PA 19-117—HB 7424
Emergency Certification

AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNium ENDING JUNE 30, 2021, AND MAKING APPROPRIATIONS THEREOF, AND PROVISIONS RELATED TO REVENUE AND OTHER ITEMS TO IMPLEMENT THE STATE BUDGET

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§ 75 — SAFE DRINKING WATER PRIMACY ASSESSMENT
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§§ 76-77 & 398 — PRORATED PAYMENTS TO MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS
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§ 78 — USE OF BOND PREMIUM
Delays by two years, from July 1, 2019, to July 1, 2021, the requirement that the treasurer direct bond premiums to an account or fund to pay for previously authorized capital projects

§ 79 — PURA PROCUREMENT MANAGER
Eliminates the procurement manager position within PURA and instead allows the PURA chairperson to assign staff to fulfill the procurement manager’s duties

§ 80 — PURA COMMISSIONERS
Increases the number of PURA commissioners from three to five
§ 81 — RESIDENT STATE TROOPER FRINGE FUNDING

Beginning FY 20, the comptroller must annually pay 50% of the portion of the state employees’ retirement system fringe recovery rate attributable to the unfunded liability of the system.

§§ 82-90 — CONNECTICUT TEACHERS’ RETIREMENT FUND BONDS SPECIAL CAPITAL RESERVE FUND (TRF-SCRF)

Creates the TRF-SCRF to further secure state payment of pension bonds and appropriates $380.9 million to deposit in it; authorizes the redirection of CLC revenues to the TRF-SCRF if funding falls below the minimum required amount; makes changes to the TRS actuarial funding methodology; modifies one type of TRS benefit.

§ 91 — FISCAL ACCOUNTABILITY REPORTS

Delays by five days the annual date by which OPM and OFA must submit fiscal accountability reports to the Appropriations and Finance committees and delays by 15 days the date by which the committees must review the reports.

§ 92 — TAX INCIDENCE STUDY

Delays the next DRS tax incidence report deadline from February 15, 2020, to February 15, 2022.

§ 93 — ZERO-EMISSION VEHICLES IN THE STATE FLEET

Establishes various requirements towards reducing the emissions generated by vehicles in the state fleet.

§§ 94 & 95 — STATE RESIDENT HYDROGEN AND ELECTRIC VEHICLE REBATE PROGRAM

Creates a state-funded rebate program to incentivize residents to purchase hydrogen and electric vehicles; increases and broadens the application of the greenhouse gas reduction fee to fund that rebate program.

§ 96 — APRN EMERGENCY CERTIFICATES AT CORRECTIONAL FACILITIES

Allows APRNs, under certain conditions, to issue emergency certificates to require up to 72 hours of hospitalization for prison inmates with psychiatric disabilities.

§§ 97 & 98 — WORKING PAPERS EXEMPTION

Exempts employers from the requirement to obtain a minor’s “working papers” when they employ minors through a regional workforce development board’s youth development program.

§§ 99-102 — CONNECTICUT RETIREMENT SECURITY AUTHORITY

Removes provisions that generally require that the retirement programs offered by the CT Retirement Security Authority be from multiple authority-selected vendors.

§§ 103 & 104 — PERSONAL SERVICE AGREEMENT (PSA) WAIVERS

Requires executive branch agencies to submit a procurement plan every three years to OPM for approval; requires OPM to (1) annually report on waiver requests received and their outcomes and (2) post approved waivers on the state contracting portal.

§§ 105-143 & 398 — LEGISLATIVE COMMISSION CONSOLIDATION
Merges the legislative CEO and CWCS into a single entity, the Commission on Women, Children, Seniors, Equity and Opportunity, which the act designates as the successor to the two former commissions

§ 144 — STATE OFFICIALS’ COMPENSATION

Authorizes elected or appointed state officials to decline state compensation or benefits

§ 145 — TEACHERS’ RETIREMENT BOARD (TRB) DATA AND ACTUARIAL SOFTWARE SERVICES

Requires the TRB to provide data to the OPM secretary upon request if the secretary enters into a contract for actuarial services

§ 146 — HARTFORD COMMUNITY COURT’S NAME

Changes Hartford Community Court’s name

§ 147 — OPEN EDUCATIONAL RESOURCE COORDINATING COUNCIL

Creates the 17-member OER Coordinating Council to establish an OER program to lower the cost of textbooks and course materials for certain courses at state higher education institutions

§ 148 — NEWBORN SCREENING

Expands DPH’s Newborn Screening Program to include any disorder listed on the federal Recommended Uniform Screening Panel, subject to OPM’s approval

§§ 149-151 — MINOR CHANGES IN UNEMPLOYMENT LAWS

Requires that the quarters in an unemployment claimant’s special base period be consecutive quarters; limits the benefit eligibility penalty imposed on fraudulent claimants before October 1, 2013, to claims deemed payable before October 1, 2019; explicitly allows the labor commissioner to enter into a consortium with other states

§§ 152-154 — HEMP PRODUCTION

Makes minor changes to PA 19-3 concerning hemp production in Connecticut, including eliminating requirements for certain DCP regulations

§§ 155 & 156 — TECHNICAL REVISIONS TO DEPARTMENT HEAD DEFINITION

Makes technical changes to an executive branch department head definition

§§ 157-159 — DCF CHILD ABUSE AND NEGLECT REGISTRY CHECKS FOR CERTAIN INDIVIDUALS

Expands DCF child abuse and neglect registry checks for certain individuals and requires DCF to comply with any request from another state’s child welfare agency to check the registry

§§ 160 & 161 — COMMUNITY HEALTH WORKERS

Creates a community health worker certification program and a Community Health Worker Advisory Body

§§ 162-175 — PROFESSIONAL COUNSELOR AND MARITAL AND FAMILY THERAPIST ASSOCIATE LICENSURE
Creates an associate licensure category for professional counselors and marital and family therapists practicing under professional supervision while pursuing full licensure

§§ 176-182 — ART THERAPIST LICENSURE
Creates a licensure program for art therapists and generally prohibits unlicensed individuals from using the “art therapist” title

§§ 183-189 — THE PARTNERSHIP FOR CONNECTICUT, INC.
Establishes The Partnership for Connecticut, Inc. as a nonprofit corporation organized and established by a specified philanthropic enterprise; requires the state, under specified conditions, to provide $20 million to the corporation in FY 20; allows the state, under specified conditions, to provide $20 million per year in up to four additional fiscal years

§ 190 — LCO TECHNICAL CHANGES
Allows LCO to make technical, grammatical, and punctuation changes to carry out the act’s purposes

§§ 191-206 — ESTHETICIAN, NAIL TECHNICIAN, AND EYELASH TECHNICIAN LICENSURE
Requires estheticians, nail technicians, and eyelash technicians to be licensed; allows schools for them to be established; sets annual inspection standards; requires spas or salons to be under the management of a DPH-credentialed individual; extends existing law’s human trafficking notice requirement to additional establishments

§§ 207 & 208 — LESBIAN, GAY, BISEXUAL, TRANSGENDER, AND QUEER (LGBTQ) HEALTH AND HUMAN SERVICES NETWORK
Establishes the LGBTQ Health and Human Services Network and charges it with building a safer and healthier environment for LGBTQ people

§§ 209 & 210 — HEALTH INSURANCE COVERAGE FOR BREAST ULTRASOUNDS, MAMMOGRAMS, AND MRIS
Expands coverage for ultrasounds and eliminates out-of-pocket expenses for ultrasounds, mammograms, and MRIs under certain health insurance policies

§ 211 — CSU ENDOWED CHAIR
Makes $150,000 available to the Connecticut State Universities in FYs 20 and 21 for an endowed chair in public policy and practical politics

§§ 212-227 — MUNICIPAL REDEVELOPMENT AUTHORITY (MRDA)
(1) Creates MRDA as a quasi-public agency to stimulate economic and transit-oriented development; (2) authorizes MRDA to (a) develop property and manage facilities in development districts encompassing the areas around transit stations and downtowns, (b) issue bonds and other notes backed by its financial resources and (c) enter into an MOA with CRDA for administrative support and services; and (3) makes the state liable for any bond, note, or other financial obligations MRDA cannot pay

§ 228 — YOUTH SERVICES GRANTS
Appropriates $1.92 million per year, for FYs 20 and 21, to the judicial branch for specified youth services grants
§ 229 — FUNDING FOR PROMOTING SERVICE DELIVERY
Reallocates municipal reimbursement and revenue account funds and requires that funds be used to support service delivery

§§ 230-231 & 401 — INSURANCE DATA SECURITY LAW
Replaces the information security program law with provisions substantially similar to the National Association of Insurance Commissioners (NAIC) insurance data security model law

§§ 232-235 — PAID FAMILY AND MEDICAL LEAVE CHANGES
Within the Paid Family and Medical Leave Insurance program established by PA 19-25: (1) clarifies certain definitions; (2) reduces the number of voting members on the board that administers the program; (3) allows the governor to appoint the board’s chairperson without input from legislative leaders; (4) removes a requirement for the board to issue requests for proposals if it chooses to use contractors for certain services; and (5) delays the creation of a “non-charge” against an employer’s unemployment tax experience rate when an employer lays off an employee due to another employee’s return from FMLA leave

§§ 236 & 237 — HEALTH INSURANCE COST-SHARING
Limits the maximum out-of-pocket expenses that certain health insurers can charge and makes it an unfair insurance practice for insurers to charge more than this amount

§ 238 — HEALTH CARRIER CONTRACTS
Prohibits health carrier contracts from penalizing the disclosure of health care costs or available alternative treatments

§ 239 — MANAGED CARE PLANS
For MCOs, requires that deductibles be calculated in the same way that existing law requires of coinsurances and extends this requirement to amounts charged by MCO subcontractors

§ 240 — SURPRISE BILLS FOR LABORATORY SERVICES
Broadens the definition of a surprise health insurance bill by including non-emergency services rendered by an out-of-network clinical laboratory if an insured is referred to it by an in-network provider

§§ 241-243 — ADVERSE DETERMINATION REVIEW TIMEFRAMES
Reduces the maximum time for certain health benefit and adverse determination reviews from 72 to 48 hours, but creates an exception for weekends

§ 244 — DISABILITY INCOME PROTECTION POLICY DISCRETIONARY POLICIES
Prohibits provisions in disability income protection policies that allow insurers discretion to interpret the policy in a way that is inconsistent with state law

§ 245 — HOSPITAL REPORTING ON TRAUMA ACTIVATION FEES
Requires certain hospitals to report to the Health Systems Planning Unit on trauma activation fee charges

§ 246 — MEDICAL NECESSITY
Requires certain health insurance policies to cover medically necessary services to treat emergency conditions

§ 247 — HDHP TASK FORCE
Establishes a task force to study HDHPs

§ 248 — AFTER SCHOOL PROGRAM GRANTS
Allows SDE to award grants to a combination of eligible entities; requires SDE to earmark at least 10% of after school program grant funds for (1) towns with a small population or (2) boards of education in towns with a small population; allows grant recipients to spend grant funds on after school program transportation

§ 249 — SCHOOL DISTRICT UNIFORM CHART OF ACCOUNTS
Adds “federal impact aid” to the items required in school- and district-level chart of accounts

§ 250 — MINIMUM BUDGET REQUIREMENT CALCULATION WORKSHEET
Requires SDE to compile a minimum budget requirement calculation worksheet for each school district, provide the worksheet to each school district, and post it online

§§ 251-256 — YOUTH SERVICE BUREAUS
Transfers responsibilities related to youth service bureaus from SDE to DCF

§ 257 — CARE 4 KIDS REPORTING
Requires quarterly reporting by OEC to the legislature about the Care 4 Kids child care subsidy program

§ 258 — GRANTS FOR STATE-LICENSED CHILD CARE CENTERS FOR DISADVANTAGED CHILDREN
Limits how certain state grants to state-licensed child care centers for disadvantaged children may be used; creates a floor, rather than a ceiling, for the amount of per child cost grants from the state to such centers

§ 259 — SCHOOL READINESS PROGRAM GRANTS
Requires state-licensed school readiness programs receiving per child grants exceeding $8,927 to use the excess amount exclusively to increase staff salary

§ 260 — SCHOOL READINESS PROGRAM PER CHILD COST RATE
Extends the FY 19 cap on the per child cost rate through FY 20 and increases it beginning in FY 21; eliminates the OEC commissioner’s authority to establish new rates or revise existing rates during a fiscal year

§ 261 — MAGNET SCHOOL TRANSPORTATION GRANT
Extends the education commissioner’s authority to award magnet school transportation grants

§§ 262 & 263 — MINORITY TEACHER GRANTS
Expands the minority educator teacher incentive program to (1) include a loan reimbursement grant program to provide applicants with annual grants up to 10% of their student loans not to
exceed $5,000 a year and (2) provide grants to minority students enrolled in the alternate route to certification program administered through SDE.

§§ 264-269 — EDUCATION GRANT CAPS
Caps six education grants to boards of education for FYs 20 and 21

§ 270 — MAGNET SCHOOL GRANT INCREASES
Raises maximum per-student grant amounts for magnet schools; reauthorizes SDE’s authority to prioritize magnet school grants based on certain enrollment conditions; extends magnet school grant eligibility criteria for two more years, FYs 20 and 21

§ 271 — MINIMUM BUDGET REQUIREMENT (MBR)
Renews and modifies the MBR for FYs 20 and 21 with certain permitted reductions and exemptions

§ 272 — ECS GRANT INCREASES AND DECREASES DETERMINATION
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§§ 273-284 — TECHNICAL EDUCATION AND CAREER SYSTEM (TECS) DELAY AS AN INDEPENDENT AGENCY
Delays by two years the transition of TECS, formerly known as the technical high school system, into an independent agency

§ 285 — UNEXPENDED EDUCATION FUNDS ACCOUNT
Increases, from 1% to 2%, the maximum amount of unspent education funds that a town may deposit from its budgeted education appropriation from the prior fiscal year

§§ 286-288 — MINIMUM BUDGET REQUIREMENT (MBR) WAIVERS AND PENALTY REDUCTION
Decreases the penalty for towns with FY 19 MBR violations by half; allows such towns to avoid an additional ECS withholding penalty through an increased FY 20 budgeted education appropriation; allows the towns of Plymouth and Portland to reduce their budgeted education appropriations for FY 19 without penalty under specific conditions

§ 289 — SPECIAL EDUCATION EXCESS COST GRANT EXTENSION
Requires SBE to pay a special education excess cost grant to Region 14 irrespective of grant application filing deadlines

§ 290 — BOARDS OF EDUCATION EXPENSE AND REVENUE DISCLOSURE
Requires boards of education to quarterly post online current and projected expenses and revenue and submit this information to the municipal legislative body or board of selectmen

§ 291 — TEMPORARY FAMILY ASSISTANCE (TFA) AND STATE ADMINISTERED GENERAL ASSISTANCE (SAGA) RATES
Freezes TFA and SAGA rates

§ 292 — STATE SUPPLEMENT PROGRAM (SSP) RATES
Freezes SSP rates

§§ 293, 295 & 297 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for certain facilities through FY 21

§§ 294, 296, 298 & 299 — DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS) COMMUNITY COMPANION HOMES

Eliminates DDS community companion homes from the existing DSS rate structure and the types of “rated housing facilities” to which the department must make certain payments

§§ 295 & 301 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID) AND BOARDING HOMES

Freezes, with exceptions, rates for certain boarding homes and ICFs/IID

§ 300 — RESIDENTIAL CARE HOMES

Authorizes certain fair rent increases for residential care homes in FYs 20 and 21

§ 302 — NURSING HOME RATES

Requires DSS to provide rate increases, within available appropriations, three times by January 1, 2021, to increase nursing home employee salaries and otherwise subjects nursing home rates to certain limits with various exceptions for FYs 20 and 21

§ 303 — RECEIVERSHIPS FOR NURSING HOMES AND RESIDENTIAL CARE HOMES

Requires nursing home and residential care home appointed receivers to begin closing facilities in certain circumstances and increases, from $3,000 to $10,000, the amount they can spend to correct or eliminate certain deficiencies

§ 304 — PETITION FOR FACILITY CLOSURE

Allows certain facilities to submit petitions for closure to DSS; requires DSS to act on such petitions within 30 days; and establishes related notice requirements

§ 305 — PROHIBITION ON NON-COMPETE AGREEMENTS

Makes non-compete agreements in home health care, companion, or homemaker service contracts void and unenforceable

§§ 306 & 307 — HOSPITAL MEDICAID RATES AND SUPPLEMENTAL PAYMENTS

Requires the DSS commissioner to implement one or more value-based payment methodologies for hospitals and reduce applicable payments based on certain readmissions; prevents DSS from making Medicaid payments to hospitals if such payments are ineligible for federal financial participation; eliminates a requirement that the FY 20 aggregate amount in the supplemental pools be $166.5 million; and requires $15 million to be allocated in FY 20 and $45 million in FY 21, based on certain parameters and within available appropriations

§ 308 — MEALS ON WHEELS

Increases the reimbursement rate for certain meals-on-wheels providers by 10% in FY 20
§ 309 — DSS FAIR HEARINGS
Specifies the deadline for DSS to issue a final decision on an administrative appeal and remedies when it fails to meet the deadline

§ 310 — COMMUNITIES OF COLOR PILOT GRANT
Authorizes a two-year pilot grant program to build the capacity of certain community-based organizations

§ 311 — METHADONE MAINTENANCE
Requires the DSS commissioner to amend the state Medicaid plan to provide an $88.52 minimum weekly reimbursement rate for a Medicaid beneficiary’s methadone maintenance treatment from chemical maintenance providers but also makes such rates contingent on meeting certain performance measures beginning July 1, 2020, and lowers rates for providers who fail to meet certain standards

§§ 312 & 313 — BURIAL EXPENSE ASSISTANCE
Increases the cap for DSS burial assistance by $150

§ 314 — ACQUIRED BRAIN INJURY (ABI) WAIVER ADVISORY COMMITTEE MEETINGS
Reduces the frequency of required ABI waiver advisory committee meetings from four times per year to once annually

§ 315 — NATCHAUG HOSPITAL
Increases the inpatient Medicaid reimbursement rate for Natchaug Hospital to $975 per day in FY 21

§ 316 — HUSKY A MEDICAID ELIGIBILITY
Expands Medicaid eligibility for HUSKY A parents and caretakers by increasing the income limit from 150% to 155% of the FPL

§§ 317 & 318 — MOTOR VEHICLE SALES AND USE TAX DIVERSION
Reduces the scheduled diversion of motor vehicle sales and use tax revenue to the Special Transportation Fund in FYs 20 and 21

§§ 319-322 — SALES AND USE TAX ON DIGITAL GOODS AND CERTAIN ELECTRONICALLY DELIVERED SOFTWARE
Increases, from 1% to 6.35%, the sales and use tax rate on digital goods and certain electronically delivered software; establishes conditions under which sales of canned or prewritten software and digital goods or taxable services are considered “sales for resale” and thus exempt from sales tax

§§ 323 & 324 — SALES AND USE TAX ON MEALS AND BEVERAGES
Increases the sales and use tax rate on sales of meals and beverages from 6.35% to 7.35%

§§ 323 & 324 — SALES AND USE TAX ON DYED DIESEL FUEL
Reduces, from 6.35% to 2.99%, the sales tax rate on certain dyed diesel fuel
§§ 325 & 326 — SALES AND USE TAX EXTENDED TO ADDITIONAL SERVICES

Extends the sales and use tax to (1) specified parking services; (2) dry cleaning and laundry services, excluding coin-operated services; and (3) interior design services, except for business-to-business

§§ 327 & 328 — EXPANDED SALES TAX NEXUS

Lowers the threshold for sales tax economic nexus and broadens its application; lowers the sales threshold for “click-through” nexus

§§ 329 & 330 — SHORT-TERM RENTAL FACILITATOR

Requires short-term rental facilitators to collect and remit Connecticut room occupancy tax on the short-term rentals they facilitate for operators on their platforms

§ 331 — CERTIFIED SERVICE PROVIDERS

Requires the DRS commissioner to (1) consult with the Streamlined Sales Tax Governing Board to develop a list of certified service providers to facilitate Connecticut sales tax collection and remittance, (2) develop a plan to implement the use of CSPs, and (3) report to the legislature on the plan and legislation to implement it

§§ 332 & 334 — INCOME TAX EXEMPTION FOR TEACHER PENSIONS

Delays by two years the scheduled increase in the teacher pension income tax exemption from 25% to 50%

§§ 333 & 334 — TAX CREDIT FOR PASS-THROUGH ENTITY TAX PAID

Reduces the value of the tax credit to 87.5%, rather than 93.01%, of a member’s share of taxes paid by the pass-through entity

§ 335 — PROPERTY TAX CREDIT LIMIT

 Extends to the 2019 and 2020 tax years the eligibility limits for the property tax credit against the personal income tax

§§ 335 & 337 — REAL ESTATE CONVEYANCE TAX ON SALES ABOVE $2.5 MILLION

Establishes a new marginal conveyance tax rate for sales of residential property in excess of $2.5 million and allows taxpayers who pay at such a rate to claim a property tax credit against the income tax based on the conveyance tax they paid

§ 336 — REAL ESTATE CONVEYANCE TAX EXEMPTION FOR CERTAIN PROPERTY WITH CRUMBLING FOUNDATIONS

Exempts from the real estate conveyance tax transfers of certain property with crumbling foundations

§§ 338 & 339 — BUSINESS ENTITY TAX

Sunsets the business entity tax beginning January 1, 2020

§ 340 — CAPITAL BASE TAX PHASE OUT

Phases out the capital base tax over four years
§§ 341-343 — CORPORATION BUSINESS TAX SURCHARGE

Extends the 10% corporation business tax surcharge for two additional years, the 2019 and 2020 income years.

