OFFICE OF FISCAL ANALYSIS

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sHB-5495
AN ACT REMOVING THE SUNSET DATE FOR THE FORECLOSURE MEDIATION PROGRAM.

AMENDMENT

LCO No.: 5736
File Copy No.: 324
House Calendar No.: 220

OFA Fiscal Note

See Fiscal Note Details

The amendment strikes the language of the bill and eliminates the associated fiscal impact. Instead, the amendment makes a number of revisions to the enacted FY 19 budget and other policies, including policies impacting municipalities. Summary and detailed information is provided below.

Revisions to the enacted FY 19 budget in this amendment provide for an operating surplus of $1.8 million in the General Fund and $12.5 million across all appropriated funds.

SUMMARY INFORMATION

Revised FY 19 Balance

Fund	Revenue $	Appropriations $	Surplus/ (Deficit) $
General Fund	19,020.4	19,018.6	1.8
Special Transportation Fund	1,600.2	1,592.4	7.8
Other Funds	239.1	236.2	2.9
TOTAL	**20,859.7**	**20,847.2**	**12.5**

The amendment revises appropriations in ten funds totaling $20.8 billion in FY 19 as summarized in the table below.

Primary Analyst: MM | 5/8/18
Contributing Analyst(s): | (FN)

Revised FY 19 Appropriations

Fund	Original Appropriation FY 19	Governor Revised FY 19	Amendment FY 19	Amendment - Governor	Amendment - Original
General Fund	19,885,371,203	18,870,506,700	19,041,080,047	170,573,347	(844,291,156)
Special Transportation Fund	1,640,068,939	1,631,817,521	1,604,376,839	(27,440,682)	(35,692,100)
Banking Fund	27,386,848	27,756,956	27,756,956	-	370,108
Insurance Fund	95,035,932	91,566,573	91,566,573	-	(3,469,359)
Consumer Counsel and Public Utility Control Fund	25,571,954	25,664,830	24,299,386	(1,365,444)	(1,272,568)
Workers' Compensation Fund	24,940,502	26,113,195	26,113,195	-	1,172,693
Mashantucket Pequot and Mohegan Fund	49,942,796	49,692,232	50,942,796	1,250,564	1,000,000
Regional Market Operation Fund	1,067,306	1,067,306	1,067,306	-	-
Criminal Injuries Compensation Fund	2,934,088	2,934,088	2,934,088	-	-
Passport to the Parks Fund	-	11,837,325	-	(11,837,325)	-
Tourism Fund	12,644,988	16,282,076	11,544,988	(4,737,088)	(1,100,000)
Total Gross Appropriations	**21,764,964,556**	**20,755,238,802**	**20,881,682,174**	**126,443,372**	**(883,282,382)**
General Fund Lapses					
Unallocated Lapse	(51,765,570)	(9,515,570)	(10,515,570)	(1,000,000)	41,250,000
Unallocated Lapse - Legislative	(1,000,000)	-	-	-	1,000,000
Unallocated Lapse - Judicial	(8,000,000)	(5,000,000)	(5,000,000)	-	3,000,000
Statewide Hiring Reduction - Executive	(7,000,000)	-	(7,000,000)	(7,000,000)	-
Targeted Savings	(150,878,179)	-	-	-	150,878,179
Achieve Labor Concessions	(867,600,000)	-	-	-	867,600,000
Municipal Aid Savings	(8,500,000)	-	-	-	8,500,000
General Fund Total Lapses	**(1,094,743,749)**	**(14,515,570)**	**(22,515,570)**	**(8,000,000)**	**1,072,228,179**
Special Transportation Fund Lapses					
Unallocated Lapse	(12,000,000)	(12,000,000)	(12,000,000)	-	-
Special Transportation Fund Total Lapses	**(12,000,000)**	**(12,000,000)**	**(12,000,000)**	**-**	**-**

