

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 18-81—SB 543
Emergency Certification

**AN ACT CONCERNING REVISIONS TO THE STATE BUDGET FOR
FISCAL YEAR 2019 AND DEFICIENCY APPROPRIATIONS FOR
FISCAL YEAR 2018**

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§ 69 — HUMAN SERVICES PROVIDER COST-OF-LIVING ADJUSTMENT (COLA)

Requires OPM to allocate available FY 19 funds to provide a 1% COLA to certain human services providers

§§ 1-4 — FY 19 APPROPRIATIONS

Modifies FY 19 appropriations in four appropriated funds

The act modifies FY 19 appropriations for state agency operations and programs in four of the state’s appropriated funds as shown in Table 1.

Table 1: Changes in FY 19 Net Appropriations by Fund

§	Fund	FY 19 Net Appropriation		
		Prior Law	Act	Increase or (Reduction)
1	General Fund	\$18,790,627,454	\$18,998,154,029	\$207,526,575
2	Special Transportation Fund (STF)	1,628,068,939	1,617,282,343	(10,786,596)
3	Insurance Fund	95,035,932	95,206,162	170,230
4	Tourism Fund	12,644,988	12,894,988	250,000

EFFECTIVE DATE: July 1, 2018

§§ 5-7 & 10 — CHANGES TO BUDGETED LAPSES

Modifies the amounts by which the OPM secretary is authorized to reduce allotments for state agencies and funds in order to achieve specified savings and budgeted lapses; prohibits certain allotment reductions

Reduced or Eliminated Lapses (§§ 5-7)

The FY 18-19 budget act (PA 17-2, June Special Session (JSS)) authorized the Office of Policy and Management (OPM) secretary to reduce allotments in budgeted state agencies and funds in order to achieve specified budget savings (i.e., lapses) in FY 19. This act modifies this authorizing language to reflect the lapses that were reduced or eliminated by this act (§ 1), as shown in Table 2.

Table 2: Changes to FY 19 Budgeted Lapses

§	Lapse	FY 19 Amount	
		Prior Law	Act
5	Labor-Management Savings	\$867,600,000	--
6 (a)	Unallocated Lapse—Executive Branch	45,000,000	\$9,515,570
6 (b)	Unallocated Lapse—Legislative Branch	1,000,000	--

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6 (c)	Unallocated Lapse—Judicial Branch	8,000,000	5,000,000
7	Targeted Budget Savings	150,878,179	--

Limitation of OPM’s Authority to Reduce Certain Allotments (§ 10)

Notwithstanding any statutory provision or public or special act, the act prohibits the OPM secretary from reducing allotments related to the following programs and services in order to achieve any unallocated lapse in the General Fund for FY 19:

1. municipal aid, including education cost sharing (ECS) grants;
2. mental health and substance abuse services;
3. the Connecticut Children’s Medical Center;
4. the Justice Education Center, Inc.;
5. the Connecticut Youth Employment Program;
6. fire training schools; and
7. the Youth Violence Initiative.

EFFECTIVE DATE: July 1, 2018

§§ 8 & 9 — DEPARTMENT OF SOCIAL SERVICES (DSS) FUNDS CARRIED FORWARD

Carries forward certain unspent DSS funds to FY 19

The act carries forward certain unspent funds appropriated to DSS and requires them to be used for the same purpose in FY 19, as shown in Table 3.

Table 3: DSS Funds Carried Forward to FY 19

§	<i>Purpose</i>	<i>Amount</i>
8	Hospital Supplemental Payments	\$299,200,000
9	Medicaid	21,000,000

EFFECTIVE DATE: July 1, 2018

§ 11 — TEACHERS’ RETIREMENT SYSTEM SUBSIDY FOR LOCAL HEALTH PLANS

Requires the amount appropriated for the state subsidy for retired teachers’ health insurance to be paid in two installments

The Teachers Retirement Board provides a monthly subsidy to local school boards to offset the premiums of retired teachers participating in local plans. By law, the state’s General Fund normally pays one-third of the subsidy, and the retired teachers' health insurance account pays two-thirds. (But under PA 17-2, JSS, the state pays only the amount appropriated. This will revert back to one-third of the subsidy in FY 20.)

Beginning with FY 19, the act requires the amount appropriated for this subsidy to be paid in two installments (50% each) due by July 1 and December 1 of each fiscal year.

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EFFECTIVE DATE: July 1, 2018

§§ 12 & 70 — CONSERVATION AND LOAD MANAGEMENT (CLM) FUNDS

Requires PURA to authorize disbursements to implement provisions in the FYs 18-19 budget act that transfer \$63.5 million for each year from the CLM funds to the General Fund, and decreases the amount transferred for FY 19 by \$10 million

The prior budget act (PA 17-2, JSS, § 683) transferred \$63.5 million from the CLM funds to the General Fund in each year of the biennium. The act repeals this transfer and instead requires the Public Utilities Regulatory Authority (PURA) to authorize disbursements from the CLM funds of \$63.5 million in FY 18 and \$53.5 million in FY 19 for deposit in the General Fund (i.e., the same amount for FY 18 and \$10 million less for FY 19). The act requires PURA to make the disbursements proportionately based on the funds’ receipts.