§§ 344-346 — BUSINESS FILING FEES

Beginning July 1, 2020, increases from $20 to $80 the fee that foreign and domestic limited partnerships, limited liability companies, and limited liability partnerships pay for filing an annual report with the secretary of the state.

§ 347 — ANGEL INVESTOR TAX CREDIT

Extends the angel investor tax credit program by five years, to July 1, 2024; increases the total amount of angel investor tax credits (1) available in each fiscal year from $3 million to $5 million and (2) allowed to any angel investor from $250,000 to $500,000; authorizes CI to prioritize certain unreserved credits for various businesses.

§ 348 — SET-ASIDE PROGRAM

Increases the number of businesses and nonprofits eligible to bid on small contractor and minority business set-aside contracts by increasing the annual gross revenue limit for eligible small contractors from $15 million to $20 million.

§ 349 — CORPORATION BUSINESS TAX CREDITS CAP

Reduces from 70% to 50.01% the amount by which a company may reduce its tax liability using R&D and URA credits.

§§ 350 & 370 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT

For FY 20, transfers $7 million to PEGPETIA from the General Fund; beginning in FY 22, eliminates the annual $3.5 million transfer to the General Fund from PEGPETIA.

§ 351 — E-CIGARETTE TAX

Imposes a tax on e-cigarette products at a rate of (1) 40 cents per milliliter for pre-filled e-cigarette products and (2) 10% of the wholesale price for all other e-cigarette products.

§§ 352 & 353 — ALCOHOLIC BEVERAGES TAX

Increases the excise tax on alcoholic beverages, except beer, by 10%; reduces by 50% the tax rate on beer for off-premises consumption sold on the premises covered by a manufacturer’s permit; requires sellers to pay a floor tax on alcoholic beverages, except beer, in their inventories as of the opening of business on October 1, 2019.

§ 354 — ADMISSIONS TAX

Reduces the admissions tax rate on certain venues in two steps: from 10% to 7.5% for sales occurring on or after July 1, 2019, and from 7.5% to 5% for sales occurring on or after July 1, 2020; reduces the admissions tax rate on events at Dunkin’ Donuts Park in Hartford from 10% to 5% beginning July 1, 2019, and fully exempts such events from the tax beginning July 1, 2020.

§ 355 — PLASTIC SINGLE-USE BAGS

Imposes a 10-cent fee on single-use plastic bags provided at the point of sale until June 30, 2021, and bans them beginning July 1, 2021.
§ 356 — HOSPITAL PROVIDER TAX
Eliminates a scheduled reduction in the hospital tax rates on inpatient and outpatient services; among other things, requires the DSS commissioner to issue refunds if she determines for any fiscal year that the effective hospital tax rate exceeds the rate permitted under federal law.

§ 357 — USER FEE ON INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLIGENT DISABILITIES (ICF-IDS)
Increases the user fee on ICF-IDs from $27.26 to $27.76.

§§ 358 & 359 — ADVANCE DEPOSIT WAGERS AT OFF-TRACK BETTING FACILITIES
Explicitly prohibits and criminalizes unauthorized OTB wagers and advance deposit wagers in Connecticut.

§ 360 — TRANSPORTATION NETWORK COMPANY (TNC) FEE
Increases the TNC fee from 25 cents to 30 cents.

§ 361 — MOTOR VEHICLE TRADE-IN FEE
Increases the motor vehicle trade-in fee from $35 to $100.

§ 362 — DEBT-FREE COMMUNITY COLLEGE PROGRAM
Requires BOR to establish a program covering tuition and fees for first-time, full-time Connecticut community-technical college students.

§ 363 — FAFSA MONTH
Requires BOR to implement an annual “FAFSA month” program to help high school seniors and their families complete their federal student financial aid applications.

§ 364 — ONLINE LOTTERY GAMING REVENUE
Requires the governor, through OPM, to (1) determine the feasibility of using revenue from new online lottery gaming to fund the debt-free community college program and (2) propose budget adjustments over the biennium for the program if online lottery games are not feasible; requires such budget adjustments to provide at least $1 million for state, municipal, and regional collaboration initiatives.

§§ 365 & 366 — REGIONALIZATION
Establishes a (1) task force to study ways to encourage the regionalization of municipal functions, activities, and services and (2) regionalization subaccount to support its recommendations.

§ 367 — MUNICIPAL FISCAL CAPACITY
Requires the OPM secretary to (1) analyze and compare the calculations derived from municipalities’ wealth index and revenue generating capacity, (2) analyze which one most accurately measures their fiscal capacity, and (3) report to the legislature.

§ 368 — FEE STUDY
Requires OPM to study state fees and report at least $50 million in recommended increases by February 5, 2020.

§ 369 — BANKING FUND TRANSFER
Transfers $5.2 million from the Banking Fund to the General Fund for each year of FYs 20 and 21

§ 371 — TRANSFER OF STF RESOURCES FROM FY 20 TO FY 21
Transfers $30 million in STF resources from FY 20 to FY 21

§ 372 — TRANSFER OF FY 20 GENERAL FUND REVENUE TO FY 21
Transfers $85 million in FY 20 General Fund revenue to FY 21

§ 373 — TRANSFER FROM GENERAL FUND TO FAMILY AND MEDICAL LEAVE INSURANCE TRUST FUND
Transfers $5.1 million from the General Fund to the Family and Medical Leave Insurance Trust Fund for FY 20

§ 374 — GAAP DEFICIT
Deems that $1 is appropriated in FY 21 to pay off the state’s GAAP deficit for FYs 13 and 14

§ 375 — SPECIAL TAX OBLIGATION BOND ISSUANCE CAP
Eliminates the cap on the amount of STO bonds the treasurer may issue in FYs 19 and 20

§§ 376 & 397 — 7/7 PROGRAM REPEAL
Repeals the 7/7 program

§§ 377-383 — NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS
Allows the comptroller to offer other types of health care plans to nonstate public employers in addition to or instead of the state employee health plan, including other group hospitalization, medical, pharmacy, or other surgical insurance plans the comptroller develops; adds requirements related to such health plans and their premiums; and creates two reporting requirements for nonstate public employers and the comptroller, respectively

§ 384 — FIRST FIVE PLUS PROGRAM ASSISTANCE
Extends for four years (FYs 21 through 24) the time during which assistance provided under the First Five Plus program, through an agreement originally executed on December 22, 2011, is exempt from various statutory requirements

§ 385 — PAYROLL TAX INFORMATION RETURN AND ANALYSIS
Requires DRS to collect data needed to evaluate the implementation of an employer payroll tax; establishes a payroll commission to (1) hold informational forums on the tax, (2) analyze the data DRS collects, and (3) report its findings, recommendations, and estimates to the legislature

§§ 386-395 — REVENUE ESTIMATES
Adopts revenue estimates for FYs 20 and 21 for appropriated state funds

§ 396 — PASSPORT TO THE PARKS ACCOUNT TRANSFERS REPEALED
Repeals a transfer of funds from the account for specified environmental purposes

§ 397 — STEM GRADUATE TAX CREDIT REPEAL
Repeals the STEM graduate tax credit program
§ 399 — DEFICIENCY HEARINGS
Eliminates the requirement that the Appropriations Committee hold a public hearing on, and meet with, any state agency that has a potential deficiency

§ 400 — SALES AND USE TAX IMPOSED ON SAFETY APPAREL
Eliminates the sales and use tax exemption for safety apparel

§§ 1-10 — FY 20 AND 21 APPROPRIATIONS
Appropriates money for state agency operations and programs for FYs 20 and 21

The act appropriates money for state agency operations and programs in FYs 20 and 21. The table below shows the net annual appropriations for each year from each appropriated fund.

<table>
<thead>
<tr>
<th>$</th>
<th>Fund</th>
<th>Net Appropriation</th>
<th>FY 20</th>
<th>FY 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General Fund</td>
<td></td>
<td>$19,319,061,825</td>
<td>$19,981,977,623</td>
</tr>
<tr>
<td>2</td>
<td>Special Transportation Fund (STF)</td>
<td></td>
<td>1,710,259,144</td>
<td>1,816,334,353</td>
</tr>
<tr>
<td>3</td>
<td>Mashantucket Pequot and Mohegan Fund</td>
<td></td>
<td>51,472,796</td>
<td>51,472,796</td>
</tr>
<tr>
<td>4</td>
<td>Regional Market Operation Fund</td>
<td></td>
<td>1,084,678</td>
<td>1,106,857</td>
</tr>
<tr>
<td>5</td>
<td>Banking Fund</td>
<td></td>
<td>27,634,009</td>
<td>28,762,882</td>
</tr>
<tr>
<td>6</td>
<td>Insurance Fund</td>
<td></td>
<td>104,196,680</td>
<td>113,257,201</td>
</tr>
<tr>
<td>7</td>
<td>Consumer Counsel and Public Utility Control Fund</td>
<td></td>
<td>27,426,276</td>
<td>28,495,325</td>
</tr>
<tr>
<td>8</td>
<td>Workers’ Compensation Fund</td>
<td></td>
<td>28,024,178</td>
<td>28,653,645</td>
</tr>
<tr>
<td>9</td>
<td>Criminal Injuries Compensation Fund</td>
<td></td>
<td>2,934,088</td>
<td>2,934,088</td>
</tr>
<tr>
<td>10</td>
<td>Tourism Fund</td>
<td></td>
<td>13,144,988</td>
<td>13,069,988</td>
</tr>
</tbody>
</table>

EFFECTIVE DATE: July 1, 2019

§§ 11-15 & 51 — SPENDING REDUCTIONS AND BUDGETED LAPSES
 Allows the OPM secretary to reduce allotments for state agencies and funds in order to achieve specified savings and budgeted lapses

Unallocated Budgeted Lapses by Branch (§§ 11 & 12)

For FYs 20 and 21, the act allows the Office of Policy and Management (OPM) secretary to reduce allotments for the executive and judicial branches of government in order to achieve unallocated lapses in the General Fund (see the table below). Under the act, judicial reductions must be as determined by the chief justice and chief public defender.
FY 20 and FY 21 General Fund Spending Reductions by Branch

<table>
<thead>
<tr>
<th>Branch</th>
<th>FY 20</th>
<th>FY 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>$29,015,570</td>
<td>$26,215,570</td>
</tr>
<tr>
<td>Judicial</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

The act prohibits the OPM secretary from reducing allotments for the following in order to achieve the unallocated lapses:

1. aid to municipalities, including education equalization aid 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;
7. the Youth Violence Initiative;
8. Youth Services Prevention;
9. the Capitol Child Development Center;
10. the Probate Court; and

Budgeted Savings (§§ 13-15 & 51)

The act authorizes the OPM secretary to reduce allotments in any budgeted state agency (except where noted below) to achieve specified savings in the General Fund and STF. These amounts correspond to budgeted lapses designated as “Statewide Hiring Reduction,” “Pension and Healthcare Savings,” and “Contracting Savings Initiatives” in §§ 1 & 2 (see the table below).

<table>
<thead>
<tr>
<th>§</th>
<th>Lapse</th>
<th>Fund</th>
<th>FY 20</th>
<th>FY 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Statewide Hiring Reduction (Executive Branch)</td>
<td>General Fund</td>
<td>$7,000,000</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>14</td>
<td>Pension and Healthcare Savings</td>
<td>General Fund</td>
<td>163,200,000</td>
<td>256,200,200</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>STF</td>
<td>18,300,000</td>
<td>19,700,000</td>
</tr>
<tr>
<td>51</td>
<td>Contracting Savings Initiatives (Executive Branch)</td>
<td>General Fund</td>
<td>5,000,000</td>
<td>15,000,000</td>
</tr>
</tbody>
</table>

In allowing the OPM secretary to reduce allotments to achieve the pension and healthcare savings, the act supersedes laws that, among other things:

1. require that the state budget act 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 (CGS § 4-73); and
3. allow the higher education constituent units to establish and administer operating funds (CGS §§ 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.
EFFECTIVE DATE: July 1, 2019

§ 16 — FEDERAL REIMBURSEMENT FOR DCF AND DSS PROJECTS

Authorizes DSS to establish receivables for anticipated federal reimbursement

For FYs 20 and 21, the act allows the departments of Children and Families (DCF) and Social Services (DSS), with OPM’s approval, to establish receivables for the anticipated federal reimbursement for approved projects. They must do so in compliance with any advanced planning documents approved by the federal Department of Health and Human Services.
EFFECTIVE DATE: July 1, 2019

§ 17 — APPROPRIATIONS FOR NONFUNCTIONAL – CHANGE TO ACCRUALS LINE ITEM ACCOUNTS

Bars the OPM secretary from allotting funds from the Nonfunctional – Change to Accruals line item accounts in the state’s appropriated funds

The act bars the OPM secretary from allotting funds from the Nonfunctional – Change to Accruals line item accounts in the state’s 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: July 1, 2019

§ 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 more accurately reflect 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; agency personal services reductions; or any other
authorized personal service adjustment.

EFFECTIVE DATE:  July 1, 2019

§ 19 — COLLECTIVE BARGAINING AGREEMENT COSTS

Carries forward the unexpended portion of appropriated funds related to collective bargaining agreements and related costs and requires that the funds be used for the same purposes in FYs 20 and 21

The act carries forward the unexpended funds appropriated in the FY 18-19 budget that relate to collective bargaining agreements and related costs, as determined by the OPM secretary, and requires that the funds be used for the same purpose in FYs 20 and 21. It similarly carries forward the same unexpended funds appropriated for FY 20 and requires that they be used for the same purpose in FY 21.

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 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:  July 1, 2019

§ 22 — TRANSFERS TO MEDICAID ACCOUNT

Authorizes the OPM secretary to transfer certain funds to DSS’s 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 to DSS’s Medicaid account to maximize federal reimbursement.

EFFECTIVE DATE:  July 1, 2019

§ 23 — DSS PAYMENTS TO DMHAS HOSPITALS
Specifies how (1) DSS must spend appropriations for certain DMHAS hospital payments and (2) hospitals must use the funds they receive from DMHAS

The act requires DSS to (1) spend money appropriated to it for FYs 20 and 21 for Department of Mental Health and Addiction Services (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: July 1, 2019

§ 24 — TRANSFER FOR BIRTH-TO-THREE PROGRAM

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

For FYs 20 and 21, the act requires the State Department of Education (SDE) to transfer $1 million of the federal special education funds it receives each year to the Office of Early Childhood (OEC) for the Birth-To-Three Program to carry out federally required special education responsibilities.
EFFECTIVE DATE: July 1, 2019

§ 25 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends rate adjustments for DCF-licensed private residential treatment facilities

For FYs 20 and 21, the act suspends per diem and other rate adjustments for private residential treatment facilities licensed by DCF.
EFFECTIVE DATE: July 1, 2019

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

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

During FYs 20 and 21, the act requires organizations providing services under contract with the Department of Developmental Services (DDS) to reimburse the department at 80% of the difference between the actual expenses incurred and the amount the organization received from DDS under the contract. By October 1 of 2020 and 2021, DDS must provide the OPM secretary with a report detailing the amount of funding retained by contracted providers during the previous fiscal year and the purposes for which the providers used the funds.

During the same period, the act requires private and nonprofit organizations
providing services under contract with DMHAS to reimburse the department at 100%, or an alternate amount identified by the DMHAS commissioner, of the difference between the actual expenses incurred and the amount the organization received from DMHAS under the contract.

EFFECTIVE DATE: July 1, 2019

§§ 27, 38, 42 & 43, 49, 52 & 53 — FUNDS CARRIED FORWARD

Carries forward certain agencies’ unspent funds and requires that they be used in FYs 20 & 21

**Funds Carried Forward for a Different Purpose**

The act carries forward prior years’ appropriations to FY 20 and requires that they be used for other purposes in the same agency, as shown in the table below.

<table>
<thead>
<tr>
<th>§</th>
<th>Agency</th>
<th>Prior Purpose</th>
<th>New Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>OEC</td>
<td>Care4Kids TANF/CCDF</td>
<td>Child care provider reimbursement rate increases</td>
<td>Unspent balance</td>
</tr>
<tr>
<td>43 (c)</td>
<td>Secretary of the State (SOTS)</td>
<td>Other Expenses</td>
<td>Voter registration at higher education institutions and voter registration agencies</td>
<td>Up to $40,000</td>
</tr>
</tbody>
</table>

**Funds Carried Forward for the Same Purpose**

The act carries forward various unspent balances from prior years’ appropriations and requires that they be used for the same purpose in FY 20, rather than lapsing at the end of FY 19 (see the table below).

<table>
<thead>
<tr>
<th>§</th>
<th>Agency</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>38</td>
<td>DSS</td>
<td>Medicaid</td>
<td>$17,600,000</td>
</tr>
<tr>
<td>49</td>
<td>Office of Legislative Management (OLM)</td>
<td>Personal Services</td>
<td>Up to $400,000</td>
</tr>
<tr>
<td>52</td>
<td>Department of Administrative Services (DAS)</td>
<td>Other Expenses, Office of the Claims Commissioner</td>
<td>Up to $50,000</td>
</tr>
<tr>
<td>53</td>
<td>State Comptroller</td>
<td>Fringe Benefits Higher Education Alternative Retirement System</td>
<td>Up to $13,000,000</td>
</tr>
</tbody>
</table>

**Funds Carried Forward and Transferred**

The act carries forward to FY 20 and transfers the amounts shown in the table below.

<table>
<thead>
<tr>
<th>§</th>
<th>Agency</th>
<th>From</th>
<th>To</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>§</td>
<td>Agency</td>
<td>From</td>
<td>To</td>
<td>Amount</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>42</td>
<td>OPM</td>
<td>Tax Relief for Elderly Renters</td>
<td>Other Expenses, to support procurement streamlining efforts</td>
<td>$500,000</td>
</tr>
<tr>
<td>43 (a)</td>
<td>SOTS</td>
<td>Personal Services</td>
<td>Other Expenses, to support voter registration at higher education institutions and voter registration agencies</td>
<td>Up to $20,000</td>
</tr>
<tr>
<td>43 (b)</td>
<td>Commercial Recording Division</td>
<td></td>
<td></td>
<td>Up to $90,000</td>
</tr>
</tbody>
</table>

**EFFECTIVE DATE:** Upon passage

**§ 28 — PRIVATE PROVIDER WAGE INCREASES**

Allows the OPM secretary to allocate certain appropriated funds to increase the wages of private provider employees in order to comply with the minimum wage increase.