Fund	Original Appropriation FY 19	Governor Revised FY 19	Amendment FY 19	Amendment - Governor	Amendment - Original
General Fund	18,790,627,454	18,855,991,130	19,018,564,477	162,573,347	227,937,023
Special Transportation Fund	1,628,068,939	1,619,817,521	1,592,376,839	(27,440,682)	(35,692,100)
Banking Fund	27,386,848	27,756,956	27,756,956	-	370,108
Insurance Fund	95,035,932	91,566,573	91,566,573	-	(3,469,359)
Consumer Counsel and Public Utility Control Fund	25,571,954	25,664,830	24,299,386	(1,365,444)	(1,272,568)
Workers' Compensation Fund	24,940,502	26,113,195	26,113,195	-	1,172,693
Mashantucket Pequot and Mohegan Fund	49,942,796	49,692,232	50,942,796	1,250,564	1,000,000
Regional Market Operation Fund	1,067,306	1,067,306	1,067,306	-	-
Criminal Injuries Compensation Fund	2,934,088	2,934,088	2,934,088	-	-
Passport to the Parks Fund	-	11,837,325	-	(11,837,325)	-
Tourism Fund	12,644,988	16,282,076	11,544,988	(4,737,088)	(1,100,000)
Total Net Appropriations	**20,658,220,807**	**20,728,723,232**	**20,847,166,604**	**118,443,372**	**188,945,797**

Spending Cap

The revised budget in the amendment is under the spending cap by $765.8 million in FY 18 and $9.1 million in FY 19.

Growth Rate

The revised FY 19 budget growth rate in the amendment for all appropriated funds is 2.0% over FY 18 original appropriations. See table below for details.

Growth Rate of Appropriations ($ in millions)

	Original Appropriation FY 18 $	Original Appropriation FY 19 $	Amendment FY 19 $	Change From Orig. FY 18 to Amendment FY 19		Change From Orig. FY 19 to Amendment FY 19	
General Fund	18,690.1	18,790.6	19,018.6	328.5	1.8%	227.9	1.2%
Transportation Fund	1,510.9	1,628.1	1,592.4	81.5	5.4%	(35.7)	-2.2%
Other Approp. Funds	229.5	239.5	236.2	6.7	2.9%	(3.3)	-1.4%
TOTAL	**20,430.5**	**20,658.2**	**20,847.2**	**416.7**	**2.0%**	**188.9**	**0.9%**

DETAILED INFORMATION

Section 11(a) eliminates the labor management lapse of $867,600,000 to reflect the allocation into agency budgets.

Section 11(b) requires any allotment reduction to a higher education constituent unit to be credited to the General Fund, which results in a revenue gain to the General Fund and an equivalent revenue loss to the constituent unit(s).

Section 12(a) reduces the unallocated lapse amount to the executive branch from $45,000,000 to $10,515,570 to reflect the allocation into agency budgets.

Section 12(b) eliminates the unallocated lapse amount to the legislative branch to reflect the allocation into agency budgets.

Section 12(c) reduces the unallocated lapse amount to the judicial branch from $8,000,000 to $5,000,000 to reflect the allocation into agency budgets.

Section 13 eliminates the targeted savings lapse of $150,878,179 to reflect the allocation into agency budgets.

Section 14 requires that the Secretary of the Office of Policy and Management (OPM) shall make reductions via a hard hiring reduction in the executive branch consistent with provisions of the ratified 2017 State Employee Bargaining Agent Coalition (SEBAC) agreement in order to achieve savings in the General Fund of $7,000,000 for the fiscal year ending June 30, 2019.

Section 15 requires that the Secretary of OPM shall not reduce allotments to municipal aid in order to achieve budget savings. This results in a potentially significant savings to municipalities to the extent that the Secretary would have otherwise reduced municipal aid. For context, in FY 18 the Governor reduced municipal aid by approximately $90 million in order to achieve budgeted FY 18 holdbacks.

Section 16 states that the savings attributed to the SEBAC agreement by the other appropriated funds, other than the Special Transportation Fund, shall be credited to the resources of the General Fund, which will result in a revenue gain to the General Fund to the extent that savings are achieved.

Section 17 results in a cost of $250,000 to the Department of Social Services (DSS) in FY 19 to provide a grant-in-aid to Sharon Hospital.

Section 18 designates $2,560,000 of the Housing and Homeless Services line item in the Department of Housing to be used to fund various programs and specific service providers. An additional $2,560,000 was appropriated for this purpose.

Section 19 requires the University of Connecticut Health Center (UCHC) to enter into a memorandum of understanding with the Department of Developmental Services (DDS) to provide dental services at the Southbury Training School (STS) by January 1, 2019. Funding of $239,949 related to the STS dental clinic was removed from the DDS budget. The cost associated with UCHC providing such dental services is not known at this time.

Sections 20 and 21 allow funding for the transit districts to remain at FY 17 levels. Any reduction to the Bus Operations account will come from the operating subsidy of CT Fastrak which may reduce service on this bus line.