EFFECTIVE DATE: Upon passage

§ 13 — MEDICARE SAVINGS PROGRAM (MSP)

Eliminates a decrease to MSP income limits that would have gone into effect July 1, 2018 under prior law

The act maintains current MSP eligibility limits by eliminating a decrease in the income limit that would have gone into effect July 1, 2018, under prior law as shown in Table 4. MSP income eligibility limits are based on the federal poverty level (FPL). Income limits calculations shown in the table are based on 2018 FPL values for an individual. FPL values change annually.

Under federal law, MSP generally consists of three separate program tiers (Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB), and Qualifying Individual (QI)), with applicants at the lowest income levels qualifying for the most benefits. To qualify, individuals must be enrolled in Medicare Part A. Program participants get financial assistance from the state’s Medicaid program with their Medicare cost sharing, including premiums and deductibles.

Table 4: MSP Income Limits

	<i>Current Income Limits (Maintained under the Act)</i>		<i>July 1 Decrease (Under Prior Law)</i>	
	<i>Income Limit (% FPL)</i>	<i>Annual Income Limit</i>	<i>Income Limit (% FPL)</i>	<i>Annual Income Limit</i>
QMB	Less than 211%	\$25,615	Less than 100%	\$12,140
SLMB	At or above 211% and less than 231%	\$28,043	At or above 100% and less than 120%	\$14,568
QI	At or above 231% and less	\$29,864	At or above 120% and less	\$16,389

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	than 246%		than 135%	
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EFFECTIVE DATE: July 1, 2018

§ 14 — PASSPORT TO THE PARKS ACCOUNT EXPENDITURES

Requires DEEP to provide funds from the Passport to the Parks Account to conservation entities in each fiscal year

In each fiscal year, beginning with FY 19, the act requires the Department of Energy and Environmental Protection (DEEP) to pay \$100,000 to each of the following entities from the Passport to the Parks account:

1. Connecticut River Coastal Conservation District,
2. Eastern Conservation District,
3. North Central Conservation District,
4. Northwest Conservation District,
5. Southwest Conservation District,
6. Connecticut Environmental Review Team, and
7. Connecticut Council on Water and Soil Conservation.

EFFECTIVE DATE: July 1, 2018

§§ 15 & 18 — RESERVED AMOUNTS FROM LINE ITEM APPROPRIATIONS

Reserves certain amounts from line items in agency budgets

The act reserves certain amounts from line items in agency budgets for various purposes, as shown in Table 5.

Table 5: Reserved Amounts from FY 19 Line Item Appropriations

§	Agency	Appropriation For	Reserved For	Amount
15	State Department of Education (SDE)	Talent Development	Teacher education and mentoring program	\$1,500,000
18	Department of Veterans Affairs	Personal Services	Achieving dual licensure for the Connecticut Veterans Home and Hospital as a chronic disease hospital and a skilled nursing facility by January 1, 2021	2,000,000

EFFECTIVE DATE: July 1, 2018

§ 16 — COMMUNITY COLLEGE FRINGE BENEFITS

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Requires the Comptroller to fund the fringe benefit costs of non-General Fund-supported community college system employees

Beginning with FY 19, the act requires the Comptroller to pay up to \$16.2 million of the annual fringe benefit costs for non-General Fund-supported community college system employees, using the resources appropriated for State Comptroller-Fringe Benefits. The act specifies that this provision does not change the fringe benefit support provided from the State Comptroller-Fringe Benefits appropriation to the community college system for General Fund-supported employees.

EFFECTIVE DATE: July 1, 2018

§ 17 — YOUTH VIOLENCE INITIATIVE GRANTS

Specifies towns to which the Judicial Department must provide grants in FY 19

The act requires that the grants awarded by the Judicial Department in FY 19 for the Youth Violence Initiative include grants to Danbury, Meriden, Waterbury, and West Haven.

EFFECTIVE DATE: July 1, 2018

§ 19 — FUNDS EARMARKED FOR HURRICANE MARIA ASSISTANCE

Earmarks \$1.5 million in specified appropriations to assist state residents who were displaced by Hurricane Maria

The act earmarks \$1.5 million in specified appropriations to assist state residents who were displaced by Hurricane Maria, as shown in Table 6.

Table 6: Hurricane Maria Assistance

<i>Agency</i>	<i>Earmarked Appropriation</i>	<i>Purpose</i>
Department of Education	\$400,000 for Bilingual Education	To distribute to the top six school districts with the largest concentration of Hurricane Maria evacuees
Department of Housing	\$600,000 for Housing/Homeless Services	To fund evacuees' security deposits and first month rent
Department of Social Services	\$500,000 for Human Resource Development-Hispanic Programs	\$90,000 to the Hispanic Coalition Inc. in Waterbury \$90,000 to Junta for Progressive Action in New Haven \$90,000 to Family Resource Center in Hartford \$90,000 to Caribe Youth Leaders in Waterbury \$40,000 to Casa Boricua in Meriden \$40,000 to Human Resource Agency of New Britain Inc. in New Britain \$40,000 to YMCA of Greater Hartford, Larson Center \$20,000 to Thames Valley Council for Community Action in New London

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EFFECTIVE DATE: July 1, 2018

§§ 20-22 — VOLATILITY CAP, BUDGET RESERVE FUND (BRF), AND BOND COVENANT REQUIREMENTS

Requires the volatility cap threshold to be adjusted annually for personal income growth and allows the legislature to amend the threshold under certain circumstances by a supermajority vote; shortens the length of the bond covenant requirement; requires a portion of the income tax revenue diverted to the BRF in FY 18 to be used to pay certain liabilities

Volatility Cap Threshold (§ 20)

Prior law required the state treasurer to transfer to the BRF the revenue the state received 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). This threshold is commonly referred to as the “volatility cap.” Beginning July 1, 2018, the act requires the \$3.15 billion threshold amount to be adjusted annually for personal income growth, based on the compound annual growth rate of state personal income over the preceding five calendar years, using U.S. Bureau of Economic Analysis data.