The act allows the OPM secretary to allocate funds appropriated to OPM, for Private Providers, and transfer the funds to affected agencies, in order to increase the wages of such providers’ employees to comply with the state minimum wage increase. Within available appropriations, the secretary must reimburse the private providers for the cost of employer taxes, benefit expansion, and other costs associated with the wage increases. By June 1 of 2020 and 2021, providers must provide documentation to the secretary that the funds will be used only to increase employee wages. (PA 19-4 increases the state’s minimum wage from $10.10 per hour to $15 per hour in five steps beginning October 1, 2019.)

**EFFECTIVE DATE:** July 1, 2019

**§ 29 — REGIONAL COUNCILS OF GOVERNMENT**

Requires the OPM secretary to distribute certain funds to regional COGs according to a statutory formula.

For FYs 20 and 21, the act requires the OPM secretary to distribute to regional councils of government (COGs) $4,106,250 from the funds that the law requires be deposited in the regional planning incentive account. The funds must be used for regional services grants and be distributed according to the statutory formula for such grants. The funds are in addition to the amount COGs receive under the existing statutory formula.

**EFFECTIVE DATE:** July 1, 2019

**§ 30 — COMMUNITY INVESTMENT ACCOUNT TRANSFER**

Requires that certain community investment account funds be transferred to the agriculture sustainability account.

In each of FYs 20 and 21, the act requires that $1.5 million be transferred
from the community investment account to the agriculture sustainability account. EFFECTIVE DATE: July 1, 2019

§§ 31-33, 35, 39 & 40 — RESERVED AMOUNTS FROM LINE ITEM APPROPRIATIONS

Reserves certain amounts from line items in agency budgets for various purposes in FYs 20 and 21

The act reserves certain amounts from line items in agency budgets for various purposes in FYs 20 and 21, as shown in the table below.

**Reserved Amounts for FY 20 and FY 21 Line Item Appropriations**

<table>
<thead>
<tr>
<th>§</th>
<th>Agency</th>
<th>Appropriation For</th>
<th>Reserved For</th>
<th>Amount</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>Department of Agriculture (DoAg)</td>
<td>Other Expenses</td>
<td>Grants to New London County 4-H Camp ($40,000) and the Ellington Farmer’s Market ($15,000)</td>
<td>$55,000</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>32</td>
<td>State Comptroller</td>
<td>Other Expenses</td>
<td>Grant to the Women’s Business Development Council in Stamford</td>
<td>450,000</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>33</td>
<td>Department of Transportation (DOT)</td>
<td>Other Expenses</td>
<td>Grant for the Thames River Heritage Park Water Taxi</td>
<td>100,000</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>35(a)</td>
<td>SDE</td>
<td>Technical High Schools Other Expenses</td>
<td>Grant to Career Pathways TECH Collaborative</td>
<td>125,000</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>35(b)</td>
<td>SDE</td>
<td>After School Program</td>
<td>Grants of up to $10,000 to FIRST Robotics Competition Teams in municipalities with populations of more than 50,000</td>
<td>50,000</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>35(c)</td>
<td>SDE</td>
<td>Connecticut Writing Project</td>
<td>Grants to UConn and Fairfield University for the project’s operation</td>
<td>20,250</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>35(d)</td>
<td>SDE</td>
<td>Interdistrict Cooperation</td>
<td>Grant to Project Oceanology in Groton</td>
<td>463,479</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>35(e)</td>
<td>SDE</td>
<td>Bridges to Success</td>
<td>Grant to Bridge Family Center in West Hartford</td>
<td>27,000</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>35(f)</td>
<td>SDE</td>
<td>Neighborhood Youth Centers</td>
<td>Grant to East Hartford YMCA ($25,000) and Wilson-Gray YMCA ($150,000)</td>
<td>175,000</td>
<td>20 &amp; 21</td>
</tr>
<tr>
<td>39</td>
<td>Department of Other Expenses</td>
<td></td>
<td>Grants ($20,000 each)</td>
<td>40,000</td>
<td>20</td>
</tr>
</tbody>
</table>
The act also requires DEEP to provide a $100,000 grant from its FY 19 “Other Expenses” appropriation to the Connecticut Fund for the Environment for West River Watershed projects (§ 40).

EFFECTIVE DATE: July 1, 2019, except that the section regarding a grant for the West River Watershed is effective upon passage.

§ 34 — PROBATE COURT ADMINISTRATION FUND

Requires that the fund's balance at the end of FY 19 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 suspends this provision for FY 19 by requiring that any balance in the fund as of June 30, 2019, remain there.

EFFECTIVE DATE: Upon passage

§ 36 — STUDENTS FIRST INITIATIVE REPORT

Requires BOR to biannually report specified information on the Students First Initiative

The act requires the Board of Regents for Higher Education (BOR) to biannually report, to the Higher Education and Employment Advancement Committee and the Higher Education Consolidation Committee, on the implementation status of the Students First Initiative to merge all Connecticut community colleges into a single institution. BOR must submit the reports by January 1, 2020; July 1, 2020; January 1, 2021; and June 30, 2021, and include the following for each reporting period:

1. a summary of the personnel changes made to implement the initiative’s administrative consolidation portion;
2. an estimate of the total annual cost or savings anticipated as a result of such personnel changes;
3. an updated five-year budget projection for the regional community-technical college system, with the impact of Students First specifically identified; and
4. copies of all written communication between BOR and the New England Commission of Higher Education.

EFFECTIVE DATE: July 1, 2019
§ 37 — DOH REPORT ON RENTAL ASSISTANCE PROGRAM

Requires DOH to submit a report with certain information regarding its rental assistance program and DCF-involved families

By December 15 of 2019 and 2020, the act requires the Department of Housing (DOH), in collaboration with DCF, to submit to the Appropriations Committee a report detailing the following information for the immediately preceding fiscal year:

1. number of DCF-involved families accepted into DOH’s rental assistance program from the program’s waitlist,
2. services provided to such families as part of the program,
3. average cost of services per family,
4. average number of days that families participated in the program, and
5. outcomes for participating families six months after leaving the program.

EFFECTIVE DATE: July 1, 2019

§ 41 — NORTH BRANCH PARK RIVER REGIONAL WATERSHED

Provides funds from the Passport to the Parks account to the North Branch Park River regional watershed in FY 19

The act requires DEEP to pay $20,000 from the Passport to the Parks Account to the North Branch River regional watershed by June 30, 2019.

EFFECTIVE DATE: Upon passage

§ 44 — PAYMENTS TO FUND THE UNFUNDED LIABILITY ATTRIBUTED TO CERTAIN EMPLOYEES

Requires the state comptroller to fund the portion of the state employees’ retirement system fringe benefit recovery rate that is attributable to the unfunded liability of the system for certain employees

The act requires the state comptroller to fund, for the UConn Health Center in FY 20 and community college system in FYs 20 and 21, the portion of the State Employees’ Retirement System (SERS) fringe benefit recovery rate that is attributable to the system’s unfunded liability. The funding (1) covers employees who are not supported by General Fund resources (see the table below) and (2) must be provided from the amounts appropriated to the comptroller for SERS unfunded liability.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Amount</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>UConn Health Center</td>
<td>$33,200,000</td>
<td>20</td>
</tr>
<tr>
<td>Community College System</td>
<td>8,200,000</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>20,350,000</td>
<td>21</td>
</tr>
</tbody>
</table>
EFFECTIVE DATE: July 1, 2019

§ 45 — RATE REDUCTIONS FOR READMISSION

Exempts certain facilities and readmissions from reductions to rate payments for readmission

For FYs 20 and 21, the act exempts (1) mental health readmissions and (2) readmissions at the Connecticut Children’s Medical Center and Yale New Haven Children’s Hospital from the DSS commissioner’s authority to reduce rate payments to a hospital for a readmission. Under the act, “readmission” means, in the case of a person discharged from an applicable hospital, admitting the person for observation services for the same or similar diagnosis or diagnoses within 30 days after the discharge date.

EFFECTIVE DATE: July 1, 2019

§ 46 — NONPARTISAN LEGISLATIVE EMPLOYEES

Requires OLM to give nonpartisan legislative employees FY 20 and FY 21 wage increases that are consistent with those provided to most collective bargaining state employees under the 2017 SEBAC Agreement

The act requires OLM, for FYs 20 and 21, to apply to nonpartisan legislative employees terms that are consistent with the 2017 State Employees Bargaining Agent Coalition (SEBAC) Agreement’s provisions on wage increases for collective bargaining state employees (e.g., a 3.5% wage increase in each fiscal year).

EFFECTIVE DATE: July 1, 2019

§ 47 — DSS RECEIVABLE FOR FEDERAL REIMBURSEMENT FROM THE CENTERS FOR MEDICARE AND MEDICAID SERVICES

Allows DSS to establish a receivable for FY 19 for the anticipated reimbursement from the federal Centers for Medicare and Medicaid Services

For FY 19, the act allows DSS, with OPM’s approval, to establish a receivable for the anticipated reimbursement from the Centers for Medicare and Medicaid Services to support the federal share of costs for rate changes associated with applying an adjustment factor to the payment methodology under diagnosis-related groups and one-time hospital supplemental payments made under DSS’s Medicaid Account.

EFFECTIVE DATE: Upon passage

§ 48 — YOUTH SERVICES GRANTS

Specifies how funds appropriated in FYs 20 and 21 to the judicial branch for youth services grants must be distributed
The act appropriates $3,311,078 in both FYs 20 and 21 to the judicial branch for Youth Services Prevention (§ 1). It also specifies the grant amount for certain organizations, totaling $3,160,997 in each fiscal year.
EFFECTIVE DATE: July 1, 2019

§ 50 — HOSPITAL SETTLEMENT

Requires the General Assembly to adjust the FY 20-21 biennial budget if it approves a settlement with hospitals, including making $190 million available from the General Fund

Under the act, if the General Assembly approves a comprehensive court settlement between the state and hospitals on all their outstanding litigation and administrative matters concerning Medicaid reimbursement and hospital tax user fees, the General Assembly must adjust the FY 20 to 21 biennial budget to reflect the state’s costs and revenues related to the settlement.

To partially fund the state’s settlement costs, the act requires the budget adjustment to:
1. transfer $160 million from the General Fund in FY 19 for FYs 20 and 21 and
2. allocate $30 million from the General Fund in FY 20.

The act also requires the parties to take all steps necessary to effectuate such a settlement, including collaborating to establish quality measures to improve overall health outcomes and patient experience and reduce unnecessary costs and readmissions. Under the act, a readmission occurs when an individual is admitted to the hospital for observation services within 30 days after being discharged for the same or similar diagnosis.

EFFECTIVE DATE: Upon passage

§§ 54 & 55 — PAYMENTS IN LIEU OF TAXES (PILOT) GRANTS

Allocates PILOT grant amounts for FYs 20 and 21

The act specifies the grant amounts payable to eligible municipalities for college and hospital property and state-owned property. It allocates a total of (1) $54.9 million annually in FYs 20 and 21 for state-owned property and (2) $109.9 million annually in FYs 20 and 21 for college and hospital property. It requires that the grants be paid by October 31 of each year.

In doing so, it overrides statutory requirements that PILOTs for FYs 20 and 21 be reduced, according to a statutory formula, if the amount appropriated was not enough to fund the full amount to every municipality or special taxing district.

EFFECTIVE DATE: July 1, 2019

§ 56 — MUNICIPAL REVENUE SHARING GRANTS

Eliminates the municipal revenue sharing grants for all but five municipalities and specifies their amounts for FYs 20 and 21
For FYs 20 and 21, 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. It allocates a total of $36.8 million annually in FYs 20 and 21.

EFFECTIVE DATE: July 1, 2019

§ 57 — MUNICIPAL STABILIZATION GRANTS

*Provides municipal stabilization grants to certain municipalities for FYs 20 and 21*

For FYs 20 and 21, the act allocates municipal stabilization grants to specified municipalities and requires that the grants be paid by October 31 of each year. It allocates a total of $38 million in FY 20 and $38.3 million in FY 21.

EFFECTIVE DATE: July 1, 2019

§ 58 — MASHANTUCKET PEQUOT AND MOHEGAN FUND GRANTS

*Allocates the total grant amounts paid to municipalities from the Mashantucket Pequot and Mohegan Fund for FYs 20 and 21*

For FYs 20 and 21, 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. It awards a total of $51.5 million annually in FYs 20 and 21.

EFFECTIVE DATE: July 1, 2019

§§ 59-66 — FY 19 DEFICIENCY APPROPRIATIONS AND REDUCTIONS

*Makes deficiency appropriations and corresponding reductions for FY 19 in four appropriated funds*

The act (1) appropriates a total of $72,740,399 from four appropriated funds to cover deficiencies in various state agencies and programs for FY 19 and (2) reduces appropriations to various state agencies and programs for FY 19 by the same amount, as shown in the tables below.

**FY 19 Additional Appropriations**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Agency</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>DMHAS</td>
<td>Personal Services</td>
<td>$3,600,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Workers Compensation Claims</td>
<td>600,000</td>
</tr>
<tr>
<td></td>
<td>OEC</td>
<td>Care4Kids TANF/CCDF</td>
<td>14,300,000</td>
</tr>
<tr>
<td></td>
<td>DOC</td>
<td>Personal Services</td>
<td>34,900,000</td>
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<tr>
<td></td>
<td></td>
<td>Inmate Medical Services</td>
<td>10,000,000</td>
</tr>
<tr>
<td></td>
<td>DCF</td>
<td>Board and Care for Children - Foster</td>
<td>4,500,000</td>
</tr>
<tr>
<td>STF</td>
<td>State Comptroller –</td>
<td>State Employees Health Service Cost</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Fund</td>
<td>Agency</td>
<td>Purpose</td>
<td>Amount</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------</td>
<td>---------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td></td>
<td>Fringe Benefits</td>
<td>Other Post-Employment Benefits</td>
<td>141,000</td>
</tr>
<tr>
<td>DAS</td>
<td>State Insurance and Risk Management Operations</td>
<td>1,800,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of Banking</td>
<td>Fringe Benefits</td>
<td>299,399</td>
</tr>
<tr>
<td></td>
<td>Department of Insurance</td>
<td>Fringe Benefits</td>
<td>1,600,000</td>
</tr>
</tbody>
</table>

## FY 19 Appropriation Reductions

<table>
<thead>
<tr>
<th>Fund</th>
<th>Agency</th>
<th>Purpose</th>
<th>Amount</th>
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<tr>
<td></td>
<td>OLM</td>
<td>Personal Services</td>
<td>$(250,000)</td>
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<tr>
<td>State Comptroller</td>
<td>Personal Services</td>
<td>(900,000)</td>
<td></td>
</tr>
<tr>
<td>State Comptroller-Fringe Benefits</td>
<td>Unemployment Compensation</td>
<td>(2,800,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insurance - Group Life</td>
<td>State Employees</td>
<td>(500,000)</td>
</tr>
<tr>
<td></td>
<td>Health Service Cost</td>
<td></td>
<td>(17,000,000)</td>
</tr>
<tr>
<td>DRS</td>
<td>Personal Services</td>
<td></td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>OPM</td>
<td>Reimbursement to Towns for Loss of Taxes on State Property</td>
<td></td>
<td>(250,000)</td>
</tr>
<tr>
<td>Department of Veterans Affairs</td>
<td>Personal Services</td>
<td></td>
<td>(700,000)</td>
</tr>
<tr>
<td>Office of the Attorney General</td>
<td>Personal Services</td>
<td></td>
<td>(600,000)</td>
</tr>
<tr>
<td>DCP</td>
<td>Personal Services</td>
<td></td>
<td>(500,000)</td>
</tr>
<tr>
<td>DDS</td>
<td>Personal Services</td>
<td>Behavioral Services Program</td>
<td>(3,000,000)</td>
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<tr>
<td>DSS</td>
<td>Personal Services</td>
<td>Temporary Family Assistance</td>
<td>(11,600,000)</td>
</tr>
<tr>
<td></td>
<td>Connecticut Home Care Program</td>
<td></td>
<td>(12,000,000)</td>
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<tr>
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<td>Hospital Supplemental Payments</td>
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<td>(3,000,000)</td>
</tr>
<tr>
<td>SDE</td>
<td>Commissioner's Network</td>
<td></td>
<td>(250,000)</td>
</tr>
<tr>
<td></td>
<td>Charter Schools</td>
<td></td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>OEC</td>
<td>Early Care and Education</td>
<td></td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>State Library</td>
<td>Personal Services</td>
<td></td>
<td>(150,000)</td>
</tr>
<tr>
<td>OHE</td>
<td>Personal Services</td>
<td></td>
<td>(400,000)</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>Personal Services</td>
<td></td>
<td>(500,000)</td>
</tr>
<tr>
<td>STF</td>
<td>DMV</td>
<td>Personal Services</td>
<td>(241,000)</td>
</tr>
</tbody>
</table>
### EFFECTIVE DATE: Upon passage

#### § 67 — COLLEGE CONNECTIONS PROGRAM

Requires the BOR to waive tuition and fees for Ansonia High School students who participate in the College Connections program at Derby High School.

The act requires, beginning in FY 20, the Board of Regents for Higher Education (BOR) to waive tuition and fees for Ansonia High School students who participate in the College Connections program at Derby High School. The amount of the waiver each fiscal year equals the appropriation for this purpose.

The College Connections program enables high school students to take community college courses in advanced manufacturing and receive both high school and college credit.

EFFECTIVE DATE: Upon passage

#### § 68 — DEPARTMENT OF CORRECTION’S OMBUDSMAN SERVICES

Requires DOC to hire an ombudsman to provide certain ombudsman services to individuals age 18 or younger who are in the DOC commissioner’s custody.

The act requires the Department of Correction (DOC) commissioner to (1) hire someone to provide ombudsman services to individuals age 18 or younger in the commissioner’s custody (“individuals in custody”) and (2) annually report the ombudsman’s name to the Judiciary Committee. It also allows the commissioner to hire an executive assistant to help carry out the ombudsman’s duties under the act. The commissioner may do so in addition to the executive assistant positions already authorized under existing law. Under the act, among other things, “ombudsman services” includes taking and investigating complaints from such individuals in custody regarding the department’s decisions or policies.

Prior to obtaining ombudsman services, the act requires the individuals in custody to reasonably pursue a resolution of the complaint through any existing internal DOC grievance procedures.

**Ombudsman Services Defined**

Under the act, the services that the ombudsman provides (i.e., “ombudsman services”) include:

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<table>
<thead>
<tr>
<th>Fund</th>
<th>Agency</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOT</td>
<td>DOT</td>
<td>Personal Services</td>
<td>(1,400,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rail Operations</td>
<td>(300,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-ADA Dial-A-Ride Program</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>Banking Fund</td>
<td>Judicial Department</td>
<td>Foreclosure Mediation Program</td>
<td>(299,399)</td>
</tr>
<tr>
<td>Insurance Fund</td>
<td>DPH</td>
<td>Immunization Services</td>
<td>(1,600,000)</td>
</tr>
</tbody>
</table>
1. taking complaints regarding DOC’s decisions, actions or omissions, policies, procedures, rules, and regulations;
2. investigating these complaints, rendering a decision on the merits of each complaint, and communicating the decision to the complainant;
3. recommending, to the commissioner, a resolution of any complaint found to have merit;
4. recommending policy revisions to the department; and
5. publishing a quarterly report of all ombudsman services activities.

Confidentiality and Exceptions

Under the act, with certain exceptions, all oral and written communications, and related records, between an individual in custody and the ombudsman, or a member of the ombudsman’s staff, must be confidential and may not be disclosed without the individual’s consent.

The act allows the ombudsman to disclose, without the individual’s consent, communications and related records (e.g., the identity of a complainant, the details of a complaint, and the ombudsman’s investigative findings and conclusions) that are necessary (1) for the ombudsman to conduct an investigation and (2) to support any recommendations the ombudsman may make. The ombudsman may also disclose, without the individual’s consent, the formal disposition of a complaint when requested in writing by a court hearing an application for a writ of habeas corpus filed after an adverse finding by the ombudsman on the complaint.