Section 22 restricts the Department of Transportation's (DOT) ability to raise bus and rail fares in FY 19. If this results in a deficit to the Bus and Rail Operation Accounts, there may be a reduction to services.

Section 23 requires OPM to issue a Request for Proposals (RFP) by 10/1/18 to sell the Connecticut Juvenile Training School (CJTS), operated by the Department of Children and Families (DCF). This does not result in a fiscal impact to the state, as OPM has the expertise needed to issue a RFP, and a sale of CJTS is not anticipated in FY 19.

CJTS stopped taking new admissions on 1/1/18 and the last youth left the facility on 4/12/18.

Sections 24 and 176 reduce the enacted FY 19 transfer from the Energy Conservation and Load Management Fund from $63.5 million to $43.5 million. These sections also authorize the Public Utilities Regulatory Authority (PURA) to disburse both the $63.5 million transfer in each of FY 18 (which remains at $63.5 million) and the revised FY 19 transfer, from the Energy Conservation and Load Management Fund (ECLMF). It requires disbursements to occur proportionately based on receipts received by each of the funds. These sweeps, previously identified in Sec. 683 of PA 17-2, the FY 18 and FY 19 biennial budget, have not yet been authorized. Section 176 is a conforming change.

Section 25 requires the Department of Public Health (DPH) to utilize its existing Other Expenses account funding of $250,000 for the Connecticut Children's Medical Center's Easy Breathing program, as directed in the FY 18 and FY 19 biennial budget, which does not result in a fiscal impact to the state or municipalities.

Section 26 requires the Department of Administrative Services (DAS) to provide Voluntown $250,000 by July 31, 2018 for the purchase of a fire truck. Therefore, there is a cost to DAS in either FY 18 or FY 19, depending on the timing of the transfer, of $250,000 and an equivalent revenue gain to Voluntown resulting from this section.

Section 27 authorizes a carry forward of FY 18 appropriations into FY 19, in the amount of $299.2 million, to fund supplemental hospital payments. Carried forward funds are not counted as year-end lapses that contribute to a surplus; thus, this section reduces the anticipated FY 18 year-end deposit into the Budget Reserve Fund from $905 million ($1,290 million volatility adjustment less $385 million deficit) to $605.8 million.

Section 28 results in a revenue gain of $2.0 million to the CIA by transferring $2.0 million appropriated to the Department of

Agriculture (DoAg), "Dairy Farmer – Agriculture Sustainability account" into the CIA's "agricultural sustainability account" no later than July 15, 2018.

Section 29 allows DOT to adopt regulations establishing reasonable fees for state highway right-of-way encroachment permits as outlined in section 673 of PA 17-2 JSS. This is anticipated to result in a revenue gain of approximately $150,000.

Section 30 allows licensed car dealers to perform registrations requirements on behalf of the Department of Motor Vehicles (DMV) which may reduce the backlog at the DMV.

Section 31 allows the American Automobile Association (AAA) to expand licensing requirements to include commercial driver licenses which may reduce the backlog at the DMV.

Section 32 requires DPH to collaborate with municipal and district directors of health to develop a process for food vendor licensure reciprocity by 1/1/19, which does not result in a fiscal impact as these entities have the necessary expertise to complete this task in the time provided.

Sections 33 – 35 remove PURA from the Department of Energy and Environmental Protection (DEEP) and reestablish it as its own agency. It removes the regulatory functions from the newly reestablished PURA which is anticipated to result in savings in both FY 19 and FY 20 to the Public Utilities Control (PUC) fund.

Section 36 requires municipal transit districts to submit their budget to DOT and the Appropriations committee which does not result in a fiscal impact.

Section 37 results in a Medicaid cost of $61.5 million and an associated $68.5 million revenue loss to restore Medicare Savings Program (MSP) income eligibility levels to a range of 211% FPL to 246% FPL on July 1, 2018.

Sections 38 - 71 implement the transfer of the State Unit on Aging and the Long-Term Care Ombudsman program from DSS to the Department of Rehabilitation Services. This results in a transfer of 23 positions, and $7.8 million in the General Fund, and $376,023 in the Insurance Fund in both FY 19 and FY 20.

Section 72 results in savings of approximately $2.2 million associated with maintaining the closure of Category 1 of the state-funded Connecticut Home Care Program for Elders (CHCPE).