The act also authorizes the General Assembly to amend the \$3.15 billion threshold by a vote of three-fifths of the members of each house, due to changes in state or federal tax law or policy or significant adjustments to economic growth or tax collections.

Bond Covenant (§ 21)

Existing law expressly requires the state to comply with certain state laws, including the volatility cap, for each fiscal year during which state general obligation (GO) or credit revenue bonds issued from May 15, 2018, to June 30, 2020, are outstanding. The act makes a conforming change to the bond pledge to incorporate the changes to the volatility cap threshold described above.

For GO and credit revenue bonds issued during this timeframe, prior law required the treasurer to include a pledge to bondholders that the state would not enact any laws taking effect from May 15, 2018, to June 30, 2028, that change the state’s obligation to comply with the specified laws until the bonds are fully paid off, unless certain conditions are met. The act shortens this timeframe by five years to June 30, 2023. It also requires the bond pledge to apply for five years, rather than 10 years, from the bonds’ first issuance date.

FY 18 Transfer (§ 22)

The act requires a portion of the income tax revenue diverted to the BRF for FY 18 to be transferred to the retired teachers’ health insurance premium account. Under the act, after the treasurer has made the statutorily required transfer for FY 18, and the comptroller has determined the amount of any deficit for FY 18 and such amount has been deemed appropriated from the excess revenue, the

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comptroller must transfer \$16.1 million to the retired teachers' health insurance premium account. The transferred amount must be in addition to any other required contributions or payments to the account.

EFFECTIVE DATE: May 15, 2018, except the FY 18 transfer provision is effective May 14, 2018.

§§ 23 & 24 — MOTOR VEHICLE PROPERTY TAX GRANTS

Lists the motor vehicle property tax grant amounts towns and districts will receive in FY 19; changes the grant formula beginning in FY 20; eliminates supplemental grants after FY 18

Existing law authorizes municipalities and special taxing districts to tax motor vehicles at a different rate than other taxable property and imposes a cap on the mill rate for motor vehicles. By law, the cap is 39 mills in FY 18 and 45 mills in FY 19 and thereafter.

Motor Vehicle Property Tax Grant Calculation

By law, beginning in FY 18, municipalities that impose a mill rate on real and personal property that is greater than the capped motor vehicle mill rate are eligible for grants. Under prior law, the grant equaled the difference between the (1) amount of property taxes a municipality and any tax district located there levied on motor vehicles for the 2013 assessment year and (2) amount of the 2013 levy at the capped rate.

Under the act, the formula does not apply in FY 19, and instead the act lists the grant amounts payable to 12 municipalities and districts (§ 23). Other municipalities and districts will not receive grants. The Office of Policy and Management (OPM) must make these grants by August 1, 2018. Beginning in FY 20, the formula uses 2016 assessment year figures instead of the 2013 assessment year figures.

Supplemental Grants Eliminated After FY 18

The act eliminates supplemental motor vehicle property tax grants after FY 18. Under prior law, beginning in FY 18, certain municipalities that had a mill rate of more than 39 mills in FY 17 could apply annually to OPM for a supplemental grant. To qualify, a municipality must have implemented a real property revaluation in the 2014 or 2015 assessment year that resulted in at least a four mill increase in the mill rate. OPM could then provide such supplemental grants within available appropriations, provided the grant did not reduce the grants OPM gave to other municipalities.

EFFECTIVE DATE: July 1, 2018

§ 25 — DEPARTMENT OF HOUSING (DOH) HOMELESS SERVICES GRANTS

Provides grants to specified entities from DOH's FY 19 Housing/Homeless Services appropriation

The act requires that up to \$240,000 appropriated to DOH for

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Housing/Homeless Services for FY 19 be used for (1) a \$150,000 grant to the New London Homeless Hospitality Center and (2) a \$90,000 grant to Noble House operated by CASA, Inc. in Bridgeport.

EFFECTIVE DATE: July 1, 2018

§ 26 — DSS HISPANIC PROGRAMS

Directs \$127,000 of the FY 19 funds appropriated to DSS to the Spanish Community of Wallingford, Inc.

The act requires \$127,000 of the FY 19 amount appropriated for DSS for Human Resources Development-Hispanic Programs to be made available as a grant to the Spanish Community of Wallingford, Inc. for FY 19.

EFFECTIVE DATE: July 1, 2018

§§ 27-32 — REVENUE ESTIMATES

Modifies previously adopted revenue estimates for FY 19

The act modifies revenue estimates for FY 19 that were previously adopted in 2017 as part of the 2018-2019 biennial state budget, as shown in Table 7.