Disclosure of Criminal Acts or Threats to Health and Safety

Regardless of the confidentiality provisions, the act requires the ombudsman to notify the DOC commissioner or a facility administrator when, in the course of providing ombudsman services, the ombudsman or a member of the ombudsman’s staff becomes aware of the commission or planned commission of a criminal act or a threat to the health and safety of anyone or the security of a correctional facility.

Under the act, if the commissioner reasonably believes that an individual 18 years or younger who is in custody has made or provided to the ombudsman an oral or written communication concerning a safety or security threat within the department or directed against a DOC employee, the ombudsman must provide the commissioner all oral or written communications relevant to the threat.

EFFECTIVE DATE: July 1, 2019

§ 69 — WAIVERS FOR CERTAIN HOUSING AUTHORITIES

Extends indefinitely a requirement that certain municipalities waive payments due from certain state-financed housing authorities

The act extends indefinitely a requirement that certain municipalities waive
payments due from certain state-financed housing authorities if the DOH does not make a payment on the authorities’ behalf.

Existing law (1) requires state-financed housing authorities for moderate rental housing projects to make payments to the municipality in which the project is located instead of paying property taxes, special benefit assessments, and sewer system use charges and (2) authorizes DOH to make these payments on a housing authority’s behalf under the Moderate Rental Payment in Lieu of Taxes (PILOT) Program (CGS § 8-216).

Under prior law, municipalities to which DOH made a Moderate Rental PILOT Program payment on a housing authority’s behalf in FY 15 were required to waive the above payments in FYs 16 to 19. The act instead requires these same municipalities to waive such payments in any year when a Moderate Rental PILOT Program payment is not made on an authority’s behalf.

EFFECTIVE DATE: October 1, 2019

§ 70 — MOTOR VEHICLE PROPERTY TAX GRANTS

Modifies the formula used to calculate motor vehicle property tax grants owed to municipalities for FYs 20 and 21; requires three West Haven fire districts to receive additional grants in FY 20

For FYs 20 and 21, the act changes the formula for calculating the municipal grants that reimburse municipalities for a portion of the revenue loss attributed to the motor vehicle property tax cap. The act refers to these grants as “municipal transition grants,” rather than motor vehicle property tax grants. By law, municipalities are eligible for these grants if they impose a mill rate on real and personal property, other than motor vehicles, that is greater than 45 mills (i.e., the capped motor vehicle mill rate).

Under prior law, the grant amount for FY 20 and thereafter equaled the difference between the (1) amount of property taxes a municipality, and any tax district therein, levied on motor vehicles for FY 18 and (2) levy amount for that year at the capped rate (45 mills) (CGS § 4-66l(c)(2)).

Under the act, the FY 20 grant is equal to the difference between the (1) amount of property taxes a municipality, and any tax district therein, levied on motor vehicles for FY 18 and (2) levy amount for that year at the same mill rate the municipality imposed on real and personal property other than motor vehicles. The FY 21 grant is calculated using the same formula, but based on FY 19 data.

The act also requires the following fire districts in West Haven to receive specified grant amounts in FY 20 in addition to any other municipal transition grant required under the act:

1. Allingtown ($160,170),
2. West Shore ($80,000), and
3. First Center ($80,000).

EFFECTIVE DATE: July 1, 2019
§ 71 — MUNICIPAL GAMING ACCOUNT AND GRANTS TO MUNICIPALITIES

Provides grants from the municipal gaming account to two additional municipalities and reduces the amount each municipality annually receives from $750,000 to $625,000.

Existing law establishes conditions under which MMCT Venture, LLC may operate an off-reservation commercial casino gaming facility in the state and, among other things, requires it to pay the state 25% of the gross gaming revenue from video facsimile games once the casino is operational. Of the video facsimile payments, $7.5 million must be annually deposited into the municipal gaming account. The act adds West Hartford and Windsor to the list of municipalities receiving annual grants. As under existing law, the Office of Policy and Management must annually disperse grants to Bridgeport, East Hartford, Ellington, Enfield, Hartford, New Haven, Norwalk, South Windsor, Waterbury, and Windsor Locks.

By law, the grants are reduced proportionately in any fiscal year that the total grant amount exceeds the available funds. Since the act does not increase the overall amount that must be deposited into the fund, the act decreases the amount each municipality receives from $750,000 to $625,000.

EFFECTIVE DATE: July 1, 2019

§ 72 — DPH CHILDREN’S HEALTH INITIATIVES

Incorporates DPH’s children health initiatives into the list of programs funded through the Insurance Fund by the public health fee on domestic health carriers.

PA 17-4, June Special Session moved the Department of Public Health’s (DPH) Children’s Health Initiatives account from the General Fund to the Insurance Fund.

This act makes a corresponding change by requiring the Office of Policy and Management secretary, by September 1 annually and in consultation with the DPH commissioner, to determine the amounts appropriated for these children’s health initiatives and inform the insurance commissioner. This incorporates these initiatives into the public health fee that the insurance commissioner assesses against domestic health insurers and HMOs, to fund certain DPH programs.

Under existing law, these provisions already apply to the following DPH initiatives: (1) syringe services program, (2) AIDS services, (3) breast and cervical cancer detection and treatment, (4) x-ray screening and tuberculosis care, and (5) sexually transmitted disease control.

EFFECTIVE DATE: July 1, 2019

§§ 73 & 74 — REPLACEMENT PUBLIC WELL

Allows (1) DPH to approve the location of a replacement public well in Ledyard if certain conditions are met and (2) the local health director to issue a permit for the well.
If certain conditions are met, the act allows DPH to approve the location of a replacement public well in Ledyard that does not meet the state’s sanitary radius and minimum setback requirements for these water sources. If DPH approves the location, the act allows the local health director to issue a permit for the replacement public well, but by no later than March 1, 2020.

Under the act, DPH may approve the location if the replacement public well is:

1. needed by the water company to maintain and provide safe and adequate water to its customers;
2. located in an aquifer of adequate water quality, as determined by historical water quality data from the water supply source it is replacing; and
3. located in a more protected location than the water supply source it is replacing, as determined by DPH.

EFFECTIVE DATE: October 1, 2019, for DPH’s location approval, and upon passage for Ledyard’s permit issuance authority.

§ 75 — SAFE DRINKING WATER PRIMACY ASSESSMENT

Requires water companies that own community or non-transient, non-community water systems to pay DPH a safe drinking water primacy assessment in FYs 19 to 21; allows water companies that own community water systems to recover the assessment from customers

In FYs 19 to 21, the act requires water companies that own community or non-transient, non-community water systems to annually pay the Department of Public Health (DPH) a safe drinking water primacy assessment. The assessment’s purpose is to support DPH’s ability to maintain primacy under the federal Safe Drinking Water Act (SDWA) (42 U.S.C. § 300f et seq.). 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 from the assessment, and (3) allows the DPH commissioner to adopt implementing regulations.

( PA 17-2, June Special Session (§ 676) already required 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 in FY 19, up to a total assessment of $2.5 million.)

EFFECTIVE DATE: Upon passage

Definitions

Under the act, a “public water system” is a water company that supplies drinking water to 15 or more consumers or 25 or more people daily 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 per year and is not a community water system.

A “non-transient, non-community water system” is a non-community water system that regularly serves at least 25 of the same people for at least six months per year.

Assessment Amount and Procedure

The act requires DPH, by January 1, 2020, and again by January 1, 2021, to issue invoices to the affected water companies for the safe drinking water primacy assessment. The following table lists the assessment amounts and payment due dates.

<table>
<thead>
<tr>
<th>System Type</th>
<th>Amount</th>
<th>Due Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community water system</td>
<td>If fewer than 50 service connections: $125</td>
<td>May 1 (100% due)</td>
</tr>
<tr>
<td></td>
<td>If 50 to 99 service connections: $150</td>
<td>May 1 (100% due)</td>
</tr>
<tr>
<td></td>
<td>If 100 or more service connections: an amount set by the DPH commissioner, up to $3 per connection</td>
<td>March 1 (50% due) May 1 (remaining 50% due)</td>
</tr>
<tr>
<td>Non-transient, non-community water system</td>
<td>$125</td>
<td>March 1 (100% due)</td>
</tr>
</tbody>
</table>

The act also provides that:
1. if one water company acquires another, the purchaser must pay the assessment and
2. if a company fails to pay any part of the assessment within 30 days after the due date, DPH may impose a 1.5% fee for each month of nonpayment beyond the initial 30-day period (unless it is a municipal water company, which is subject to a 9.0% fee per year (CGS § 12-38)).

Service Connection Statements

By August 1, 2019, and then again by August 1, 2020, the act requires DPH to issue a statement to each water company that owns a community water system. That statement must show the number of service connections, and the source of that number, that each system has listed in the department’s record as of the date the statement is issued. For this purpose, DPH must combine the number of connections of all water systems owned and operated by the same company for a total count of service connections.

Under the act, if a water company disagrees with the number of service connections listed in the statement, the company has 30 days after the statement’s issuance to report to DPH the accurate number of connections it serves. These
companies must do so in a form and manner DPH prescribes.

The act specifies that service connections do not include service pipes used only for fire service or irrigation purposes.

**Assessment Termination**

Under the act, the requirement for water companies to pay the assessment terminates immediately if DPH no longer maintains 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, the water company must credit its customers for any assessment amount that it collected in advance but is no longer required to pay DPH.

**Assessment Recovery**

The act allows water companies that own community water systems to collect the assessment from their customers using fees based on each customer’s pro rata share of the assessment. The companies may adjust the amount to reflect the bad debt component and surplus or deficit related to their primacy assessment for the prior billing period.

Under the act, water companies may charge the pro rata assessment without going through the standard rate change approval process, provided the fee appears as a separate item, identified as an assessment, on each customer’s bill. Such charges are subject to the same past due and collection procedures, including interest charges, that apply to the company’s other authorized charges.

**DPH Reporting and Comment Period**

The act requires DPH, in consultation with OPM and by October 1, 2019, and again by October 1, 2020, to post on its website the:

1. staff and costs to support DPH’s ability to maintain primacy under the SDWA, considering funding from state and federal sources (in an amount constituting the current fiscal year’s total assessment amount) and
2. assessment amounts due, based on the posted costs and in accordance with the act’s requirements.

The act also requires DPH, by November 1, 2019, and again by November 1, 2020, to post on its website a report on:

1. resources, activities, and costs that support DPH’s ability to maintain primacy under the SDWA in the previous fiscal year;
2. the number of full-time equivalent positions that performed the required functions to maintain primacy in the previous fiscal year; and
3. quality improvement strategies the department deployed to streamline operations to efficiently and effectively use staff and resources.

The act requires the commissioner to provide for a 30-day comment period after posting the report online. After that period, and no later than the following
January 1, the commissioner must submit the report and a summary of the public comments to the governor and the Public Health Committee.

§§ 76-77 & 398 — PRORATED PAYMENTS TO MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS

Requires DPH to reduce payments on a pro rata basis to municipal and district health departments if the payments in a fiscal year exceed the amount appropriated.

The act requires DPH to reduce, on a proportional basis, payments to municipal and district health departments if the payments in a fiscal year exceed the amount appropriated for that year.

To receive such 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.

The act also repeals an obsolete provision.

EFFECTIVE DATE: July 1, 2019

§ 78 — USE OF BOND PREMIUM

Delays by two years, from July 1, 2019, to July 1, 2021, the requirement that the treasurer direct bond premiums to an account or fund to pay for previously authorized capital projects.

The act delays by two years, from July 1, 2019, to July 1, 2021, the requirement that the treasurer direct bond premiums to an account or fund to pay for previously authorized capital projects. (A bond premium is the extra, up-front payment investors make in exchange for a higher interest rate on the bonds.)

Prior law required the treasurer to direct bonds premiums as follows:

1. until July 1, 2019, bond premiums (as well as accrued interest and net investment earnings on bond proceeds) were required to be directed into the General Fund after paying bond issuance costs and interest on state debt and
2. beginning July 1, 2019, bond premiums on general obligation (GO) and credit revenue bond issuances, net of any original issue discount, and after paying the issuance costs, were required to be directed to an account or fund to pay for previously authorized capital projects.

The act delays this requirement to July 1, 2021, thus requiring the treasurer to continue directing bond premiums to the General Fund (after paying bond issuance costs and interest on state debt) until then.

EFFECTIVE DATE: Upon passage

§ 79 — PURA PROCUREMENT MANAGER

Eliminates the procurement manager position within PURA and instead allows the PURA chairperson to assign staff to fulfill the procurement manager’s duties.
The act removes a requirement that the Public Utilities Regulatory Authority (PURA) include a procurement manager who (1) oversees procuring electricity for standard service (the electricity sold to customers who choose not to buy their power from a retail electric supplier) and (2) has experience in energy markets and procuring energy on a commercial scale.

It instead requires PURA’s chairperson to assign authority staff to fulfill the procurement manager’s duties where required in the energy statutes. These duties include (1) developing a plan, in consultation with the electric distribution companies, for procuring the electricity sold under their standard service offers (CGS § 16-244m) and (2) consulting with the DEEP commissioner on various solicitations for energy (e.g., Class I renewable energy sources (CGS § 16a-3f)).

EFFECTIVE DATE: July 1, 2019

§ 80 — PURA COMMISSIONERS

Increases the number of PURA commissioners from three to five

The act increases the number of the PURA commissioners from three to five. It requires the governor to appoint three commissioners to PURA between July 1, 2019, and May 1, 2020. (The term of one of the current PURA commissioners expired on June 30, 2019.) By law, the commissioners are subject to confirmation by both the House and Senate.

The act staggers the terms of the current and new commissioners as shown in the table below.

<table>
<thead>
<tr>
<th>PURA Commissioner Terms Under the Act</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appointed and Confirmed</strong></td>
</tr>
<tr>
<td>February 1, 2018 – June 1, 2018</td>
</tr>
<tr>
<td>February 1, 2019 – June 1, 2019</td>
</tr>
<tr>
<td>July 1, 2019 – May 1, 2020 (three new appointees)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>On or after May 1, 2020</td>
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<tr>
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</tr>
</tbody>
</table>

The act also makes corresponding changes related to increasing the number of commissioners. It increases, from two to three, the maximum number of commissioners who may be from the same political party. It also allows (1) the PURA chairperson to assign a panel of three or more commissioners, rather than one or more, to consider a matter before PURA and (2) the panel to designate one or more of its members, rather than one or two, to conduct a hearing on the matter.

Lastly, the act makes technical and conforming changes that remove obsolete provisions.

EFFECTIVE DATE: July 1, 2019
§ 81 — RESIDENT STATE TROOPER FRINGE FUNDING

Beginning FY 20, the comptroller must annually pay 50% of the portion of the state employees’ retirement system fringe recovery rate attributable to the unfunded liability of the system.

By law, a town participating in the resident state trooper program pays, among other things, 100% of the overtime costs and the portion of fringe benefits directly associated with these costs. Under the act, beginning with FY 20, the comptroller must pay 50% of the portion of the state employees’ retirement system fringe recovery rate attributable to the unfunded liability of the system from the resources appropriated for State Comptroller-State Employees’ Retirement System Unfunded Liability.

EFFECTIVE DATE: July 1, 2019

§§ 82-90 — CONNECTICUT TEACHERS’ RETIREMENT FUND BONDS SPECIAL CAPITAL RESERVE FUND (TRF-SCRF)

Creates the TRF-SCRF to further secure state payment of pension bonds and appropriates $380.9 million to deposit in it; authorizes the redirection of CLC revenues to the TRF-SCRF if funding falls below the minimum required amount; makes changes to the TRS actuarial funding methodology; modifies one type of TRS benefit.

TRF-SCRF (§§ 82-85 & 90)

The act establishes the TRF-SCRF and appropriates $380.9 million in FY 19 to the Treasurer’s Debt Service for deposit in the TRF-SCRF. The act states that (1) the TRF-SCRF’s purpose is to provide adequate protection for holders of pension obligation bonds (POBs) issued in 2008 by further securing the payment of the principal and interest of the bonds and (2) it is determined that the fund provides such protection. The funds held in the TRF-SCRF must be pledged to payment on the bonds the TRF-SCRF secures.

Under the act, if the level of the fund falls below the required minimum capital reserve amount, the Connecticut Lottery Corporation (CLC) must pay the TRF-SCRF trustee the amount that the corporation would have otherwise transferred to the General Fund. “Required minimum capital reserve” is the highest remaining annual payment, including principal and interest, for the POBs.

Under the act, the state pledges to the holders of POBs and any related refunding bonds, that the state will not limit or alter their rights or reduce the transfer or deposit of money into the fund under the act’s provisions unless (1) all the bonds are fully paid or (2) provision for payment of the bonds has been made and the amount of the fund’s annual required contribution for the Teachers’ Retirement System (TRS) is determined in accordance with the TRS actuarial standards in law at the time the bonds were issued. However, the act also provides that nothing contained in it precludes limitations, alterations, or reductions if adequate provision is made by law for the protection of the holders of such bonds.

TRF-SCRF Trust. The act requires the TRF-SCRF be held in trust, separate and apart from other state funds, for the benefit of the bondholders and prohibits
fund deposits from being commingled with other state funds. It specifies the state has no claim in the fund except as the act provides.

**Treasurer’s Duties.** The act requires the treasurer to enter into an agreement with a trust company or bank recognized in the state that must have an account or accounts to hold any amounts of the fund. The agreement must be in accordance with the provisions of the act, including the parts related to the TRS and the CLC.

The treasurer must certify to the governor, the Teachers’ Retirement Board (TRB) and the lottery corporation president when the amount on deposit in the TRF-SCRF first reaches or exceeds the required minimum capital reserve.

If the state has not paid the principal or interest due on the POBs, the act requires the treasurer to direct the fund trustee to transfer the necessary amount from the TRF-SCRF to pay the principal or interest. No money can be withdrawn from the TRF-SCRF that will reduce its amount below the required minimum, unless this is done to make a payment on the POBs principal or interest.

The treasurer may direct the trustee to remit to the treasurer for deposit in the General Fund any amount in excess of the required minimum capital reserve.

**TRF-SCRF Uses.** Under the act, the money held in the TRF-SCRF must be used solely for:

1. bond principal payment as the POBs become due by reason of maturity or sinking fund redemption,
2. purchase of the POBs,
3. POBs interest payment, and
4. redemption premium payment required when the POBs are redeemed prior to maturity.

**Pledge and Lien.** Under the act, the state’s pledge to use the TRF-SCRF to pay the bonds is valid and binding from the time it is made. Accordingly, the lien of this pledge is valid and binding against all parties having claims of any in tort, contract, or otherwise against the state, regardless of whether the parties have notice of the claims. The act supersedes any requirement of the Uniform Commercial Code for the pledge to be recorded or filed.

The act states that such a lien has priority over all other liens and any money so pledged and later received by the state is subject immediately to the lien of the pledge and does not require any physical delivery.

When the fund is evaluated, any obligations acquired as investments must be evaluated at market value.

**Fund Termination.** Under the act, the fund terminates:

1. when the POBs have been fully repaid;
2. if certain specified funds are deposited in an irrevocable trust on behalf of the bondholders in an amount that is sufficient to pay (a) the bond’s principal and interest when due and (b) any redemption premium due when the bonds are redeemed prior to maturity;
3. if the amount of the annual required contribution to the fund for the TRS is determined in accordance with the TRS actuarial standards in law at the time the bonds were issued; or
4. if the TRB fails to approve the credited interest percentage for member accounts and return assumption in accordance with the act’s provisions.
Any money left in the fund when it terminates must be transferred to the Budget Reserve Fund.

**Investment and Reinvestment (§ 82)**

Pending the use or application of funds in the TRF-SCRF, the act allows the treasurer to direct that funds be invested or reinvested in obligations, securities, or investments as permitted under the laws governing general obligation bonds or participation certificates in the Short Term Investment Fund.

**CLC (§§ 82(c), 83-85)**

The act makes payments to the TRF-SCRF trustee, as provided in the act, one of the purposes of the CLC and authorizes transfers from the lottery fund to the TRF-SCRF.

