the treasurer deems necessary to be paid in connection
with the bonds or BANs.

**Debt Service Coverage.** With certain exceptions, the act promises that the state will not alter the rights or obligations of state officers to impose, maintain, charge, or collect the taxes, fees, charges, or receipts constituting the pledged revenues as necessary to produce sufficient revenues to fulfill the bond proceedings’ terms. But it allows the state to change the withholding tax rate and base, including exemptions and deductions, as long as any such change, had it been in effect, would not have reduced withholding taxes for any 12 consecutive months within the preceding 15 months to an amount that is less than three times the maximum debt service payable on credit revenue bonds issued and outstanding for the current or any future fiscal year.

**Other Permissible State Debt.** The act specifies that its commitments to bondholders do not prevent the state from issuing debt:
1. secured by a pledge or lien subordinate and junior to the liens and pledges created under the act,
2. backed by the state’s full faith and credit and not by any specific lien or charge on the pledged amounts, or
3. secured by a pledge of or lien on amounts derived on or after the date the credit revenue bonds’ pledges or liens are discharged and satisfied.

**Calculating the Savings from Credit Revenue Bonds**

The act requires the state treasurer, each time she issues credit revenue bonds, to determine the amount of principal and interest the state will save by issuing credit revenue bonds instead of GO bonds in each fiscal year in which the bonds will be outstanding. She must state this estimated savings (“dedicated savings”) in a bond determination filed with the State Bond Commission at or before the credit revenue bond issuance.

She must calculate this savings as the difference between the (1) stated principal and interest payable with respect to the credit revenue bonds in each fiscal year during which they will be outstanding and (2) estimated principal and interest that would have been payable in each such year had the bonds been issued as GO bonds over the same period, based on a level principal debt service schedule. The treasurer has discretion to adjust this calculation to account for a specific bond issuance structure and must base the calculation on factors she deems relevant, including advice from financial advisors, historical trends, and spreads to common municipal bond indexes. If the treasurer determines there are no savings in a given fiscal year, the estimated savings for that year must be zero.

**Transfer of Dedicated Savings to the BRF**

For each year in which the bonds are outstanding, unless certain conditions are met, the act automatically transfers from the General Fund to the BRF, at the beginning of the fiscal year, an amount equal to the aggregate dedicated savings from all the credit revenue bonds that have been issued and are outstanding that fiscal year. Under the act, the transfer may be reduced if (1) the bond terms allow it or (2) the governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the
General Assembly approve a reduction. The act prohibits the state from appropriating this transferred amount for any other purpose and limits its use to the purposes authorized under the BRF law.

**Purchasing the Bonds on the Open Market**

The act authorizes the treasurer to purchase credit revenue bonds and, subject to bondholder agreements, hold, pledge, cancel, or resell them. Existing law authorizes the treasurer to do so with respect to other bonds, including special tax obligation bonds.

**Investments**

The act includes standard bond provisions declaring the credit revenue bonds negotiable instruments under the Uniform Commercial Code subject only to registration requirements. It makes the bonds securities in which governments and private entities may invest.

It authorizes the treasurer and trustee to (1) invest and reinvest bond funds, including pledged revenues and bond proceeds, in the same obligations, securities, and other investments existing law allows for GO bonds and in the Short Term Investment Fund or (2) deposit or redeposit the funds in the bank or banks specified in the bond resolution, certificate of determination, or indenture. Investment proceeds, less any amounts required under the bonds’ proceedings, must be credited to the General Fund.

**Refunding Bonds**

The act authorizes the use of credit revenue bonds to refund previously issued GO bonds, and vice versa, subject to the existing conditions and procedures for refunding GO bonds.

**Use of Bond Premium, Accrued Interest, and Net Investment Earnings on Bond Proceed Investments**

Until July 1, 2019, the act requires the net earnings on investments of GO or credit revenue bond proceeds and accrued interest and premiums on such bond issuances to be deposited into the General Fund after payment of (1) the bond issuance costs or (2) interest on state debt. This conforms to existing state practice on the use of such funds. (Bond premium is the extra, up-front payment investors make in exchange for a higher interest rate on the bonds.)

Beginning July 1, 2019, the act requires the treasurer to direct (1) the net earnings on investments of GO or credit revenue bond proceeds and accrued interest on such bond issuances to the General Fund and (2) bond premiums to an account or fund to pay for previously authorized capital projects. Under the act, the treasurer must deposit in such an account or fund the premiums on GO and credit revenue bonds, net of any original issue discount, after paying the issuance costs. The treasurer may use the deposited amounts to fund projects the State Bond Commission previously authorized, up to the amount authorized, as long as the bonds for such projects have not already been issued.
The act requires the state treasurer to file a certificate of determination with the bond commission’s secretary that establishes the amount of the deposit applied to fund each such project. Upon doing so, she must record bonds in the amount of the net premiums credited to each project as deemed issued and retired. Thereafter, she may not issue bonds in that amount for the project. Under the act, the bonds recorded are deemed issued, retired, and no longer authorized for issuance in order to align the project’s funding with the amounts generated by net premiums, but such bonds do not constitute an actual bond issuance or bond retirement for any other purpose, including financial reporting.

EFFECTIVE DATE: Upon passage

§§ 717-726 — REVENUE ESTIMATES

Adopts revenue estimates for FYs 18 and 19 for appropriated state funds

The act adopts revenue estimates for FYs 18 and 19 for appropriated state funds, as shown in Table 40.

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund*</td>
<td>$18,739,749,611</td>
<td>$18,908,178,988</td>
</tr>
<tr>
<td>Special Transportation Fund</td>
<td>1,592,600,000</td>
<td>1,628,100,000</td>
</tr>
<tr>
<td>Mashantucket Pequot and Mohegan Fund</td>
<td>57,649,850</td>
<td>49,942,796</td>
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<tr>
<td>Regional Market Operation Fund</td>
<td>1,100,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Banking Fund</td>
<td>36,200,000</td>
<td>36,200,000</td>
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<tr>
<td>Insurance Fund*</td>
<td>87,300,000</td>
<td>92,200,000</td>
</tr>
<tr>
<td>Consumer Counsel and Public Utility Control Fund</td>
<td>29,000,000</td>
<td>29,000,000</td>
</tr>
<tr>
<td>Workers’ Compensation Fund</td>
<td>24,734,732</td>
<td>26,301,633</td>
</tr>
<tr>
<td>Criminal Injuries Compensation Fund</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Tourism Fund</td>
<td>0</td>
<td>12,700,000</td>
</tr>
</tbody>
</table>

* PA 17-4, JSS (§§ 16 & 17) changes the net revenue estimates for the General Fund and Insurance Fund

EFFECTIVE DATE: Upon passage

§ 727 — PROBATE COURT ADMINISTRATION FUND

Requires that the fund’s balance at the end of FY 17 remain in the fund

Under existing law, if there is a balance in the Probate Court Administration Fund on June 30 exceeding 15% of its authorized expenditures in the coming fiscal year, then that excess is transferred to the General Fund. The act overrides this provision for FY 17 by requiring that any balance in the fund as of June 30, 2017 remain there.

EFFECTIVE DATE: Upon passage
§ 730 — REPEALING A BRIDGE NAME

Repeals a provision of PA 17-230 naming bridge number 01592 in Ansonia the “Veterans of Foreign Wars Memorial Bridge.”

The act repeals a provision of PA 17-230 naming bridge number 01592 in Ansonia the “Veterans of Foreign Wars Memorial Bridge.”

EFFECTIVE DATE: Upon passage