Table 7: Modified FY 19 Revenue Estimates

<i>Fund</i>	<i>Prior Law</i>	<i>Act</i>
General Fund	\$18,908,178,988	\$19,008,730,594
Special Transportation Fund	1,628,100,000	1,620,500,000
Banking Fund	36,200,000	34,000,000
Insurance Fund	92,200,000	95,300,000
Consumer Counsel and Public Utility Control Fund	29,000,000	25,700,000
Workers' Compensation Fund	26,301,633	27,500,000

EFFECTIVE DATE: July 1, 2018

§ 33 — PROBATE COURT ADMINISTRATION FUND

Requires that the Probate Court Administration Fund's balance at the end of FY 18 remain in the fund rather than transfer to the General Fund

Under existing law, if the balance in the Probate Court Administration Fund on June 30 exceeds 15% of its authorized expenditures for the upcoming fiscal year, the excess must be transferred to the General Fund. The act temporarily suspends this provision by requiring that any balance in the Probate Court Administration Fund as of June 30, 2018, remains there.

EFFECTIVE DATE: Upon passage

§ 34 — RENTERS' REBATE PROGRAM

Eliminates the requirement that OPM annually recover a portion of rebate costs from municipalities

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This act eliminates the requirement under the Renters' Rebate Program that OPM annually recover from each municipality 50% of the cost of issuing rent rebates, up to \$250,000. It thus shifts responsibility for funding the program entirely to the state. Prior law required OPM to recover rebate costs by selecting at least one state grant per municipality from which to withhold funds. (The Renters' Rebate Program provides rent and utility reimbursements to older adults or totally disabled renters whose incomes do not exceed certain limits.)

EFFECTIVE DATE: July 1, 2018

§ 35 — CONNECTICUT TELEVISION NETWORK (CT-N) FUNDING

Increases, from \$1.6 million to \$2.6 million, the amount of funding reserved for CT-N from the gross receipts tax on cable television and other companies

The act increases, from \$1.6 million to \$2.6 million, the amount of annual funding reserved for CT-N beginning in FY 18. The funding comes from the gross receipts tax on cable, satellite, and competitive video service companies and is used by the Office of Legislative Management to defray the costs of providing the state with CT-N coverage of state government deliberations and public policy events.

EFFECTIVE DATE: July 1, 2018

§ 36 — CLAIMS COMMISSIONER CARRYFORWARD

Carries forward unspent funds appropriated to the Department of Administrative Services (DAS) for the claims commissioner and makes them available in FY 19 for the same purpose

The act carries forward unspent funds appropriated in FY 18 to DAS for the Office of the Claims Commissioner. It makes the funds available in FY 19 for the same purpose.

EFFECTIVE DATE: July 1, 2018

§ 37 — REMAINING FY 19 EDUCATION COST SHARING (ECS) AID TO MUNICIPALITIES THAT RECEIVED STUDENTS DISPLACED BY HURRICANE MARIA

Requires that any remaining funds from FY 19 ECS grants be distributed to municipalities whose school districts received students displaced by Hurricane Maria

Overriding any statute or public or special act, the act requires that after the distribution of FY 19 ECS grants, any remaining funds be distributed to municipalities whose school districts received students during FY 18 who were displaced by Hurricane Maria. The distribution must be on a per-student basis and determined by the highest number of displaced students enrolled in each such district in any week during FY 18 (within districts, displaced student enrollment fluctuated as families arrived at various times and not all remained).

EFFECTIVE DATE: July 1, 2018

§§ 38-43 — CITIZENS' ELECTION PROGRAM (CEP) GRANTS

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Freezes CEP grants at the 2014 and 2016 amounts for statewide office and legislative candidates, respectively

PA 17-2, JSS, eliminated the requirement that the State Elections Enforcement Commission (SEEC) adjust the 2018 election cycle CEP grants for inflation, thus reducing the grants to the original statutory amounts. The act reinstates inflationary adjustments for the 2018 election cycle but freezes the grants at the 2014 and 2016 amounts for statewide office and legislative candidates, respectively.

Under the act, SEEC must immediately adjust the 2018 grant amounts as follows:

1. for statewide office candidates, based on changes in the consumer price index for all urban consumers (CPI-U) from January 1, 2010, to December 31, 2013, and
2. for legislative candidates, based on changes in the CPI-U from January 1, 2008, to December 31, 2015.

§§ 44-47 — FY 18 DEFICIENCY APPROPRIATIONS AND REDUCTIONS

Appropriates funds to cover deficiencies in certain agencies and programs in FY 18, and reduces other FY 18 appropriations by the same amount

The act appropriates \$25.555 million from the General Fund and \$37.2 million from the Special Transportation Fund to cover deficiencies in various state agencies and programs for FY 18, as shown in Table 8. These appropriations are offset by reductions in appropriations to these funds in the same amount, as shown in Table 9.