Under prior law, the CLC transferred to the General Fund on a weekly basis any balance of the lottery fund that exceeded the needs of the corporation for paying lottery prizes and meeting operating expenses and reserves. Under the act, if the amount in the TRF-SCRF is below the required minimum capital reserve, the CLC must instead pay the amount it would have transferred to the General Fund to the TRF-SCRF trustee to deposit in the TRF-SCRF. If the corporation makes a transfer to the General Fund at a time when the TRF-SCRF is below the required minimum capital reserve, the transfer amount will be deemed appropriated from the General Fund to the TRF-SCRF.

The act also requires that the amount payable from the CLC to the TRF-SCRF be sufficient for the payment of the principal and interest due on the bonds the TRF-SCRF secures.

**TRS Amortization Method Change and New Amortization Schedule (§§ 86 & 88)**

The act transitions the amortization method for the TRS from a level percentage of payroll to a level-dollar amortization over a five-year period.

The act replaces the prior 40-year amortization schedule with a new 30-year schedule for the unfunded accrued actuarial liability (UAAL), determined as of June 30, 2018, and allows future gains or losses to be amortized over new 25-year periods. It eliminates the requirement that the actuarially determined employer contribution (ADEC) be based on members paying a 6% contribution, thus allowing the ADEC to be calculated based on the actual member contribution (7%), as is standard practice in such valuations.

The act states that the General Assembly must not reduce the ADEC unless the governor declares an emergency or extraordinary circumstance and at least three-fifths of the members of each chamber vote for a reduction for the biennium for which the emergency is declared. This mirrors language in the POB covenant.

The act also requires the treasurer to deposit the General Assembly appropriation for the ADEC into the Teachers’ Retirement Fund in quarterly allotments on July 15, October 1, January 1, and April 1.
Death Benefit Partial Refund (§ 87)

The act changes the multiplier used in calculating the member death benefit partial refund from four times to two times an employee’s accumulated contributions. By changing this factor in the calculation, there will be fewer beneficiaries eligible and the benefit amount will be lower for those who are eligible. The death benefit partial refund is a way to give a member’s designated beneficiary a partial refund if the member dies while receiving benefits, but has only collected a limited amount of benefits.

Under prior law, if the aggregate benefits paid to a member prior to death were less than four times the member’s accumulated contributions, the member’s designated beneficiary was paid a lump sum amount equal to the difference between (1) the payments and (2) the contributions, plus interest. The act changes this threshold, for any member who retires after July 1, 2019, to aggregate benefits less than twice the member’s accumulated contributions. This sets a higher bar in order for a member’s beneficiary to be eligible for this benefit.

Required Actions by the TRB (§ 89)

The act specifies that no money may be deposited in the TRF-SCRF, and that other provisions of the act will not take effect, until the TRB approves the following:

1. the change in the credited interest percentage for members’ accounts from the current actuarially determined amount to not more than 4% annually and
2. a return assumption rate of 6.9% (the current rate is 8% as previously set by TRB).

If the board approves the above items, it must by July 1, 2019, (1) request a revised actuarial valuation for FY 20 and FY 21 and (2) certify to the General Assembly the revised ADEC for FY 20 and FY 21.

EFFECTIVE DATE: Upon passage, except that the (1) amortization changes are effective on the date the treasurer certifies that the amount on deposit in the TRF-SCRF meets the required minimum reserve; (2) death benefit partial refund changes are effective July 1, 2019; and (3) appropriation is effective upon the TRB’s approval of the credited interest percentage and return assumption.

§ 91 — FISCAL ACCOUNTABILITY REPORTS

Delays by five days the annual date by which OPM and OFA must submit fiscal accountability reports to the Appropriations and Finance committees and delays by 15 days the date by which the committees must review the reports

The act delays by five days, from November 15 to November 20, the annual date by which the OPM secretary and Office of Fiscal Analysis (OFA) director must each submit fiscal accountability reports to the Appropriations and Finance, Revenue and Bonding committees. It also delays by 15 days, from November 30
to December 15, the annual date by which the committees must meet with the OPM secretary, OFA director, and any others they consider appropriate to review the fiscal reports.
EFFECTIVE DATE: October 1, 2019

§ 92 — TAX INCIDENCE STUDY

*Delays the next DRS tax incidence report deadline from February 15, 2020, to February 15, 2022*

The act delays by two years, from February 15, 2020, to February 15, 2022, the deadline by which the Department of Revenue Services (DRS) must submit its next tax incidence report to the legislature 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

§ 93 — ZERO-EMISSION VEHICLES IN THE STATE FLEET

*Establishes various requirements towards reducing the emissions generated by vehicles in the state fleet*

The act establishes purchasing standards and requires agency studies to assist the state with increasing the number of zero-emission vehicles in its fleet. It specifically:
1. requires, beginning January 1, 2030, minimum percentages of cars, light duty trucks, and buses purchased or leased for the state fleet to be “zero-emission;”
2. expands an annual reporting requirement for the DAS commissioner to include a procurement plan that aligns with these state fleet requirements and a feasibility assessment for the state’s purchase or lease of zero-emission medium and heavy duty trucks; and
3. requires the DAS commissioner to study the feasibility of creating a competitive bid process for the procurement of zero-emission vehicles and buses, and authorizes the commissioner to proceed if it would achieve cost savings.

The act also eliminates an obsolete provision and makes conforming and technical changes.
EFFECTIVE DATE: October 1, 2019

*Increasing Percentage of Zero-Emission Vehicles in the State Fleet*

Starting on January 1, 2030, the act requires that at least 50% of the cars and light duty trucks and at least 30% of the buses purchased or leased by the state be zero-emission vehicles and zero-emission buses, respectively. The act defines a “zero-emission vehicle” as a battery, hybrid, or range-extended electric vehicle, and any vehicle certified by the California Air Resources Board’s executive officer to produce zero emissions of any criteria pollutant during all operational
modes and conditions. It defines “zero-emission bus” as any urban bus certified by the California Air Resources Board’s executive officer to produce zero emissions as described above. These requirements do not apply to vehicles used for law enforcement or emergency response purposes by the following state agencies and entities:

1. the Motor Vehicles, Emergency Services and Public Protection, Energy and Environmental Protection, Correction, Mental Health and Addiction Services, Developmental Services, Social Services, Children and Families, Transportation, and Judicial departments;
2. the Board of Pardons and Paroles and State Capitol Police; and
3. the Board of Regents for Higher Education, UConn, and UConn Health Center.

**DAS Annual Reporting**

The act adds two topics to an existing annual reporting requirement for DAS. First, the DAS commissioner must produce a three-year vehicle procurement plan that aligns with the act’s requirements for increasing the percentage of zero-emission vehicles and buses in the state fleet. Secondly, the commissioner must assess the availability of zero-emission medium and heavy duty trucks and the feasibility of the state purchasing or leasing those types of trucks. By law, DAS must file this annual report with the Government Administration and Elections, Environment, and Energy and Technology committees. The act requires the DAS commissioner to work in consultation with the Department of Transportation (DOT) commissioner on this report.

**Procurement Study**

The act requires the DAS commissioner, in consultation with the DOT commissioner, to study the feasibility of creating a competitive bid process for the aggregate procurement of zero-emission vehicles and buses and determine if the process would achieve cost savings. The DAS commissioner must report the study’s results to the Government Administration and Elections and Transportation committees by January 1, 2020. The act also authorizes the DAS commissioner to proceed with the aggregate procurement upon determining it would achieve a cost savings.

§§ 94 & 95 — STATE RESIDENT HYDROGEN AND ELECTRIC VEHICLE REBATE PROGRAM

*Creates a state-funded rebate program to incentivize residents to purchase hydrogen and electric vehicles; increases and broadens the application of the greenhouse gas reduction fee to fund that rebate program*

The act establishes the Connecticut Hydrogen and Electric Automobile Purchase Rebate (CHEAPR) program to provide rebates for the purchase or lease of new or used hydrogen or electric vehicles, based on an existing pilot program
The act also creates an administrative board to oversee the CHEAPR program and establishes a General Fund account with a revenue stream generated by increasing and broadening the application of the greenhouse gas reduction fee to fund it.

Lastly, the act also makes conforming and technical changes.

**EFFECTIVE DATE:** October 1, 2019, except that the changes to the greenhouse gas reduction fee are effective January 1, 2020.

**Program Creation**

The act establishes the CHEAPR board, which will be within DEEP for administrative purposes only, and requires that the board create and administer the CHEAPR program, from January 1, 2020, until December 31, 2025. Under the act, the program must provide rebates of at least $3 million annually to residents who (1) purchase or lease a battery, plug-in hybrid, or fuel cell electric vehicle or (2) purchase a used hydrogen or electric vehicle. The board must (1) establish and revise rebate levels and income eligibility for rebates for those used vehicles and (2) evaluate the program annually.

**Administrative Board Membership**

Under the act, the CHEAPR board must consist of:

1. the DEEP and consumer protection commissioners and the Connecticut Green Bank president, or their respective designees;
2. a member from an environmental organization knowledgeable in electric vehicle policy, appointed by the House speaker;
3. a member appointed by the Senate president;
4. a member from an organization representing environmental justice community interests, appointed by the House majority leader;
5. a member from an association representing Connecticut automotive retailers, appointed by the Senate majority leader;
6. a member appointed by the House minority leader; and
7. a member appointed by the Senate minority leader.

The act authorizes the DEEP commissioner to appoint up to three additional members to the board from other industrial fleet or transportation companies. The DEEP commissioner, or the commissioner’s designee, will serve as the board chairperson, and the board may meet as it deems necessary.

**Program Funding & Greenhouse Gas Reduction Fee Changes**

The act establishes a CHEAPR program account as a separate, nonlapsing account within the General Fund and requires that funds in the account be used towards administering the CHEAPR program. It directs the first $3 million in revenue collected each fiscal year from the greenhouse gas reduction fee to the CHEAPR program’s account, instead of the General Fund as under prior law.

Relatedly, the act makes several changes to the greenhouse gas reduction fee.
Under prior law, this fee was $5 and assessed on certain statutorily-defined motor vehicles 10,000 pounds or less upon the registration of those vehicles when sold as new. Under the act, the fee instead applies to motor vehicles registered as passenger, motor home, combination, or antique vehicles. It sets the greenhouse gas reduction fee at $10 for two-year registrations of those vehicles when sold as new and $5 for any two-year original or renewal registrations of those vehicles that are used. The act also sets the fee at $5 for people age 65 or older for one-year registrations of passenger motor vehicles sold as new and $2.50 for any one-year original or renewal registrations of those vehicles that are used. The act specifies that no part of the greenhouse gas reduction fee may be refunded if a person cancels his or her vehicle registration before it expires.

Under the act, any revenue collected in excess of $3 million in each fiscal year from the greenhouse gas reduction fee must be deposited in the General Fund.

Background - CHEAPR Pilot

CHEAPR was created administratively in 2015 as a pilot program. It was developed by DEEP in partnership with Eversource Energy, Avangrid (i.e., the United Illuminating Company), and the Connecticut Automotive Retailers Association. This pilot program is managed on a day-to-day basis by the Center for Sustainable Energy.

Background - Related Act

PA 19-165 increases the maximum renewal period for most vehicle registrations, generally, from two years to three years, at the discretion of the Department of Motor Vehicles commissioner.

§ 96 — APRN EMERGENCY CERTIFICATES AT CORRECTIONAL FACILITIES

Allows APRNs, under certain conditions, to issue emergency certificates to require up to 72 hours of hospitalization for prison inmates with psychiatric disabilities

Existing law allows advanced practice registered nurses (APRNs) who have received specified training to issue emergency certificates authorizing people with a psychiatric disability to be taken to a general hospital for examination, under specified circumstances (CGS § 17a-503(d)).

Under the act, all APRNs employed by the Department of Correction (DOC) to provide mental health care at correctional facilities may issue emergency certificates for prison inmates, under the same standards as existing law. Thus, the APRN must reasonably believe, based on direct evaluation, that the inmate has a psychiatric disability, is dangerous to himself or herself or others or gravely disabled, and needs immediate care and treatment. The inmate must be examined within 24 hours and may not be held in the hospital for more than 72 hours unless he or she is committed under a court order (see CGS § 17a-502).

The act requires the DOC commissioner to collect and maintain statistical and
demographic information on emergency certificates APRNs issue at correctional facilities under these provisions.
EFFECTIVE DATE: July 1, 2019

§§ 97 & 98 — WORKING PAPERS EXEMPTION

Exempts employers from the requirement to obtain a minor’s “working papers” when they employ minors through a regional workforce development board’s youth development program

The act exempts employers from the requirement to obtain a certificate showing the age of an employee younger than age 18 (i.e., his or her “working papers”) when the employer wants to employ the minor through a regional workforce development board’s youth development program. By law, school superintendents, or their agents, must provide the working papers to employers upon request.
EFFECTIVE DATE: July 1, 2019

§§ 99-102 — CONNECTICUT RETIREMENT SECURITY AUTHORITY

Removes provisions that generally require that the retirement programs offered by the CT Retirement Security Authority be from multiple authority-selected vendors

By law, the Connecticut Retirement Security Authority must establish a retirement program with individual retirement accounts (IRAs) for certain private-sector employees who are automatically enrolled in the program unless they opt out. The act removes provisions that generally required that the authority’s program offer IRAs from multiple vendors, thus allowing the program to offer IRAs from only one vendor.

More specifically, the law requires the authority to establish criteria and guidelines for the retirement programs offered through the Connecticut Retirement Security Exchange. Under prior law, these criteria and guidelines had to require that the program offer qualified retirement investment choices from multiple authority-selected vendors. The act removes the requirement that these investment choices be from multiple authority-selected vendors.

The act also makes various corresponding changes. For example, prior law required that each participant’s account be invested in an age-appropriate target date fund with a vendor selected by the participant or other investment vehicles that the authority may prescribe. If a participant did not affirmatively select a specific vendor or investment option, the participant’s contribution had to be invested in an age-appropriate target date fund that most closely matched the participant’s normal retirement age, rotationally assigned by the program.

The act removes the requirements that a participant’s (1) target date fund be from a vendor selected by the participant and (2) contribution be invested in a rotationally assigned fund if the participant did not select a vendor. Instead, it requires only that the participant’s account be invested in an age-appropriate target date fund or another investment vehicle that the authority may prescribe if affirmatively selected by the participant.
EFFECTIVE DATE: July 1, 2019

§§ 103 & 104 — PERSONAL SERVICE AGREEMENT (PSA) WAIVERS

Requires executive branch agencies to submit a procurement plan every three years to OPM for approval; requires OPM to (1) annually report on waiver requests received and their outcomes and (2) post approved waivers on the state contracting portal.

PSAs are typically used by state agencies to purchase infrequent and non-routine services or end products, such as certain consulting services, technical assistance, or training. Under existing law, PSAs with a cost ranging from $20,000 to $50,000 and with a term of no more than one year must be based on competitive negotiation or competitive quotations, unless the purchasing agency applies for and receives a waiver from the Office of Policy and Management (OPM) secretary allowing for a sole source purchase.

The act requires the OPM secretary to post any approved PSA waiver requests on the state contracting portal. It also requires her to submit a report, by January 15, 2020, and annually thereafter, to the Appropriations and Government Administration and Elections committees and the State Contracting Standards Board. The report must (1) list any PSA waiver requests received during the prior year and (2) include the justification for granting or denying the requests.

The act also requires each executive branch state agency to submit an agency procurement plan, by January 1, 2020, and every three years thereafter, to the OPM secretary for approval. The plan must include a list of all services and programs the agency intends to contract for over the next three years and a planned schedule of procurements indicating whether the (1) procurement will be based on competitive negotiation or competitive quotation, or (2) agency has determined that a sole source procurement is required and intends to apply to the secretary for a waiver.

EFFECTIVE DATE: October 1, 2019

§§ 105-143 & 398 — LEGISLATIVE COMMISSION CONSOLIDATION

Merges the legislative CEO and CWCS into a single entity, the Commission on Women, Children, Seniors, Equity and Opportunity, which the act designates as the successor to the two former commissions.

The act merges the legislative Equity and Opportunity (CEO) and the Women, Children and Seniors (CWCS) commissions into a single entity, the Commission on Women, Children, Seniors, Equity and Opportunity, which the act designates as the successor to the two former commissions. It organizes the new commission into a 44-member advisory board, an eight-member executive committee, and six subcommissions.

Under the act, the new commission must focus its efforts on issues affecting the two former commissions’ constituencies of underrepresented and underserved populations: African Americans, Asian Pacific Americans, and Latinos and Puerto Ricans (CEO’s constituencies), and women, children and the family, and
elderly individuals (CWCS’s constituencies). It generally gives the new commission the same powers and duties that prior law provided for CEO and CWCS.

The act makes minor, technical, and conforming changes to implement its provisions.

EFFECTIVE DATE: July 1, 2019

Advisory Board (§ 105)

Under the act, the commission’s advisory board consists of 44 members who serve two-year terms: 42 appointed by the legislative leaders and two appointed by the Legislative Management Committee. The act terminates all CEO and CWCS members’ terms as of June 30, 2019, except for the commissions’ chairpersons, whom it deems the new advisory board’s chairpersons through June 30, 2021.

The act requires each appointing authority, other than the Legislative Management Committee (see below), to make initial appointments to the advisory board by July 31, 2019. It specifies that the initial appointees’ terms terminate on June 30, 2021, regardless of their appointment date. As under prior law, any vacancy occurring before a term’s expiration must be filled by the appointing authority for the balance of the unexpired term, and members must continue to serve until their successors are appointed.

Commission members must serve without compensation but, within the limits of available funds, are reimbursed for necessary expenses.

Appointments by Legislative Leaders. The act requires (1) each of the six legislative leaders to make six appointments to the advisory board and (2) the House speaker and Senate president pro tempore to also make six joint appointments. The act retains the provisions in prior law requiring (1) each appointing authority to allocate his or her appointments evenly across the commissions’ respective constituencies (under the act, one appointment for each constituency) and (2) each authority besides the House and Senate majority leaders to allocate a minimum number of his or her appointments to individuals from specified regions of the state, as shown in the table below.

<table>
<thead>
<tr>
<th>Appointing Authority</th>
<th>Region</th>
<th>Minimum Number of Appointees from Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jointly by House speaker and Senate president pro tempore</td>
<td>Central</td>
<td>2*</td>
</tr>
<tr>
<td>Senate president pro tempore</td>
<td>Northeastern</td>
<td>3**</td>
</tr>
<tr>
<td>House speaker</td>
<td>Southeastern</td>
<td>2*</td>
</tr>
<tr>
<td>Senate minority leader</td>
<td>Northwestern</td>
<td>2*</td>
</tr>
<tr>
<td>House minority leader</td>
<td>Southwestern</td>
<td>2*</td>
</tr>
</tbody>
</table>

* one with experience in one of CEO’s constituencies and one with expertise in one of CWCS’s constituencies

** two with experience in one of CEO’s constituencies and one with expertise in one of CWCS’s constituencies
Legislative Management Appointments. The act requires the Legislative Management Committee to appoint two members to the board to serve as its chairpersons after June 30, 2021. These appointees must have experience in equity and culturally responsive leadership.

Subcommissions (§ 105)

The act requires that the advisory board include six subcommissions, one for each of the commission’s constituencies. The advisory board chairpersons designate the membership of each subcommission, and each subcommission must select a chairperson from among its members. The subcommissions must advise on policies affecting their constituencies.

Executive Committee (§ 105)

Under the act, the commission’s executive committee consists of the advisory board’s chairpersons (who must also chair the executive committee) and the chairpersons of each subcommission, each of whom serves as a vice-chairperson of the executive committee. Generally, the executive committee must provide advice to the commission’s executive director with respect to specified duties (see below).

The act requires the executive committee to meet at least bimonthly and at special meetings called by one or both chairpersons. The chairpersons must establish standing committees and designate the chairperson of each one, including committees on equity, opportunity, communications, civic engagement, and programs. (Presumably, these are standing committees of the executive committee rather than the commission as a whole.)