Section 73 results in state savings of $10.6 million in FY 19 due to eliminating Graduate Medical Education (GME) payments under Medicaid. GME payments total approximately $21.1 million after accounting for the federal share. This results in a revenue loss to the University of Connecticut Health Center of $1.2 million.

Section 74 may result in a savings to the state by reducing the unfunded actuarial accrued liability of the State Employees' Retirement System (SERS). In addition, this will reduce potential General Fund revenue deposited as a result of over recoveries from non-General Fund sources. The impact to the SERS fund will be certified in future actuarial valuations.

Section 75 requires Interest of Justice (IOJ) appointments to be paid by the Judicial Department. The amendment does not specify the funding source for these appointments.

Section 76 results in a potentially significant revenue gain to municipalities, as it extends reimbursements by OPM to municipalities who wish to replace their dashboard cameras purchased before December 31, 2010. To the extent a municipality opts to replace these dashboard cameras, they would receive a significant reimbursement under OPM. Future General Fund debt service costs may be incurred sooner under the amendment to the degree that it causes authorized General Obligation (GO) bond funds to be expended more rapidly than they otherwise would have been.

Section 77 results in a potential revenue loss to certain financially distressed municipalities, beginning in FY 20. Such revenue loss would be equal to the amount of debt service paid on behalf of the municipality pursuant to an agreement with the Municipal Accountability Review Board (MARB). The amendment requires MARB to make recommendations concerning any funding needed to enable certain designated municipalities to meet their fiscal needs. To the extent that any future state budgets approved by the General Assembly include additional funding for such municipalities, the potential revenue loss resulting from the amendment is at least partially offset. The amendment also specifies that any future contract between a municipality and MARB must be approved by the Appropriations and Finance committees. This has no fiscal impact, as it relates to future contracts.

Section 78 states that the Joint Committee on Legislative Management shall be responsible for the care, maintenance, and operation of the Old State House. The FY 19 appropriation is $400,000.

Section 79 removes a requirement that OPM reduce municipal aid by $8.5 million annually, in amounts related to the cost of the Renters' Rebate program in each town. This results in a savings to municipalities of $8.5 million.

Section 80 results in a cost to the Department of Labor (DOL) from FY 19 through FY 23 by requiring the agency to fund grants-in-aid for regional workforce development boards, which is to be paid out of the Manufacturing Pipeline Initiative account. The grant amounts are: $1 million in FY 19; and $2 million in FY 20; $2 million in FY 21; $2.5 million in FY 22; and $2.5 million in FY 23.

Section 81 results in no fiscal impact as the Connecticut State Colleges and Universities system has sufficient expertise to make efforts to enter into a memorandum of understanding.

Section 82 results in no fiscal impact by requiring DOL to review and consult businesses on the capital needs of the submarine industry.

Section 83 states that the Commissioner of Administrative Services shall issue a RFP to sell land in Cheshire owned by the Department of Correction (DOC). This will result in a revenue gain to the state to the extent that the property is sold.

Section 84 is not anticipated to result in a cost to DSS to designate a current employee as a municipal liaison to assist municipalities in providing assistance to residents with DSS administered programs.

Sections 85 and 86 will result in a savings to the state Medicaid program to the extent DSS prohibits automatic prescription refill enrollment for certain prescriptions for Medicaid beneficiaries. In addition, the amendment prohibits payment for drug refills without the explicit consent of the beneficiary or their legal representative in accordance with the provisions of the amendment. The savings will depend on the quantity and type of prescription refills avoided as a result of disallowing automatic refills, which is unknown. Connecticut, as well as other state Medicaid programs, do not currently collect and report information on automatic refill enrollment and the number of prescription refills avoided.[1,2] Connecticut's Medicaid program currently provides prescription coverage for approximately 800,000 beneficiaries. Total gross program expenditures in FY 17 were $1.3 billion for 12.7 million prescriptions, which generated approximately $817 million in rebates.[3] Pharmacy expenditures accounted for approximately 22% of FY 17 total Medicaid expenditures of $5.9 billion. For purposes of illustration, a 0.5% reduction in total program expenditures is approximately $6.5 million.[4] The amendment reflects a savings of $6.5 million in FY 19 from prohibiting auto refills.

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[1] Source: *Medicaid: Additional Reporting May Help CMS Oversee Prescription- Drug Fraud Controls* (July 2015). GAO 15-390.

[2] Source: *Medicaid Drug Utilization Review State Comparison / Summary Report FFY 2016 Annual Report Prescription Drug Fee-For-Service Programs* (October 2017). Centers for Medicare and Medicaid Services.