Table 8: General Fund and STF Appropriations for FY 18 Agency Deficiencies

<i>Agency</i>	<i>Purpose</i>	<i>Amount</i>
General Fund		
Division of Criminal Justice	Personal Services	\$335,000
Department of Energy and Environmental Protection	Environmental Conservation	1,800,000
Office of the Chief Medical Examiner	Personal Services	170,000
Department of Developmental Services	Personal Services	4,000,000
	Other Expenses	1,500,000
Department of Mental Health and Addiction Services	Other Expenses	2,000,000
Connecticut State Colleges and Universities	Workers' Compensation Claims	250,000
Department of Correction	Personal Services	2,900,000
	Other Expenses	1,600,000
Department of Children and Families	Personal Services	5,400,000
	Substance Abuse Treatment	3,800,000
Workers' Compensation Claims – Administrative Services	Workers' Compensation Claims	1,800,000
TOTAL		25,555,000
Special Transportation Fund		
Department of Transportation	Personal Services	10,800,000
	Rail Operations	22,800,000

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State Comptroller – Fringe Benefits	State Employees Health Service Cost	3,600,000
TOTAL		37,200,000

Table 9: FY 18 General Fund and STF Appropriation Reductions

<i>Agency</i>	<i>Purpose</i>	<i>Amount</i>
General Fund		
State Comptroller – Fringe Benefits	Retired State Employees Health Service Cost	\$25,555,000
TOTAL		25,555,000
Special Transportation Fund		
Department of Motor Vehicles	Personal Services	2,000,000
Debt Service – State Treasurer	Debt Service	31,400,000
State Comptroller – Fringe Benefits	State Employees Retirement Contributions	3,800,000
TOTAL		37,200,000

EFFECTIVE DATE: Upon passage

§ 48 — HUSKY A MEDICAID ELIGIBILITY

Expands Medicaid eligibility for HUSKY A parents and caretakers by raising the income limit from 133% to 150% of the federal poverty level (FPL)

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 parents and caretakers in this program was 133% FPL (e.g., \$27,637 for a family of three for 2018). The act expands HUSKY A eligibility by raising the income limit for non-pregnant adults (i.e., parents or caretaker relatives) to 150% FPL (e.g., \$31,170 for a family of three for 2018).

However, federal law requires state agencies to include a 5% income disregard when making certain Medicaid eligibility determinations. Thus, including this disregard, the act increases the HUSKY A income limit for parents and caretaker relatives from 138% to 155% FPL (\$32,209 for a family of three for 2018).

EFFECTIVE DATE: July 1, 2018

§ 49 — RETIRED STATE EMPLOYEE HEALTH SERVICE CARRYFORWARD

Carries forward \$21.5 million of the FY 18 appropriation to State Comptroller-Fringe Benefits for the Retired State Employees Health Service Cost

The act carries forward \$21.5 million of the FY 18 appropriation to State Comptroller-Fringe Benefits for the Retired State Employees Health Service Cost. It does so by specifying that the amount must not lapse and instead must continue to be available for the same purpose during FY 19.

EFFECTIVE DATE: July 1, 2018

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§ 50 — COMMUNITY INVESTMENT ACCOUNT

Requires that any reduction in, or transfer from, the funds of the Community Investment Account be applied proportionately to each funded program in FY 19

The act requires that any reduction in, or transfer from, the funds of the Community Investment Account be applied proportionately to each of its funded programs in FY 19.

EFFECTIVE DATE: July 1, 2018

§ 51 — EXECUTIVE BRANCH REQUIRED SAVINGS FOR FY 19

Requires the OPM secretary to achieve \$7 million in FY 19 General Fund savings through hiring reductions and privatization while being consistent with the 2017 SEBAC agreement

The act requires the OPM secretary to reduce allotments to any budgeted executive branch agency in order to achieve \$7 million in General Fund savings for FY 19. He must do this by reducing hiring and accelerating efforts to privatize current state services while following job security and layoff provisions of the state's 2017 ratified agreement with SEBAC (State Employees Bargaining Agent Coalition) (see BACKGROUND).

EFFECTIVE DATE: July 1, 2018

BACKGROUND

SEBAC Job Security and Layoff Provisions

Under the SEBAC agreement dated June 25, 2017, job security generally includes no loss of employment from July 1, 2017 through June 30, 2021 for any covered unionized employee hired before July 1, 2017, including loss of employment due to programmatic changes (those hired after July 1, 2017 do not have the protection).

Under the agreement, the job security provisions do not cover (1) working test periods; (2) natural expirations of fixed appointment terms; (3) expirations of temporary, durational, or special appointments; (4) non-renewal of non-tenured employees, unless non-tenured employees have permanent status; (5) terminations of grants or other outside funding for positions; and (6) part-time employees who are not eligible for health insurance.

Finally, the job security provisions do not prevent the state from restructuring or eliminating positions as long as those affected may bump or transfer to another comparable job under the terms of the agreement.

§ 52 — PER-STUDENT GRANT FOR REGIONAL VOCATIONAL AGRICULTURAL (VO-AG) CENTERS

Increases the state per-student grant for vo-ag centers

The act increases the annual state grant for each student enrolled in a vo-ag center from \$3,200 to \$4,200. As under existing law, the grants are within available appropriations. The students receive agricultural education from the

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centers and regular comprehensive education from the high school where the vo-ag center is located or in their home district.

EFFECTIVE DATE: July 1, 2018

§ 53 — AGRICULTURAL SUSTAINABILITY ACCOUNT

Requires \$1 million appropriated to the Department of Agriculture for Dairy Farmer-Agriculture Sustainability for FY 19 to be transferred to the agricultural sustainability account by July 15, 2018

The act requires \$1 million appropriated to the Department of Agriculture for Dairy Farmer-Agriculture Sustainability for FY 19 to be transferred to the agricultural sustainability account by July 15, 2018.

