

---

---

## OLR Bill Analysis

### sSB 421

#### ***AN ACT CONCERNING MUNICIPAL BUDGET RESERVES FOR THE BIENNIUM ENDING JUNE 30, 2019.***

#### **SUMMARY**

Current law 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. This bill instead establishes an irrebuttable presumption that a budget reserve equal to 15% or less of a municipality's operating budget is not available to pay the costs of any item subject to municipal employee contract arbitration. (The bill also applies this irrebuttable presumption to contract negotiation, but it is unclear if this has any legal effect.)

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 bill requires the panel to ignore a budget reserve equal to 15% or less of a municipality's operating budget when considering the municipal employer's ability to pay an arbitration award. The bill does not change the other factors a panel must also consider (e.g., changes in the cost of living).

EFFECTIVE DATE: Upon passage

#### **COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 15      Nay 7      (03/26/2018)