Meetings and Quorum (§ 105)

For the advisory board and subcommissions, the act (1) specifies that a majority of the membership constitutes a quorum to do business and (2) deems a member to have resigned from the board if he or she misses three consecutive board or subcommission meetings or 50% of all such meetings held during any calendar year. Board meetings occur as often as either the chairpersons or a majority of the board deem necessary. Prior law subjected CEO and CWCS members to these requirements.

Duties and Responsibilities (§ 106)

The act establishes duties and responsibilities for the new commission, targeted to the respective constituencies, that parallel the duties and responsibilities of the two former commissions (e.g., make recommendations to the General Assembly and governor on new or enhanced policies, programs, and services that foster progress in achieving “quality of life desired results”).
requires the commission, when advising or making recommendations to the legislature, to do so with the executive committee’s advice.

Other Powers (§ 106)

The act establishes the same powers for the new commission that prior law established for CEO and CWCS (e.g., the ability to accept gifts, donations, and bequests).

Commission Staff (§ 105)

As under prior law for CEO and CWCS, the act grants the Legislative Management Committee authority over the hiring, termination, and performance reviews of the new commission’s executive director and staff and specifies that the commission has no authority over staffing and personnel matters.

Annual Status Report (§ 106)

Prior law required CEO and CWCS to annually submit to the Appropriations Committee a status report, organized by policy division, concerning quality of life desired results. The act requires (1) the new commission’s executive director, rather than the commission itself, to submit this report and (2) that the report include the commission’s efforts in promoting the desired results, rather than its efforts and any progress in achieving them, as prior law required.

Conforming Changes (§§ 107-143 & 398)

Prior law imposed various reporting and training requirements for the two former commissions and granted them representation on numerous state boards and committees. The act generally transfers these provisions to the successor commission. For example, prior law required CWCS, together with the Commission on Human Rights and Opportunities (CHRO), to provide training on state and federal discrimination laws to certain state employees. The act instead requires the Commission on Women, Children, Seniors, Equity and Opportunity to provide this training with CHRO (§ 134).

The act similarly requires one of the new commission’s chairpersons, or a designee, to serve as chairperson of the Trafficking in Persons Council (§ 143). However, the act does not specify how to determine which chairperson serves in this role.

§ 144 — STATE OFFICIALS’ COMPENSATION

Authorizes elected or appointed state officials to decline state compensation or benefits

The act authorizes elected or appointed state officials in the executive, legislative, or judicial branch to, at their sole discretion, decline any state compensation or benefit that they are otherwise entitled by law or regulation to
receive. Under the act, an official who elects to decline any compensation or benefit must notify the state comptroller, and the election is effective on the date indicated in the notification.

EFFECTIVE DATE: Upon passage and applicable to notifications made on or after January 1, 2019.

§ 145 — TEACHERS’ RETIREMENT BOARD (TRB) DATA AND ACTUARIAL SOFTWARE SERVICES

Requires the TRB to provide data to the OPM secretary upon request if the secretary enters into a contract for actuarial services

The act requires the TRB to promptly provide any data the OPM secretary requests, provided the secretary has entered into a contract with an actuarial consulting firm or actuarial software service provider and the request is made during the term of the contract. The data must be provided in a form and format the secretary specifies.

The act also permits the secretary, by interagency agreement, to share actuarial data, analyses, or software services with any other state agency, including the offices of the State Treasurer, the State Comptroller, and Fiscal Analysis.

EFFECTIVE DATE: Upon passage

§ 146 — HARTFORD COMMUNITY COURT’S NAME

Changes Hartford Community Court’s name

The act changes Hartford Community Court’s name to "Honorable Raymond R. Norko Community Court."

EFFECTIVE DATE: Upon passage

§ 147 — OPEN EDUCATIONAL RESOURCE COORDINATING COUNCIL

Creates the 17-member OER Coordinating Council to establish an OER program to lower the cost of textbooks and course materials for certain courses at state higher education institutions

The act creates the 17-member Connecticut Open Educational Resource (OER) Coordinating Council, as part of the executive branch, to establish a program to lower the cost of textbooks and materials for certain courses at state higher education institutions.

EFFECTIVE DATE: July 1, 2019

Open Educational Resources

Under the act, an “open educational resource” is a college-level resource available on a website for students, faculty, and the public to use on an unlimited basis at a lower cost than the market value of the printed textbook or other
educational resource. It includes full courses, course materials, modules, textbooks, streaming videos, tests, software, and other similar teaching, learning, and research resources that reside in the public domain or have been released under a creative commons attribution license that allows the free use and repurposing of such resources.

OER Coordinating Council Membership and Procedure

The act requires the Office of Higher Education’s (OHE) executive director to appoint the following 17 members to the council:

1. a statewide coordinator to serve as the council’s chairperson;
2. one faculty member, one administrator, and one staff member from UConn;
3. one faculty member, one administrator, and one staff member from the regional community technical college system;
4. one faculty member, one administrator, and one staff member from Charter Oak State College;
5. one faculty member, one administrator, and one staff member from the Connecticut State University System;
6. one faculty member, one administrator, and one staff member from the independent higher education institutions; and
7. one student from any public or independent higher education institution in the state.

The executive director must make all initial appointments by September 1, 2019, and such appointments expire on August 30, 2022, regardless of when they were made. Succeeding appointees serve three-year terms that begin on the date of their appointment, and appointees may serve more than one term. The executive director must fill any vacancies, and any vacancy occurring other than by term expiration must be filled for the remainder of the unexpired term. OHE administrative staff must serve as the council’s administrative staff.

The act requires the council’s chairperson to schedule and hold the first meeting by October 1, 2019. The council must meet quarterly, or as often as a majority of its members deems necessary, and a majority of members constitutes a quorum. The council members must serve without compensation but must be reimbursed for related reasonable and necessary expenses within the limits of available funds.

OER Coordinating Council Duties

The act requires the council to identify high-impact courses for which OERs will be developed, converted, or adopted. Under the act, “high impact courses” are instruction courses for which OERs would make a significant positive financial impact on the students taking the course due to the number of students taking the course or the market value of the course’s required printed textbook or other educational resources.

The council also must:
1. establish a competitive grant program for state higher education institution faculty members for the development, conversion, or adoption of OERs for such courses, with council-identified funds and within available appropriations;
2. accept, review, and approve grant applications, so long as an approved faculty member licenses such OER through a “creative commons attribution license” (i.e., a copyright crediting the author of a digital work product that allows for the free use and distribution of such product);
3. administer a standardized review and approval process for the development, conversion, or adoption of OERs; and
4. promote strategies for the production, use, and access of OERs.

The statewide coordinator must collaborate with all higher education institutions to promote OERs and administer grants.

Report to Legislature

The act requires the council to annually report, beginning by January 1, 2021, to the Higher Education and Employment Advancement Committee on the following:
1. the number and percentage of high-impact courses for which OERs have been developed,
2. the degree to which higher education institutions promote the use of and access to OERs,
3. the amount of grants the council awarded and the number of OERs grant recipients developed, and
4. its recommendations for any legislative changes necessary to develop OERs.

§ 148 — NEWBORN SCREENING

Expands DPH’s Newborn Screening Program to include any disorder listed on the federal Recommended Uniform Screening Panel, subject to OPM’s approval

The act expands DPH’s Newborn Screening Program to include any disorder listed on the federal Recommended Uniform Screening Panel, subject to the OPM secretary’s approval.

The Recommended Uniform Screening Panel is a list of health conditions that the federal Department of Health and Human Services recommends states screen for as part of their newborn screening programs. Conditions are included on the list based on evidence of the potential benefit of screening, states’ ability to screen, and the availability of effective treatments (42 U.S.C. § 300b-10).

EFFECTIVE DATE: October 1, 2019

§§ 149-151 — MINOR CHANGES IN UNEMPLOYMENT LAWS

Requires that the quarters in an unemployment claimant’s special base period be consecutive quarters; limits the benefit eligibility penalty imposed on fraudulent claimants before October 1,
2013, to claims deemed payable before October 1, 2019; explicitly allows the labor commissioner to enter into a consortium with other states

Special Base Period Quarters (§ 149)

By law, unemployment benefits are generally based on a claimant’s wages during either his or her “base period” (i.e., the first four of the five most recently completed quarters) or “alternate base period” (i.e., the four most recently completed quarters). Under certain circumstances, however, claimants who are eligible for workers’ compensation benefits or certain other employer-provided benefits may use a “special base period” that determines benefits using their wages from either the first four of the five most recently worked quarters or the four most recently worked quarters.

The act requires that these special base period quarters be consecutive. As under existing law, the (1) special base period quarters must not have been previously used to establish the claimant’s benefits and (2) claimant’s last most recently worked quarter must be within 12 quarters before the claimant filed his or her claim.

Benefit Eligibility Penalty (§ 150)

By law, for any determination of an unemployment benefit overpayment made before October 1, 2013, claimants who fraudulently received unemployment benefits are penalized by forfeiting their ability to collect up to 39 weeks of benefits during weeks when they would otherwise be eligible for them, in addition to other penalties. The act limits this penalty to claims deemed payable before October 1, 2019.

Under existing law, unchanged by the act, claimants who fraudulently receive benefits, as determined on or after October 1, 2013, must pay a penalty of (1) up to 50% of the amount of the overpayment for a first offense and (2) 100% of the overpayment for any subsequent offense.

Multi-State Consortium (§ 151)

The act explicitly allows the labor commissioner, under his authority to administer the unemployment laws, to enter into a (1) consortium with other states and (2) contract or memorandum of understanding associated with the consortium.

EFFECTIVE DATE: Upon passage

§§ 152-154 — HEMP PRODUCTION

Makes minor changes to PA 19-3 concerning hemp production in Connecticut, including eliminating requirements for certain DCP regulations

PA 19-3 establishes requirements for hemp growers, processors, and manufacturers. It also establishes inspection and testing requirements for hemp
and hemp products. State oversight is shared between the Department of Agriculture (DoAg) and the Department of Consumer Protection (DCP).

Under PA 19-3, hemp intended to be manufactured as a consumable product must be tested for microbiological contaminants, mycotoxins, heavy metals, and pesticide chemical residues, and DCP must prescribe testing standards in regulations. This act removes the requirement for regulations. Instead, as under PA 19-3, DCP must prescribe the standards and publish them on the agency’s website.

If a hemp sample fails the testing, PA 19-3 requires the manufacturer to dispose of the entire batch from which the sample was taken in accordance with procedures the DCP commissioner adopts in regulations. This act eliminates the requirement for regulations and instead requires the manufacturer to dispose of the batch in accordance with provisions already outlined in PA 19-3 (i.e., embargo the batch, label it as adulterated, notify DoAg and DCP, and destroy and dispose of the product in a way the DCP commissioner determines).

The act also makes a correction in definitions to accurately reflect the technical name of “THC” as delta-9 tetrahydrocannabinol.

EFFECTIVE DATE: Upon passage

§§ 155 & 156 — TECHNICAL REVISIONS TO DEPARTMENT HEAD DEFINITION

Makes technical changes to an executive branch department head definition

The act makes technical changes to a statute defining executive branch “department head” by (1) eliminating an obsolete reference to the Department of Aging and (2) including the Office of Health Strategy (OHS) executive director.

EFFECTIVE DATE: July 1, 2019, for the removal of the Aging Department reference and July 1, 2020, for the reference to OHS.

Background - Related Acts

PA 19-31 contains, among other things, provisions identical to this act. PA 19-157 also deletes the Aging Department reference.

§§ 157-159 — DCF CHILD ABUSE AND NEGLECT REGISTRY CHECKS FOR CERTAIN INDIVIDUALS

Expands DCF child abuse and neglect registry checks for certain individuals and requires DCF to comply with any request from another state’s child welfare agency to check the registry

The act requires DCF (1) for certain license applicants and DCF vendors, contractors, and employees, to check the child abuse and neglect registry in any state in which the individual resided in the previous five years; (2) for any person 16 or older living in the household of certain license applicants, to check the child abuse and neglect registry in any state in which the person resided in the previous five years; and (3) to comply with any request from a child welfare agency of
another state to check the child abuse and neglect registry.
EFFECTIVE DATE: July 1, 2019

**DCF Vendors or Contractors**

Existing law requires DCF to check the state child abuse and neglect registry for the names of DCF vendors or contractors and their employees who have access to DCF records or clients. The act specifies that this requirement applies to employees who have access to these records or who provide direct services to children or youths in DCF care or custody.

It additionally requires DCF to check the child abuse and neglect registry in any state in which any such vendor, contractor, or employee resided in the previous five years.

Existing law already requires these vendors, contractors, and employees to submit to state and national criminal history records checks.

**Foster and Adoptive Parents**

The act requires DCF to check the child abuse and neglect registry in any state in which the following individuals resided in the previous five years: any person (1) applying for foster care or adoption licensure or approval and (2) age 16 or older living in such applicant’s household. The requirement applies to both initial and renewal applications.

Existing law requires (1) any such applicant and any person age 16 or older living in the applicant’s household to submit to a state and national criminal history records check and (2) DCF to check the state child abuse and neglect registry for the name of these individuals.

The act specifies that individuals whom a licensed child placing agency approves to adopt are subject to the same requirements as those approved to provide foster care.

**DCF-Licensed Child Care Facility Employees**

Under existing law, DCF must require applicants for operating DCF-licensed child care facilities and child placing agencies to submit to state and national criminal history records checks. The act extends this requirement to employees of DCF-licensed child care facilities who are age 18 or older. (This does not include day care facilities licensed by the Office of Early Childhood.)

The act additionally requires DCF to check, for any such applicant or employee, the child abuse and neglect registry in any state in which the person resided in the previous five years.

**Related Act**

PA 19-120 (§§ 3-5) contains identical provisions regarding DCF child abuse and neglect registry checks.
§§ 160 & 161 — COMMUNITY HEALTH WORKERS

*Creates a community health worker certification program and a Community Health Worker Advisory Body*

The act establishes a community health worker certification program administered by DPH. Starting January 1, 2020, the act prohibits anyone from using the title “certified community health worker” unless they obtain this certification. The act:

1. establishes certification requirements and sets fees for initial certifications and renewals,
2. establishes a continuing education requirement, and
3. allows DPH to take certain enforcement actions against a certificate holder who fails to comply with accepted professional standards.

The act also establishes a 14-member Community Health Worker Advisory Body within the OHS. Among other things, the advisory body must advise OHS and DPH on education and certification requirements for community health worker training programs and provide DPH with a list of approved programs.

By law, community health workers are public health outreach professionals with an in-depth understanding of a community’s experience, language, culture, and socioeconomic needs. Among other things, they (1) serve as liaisons between community members and health care and social service providers and (2) provide a range of services, including outreach, advocacy, and care coordination.

**EFFECTIVE DATE:** January 1, 2020

*Community Health Worker Certification*

**Requirements.** The act requires community health workers to apply to DPH for certification on forms the commissioner provides and pay a $100 application fee.

To obtain certification, an applicant must:

1. be at least 16 years old,
2. be trained and educated as a community health worker by an organization approved by the Community Health Worker Advisory Body (see below),
3. submit a professional reference from an employer and a reference from a community member each with direct knowledge of the applicant’s community health worker experience, and
4. have at least 1,000 hours of experience working as a community health worker during the three years before the application date.

Alternatively, the act allows an applicant to (1) have at least 2,000 hours of paid or unpaid experience as a community health worker and (2) submit a professional reference from an employer and a reference from a community member each with direct knowledge of the applicant’s community health worker experience.

**Renewals.** The act requires community health workers to renew their certification every three years during their birth month and establishes a $100
renewal fee. Renewal applicants must provide DPH with their full name, residence and business addresses, and any other information the department requests. Applicants must also have completed at least 30 hours of continuing education, including two hours each on (1) cultural competency, systemic racism, or systemic oppression and (2) social determinants of health.

Exemption. The act exempts from the certification requirements community health workers who provide services (e.g., outreach, education, and advocacy) but do not hold themselves out to the public as a certified community health worker.

Disciplinary Action. The act allows DPH to take disciplinary action against a certified community health worker for failing to conform to accepted professional standards, including:

1. fraud or deceit in obtaining or seeking reinstatement of a community health worker certification;
2. fraudulent or deceptive professional services or activities;
3. negligent, incompetent, or wrongful conduct in professional activities;
4. aiding or abetting an uncertified person’s use of the title “certified community health worker;”
5. physical, mental, or emotional illnesses or disorders that result in his or her inability to conform to accepted professional standards; or
6. abuse or excessive use of drugs including alcohol, narcotics, or chemicals.

By law, disciplinary actions available to DPH include license revocation or suspension, censure, a letter of reprimand, probation, or a civil penalty (CGS § 19a-17). Under the act, the department can also order a certificate holder to undergo a reasonable physical or mental examination if there is an investigation of his or her physical or mental capacity to practice safely.

The act allows the DPH commissioner to petition the Hartford Superior Court to enforce any disciplinary action the department takes. DPH must notify the certificate holder of any contemplated disciplinary action and its cause and the hearing date on the action.

Community Health Worker Advisory Body

The act establishes a 14-member Community Health Worker Advisory Body within OHS to:

1. advise OHS and DPH on matters related to education and certification requirements for community health worker training programs, including the minimum hours and internship requirements for certification;
2. continuously review these certification and education programs; and
3. provide DPH with a list of approved certification and education programs.

Under the act, the OHS executive director, or her designee, is the advisory body’s chairperson and must appoint the following members:

1. six members actively practicing as community health workers in the state,
2. one member of the Community Health Workers Association of Connecticut,
3. one representative of a community-based community health worker training organization,
4. one representative of a regional community-technical college,
5. one community health worker employer,
6. one representative of a health care organization that employs community health workers,
7. one health care provider who works directly with community health workers, and
8. the DPH commissioner or her designee.

§§ 162-175 — PROFESSIONAL COUNSELOR AND MARITAL AND FAMILY THERAPIST ASSOCIATE LICENSURE

Creates an associate licensure category for professional counselors and marital and family therapists practicing under professional supervision while pursuing full licensure

The act creates a new associate licensure category for licensed professional counselors (LPCs) and marital and family therapists (MFTs) that allows them to practice under professional supervision while pursuing full licensure. To qualify for an associate license, the applicant must meet certain educational and clinical training requirements.

The act also prohibits anyone who is unlicensed from using the title (1) “licensed professional counselor associate” or “professional counselor” or any title, words, letters, or abbreviations that may reasonably be confused with licensure or (2) “licensed marital and family therapist associate.” Existing law similarly prohibits unlicensed people from using a title that indicates that they are fully licensed LPCs or MFTs.

For LPCs, the associate license must be renewed annually. The initial license fee is $220 and the renewal fee is $195. For MFTs, the associate license is valid for two years and may be renewed once. The initial license fee is $125 and the renewal fee is $220.

The act allows DPH to take disciplinary actions against associate LPC and MFT licensees under the same grounds for which she may take action against other LPC and MFT licensees (e.g., fraud or deceit in obtaining the license).

Prior law allowed students with advanced degrees in professional counseling and marital and family therapy to practice without a license in order to complete the supervised work experience required for full licensure, but only (1) if supervised by someone licensed in their respective profession and (2) for up to two years after completing the supervised work experience, if they failed the respective licensing examination. The act eliminates these provisions for both professional counseling and MFT graduates.

The act also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2019

LPC Associate License (§§ 162-167 & 175)

Initial Licensure Requirements. To obtain an LPC associate license, an applicant must submit to the DPH commissioner satisfactory evidence of having earned a graduate degree in clinical mental health counseling through a higher
education program accredited by the Council for Accreditation of Counseling and Related Educational Programs, or its successor.

Alternatively, the act allows an applicant to qualify by completing the following:

1. at least 60 graduate semester hours in counseling or a related mental health field, at a regionally accredited higher education institution, that included coursework in (a) human growth and development; (b) social and cultural foundations; (c) counseling theories and techniques; (d) group, career, addiction and substance abuse, and trauma and crisis counseling; (e) appraisals or tests and measurements to individuals and groups; (f) research and evaluation; (g) professional orientation to mental health counseling; and (h) diagnosing and treating mental and emotional disorders;
2. a 100-hour counseling practicum and a 600-hour clinical mental health counseling internship each taught by a faculty member licensed or certified as a professional counselor or its equivalent in another state; and
3. a graduate degree program in counseling or a related mental health field from a regionally accredited higher education institution.