[3] *Source:* Department of Social Services and Medicaid Expenditure Reports for SFY 17.

[4] This does not account for any potential related impact in pharmacy rebates, which are impacted by the type and quantity of prescriptions refilled.

Sections 87 – 88 require the DEEP to establish a pilot program that authorizes the use of two licensed environmental professionals to expedite the issuance of certain permits. This is anticipated to result in a revenue gain, as DEEP would be anticipated to use its authority for this purpose.

Section 89 will result in a minimal savings to the state by repealing the mileage reimbursement for state officers, auditors, and the Governor's executive secretary.

Section 90 provides funding of $166.5 million in FY 20 in the Hospital Supplemental account, with associated revenue of $109.2 million. Section 1 of the amendment reflects the associated funding and Sections 150 - 156 of the amendment reflect the associated revenue.

Sections 91 - 92 make a technical correction to maintain Passport to Parks as a non-appropriated account. This has no fiscal impact.

Sections 93 - 103 delay the creation of the Technical Education and Career System as a separate budgeted agency by two years, and delay various other provisions related to the Technical Education and Career System.

Sections 104 - 108 and 112 make various changes to the scope of collective bargaining for state employees and the State Employees' Retirement System (SERS), including: (1) eliminating matters of retirement, SERS, overtime in pension calculations, and health care from collective bargaining on or after July 1, 2027, (2) make various changes to the benefit formula for SERS members who retire after July 1, 2027, including eliminating a COLA until the fund reaches 80% funded and the General Assembly approves a COLA, and (3) eliminate overtime from the definition of salary for the SERS benefit calculation after July 1, 2027. The amendment eliminates SERS deductions from overtime earnings for relevant employees. These sections result in a savings of approximately $58.2 million in FY 20 and $62.3 million annually thereafter. The impact to the SERS actuarially determined employer contribution (ADEC), from changes to benefits and what is counted in the benefit calculation, will be certified in the SERS valuation as of June 30, 2018 and be reflected in the FY 20 ADEC.

Section 109 precludes revenue gain of approximately $4.5 million in FY 19 from the Probate Court Administration Fund to the General Fund by suspending the transfer of any amount in balance over 15% of the Probate Court Administration operating costs.

Section 110, which establishes a panel to study and make recommendations regarding the proposals made by the Commission on Fiscal Stability and Economic Growth, will not result in a fiscal impact.

Section 111 requires OPM to issue an RFP for a consultant to make recommendations regarding efficiency improvements, resulting in $500 million in savings to the state. It appropriates $100,000 for this purpose.

Section 113 requires the Office of Legislative Management (OLM) to issue a RFP to hire an independent consultant that specializes in state retirement and benefit programs to analyze the ratified 2017 SEBAC agreement. By February 1, 2019, the consultant shall issue a report. The consultant is estimated to cost less than $100,000.

Sections 114 - 115 result in a potentially significant savings to municipalities, as it shields a portion of municipal reserve fund balances from consideration for payment resulting from an arbitration decision with municipal employees. The savings associated with these sections would vary depending on the municipality's ability to pay such award based on other financial and labor factors an arbitration panel must take into consideration. The amendment is expected to shield municipalities to the extent that arbitration awards are often significant sums (about 2% of wages on average), and the amendment removes a significant factor from a municipality's ability to pay.

Section 116 requires that employees affected by municipal shared servicers agreements be represented by coalition committees or bargaining units. This section results in no fiscal impact.

Section 117 establishes a panel to study recommendations of the Commission on Fiscal Stability and Growth regarding the Teachers' Retirement System. There may be actuarial consulting cost which would be dependent on the scope of the study.

Section 118 results in a potential savings to municipalities, as it prohibits towns from entering into collective bargaining agreements that limit volunteer services. If a municipality entered into such an agreement, it would have to pay employees rather than rely on volunteer labor. To the extent this section prevents a municipality entering into such an agreement, there is a savings that will vary based on the work performed by volunteers.

Section 119 results in a revenue gain to those towns whose districts received students during the fiscal year ending June 30, 2018, who were displaced by Hurricane Maria. The total revenue gain is approximately $3.3 million. The funds are derived from ECS grant appropriations that would otherwise lapse.

Section 120 requires OPM to allocate available funds ($9.5 million) to private providers of human services in nine agencies to provide a 1% cost-of-living adjustment (COLA) to employees who provide state-administered human services. Private provider rates may be reduced if such providers do not distribute the funds to employees as specified in the amendment.