The agricultural sustainability account is a separate, nonlapsing General Fund account used by the agriculture commissioner to provide grants to dairy farmers when milk prices fall below the level needed to sustain dairy operations (i.e., the minimum sustainable monthly production cost) (CGS §§ 4-66cc & 22-265b). (The act makes an inaccurate reference to CGS § 4-66c.)

EFFECTIVE DATE: Upon passage

§ 54 — VOLUNTOWN FIRE TRUCK PURCHASE

Requires the DAS commissioner to provide \$250,000 from the facilities surplus property account to Voluntown to purchase a fire truck

By July 31, 2018, the act requires the Department of Administrative Services commissioner to provide \$250,000 from the facilities surplus property account to the town of Voluntown for the purchase of a fire truck for use on municipal and state-owned land.

EFFECTIVE DATE: July 1, 2018

§ 55 — HOSPITAL SUPPLEMENTAL MEDICAID PAYMENTS

Requires the aggregate amount of funds in the hospital supplemental pools to total \$166.5 million for FY 20

Generally, “supplemental pools” refer to hospitals grouped for purposes of receiving supplemental Medicaid payments. Under existing law, the amount of funds in the supplemental pools must total, in the aggregate, \$598,440,138 for FY 18 and \$496,340,138 for FY 19.

Under the act, for FY 20, the amount of funds in the supplemental pools must total, in the aggregate, \$166,500,000.

Under federal law, changes to Medicaid payments are generally subject to the Centers for Medicare and Medicaid Services' (CMS) approval.

EFFECTIVE DATE: July 1, 2018

§ 56 — PANEL TO STUDY RECOMMENDATIONS FROM THE COMMISSION ON FISCAL STABILITY AND ECONOMIC GROWTH

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Establishes a seven-member panel to study proposals from the Commission on Fiscal Stability and Economic Growth and make recommendations to the Finance, Revenue and Bonding Committee by January 1, 2019

The act establishes a seven-member panel to study proposals from the Commission on Fiscal Stability and Economic Growth about rebalancing state taxes to better stimulate economic growth without raising net new taxes. It requires the panel's study to (1) include a review of options for expanding municipal revenue sources and methods to broaden the sales and use tax base and (2) consider the work of the commission and the 2015 State Tax Panel.

Under the act, the panel's members consist of (1) members who either served on the commission or the State Tax Panel, one appointed by each of the top six legislative leaders, and (2) the revenue services commissioner, who serves as an ex-officio, nonvoting member. Appointing authorities must (1) make their appointments by June 14, 2018, and (2) fill any vacancy on the panel.

The panel's co-chairpersons must be selected from among its members, one jointly selected by the House speaker and Senate president and another by the House minority leader and Republican Senate president pro tempore. The co-chairpersons must schedule the panel's first meeting, which must be held on or before July 14, 2018. The Finance, Revenue and Bonding Committee's administrative staff serves as the panel's administrative staff.

The panel may consult with any individuals or entities its members deem appropriate or necessary and may ask the OPM secretary to hire a consultant or consultants to help it conduct the study.

The act requires the panel to submit its findings and recommendations by January 1, 2019, to the Finance, Revenue and Bonding Committee. The panel terminates on the date it submits the report or January 1, 2019, whichever is later.

EFFECTIVE DATE: Upon passage

§ 57 — EFFICIENCY IMPROVEMENTS IN REVENUE COLLECTION AND STATE AGENCY EXPENSE MANAGEMENT

Requires the OPM secretary to issue an RFP for a national consultant to study and make recommendations on improving revenue collection efficiencies and managing state agency expenses

The act requires the OPM secretary to develop and issue by July 1, 2018, a request for proposals (RFP) to hire a national consultant to study and make recommendations on improving revenue collection efficiencies and managing state agency expenses.

The act requires the consultant to make recommendations that will (1) result in at least \$500 million in savings and (2) not adversely impact the quality of state programs or social services program benefits.

The act requires the OPM secretary to consult with the former members of the Commission on Fiscal Stability and Economic Growth on the study's scope and update them on its progress. By February 1, 2019, the consultant must report its findings and recommendations to the Appropriations and Finance, Revenue and Bonding committees.

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EFFECTIVE DATE: Upon passage

§ 58 — TEACHERS' RETIREMENT SYSTEM (TRS) REFORM STUDY PANEL

Creates a study panel that reports to the Appropriations Committee on proposed TRS reforms

The act establishes a six-member panel to study the TRS reforms proposed by the Commission on Fiscal Stability and Economic Growth. The panel must report the results, which may include recommendations to reform the TRS and related enacting legislation, to the Appropriations Committee by January 1, 2019.

The act requires the study to include at a minimum consideration of the following commission recommendations for TRS reform:

1. a 30-year contribution of state lottery net proceeds to the Teachers' Retirement Fund to pay down its unfunded liabilities,
2. re-amortization of remaining fund liabilities in 2025 after securing an asset or cash to satisfy the financial obligation of current bonds, and
3. the creation of a hybrid defined benefit/defined contribution plan for new teachers with risk sharing on investment returns.

The following legislative leaders each appoint one member to the panel: House speaker, House majority leader, House minority leader, Senate president pro tempore, Republican Senate president pro tempore, and Senate majority leader.

The act requires:

1. each appointee to be an expert in either public pensions, finance, bonding, defined benefit plans or defined contribution plans;
2. all appointments to be made no later than 30 days after the act's passage; and
3. any vacancy to be filled by the appointing authority.