Licensure by Endorsement. As with LPC licenses under existing law, the act allows DPH to grant an LPC associate license by endorsement to LPC associates licensed or certified in another state or jurisdiction with requirements substantially similar to or higher than Connecticut’s. Applicants must have no pending disciplinary actions or complaints.

License Scope. The act generally prohibits an LPC associate from practicing professional counseling unless he or she is under the supervision of a:

1. LPC;
2. licensed psychiatrist certified by the American Board of Psychiatry and Neurology;
3. licensed advanced practice registered nurse (APRN) certified as a psychiatric and mental health clinical nurse specialist or nurse practitioner by the American Nurses Credentialing Center; or
4. licensed psychologist, MFT, or clinical social worker.

License Renewal. To renew a license, the act requires LPC associates to submit satisfactory evidence to DPH that they completed continuing education requirements the commissioner sets in regulations. Such continuing education must include at least:

1. one contact hour (i.e., 50 minutes) of education or training in cultural competency;
2. two contact hours of training or education in mental health conditions common to veterans and their family members, during the first renewal period and every six years thereafter; and
3. three contact hours of training or education in professional ethics.

MFT Associate License (§§ 168-174)

Initial Licensure Requirements. To obtain an MFT associate license, an
applicant must provide DPH satisfactory evidence of having:

1. completed a (a) graduate degree program specializing in marital and family therapy offered by a regionally accredited higher education institution or (b) postgraduate clinical training program accredited by the Commission on Accreditation for Marriage and Family Therapy Education and offered by a regionally accredited higher education institution and

2. verification from a supervising licensed MFT that the applicant is working toward completing the postgraduate experience requirements for an MFT license.

License Without Examination. As with MFT licenses under existing law, the act allows DPH to grant an MFT associate license without examination to MFT associates licensed or certified in another U.S. state, territory, or commonwealth. An applicant can obtain a license in this way if the other jurisdiction’s licensing standards are at least as strict as Connecticut’s. Applicants must also have no pending disciplinary actions or complaints.

License Renewals. The MFT associate license is valid for two years and is renewable once during the applicant’s birth month. The applicant must submit evidence that he or she is working to complete the postgraduate experience requirements for an MFT license and can successfully do so during the two-year renewal period.

§§ 176-182 — ART THERAPIST LICENSURE

Creates a licensure program for art therapists and generally prohibits unlicensed individuals from using the “art therapist” title

Overview

The act creates a DPH licensure program for art therapists and generally prohibits unlicensed individuals from using the “art therapist” title. To receive a license, an applicant must (1) hold a graduate degree and be credentialed or certified by the Art Therapy Credentials Board or (2) qualify for licensure by endorsement. The act also provides for nonrenewable temporary permits authorizing the holder to work under a licensed person’s supervision.

Subject to certain conditions, the act does not restrict the activities of (1) people licensed or certified by nationally recognized organizations when acting within their scope of practice and (2) art therapy students.

In addition, the act sets forth the grounds for DPH disciplinary action against licensees and specifies that no new regulatory board is created for art therapists.

The act replaces prior provisions that generally made it a crime to represent oneself as an art therapist unless meeting certain education and certification requirements. It also makes technical changes.

Existing law defines “art therapy” as the clinical and evidence-based use of art, including art media, the creative process, and the resulting artwork, to accomplish individualized goals within a therapeutic relationship, by a credentialed professional who completed a program approved by the American Art Therapy Association or any successor association.
EFFECTIVE DATE: October 1, 2019

Use of Title and Exemptions (§ 177)

The act generally prohibits anyone without an art therapist license or temporary permit from using the title “art therapist,” “licensed art therapist,” or any title, words, letters, abbreviations, or insignia that could reasonably be confused with such credential.

The act’s restrictions do not prohibit or limit the activity or services of individuals licensed or certified by nationally recognized organizations, including their use of art or art materials, if they:
1. are acting within the scope of their professional training and
2. do not hold themselves out to the public as art therapists or as licensed by the state to practice art therapy.

The act’s restrictions also do not apply to students enrolled in an art therapy educational program at an accredited institution, or graduate art therapy educational program approved by the American Art Therapy Association or any successor association. The exemption applies if art therapy is an integral part of the course of study and the student is acting under a licensed art therapist’s direct supervision.

Under prior law, art therapists were not licensed, but it was a class D felony for someone not meeting specified credentials to refer to himself or herself as an art therapist. (The act does not contain a similar criminal penalty for violation of its provisions, but instead provides for DPH disciplinary actions (see below).) Prior law included similar exemptions for other licensed professionals and students.

License Applications, Qualifications, and Renewals (§ 178)

The act requires the DPH commissioner to issue an art therapist license to any applicant who submits, on a DPH form, satisfactory evidence that he or she (1) has earned a graduate degree in art therapy or a related field from an accredited higher education institution and (2) holds a current art therapist credential or certification from the Art Therapy Credentials Board or any successor board.

The act also allows for licensure by endorsement. The applicant must provide satisfactory evidence that he or she is licensed or certified as an art therapist, 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 stricter than those in Connecticut, and there must be no pending disciplinary actions or unresolved complaints against the applicant in any state.

The initial application fee is $315 and licenses must be renewed annually for $190. To renew, licensees must provide satisfactory evidence of the following:
1. a current credential or certification from the Art Therapy Credentials Board or a successor board and
2. completion of any continuing education the board requires for such
certification or credential.

Temporary Permits (§ 179)

The act allows DPH to issue nonrenewable temporary permits to licensure applicants with a graduate degree in art therapy or a related field. The permit allows the holder to practice under the general supervision of a licensee and is valid for up to 365 calendar days after the person receives his or her degree. The permit fee is $50.

The act prohibits DPH from issuing a temporary permit to someone against whom professional disciplinary action is pending or who is the subject of an unresolved complaint in any state. The commissioner may revoke a temporary permit for good cause, as she determines.

Enforcement and Disciplinary Action (§ 180)

The act allows the DPH commissioner to take disciplinary action against an art therapist for:

1. failing to conform to the accepted standards of the profession;
2. a felony conviction;
3. fraud or deceit in obtaining or seeking reinstatement of a license or in the practice of art therapy;
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 a hospital, patient, or other record pertaining to art therapy.

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 person on probationary status, or (4) imposing a civil penalty (CGS § 19a-17).

Under the act, the commissioner may order a licensee to undergo a reasonable physical or mental examination if his or her capacity to practice safely is under investigation. The commissioner may petition Hartford Superior Court to enforce such an examination order or any DPH disciplinary action. She must give the person notice and an opportunity to be heard before taking disciplinary action.

§§ 183-189 — THE PARTNERSHIP FOR CONNECTICUT, INC.

Establishes The Partnership for Connecticut, Inc. as a nonprofit corporation organized and established by a specified philanthropic enterprise; requires the state, under specified conditions, to provide $20 million to the corporation in FY 20; allows the state, under specified conditions, to provide $20 million per year in up to four additional fiscal years

The act establishes The Partnership for Connecticut, Inc. (“the corporation”) as a nonprofit corporation organized and established (1) by a specified philanthropic enterprise and its agents and (2) under state laws governing
nonprofit corporations. The act (1) specifies the corporation’s governance, purpose, and duties and (2) requires it to provide financial assistance to specified eligible entities and individuals under policies and procedures its board of directors adopts.

The act requires that the corporation be funded in FY 20 with $20 million from the philanthropic enterprise and, upon confirmation of this contribution, $20 million from the state. For FYs 21-24, it (1) requires the state and philanthropic enterprise to endeavor to maintain the same level of financial support as the act requires for FY 20 and (2) allows the state, under specified conditions, to transfer $20 million to the corporation in each such fiscal year.

EFFECTIVE DATE: Upon passage

Corporation Establishment (§ 183)

Except as otherwise provided in the act, the corporation is subject to existing law’s provisions governing nonprofit corporations in the state. The act specifies that the corporation must not be construed (1) as a department, institution, public agency, public instrumentality, or political subdivision of the state or (2) to perform any governmental function.

Under the act, a “philanthropic enterprise” is (1) an enterprise founded in 2003 and located in Fairfield County that advances diverse philanthropic initiatives, including strengthening public education in Connecticut and supporting financial inclusion and social entrepreneurship, or (2) a philanthropic designee directly controlled by the enterprise.

The act requires the corporation to apply to the IRS for a 501(c)(3) income tax exemption.

Purpose (§ 183)

Under the act, the corporation must be formed for conducting any affairs or promoting any purpose that may be lawfully carried out, including the following public purposes:

1. strengthening public education in Connecticut;
2. supporting financial inclusion and social entrepreneurship;
3. promoting upward mobility in the state by connecting at-risk, high school-aged youths and young adults to educational and career opportunities;
4. supporting economic development in under-resourced communities through microfinance and social entrepreneurship, focusing on communities that have (a) a high poverty rate and (b) youths and young adults ages 14 to 24 who are showing signs of disengagement or disconnection from high school, the workplace, or the community;
5. promoting and expanding on the collaboration between the state and one or more philanthropic or nonprofit entities designated by the enterprise to carry out the act’s purposes; and
6. providing additional resources for the above purposes.
Board of Directors (§§ 183 & 185)

Under the act, the corporation’s property and affairs are governed and controlled by its board of directors. The corporation must be governed by an interim board of directors until the initial appointments are made (i.e., until July 15, 2019), but the act does not specify who serves on the interim board.

Initial Members. The act establishes an initial 13-member board of directors to govern the corporation from July 15, 2019, until January 5, 2021. The initial board consists of (1) the governor and three gubernatorial appointees; (2) four appointees of the philanthropic enterprise’s director; (3) the corporation’s president; and (4) the House speaker, Senate president pro tempore, and the House and Senate minority leaders.

The act requires that all appointments be made by July 15, 2019, except that the corporation’s president is appointed upon being hired (presumably by the board). Additionally, if the philanthropic enterprise’s director does not make his or her appointments by this date, then the act allows the governor to make them instead. The act requires that (1) any vacancy be filled by the appointing authority for the balance of the term within 30 days after it occurs and (2) the governor fill any vacancy that has not been filled within this timeframe.

Under the act, an individual’s service as a board member, officer, or employee does not make the individual a (1) public official or state employee, as defined in the State Code of Ethics, or (2) state contractor or prospective state contractor subject to existing law’s contractor political contribution ban.

The act requires directors to serve until a successor is appointed and qualified, but does not specify a manner of succession.

Succession. The act requires the governor, philanthropic enterprise, House speaker, Senate president pro tempore, and House and Senate minority leaders to collaborate to determine the criteria and composition of the succeeding board of directors. This must include the number of directors; legislative, gubernatorial, and philanthropic appointments; term lengths; and experience requirements.

The experience criteria must include experience in public education; social-emotional behavioral supports; family involvement and support; student engagement; physical health and wellness; social work and case management; workforce development; philanthropy; or community enterprise development, including social entrepreneurship and microfinance.

The act does not specify a deadline for making these determinations.

Reports (§§ 183 & 184)

The act requires the corporation to submit semi-annual reports to the governor, State Board of Education, State Department of Education, Department of Economic and Community Development, Office of Policy and Management, and the Appropriations and Education committees. The corporation must also post the report on its website.

The act requires that the report be in a form and substance agreed to by the corporation and governor, but does not otherwise specify any required contents or
Additionally, the act requires the corporation to monitor, measure, and annually report to the above entities its progress in achieving specific agreed-upon impact objectives. The act does not establish a reporting deadline or specify what these objectives are.

**Duties (§ 184)**

The act requires the corporation to work with non-profits, high schools, school districts, higher education institutions, employers, and other entities to connect youths and young adults ages 14 to 24 to upwardly mobile career opportunities. The corporation must support public education and workforce development programs that include an integrated focus on youth development with programming to provide youths and young adults with holistic supports needed to succeed. The corporation must also work with stakeholders in under-resourced communities to ensure public input and participation in program design while remaining focused on advancing positive outcomes as quickly and sustainably as possible.

Additionally, the act requires the corporation to support and encourage microfinance and social entrepreneurship initiatives in order to expand economic opportunity in under-resourced communities.

**Funding and Other Assistance Provided to Corporation (§§ 186-189)**

*Private Sources.* The act requires the philanthropic enterprise to provide $20 million to the corporation for FY 20 in furtherance of the corporation’s purposes (see § 183). It requires the “participants to the collaboration” to seek an additional $20 million (presumably for FY 20) from other private sector sources to further the collaboration. (The act does not define “participants to the collaboration.” Presumably, they would include the philanthropic enterprise and the state.) However, the act specifies that this additional contribution is not a condition of the state’s or philanthropic enterprise’s funding.

*State.* The act requires the state to transfer $20 million from the General Fund to the philanthropic match account in FY 20 that the act establishes (see below). The state must do so upon the philanthropic enterprise’s certification to the OPM secretary that it has transferred $20 million to the corporation. The act specifies that the state’s contribution is in furtherance of the corporation’s purposes (see § 183).

*Philanthropic Match Account.* The act establishes the philanthropic match account as a separate, nonlapsing account within the General Fund that must contain any moneys required by law to be deposited into the account. It requires the OPM secretary to spend funds from the account to match philanthropic gifts made by the philanthropic enterprise to the corporation. The secretary may enter into agreements with other state agencies or other private entities in order to make payments of the funds in the account to the corporation.

The act allows the OPM secretary to spend $20 million from the account in
any fiscal year for a maximum of five fiscal years. To do so, she must enter into an agreement under which the corporation confirms that it has received $20 million in the applicable fiscal year from the philanthropic enterprise. However, the act transfers money from the General Fund to the account for FY 20 only.

*Future Years.* For FYs 21-24, the act requires the state and philanthropic enterprise to evaluate the collaboration’s funding needs (presumably, this refers to the corporation) and endeavor to maintain the same level of financial support as the act requires for FY 20, subject to the same match and certification requirements described above.

*Other Assistance by State.* The act allows the state to provide assistance matching the philanthropic enterprise’s contribution to the corporation while the corporation’s application for federal tax-exempt status is pending. Under the act, if the status is denied, the corporation must repay the state’s assistance.

The act also allows the state to provide assistance to the corporation through contractual arrangements as may be agreed upon by the corporation and the OPM secretary.

*Financial Assistance Provided by Corporation (§ 187)*

The act requires the corporation’s board of directors, in its discretion, to establish policies and procedures governing the corporation’s provision of financial assistance that it deems prudent, necessary, and consistent with the corporation’s required purpose. The corporation must provide this assistance upon terms and conditions consistent with the board’s adopted policies and procedures.

Under the act, the terms and conditions may include the following:
1. eligibility criteria for state and local government agencies, private for-profit and not-for-profit institutions, and individuals to apply for and receive grants, loans, or other forms of assistance from the corporation;
2. procedures for applying for and receiving funding; and
3. a requirement of funding commitments and awards from other sources, including financing from quasi-public agencies; federal, state, and local government agencies; and private for-profit and not-for-profit institutions.

§ 190 — LCO TECHNICAL CHANGES

*Allows LCO to make technical, grammatical, and punctuation changes to carry out the act’s purposes*

The act allows the Legislative Commissioners’ Office (LCO), in codifying its provisions, to make any technical, grammatical, and punctuation changes, and correct inaccurate internal references, as needed to carry out the act’s purposes.

EFFECTIVE DATE: Upon passage

§§ 191-206 — ESTHETICIAN, NAIL TECHNICIAN, AND EYELASH TECHNICIAN LICENSURE
Requires estheticians, nail technicians, and eyelash technicians to be licensed; allows schools for them to be established; sets annual inspection standards; requires spas or salons to be under the management of a DPH-credentialed individual; extends existing law’s human trafficking notice requirement to additional establishments

Overview

The act establishes licensing requirements for estheticians, nail technicians, and eyelash technicians. It generally requires individuals to obtain a DPH license or temporary permit (1) by July 1, 2020, to practice as an esthetician or an eyelash technician and (2) by January 1, 2021, to practice as a nail technician. Individuals may apply for licensure beginning (1) January 1, 2020, for estheticians and eyelash technicians and (2) October 1, 2020, for nail technicians. Prior law did not credential nail technicians, but the act allows nail technicians who do not have the requisite experience to apply for a nail technician trainee license. The act subjects these licenses and permits to existing DPH penalties.

Among other things, the act:
1. allows schools for estheticians and nail and eyelash technicians to be established, subject to DPH approval;
2. subjects businesses offering esthetician and eyelash technician services to an annual local health inspection that is already required for nail technician services; and
3. requires spas or salons to be under the management of a DPH-credentialed individual.

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

EFFECTIVE DATE: January 1, 2020, except provisions with the definitions, salon inspections, and hairdressing and cosmetology schools are effective July 1, 2019.

Licensing and Temporary Permit Requirements (§§ 192-194, 199, 201 & 202)

Licensing. The act requires anyone seeking an initial DPH license as an esthetician or eyelash or nail technician to apply on a DPH-prescribed form with a $100 application fee and provide evidence that he or she has:
1. practiced continuously in the state in the field for which the license is sought for at least two years before the start date of the license requirement and attests that he or she is in compliance with infection prevention and control guidelines (see below) or
2. completed the minimum hours of required study in an approved school (see below), or an out-of-state school with equivalent requirements, and received certification of completion documentation from the school.

The act requires applicants to provide evidence to DPH that they received a certification of completion for at least the following hours of study: (1) 600 for estheticians, (2) 50 for eyelash technicians, and (3) 100 for nail technicians.

Nail technicians may also be licensed if they obtained a certification as a nail technician trainee and a signed statement from the applicant’s supervisor from the spa or salon where the trainee is employed that documents the completion of the
minimum requirements in accordance with the act’s requirements. If applicants employed as nail technicians on or after September 30, 2020, do not have evidence, to the commissioner’s satisfaction, of at least two years of continuous practice as a nail technician, they may apply to DPH for a nail technician trainee license, which the act establishes (see below). Additionally, the licensing provisions do not apply to students enrolled in a program at a school in the technical education and career system.

**Definitions.** Under the act, an “esthetician” is anyone who performs esthetics for compensation. “Esthetics” means services related to skin care treatments, including (1) cleansing, toning, stimulating, exfoliating, or performing any similar procedure on the human body while using cosmetic preparations, hands, devices, apparatuses, or appliances to enhance or improve the skin’s appearance; (2) applying makeup; (3) beautifying lashes and brows; or (4) removing unwanted hair using manual and mechanical means. It does not include using a prescriptive laser device, performing a cosmetic medical procedure, or any practice, activity, or treatment that is considered practicing medicine; applying makeup at a rented kiosk located in a shopping center; or practicing hairdressing and cosmetology by licensed hairdressers or barbers as part of their scope of practice.

“Shopping center” means a grouping of retail businesses and service establishments on a single site with common parking facilities and containing at least 25,000 square feet of gross building floor area.

An “eyelash technician” is a person who, for compensation, performs individual eyelash extensions, eyelash lifts, or perms and eyelash color tints.

A “nail technician” is a person who for compensation cuts, shapes, colors, cleanses, trims, polishes, or enhances the appearance of the nails of the hands or feet. It does not include any practice, activity, or treatment that is considered practicing medicine.

**Licensing.** Under the act, licenses must be renewed biennially for a fee of $100. The act prohibits individuals from carrying on as licensees after their license has expired. The renewal must occur during the licensee’s birth month, with the licensee providing his or her full name, residence and business address, and other information DPH requests.

The act prohibits DPH from issuing a license or temporary permit if the applicant is facing pending professional disciplinary action or is the subject of an unresolved complaint in Connecticut or another state or jurisdiction.

The act prohibits anyone from using the title “esthetician,” “eye lash technician,” “nail technician,” or similar titles unless he or she holds a license or temporary permit.