Section 121 adds two additional uses for funds in excess of the amount transferred to the Budget Reserve Fund: (1) State Employees Retirement System Other Post-Employment Benefits Program, and (2) Teachers' Retirement System Retiree Health Insurance Plan and for both programs the amount is not to exceed 5% of the unfunded accrued liability in the most recent actuarial valuation. The impact of any such funds deemed appropriated to these programs will be shown in future valuations.

Section 121 also puts a growth factor on the newly established "volatility cap" which permanently limits the projected total amount of Estimated and Final (E&F) revenues available to the General Fund at $3.15 billion.

Specifically, the amendment would allow the volatility cap to grow each fiscal year at the compound annual rate of growth in personal income over the previous five calendar years. The revised (per the amendment) volatility cap would increase the amounts of E&F revenues available to formulate General Fund budgets while reducing the amounts set aside in consensus revenue projections for year-end transfers to the Budget Reserve Fund.

The table below reflects the estimated General Fund (+) and Budget Reserve Fund (-) changes. For instance, the impact in FY 19 increases General Fund revenues by $46.8 million while reducing the set aside for the Budget Reserve Fund in the same amount.

Impact of the "Volatility Cap" Revision in $ millions

	FY 18	FY 19	FY 20	FY 21	FY 22	FY 22
Growth rate	-	1.5%	2.6%	2.5%	2.6%	3.0%
Revised Volatility Cap	$3150.0	$3196.8	$3278.8	$3362.4	$3449.4	$3551.4
Change	-	$46.8	$82.0	$83.6	$87.0	$102.0
Change Cumulative		$46.8	$128.8	$212.4	$299.4	$401.4

Section 122 exempts the Special Transportation Fund from the recently enacted 98% spending cap. This cap, which is separate from the (now) constitutional spending cap, limits budgeted appropriations to 98% of revenues adopted by the Finance, Revenue and Bonding Committee. As enacted, the 98% cap applies to both the General Fund and Special Transportation Fund. The 98% is to be phased in beginning in FY 20 (reaching 98% in FY 2026 and applicable to each fiscal year, thereafter). Making the STF exempt from the cap would enable appropriations to be equal to revenues.

Section 123 exempts bond refundings and bond anticipation notes from the General Obligation (GO) bond issuance cap. To the extent refundings that would not otherwise have been issued without the exemption, and those same issuances lead to debt service savings, there is the possibility for future debt service savings.

Section 124 requires that, after excess revenue from estimated and final payments of the personal income tax are transferred to the Budget Reserve Fund for FY 18, the Comptroller shall pay: (1) one-third of the excess revenue to the unfunded past service liability of the State Employees' Retirement System, (2) one-third of the excess revenue (less $16.1 million) to the unfunded past service liability of the Teachers' Retirement System, and (3) $16.1 million towards the unfunded liability of the teachers' retirement system retiree health insurance plan. The impact on the various retirement systems will be certified in the actuarial valuation as of 6/30/18.

Section 125 codifies that changes in the amendment to allowable uses under the volatility cap/98% cap will be included in the bond covenant.

Section 126 requires specified amounts of GO bond funding be allocated for transportation projects and has no fiscal impact. The specified allocations are to be made within the annual bond allocation cap; no increase in the total amount of GO bonds allocated is anticipated.

Sections 127 - 128 make an adjustment to pension and annuity withholding requirements, which do not result in any fiscal impact.

Sections 129 – 131: (1) reduce the FY 19 motor vehicle mill rate cap from 45 mills to 39 mills, (2) specify the FY 19 distribution of about $52.7 million in Car Tax grants, and (3) change the calculation of Car Tax Grants such that current mill rates are used in grant calculations, rather than FY 15 mill rates. Reducing the FY 19 motor vehicle cap increases the revenue loss to municipalities as a result of the cap by approximately $22.0 million. However, the budget also increases the FY 19 Car Tax grant appropriation by $38.0 million, resulting in a net revenue gain to municipalities of $16.0 million.

Section 132 specifies that car dealers may seek payment (presumably, from consumers) for the $35 trade-in fee that they must pay for each used motor vehicle they accept as a trade-in when selling a new or used vehicle. There is no related fiscal impact.

Sections 133 and 163 eliminate the Seat Belt account in FY 20 which is a non-appropriated account within the Special Transportation Fund (STF). This will increase revenue to the STF by $2 million.