From among the panel's members, the House speaker and the Senate president pro tempore jointly select a co-chairperson, and the House minority leader and the Republican Senate president pro tempore jointly select the other co-chairperson. The co-chairpersons must schedule the panel's first meeting, which must be held no later than July 14, 2018.

The administrative staff of the Appropriations Committee serves as the panel's administrative staff.

EFFECTIVE DATE: Upon passage

§ 59 — MUNICIPAL VOLUNTEER SERVICES

Prohibits municipal collective bargaining agreements that bar volunteers from providing maintenance services

The act prohibits a municipality from entering into a municipal employee collective bargaining agreement that limits its ability to accept volunteer building and grounds maintenance services, provided there is no impact on the employees' wages or working conditions. The prohibition applies to agreements entered into on or after July 1, 2018.

O L R P U B L I C A C T S U M M A R Y

§§ 60 & 61 — TOBACCO SETTLEMENT FUND (TSF) DISBURSEMENTS

Limits the annual disbursements from the TSF

Beginning in FY 18, the act limits the annual transfer from the TSF to the amount identified as “Transfer from Tobacco Settlement Fund” in the General Fund revenue schedule adopted by the General Assembly. In doing so, it eliminates the required disbursements shown in Table 10. It also makes a conforming change.

Table 10: Annual TSF Disbursements Eliminated

<i>Disbursements To</i>	<i>Amount</i>	
	<i>FYs 18 and 19</i>	<i>FYs 20 and Thereafter</i>
General Fund	\$4 million	\$4 million
Tobacco Health and Trust Fund	Any remainder in the TSF	\$6 million + any remainder in the TSF
Smart Start Competitive Operating Grant Account	N/A	\$10 million (for FYs 20-25)

EFFECTIVE DATE: Upon passage

§§ 62 & 63 — SALES AND USE TAX ON VESSELS, VESSEL MOTORS, AND TRAILERS USED TO TRANSPORT VESSELS

Reduces the sales and use tax on vessels, vessel motors, and trailers used for transporting vessels from 6.35% to 2.99%

The act reduces the sales and use tax on vessels (i.e., boats), vessel motors, and trailers used for transporting vessels from 6.35% to 2.99%. By law, unchanged by the act, vessels docked in Connecticut for 60 days or less in a given year are exempt from the tax.

EFFECTIVE DATE: July 1, 2018, and applicable to sales occurring on or after July 1, 2018.

§§ 62 & 63 — DIVERSION OF MOTOR VEHICLE SALES AND USE TAX REVENUE TO THE STF

Begins diverting a portion of motor vehicle sales and use tax revenue to the STF earlier, in FY 19 rather than FY 21, and modifies the diversion schedule

Prior law phased in over five years a diversion of motor vehicle sales and use tax revenue to the STF, according to a specified schedule that began in FY 21. The act begins diverting a portion of this revenue earlier, in FY 19, and modifies the diversion schedule. Table 11 compares the amount of the diversion under prior law and under the act.

As under existing law, the revenue diversion applies to revenue from motor vehicle sales subject to the 6.35% rate or 7.75% luxury tax rate (generally for those costing more than \$50,000).

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Table 11: Schedule of Motor Vehicle Sales and Use Tax Diversion to STF

<i>Fiscal Year</i>	<i>% of Revenue Diverted to STF</i>	
	<i>Prior Law</i>	<i>Act</i>
19	--	8
20	--	33
21	20	56
22	40	75
23	60	100
24	80	100
25 and thereafter	100	100

EFFECTIVE DATE: July 1, 2018

§§ 62 & 63 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DIVERSION

Delays the sales and use tax revenue diversion to MRSA until FY 22

The act delays the sales and use tax revenue diversion to MRSA until FY 22.

The FY 18-19 budget suspended the diversion of sales tax revenue to MRSA for FYs 18 and 19, but retained the corresponding use tax diversion to the account. The act instead aligns the two provisions by suspending both the sales and use tax diversion for FYs 18 through 21.

EFFECTIVE DATE: July 1, 2018, and applicable to sales occurring on or after July 1, 2018.

§§ 64 & 65 — DYED DIESEL FUEL USED FOR MARINE PURPOSES

Establishes conditions (1) exempting from the motor vehicle fuels tax dyed diesel fuel sold to marine fuel dock owners or operators exclusively for marine purposes and (2) allowing marine fuel dock owners and operators to purchase and sell such tax-exempt fuel

The act establishes conditions (1) exempting dyed diesel fuel sold to marine fuel dock owners or operators exclusively for marine purposes from the motor vehicle fuels tax and (2) allowing marine fuel dock owners and operators to purchase and sell such tax-exempt fuel. Federal law exempts diesel fuel used for certain non-highway purposes (including marine purposes) from federal fuel taxes and requires exempt diesel fuel to be dyed red so it can be identified. Existing state law authorizes taxpayers to claim a refund for motor vehicle fuels taxes paid on such fuel if they purchased at least 200 gallons of it; taxpayers who receive a refund of the motor fuel tax must pay sales tax on the fuel (CGS §§ 12-459 & 12-412(15)).