Sections 134 - 135 eliminate, in FY 20 and the out-years, two annual disbursements from the Tobacco Settlement Fund (TSF) and, instead, provide these resources to the General Fund: $6 million to the Tobacco and Health Trust Fund (THTF), and $10 million to the Office of Early Childhood (OEC) for municipal preschool. It is anticipated that the THTF's available balance will be depleted this fiscal year.

Section 136 makes a minor change.

Sections 137 - 138 amend various sales tax transfers beginning in FY 19. The impacts are listed in the table below.

Sales Tax Policy Impacts

Policy	FY 19	FY 20	FY 21	FY 22	FY 23
Accelerate Car Sales Tax Diversion to STF (GF Impact)	(9.1)	(66.9)	(78.7)	(76.0)	(75.4)
Eliminate Restoration of the RPIA	-	11.1	11.3	11.5	11.5
Eliminate Restoration of MRSA	-	339.2	347.3	356	363.1
Subtotal General Fund Impact	**(9.1)**	**283.4**	**279.9**	**291.5**	**299.2**
Accelerate Car Sales Tax Diversion (STF Impact)	9.1	66.9	78.7	76	75.4
TOTAL ALL FUNDS	**-**	**350.3**	**358.6**	**367.5**	**374.6**

Sections 139 - 140 have no fiscal impact by requiring the disclosure of estimate hospital tax payments in the current fiscal year.

Sections 142 - 144 extend, by three years, the phase-in of the Estate and Gift Tax threshold to the federal threshold. This results in a revenue gain of $28.3 million in FY 21 and $15.1 million in FY 22, and a diminishing revenue gain through FY 24 (at which point the state exemption level would be equal to the federal exemption level).

Section 145 allows, with OPM approval, any disorder included on the nationally recommended uniform screening panel to be included in the Connecticut Newborn Screening program. Funding of $141,750 is provided to DPH in FY 18 to expand its panel to include two disorders that it does not currently screen for: Pompe Disease and Mucopolysaccharidosis type I. Funding will support one full-time Health Program Associate, and associated Other Expenses, which will be offset by revenue generated from increasing the fee per infant screened from $110 to $114.

Sections 150 – 156 provide revenue estimates in support of the revised budget.

Section 157 increases the vocational agriculture per pupil student grant by $1,000. This is anticipated to result in an additional cost to the State Department of Education of approximately $3.53 million, and a corresponding revenue gain to local and regional school districts operating vocational agriculture schools.

Section 158 increases income eligibility for HUSKY A adults from 138% to 155% FPL (inclusive of the 5% disregard), resulting in a cost of $11.3 million in FY 19.

Section 159 designates $1.5 million appropriated in Talent Development for the purposes of the teacher education and mentoring program.

Section 160 allocates up to $16.2 million in General Fund support for the community college system to subsidize the cost of fringe benefits for non-General Fund supported employees at the institutions within the Office of the State Comptroller fringe benefit (OSC-FB) accounts beginning in FY 19 and for each fiscal year thereafter. Section 1 reflects funding of $16.2 million in FY 19 for the community college system within OSC- FB.

Section 161 specifies that $2 million is appropriated in section 1 of this amendment to the Department of Veterans Affairs personal services account for the purpose of attaining a dual licensure for the Connecticut Veterans Home and Hospital. The dual licensure shall be a chronic disease hospital and a skilled nursing facility and will be implemented no later than January 1, 2021.

Section 172 reduces the City of Hartford's Municipal Revenue Sharing grant by $8,566,231, resulting in a revenue loss to Hartford and a corresponding savings to the state.

Section 173 specifies that $4,340,252 of the FY 19 appropriation for Debt Service- State Treasurer for Municipal Restructuring be provided to a municipality receiving contract assistance from the state in order to prevent such municipality from realizing a deficit in FY 19. The amendment appropriates $43,340,252 in FY 19 for Debt Service – State Treasurer for Municipal Restructuring account.

Section 177 results in an annual savings of $13.5 million to the General Fund (GF) fringe benefit accounts and an equivalent cost to the University of Connecticut Health Center (UCHC), related to eliminating the GF fringe benefit subsidy for UCHC employees.

Section 180 will result in a minimal savings to the state by repealing the mileage reimbursement for state officers, auditors and the Governor's executive secretary.

FY 19 and FY 20 REVENUE IMPACTS

The following table outlines the various sections of the amendment that have a revenue impact.

Section #	Policy	Fund	FY 19 $	FY 20 $
1	Increase Pequot Grants	General Fund	(1.0)	(1.0)
1	Increase Pequot Grants	Mashantucket Pequot and Mohegan Fund	1.0	1.0
1	Reflect the net federal revenue impact from various appropriations changes	General Fund	3.2	3.2
37	Reflect the federal revenue impact due to	General Fund	(68.5)	(68.5)

Section #	Policy	Fund	FY 19 $	FY 20 $
	restoring Medicare savings program eligibility			
90	Reflect federal revenue associated with supplemental hospital payments in FY 20	General Fund	-	(222.2)
120	Reflect federal match for I/DD private provider wages & COLA	General Fund	10.8	21.5
133, 181	Eliminate Seat Belt account	Special Transportation Fund	-	2.0
134	Eliminate Transfer to Tobacco & Health Trust Fund	General Fund	-	6.0
135	Eliminate Transfer to the Early Childhood Ed. Program	General Fund	-	10.0
136	Minor Revision to ICF/IID user fees	General Fund	0.1	0.1
137-138	Accelerate Car Sales Tax Diversion to STF	General Fund	(9.1)	(66.9)
137-138	Accelerate Car Sales Tax Diversion to STF	Special Transportation Fund	9.1	66.9
137 - 138	Eliminate Restoration of the RPIA	General Fund	-	11.1
137 - 138	Eliminate Restoration of MRSA	General Fund	-	339.2
141	Transfer Monies Previously Deposited into the Judicial Data Processing Account	General Fund	0.5	0.5
145	Include Recommended Tests in Newborn Screening Panel	General Fund	0.1	0.1
146	Enact Auditor's Recommendation re: Brokered Transaction Guaranty Fund	General Fund	0.4	-
147	Eliminate the 12-265 Exemption re: Cogeneration Facility	General Fund	3.7	3.7
148	Transfer Balance from PURA Energy Enforcement Account	General Fund	1.0	-
149	Reduce Transfer from Banking Fund	General Fund	(5.2)	-
149	Reduce Transfer from Banking Fund	Banking Fund	5.2	-
175	(No revenue impact – included in April 2018 consensus) Eliminate Requirement for $10 million in Tax Expenditure Elimination	General Fund	-	-
175	(No revenue impact – included in April 2018 consensus) Eliminate Requirement for $20 million in Fee Increases	General Fund	-	-
178	Eliminate the MMCT Venture Payment	General Fund	(30.0)	-
179	Eliminate the $500 credit for STEM graduates	General Fund	-	3.9
162-171, 174	Exempt vessel-related sales from Sales and Use Tax	General Fund	(4.6)	(4.6)
162-171, 174	Exempt vessel-related sales from Sales and Use Tax	Special Transportation Fund	(0.4)	(0.4)
N/A	Reflect the Revenue Impact of the DPH Behavioral Analyst Licensure Program	General Fund	0.1	0.1
N/A	Higher Ed. Alternative Retirement Program Recoveries	General Fund	35.5	37.0

The Out Years

With the exception of the one-time policies noted above, the annualized ongoing fiscal impacts identified above would continue into the future subject to inflation.

The table below compares the revenue estimates to the projected expenditures for FY 20 – FY 23 based on the FY 19 budget.

Fund	FY 20 $			FY 21 $		
	Revenue	Approp.	Surplus/ (Deficit)	Revenue	Approp.	Surplus/ (Deficit)
General	17,598.1	19,437.4	(1,839.3)	17,722.0	20,106.8	(2,384.7)
Special Transportation	1,698.1	1,640.4	57.7	1,816.1	1,710.1	106.0
Other Appropriated	239.1	236.2	2.9	239.1	236.2	2.9
TOTAL	**19,535.3**	**21,314.0**	**(1,778.7)**	**19,777.2**	**22,053.1**	**(2,275.9)**

Fund	FY 22 $			FY 23 $		
	Revenue	Approp.	Surplus/ (Deficit)	Revenue	Approp.	Surplus/ (Deficit)
General	17,862.9	20,536.3	(2,673.4)	18,180.9	21,278.1	(3,097.2)
Special Transportation	1,922.1	1,728.1	194.0	2,033.2	1,785.5	247.7
Other Appropriated	239.1	236.2	2.9	239.1	236.2	2.9
TOTAL	**20,024.1**	**22,500.6**	**(2,476.5)**	**20,453.2**	**23,299.8**	**(2,846.6)**