Under the act, the exemption for dyed diesel fuel applies when it is sold to marine fuel dock owners or operators exclusively for marine purposes, provided (1) it is delivered to a tank in which fuel is kept exclusively for marine purposes and (2) the owner or operator submits to the fuel distributor a statement that the fuel is used as such. The statement must be in a form prescribed by the Department of Revenue Services (DRS) commissioner and contain a notice that false statements are punishable. By law, unchanged by the act, fuel sold for any

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use other than motor vehicle use on which motor vehicle fuels tax has not been paid is subject to state sales tax (CGS § 12-412(15)).

The act authorizes the DRS commissioner to license marine fuel dock owners and operators to purchase and sell such tax-exempt fuel, as long as the owner or operator can properly control its sale, through meters, pumps, or other dispensing devices, directly into vessel or vessel motor fuel tanks. Under the act, the owners and operators must keep and maintain, for at least three years, proper accounting records of their (1) purchases from distributors; (2) sales invoices to purchasers (including the purchaser’s signature and the serviced vessel’s registration number); and (3) inventory on the first day of each month.

The DRS commissioner must audit the records at regular intervals. Any discrepancies for which a satisfactory explanation cannot be submitted are subject to tax. The commissioner may revoke a license if the owner or operator fails to properly control and safeguard the state from the fuel being diverted to uses other than for marine purposes.

The act requires dyed diesel fuel distributors to report monthly to the DRS commissioner on the number of gallons of dyed diesel fuel they sold or used during the preceding calendar month and any additional information specified by the commissioner. They must do so by the 25th day of each month on forms the commissioner prescribes.

EFFECTIVE DATE: July 1, 2018; the exemption is applicable to sales occurring on or after that date.

§§ 66-68 — ESTATE AND GIFT TAX

Extends the phase-in of the estate and gift tax threshold to the federal threshold by three years, and imposes a marginal rate schedule for gifts and estates over the threshold amount in 2020 through 2022

The act extends the phase-in of the estate and gift tax threshold to the federal threshold by three years. The federal Tax Cuts and Jobs Act of 2017 doubled the federal threshold (to approximately \$11 million in 2018, after adjusting for inflation).

Under prior law, the estate and gift tax threshold was scheduled to increase over three years: from \$2.6 million in 2018, to \$3.6 million in 2019, and to the federal basic exclusion amount in 2020 and thereafter. PA 18-49, §§ 14-18, sets the estate and gift tax threshold at \$5.49 million beginning in 2020. This act instead extends the phase-in to 2023 by setting the gift and estate tax threshold at \$5.1 million for 2020, \$7.1 million for 2021, \$9.1 million for 2022, and the federal basic exclusion amount for 2023 and thereafter, as shown in Tables 12 and 13.

Under prior law, a single tax rate applied to the excess over the federal threshold beginning in 2020. The act instead imposes a marginal rate schedule for gifts and estates over the threshold in 2020 through 2022, as shown in Table 12.

Table 12: Estate and Gift Tax Rates, 2020 to 2022

<i>Value of Taxable Estate or</i>	<i>Rates</i>
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<i>Gift</i>	<i>Prior Law</i>	<i>Act (Marginal Rates)</i>		
		<i>2020</i>	<i>2021</i>	<i>2022</i>
Up to \$5,100,000	None	None	None	None
\$5,100,001 to federal threshold		10%		
Federal threshold to \$6,100,000		10% of the excess over the federal threshold		
\$6,100,001 to \$7,100,000	10.4% of such excess	10.4%		
\$7,100,001 to \$8,100,000	10.8% of such excess	10.8%	10.8%	
\$8,100,001 to \$9,100,000	11.2% of such excess	11.2%	11.2%	
\$9,100,001 to \$10,100,000	11.6% of such excess	11.6%	11.6%	11.6%
Over \$10,100,000	12% of such excess	12%	12%	12%

Table 13: Estate and Gift Tax Rates Under the Act, 2023 and Thereafter

Value of Taxable Estate and Gift	Rate for 2023 and Thereafter
Up to federal threshold	None
Over federal threshold	12% of the excess over the federal threshold

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, for deaths on or after January 1, 2020, the threshold for filing an estate tax return only with the probate court was the federal estate tax threshold. The act instead sets the threshold at:

1. \$5.1 million for deaths in 2020;
2. \$7.1 million for deaths in 2021;
3. \$9.1 million for deaths in 2022; and
4. the federal threshold for deaths on or after January 1, 2023.

The act also makes a technical correction.

EFFECTIVE DATE: Upon passage

§ 69 — HUMAN SERVICES PROVIDER COST-OF-LIVING ADJUSTMENT (COLA)

Requires OPM to allocate available FY 19 funds to provide a 1% COLA to certain human services providers

The act requires the OPM secretary to allocate available FY 19 funds to provide a 1% COLA to employees who provide state-administered human

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services. The act allows the secretary to reduce rates for any providers that receive such funds but fail to provide their employees with such adjustment.

For these purposes, an "employee" is any privately employed person who provides state-administered human services, including any person in a contractual arrangement with a human services provider who is not directly employed by such provider (e.g., a subcontractor). "State-administered human services" are services that:

1. are administered by the departments of Correction, Housing, Public Health, Social Services, Children and Families, Rehabilitation Services, or Mental Health and Addiction Services; the Office of Early Childhood; or the Judicial Department and
2. involve direct care of or services for eligible persons, including medical services; mental health and addiction treatment; nutrition and housing assistance; and services for children.

EFFECTIVE DATE: Upon passage