**Out-of-State Licenses.** The act allows DPH to grant a license to certain people who, at the time of application, are licensed or entitled to perform similar services under a different designation in Washington D.C. or another state or U.S. commonwealth or territory. These individuals must provide evidence, satisfactory to the DPH commissioner, of (1) a current license in good standing and (2) a licensed practice in such jurisdiction for at least two years immediately before applying.

**Enforcement and Disciplinary Action.** The act allows the DPH commissioner
to take disciplinary action against a licensee for:

1. failing to conform to the accepted standards of the profession;
2. a felony conviction;
3. fraud or deceit in obtaining, or seeking reinstatement of, a license or in the scope of practice;
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; or
6. abuse or excessive use of drugs, including alcohol, narcotics, or chemicals.

By law, disciplinary actions available to DPH include, among other things, (1) revoking or suspending a license, (2) censuring the violator, (3) issuing a letter of reprimand, (4) placing the violator on probationary status, or (5) imposing a civil penalty (CGS § 19a-17).

Under the act, the commissioner may order a licensee to undergo a reasonable physical or mental 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 DPH disciplinary action. The commissioner must give the person notice and an opportunity to be heard before taking disciplinary action.

*Practicing Temporarily.* The act establishes certain conditions under which people licensed or practicing out-of-state may temporarily provide esthetics, eyelash, or nail services without obtaining a Connecticut license.

Pending license approval, the act allows the commissioner to issue a temporary permit after she receives a completed application, application fee, and a copy of the current license from the other jurisdiction. The temporary permit is only valid for up to 120 calendar days and is not renewable.

The act also allows certain people at events, such as a professional course, seminar, workshop, trade show, or product demonstration, to practice temporarily without a license or temporary permit under certain conditions. They may do so if, at the event, they are (1) providing instruction on techniques related to their respective field or (2) participating in demonstrating the practice of the field or a product related to the practice as part of the event.

These instructors or participants must:

1. be licensed or certified where they primarily practice as an esthetician or eyelash or nail technician, as the case may be, if the jurisdiction requires such credential;
2. practice as an esthetician or eyelash or nail technician, as the case may be, under the direct supervision of a Connecticut licensee in the respective field;
3. not receive compensation for practicing as a licensee in the state, other than for their instruction or participation; and
4. provide instruction or demonstrate techniques or services related to practicing as an esthetician or eyelash or nail technician, as the case may be, only for people enrolled in the course, seminar, or workshop or attending the trade show or event where they are providing instruction or demonstrating a product, or offering these services.
Any person or organization that holds or produces an event with these licensees without a DPH credential must ensure they comply with the act’s requirements on practicing without a credential.

*Esthetician and Nail Technician Exception.* Under the act, the esthetician and nail technician requirements do not apply to (1) physicians; (2) APRNs working in collaboration with a physician; (3) registered nurses working under the direction of a licensed physician, dentist, or APRN; or (4) physician assistants working under a physician’s supervision, control, or responsibility. Additionally, the nail technician requirements do not apply to podiatrists.

*Prohibition on Creating a Board.* The act specifically prohibits the creation of a regulatory board for these licenses. By law, DPH assumes all powers and duties normally vested with a board in administering regulatory jurisdiction over these professions (CGS § 19a-14).

*Combination License.* Starting January 1, 2020, the act allows individuals, instead of applying for separate licenses, to apply to DPH for a combination license to practice as a combination of an esthetician and eyelash and nail technician.

Applicants must apply to DPH on a department-prescribed form accompanied by (1) either a $100 fee if applying for the practice of two of such occupations or $200 if applying to practice all three and (2) evidence that the applicant satisfies the applicable licensing requirements the act requires.

Under the act, combination licenses must be renewed biennially for a fee of $100. The act prohibits anyone from carrying on these licensed occupations after the license expires until he or she has applied to DPH for renewal.

The act prohibits DPH from issuing a combination license to applicants with pending professional disciplinary action against them or who are the subject of an unresolved complaint in any state or jurisdiction.

*Regulations.* The act allows the DPH commissioner to adopt regulations to implement the act’s esthetician, eyelash and nail technician, and combination license provisions.

*Nail Technician Trainee (§ 195)*

Under the act, anyone who is employed as a nail technician on or after September 30, 2020, but does not have evidence, satisfactory to the commissioner, of at least two years of continuous practice as a nail technician may apply to DPH for a nail technician trainee license, provided he or she applies by January 1, 2021. Under prior law, nail technicians were not credentialed, but salons employing such services are inspected annually (see below).

The act requires anyone seeking an initial DPH nail technician trainee license to apply on a DPH-prescribed form with a $50 application fee. The application must include the name and address of the (1) spa or salon where the person is employed and (2) licensed nail technician who will supervise the trainee. Upon granting the license, the trainee may practice as a nail technician under a licensed nail technician at a spa or salon that is managed by a credentialed person, which the act requires (see below).
Under the act, the license is valid for one year and is renewable once for an additional year, for $50. The act prohibits anyone from holding such a license for more than two years. A person who has held a trainee license for at least one year and completed a DPH-prescribed examination may apply for a nail technician license.

Under the act, anyone who has held a nail technician trainee license for at least one year and obtained a statement signed by the supervising nail technician documenting that the trainee has completed a minimum of 20 hours per week of training in the techniques associated with the licensure of a nail technician and infection prevention and control plan guidelines (see below), may apply for a nail technician license.

Salon Inspections and Infection Prevention and Control Plan Guidelines (§ 196)

By law, the health director for any town, city, borough, or district health department, or his or her authorized representative, must annually inspect salons regarding their sanitary conditions. The act requires that these inspections be done in compliance with the standards the act requires DPH to establish (see below).

The act also requires a health director who has found a salon to be in unsanitary condition to issue a written order that the salon correct any inspection violations the health official identified, rather than a written order that the salon be placed in a sanitary condition as prior law required.

Additionally, the act subjects businesses providing esthetician and eyelash technician services to the annual local health inspection by adding these services to the definition of salon. Under existing law, salons already include nail technician services and any commercial establishment with the practice of barbering, hairdressing, and cosmetology.

The act increases the maximum inspection fee that a health director may charge from $100 to $250.

Standards. By October 1, 2019, the act requires DPH, in collaboration with the state’s local health directors, to establish a standardized inspection form and guidelines on the standards for inspecting a salon’s sanitary conditions, which DPH must post on its website. These guidelines must include the:

1. use of personal protective equipment, including disposable gloves as a barrier against infectious materials;
2. immediate disposal after use in a covered waste receptacle of all articles that (a) came into direct contact with the customer’s skin, nails, or hair and (b) cannot be effectively cleaned or sanitized;
3. proper cleaning and sanitizing of bowls used for soaking fingers;
4. use of hospital-grade cleaner to clean the area and materials used in hairdressing and cosmetology and by nail technicians, including chairs, armrests, tables, countertops, trays, seats, and soaking tubs for both hands and feet; and
5. availability of handwashing sinks in an area where the hairdresser, cosmetologist, or nail technician is working.
Schools (§§ 197 & 206)

The act allows schools for estheticians, nail technicians, or eyelash technicians to be established in this state. DPH may inspect these schools regarding their sanitary conditions whenever the department deems it necessary. Any DPH authorized representative may enter and inspect the school during usual business hours. If any school, upon inspection, is found to be in an unsanitary condition, the commissioner or a designee must make a written order that the school be placed in a sanitary condition.

The act requires these schools to obtain DPH approval before beginning operations. Any such school established before January 1, 2020, must apply for approval before July 1, 2020. The approval becomes void if a school changes ownership or location and the school must apply for a new approval. Applications for approval must be on a DPH-prescribed form. If a school fails to comply with the approval process, no credit toward the hours of study required for licensure will be granted to any student for instruction received before the school is approved.

The act requires any instructor employed at an approved school to have at least two years’ experience in the occupation being taught and must hold a Connecticut or out-of-state license in that occupation.

The act expands “private occupational schools” to include any program, school or entity offering postsecondary instruction in cosmetology or the occupation of esthetician or nail or eyelash technician. In doing so, it subjects these schools to oversight by OHE, including the requirement that they obtain a certificate of authorization. Additionally, the act’s school provisions do not apply to any school in the Technical Education and Career System.

Spa and Salon Management (§ 198)

Beginning July 1, 2021, the act requires each spa or salon that employs hairdressers, cosmeticians, estheticians, or eyelash or nail technicians to be under the management of a DPH-credentialed hairdresser, cosmetician, esthetician, or eyelash or nail technician.

Under the act, “salon” and “spa” include any shop, store, day spa, or other commercial establishment that offers or provides the practice of barbering, hairdressing, and cosmetology, or the services of an esthetician, nail technician, or eyelash technician, or any combination of these.

The act requires the managing person to file with the secretary of the state anything required for limited partnerships, partnerships, professional associations, limited liability companies, or statutory trusts. The managing person must also maintain payroll records, classify employees according to state law, and provide workers’ compensation coverage, if required.

Human Trafficking Notice Requirements (§ 200)

The act extends existing law’s human trafficking notice requirement to
establishments that provide estheticians’ services by adding these establishments to the list of places that must post a notice developed by the office of the chief court administrator about services for human trafficking victims. Existing law already requires this notice for establishments that provide services performed by nail technicians, among other establishments.

By law, this notice must be in plain view in a conspicuous location and state the toll-free state and federal anti-trafficking hotline numbers that someone can call if he or she is forced to engage in an activity and cannot leave. Operators who fail to comply with the notice provision must pay a civil penalty of $100 for the first violation and $250 for subsequent violations, in addition to any proceedings for revoking or suspending the relevant credential.

**Hairdressing and Cosmetology (§§ 203-205)**

The act narrows what is considered “hairdressing and cosmetology” by excluding (1) manicuring a person’s fingernails from the definition under prior law and (2) esthetics or certain other actions (e.g., cleansing) performed on the nails of the hands or feet.

Under the act, any approved school for hairdressing and cosmetology instruction may choose to provide instruction in the occupation of esthetician or nail or eyelash technicians. The school must notify DPH of the choice before beginning such instruction.

The act specifies that it should not be construed to require a person to obtain a license as an esthetician or nail or eyelash technician in order to practice hairdressing and cosmetology or barbering.

**§§ 207 & 208 — LESBIAN, GAY, BISEXUAL, TRANSGENDER, AND QUEER (LGBTQ) HEALTH AND HUMAN SERVICES NETWORK**

Establishes the LGBTQ Health and Human Services Network and charges it with building a safer and healthier environment for LGBTQ people

The act establishes the LGBTQ Health and Human Services Network to make recommendations to the state legislative, executive, and judicial branches concerning health and human services delivery to LGBTQ people in the state. It establishes the network’s membership and charges it with, among other things, working to build a safer and healthier environment for LGBTQ people.

The act requires the DPH, within available appropriations, to (1) assist the network with conducting a needs analysis concerning health and human services for LGBTQ people and (2) award grants to organizations that further the network’s mission.

EFFECTIVE DATE: July 1, 2019

**Responsibilities**

The act requires the network to build a safer and healthier environment for LGBTQ people by:
1. conducting a needs analysis, within available appropriations;
2. collecting additional data on the health and human services needs of such people, as necessary;
3. informing state policy through reports, submitted at least biennially, to the governor, chief court administrator, and the Appropriations, Human Services, and Public Health committees (and other committees, as necessary); and
4. building organizational member capacity, leadership, and advocacy across the geographic and social spectrum of the LGBTQ community.

Membership

Under the act, network membership includes the following executive officers (or their designees), serving at the will of the House speaker and Senate president pro tempore, who may also set their term limits:

1. the executive directors of the following organizations: AIDS Connecticut; the Commission on Women, Children, Seniors, Equity, and Opportunity; Connecticut chapter of the Gay, Lesbian, and Straight Education Network; Connecticut Transadvocacy Coalition; Hartford Gay and Lesbian Health Collective; New Haven Pride Center; Queer Unity Empowerment Support Team; Rainbow Center at the University of Connecticut; Safe Harbor Project; Triangle Community Center in Norwalk; and True Colors, Inc.; and


Its membership also includes the following appointees (or their designees):

1. a licensed physician who is LGBTQ, appointed by the House speaker;
2. an LGBT veteran care coordinator assigned to a U.S. Department of Veterans Affairs health care facility in the state, appointed by the Senate president pro tempore; and

3. a member of the LGBT Aging Advocacy coalition, appointed by the governor.

The act requires appointments to be made by August 30, 2019. It directs the House speaker, in consultation with the Senate president pro tempore, to fill any vacancies, and allows them to each appoint additional members. Under the act, network members must choose the chairpersons. The administrative staff of the Commission on Women, Children, Seniors, Equity, and Opportunity must provide the network with administrative support.

§§ 209 & 210 — HEALTH INSURANCE COVERAGE FOR BREAST ULTRASOUNDS, MAMMOGRAMS, AND MRIS

Expands coverage for ultrasounds and eliminates out-of-pocket expenses for ultrasounds, mammograms, and MRIs under certain health insurance policies

The act (1) expands coverage for breast ultrasound screenings under certain health insurance policies and (2) prohibits these policies from charging
coinsurance, copayments, deductibles, and other out-of-pocket expenses (i.e., cost-sharing) for covered breast ultrasounds, mammograms, and MRIs, with certain exceptions for high-deductible health plans (HDHPs).

The act applies to each health carrier (e.g., insurer or HMO) that delivers, issues, renews, amends, or continues in Connecticut (1) individual or group health insurance policies that cover (a) basic hospital expenses; (b) basic medical-surgical expenses; (c) major medical expenses; or (d) hospital or medical services, including those provided under an HMO plan and (2) individual health insurance policies that provide limited benefit health coverage. Because of the federal Employee Retirement Income Security Act (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.

**Expanded Coverage**

The act expands coverage by requiring these policies to cover breast ultrasounds for women whose physicians recommend it and who (1) are ages 40 or older, (2) have a family history or personal history of breast cancer, or (3) have a personal history of benign breast disease. Existing law requires this coverage for women whose mammogram shows heterogeneous or dense breast tissue or who have an increased chance of breast cancer due to family or personal history, positive genetic testing, or other high risk indicators.

**Cost-Sharing**

The act eliminates cost-sharing for breast ultrasounds, mammograms, and MRIs for which health insurers must provide coverage, except the provisions apply to HDHPs to the maximum extent (1) permitted by federal law and (2) that does not disqualify someone who establishes a health savings account (HSA) or Archer Medical Savings Account (MSA) from receiving associated federal tax benefits. Prior law prohibited carriers from charging copayments that exceeded $20 for breast ultrasounds.

**EFFECTIVE DATE: January 1, 2020**

§ 211 — CSU ENDOWED CHAIR

Makes $150,000 available to the Connecticut State Universities in FYs 20 and 21 for an endowed chair in public policy and practical politics

For FYs 20 and 21, the act makes $150,000 of the budget funds appropriated for the Connecticut State Colleges and Universities, for Connecticut State University, available in each fiscal year for the William A. O’Neill Endowed Chair in Public Policy and Practical Politics.

**EFFECTIVE DATE: July 1, 2019**

§§ 212-227 — MUNICIPAL REDEVELOPMENT AUTHORITY (MRDA)

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(1) Creates MRDA as a quasi-public agency to stimulate economic and transit-oriented development; (2) authorizes MRDA to (a) develop property and manage facilities in development districts encompassing the areas around transit stations and downtowns, (b) issue bonds and other notes backed by its financial resources and (c) enter into an MOA with CRDA for administrative support and services; and (3) makes the state liable for any bond, note, or other financial obligations MRDA cannot pay.

Quasi-Public Agency (§§ 212-213 & 224-225)

The act creates the Connecticut Municipal Redevelopment Authority (MRDA) as a quasi-public agency to stimulate economic and transit-oriented development, among other things. Under the act, MRDA is not a state department, institution, or agency, but it is subject to statutory procedural, operating, and reporting requirements for quasi-public agencies, including lobbying restrictions and the State Code of Ethics.

MRDA has perpetual succession as long as any of its obligations (e.g., bonds) are outstanding or until the authority is terminated by law. Termination does not affect MRDA’s outstanding contractual obligations, however. Its rights and properties vest in the state when it lawfully terminates.

Purpose (§ 214)

The act authorizes MRDA to develop property and manage facilities in development districts encompassing the areas around transit stations and downtowns (i.e., “MRDA development districts”). Under the act, MRDA must stimulate economic and transit-oriented development (TOD) in development districts.

Under existing law and the act, TOD means development within one-half mile or walking distance of public transportation facilities (including rail and bus rapid transit and services) that meets transit-supportive standards for land uses, built environment densities, and walkable environments in order to facilitate and encourage their use.

The act also requires MRDA to:
1. encourage residential housing development in development districts;
2. manage facilities through contracts or other legal instruments;
3. stimulate new investment within development districts and support the creation of a vibrant, multidimensional downtown;
4. assist a district’s member municipalities, at the request of their legislative bodies, in development and redevelopment efforts to stimulate their economy;
5. encourage property development and redevelopment within development districts;
6. enter into an agreement to facilitate such development or redevelopment, at the Office of Policy and Management (OPM) secretary’s request and with the approval of the municipalities’ CEOs;
7. engage residents of member municipalities and other stakeholders in development and redevelopment efforts; and
8. market and develop the districts as vibrant and multidimensional.

*Member Municipalities (§ 216)*

Under the act, and with certain exceptions, members are:

1. municipalities classified by OPM as a designated Tier III or IV municipality (i.e., fiscally distressed municipalities subject to the Municipal Accountability Review Board’s oversight);
2. municipalities with a population of at least 70,000 (as of the last decennial census), if their legislative bodies opt to become members; or
3. two or more municipalities with a combined population of at least 70,000 (as of the last decennial census), if their legislative bodies opt to jointly become members (“joint members”).

Under the act, Tier III and IV municipalities are deemed members. However, Bloomfield, East Hartford, Hartford, Newington, South Windsor, Wethersfield, West Hartford, and Windsor are not eligible to become members, regardless of tier or status.

Other municipalities may opt to become members through a certified resolution of their local legislative body. Municipalities that opt to join as joint members do so through concurrent resolutions, which must establish authority for decisions regarding projects located within such municipalities’ development districts. Before adopting a resolution or concurrent resolution, municipalities must hold public hearings.

*Local Development Boards (§ 216)*

Each member’s legislative body must appoint a local development board to serve as its liaison to MRDA. Joint-members’ legislative bodies must appoint a board jointly.

The board must include:

1. individuals representing the municipality (two from each municipality for joint members, three for other municipal members);
2. the municipality’s or municipalities’ CEO or CEOs, serving as the chairperson or, for joint-member boards, co-chairpersons; and
3. one member of MRDA’s board, chosen by the MRDA board’s chairperson.

The board may include other individuals, such as a representative of a local human service or housing organization. In making its appointments, the members’ legislative bodies must, to the extent possible, appoint representatives of minority-owned businesses, advocates for walkable communities, and members who are diverse.

*Establishment of Development Districts (§§ 212, 216 & 222)*

The act requires member municipalities to enter into a memorandum of agreement (MOA) with MRDA to establish at least one development district. Similarly, MRDA must delineate development district boundaries through an MOA with the municipality or municipalities in which the district will be located.
The development district must (1) be in a “downtown” area or (2) not extend beyond a half-mile radius from a transit station. “Downtown” means a central business district or other commercial neighborhood area of a community that serves as a center of socioeconomic interaction in the community, characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious, and residential buildings and public spaces, that are typically arranged along a main street and intersecting side streets and served by public infrastructure.

“Transit stations” are passenger railroad or bus rapid transit stations located in the member municipality’s jurisdiction that (1) are operational, (2) the Department of Transportation (DOT) is planning, or (3) are included in DOT’s state-wide transportation investment program (a document, updated every four years, listing transportation projects expected to receive federal funding).

Before entering into an MOA to establish a development district, MRDA must review and approve the member’s economic development master plan, as it was approved by the local legislative body or bodies. These plans are comprehensive economic development plans designed to increase the municipality’s or municipalities’ tax base to a level allowing it to provide an adequate level of municipal services.

In developing local plans, municipalities must provide for community and stakeholder input and a public comment process. MRDA must offer support, upon request, to municipalities creating their plans. In determining whether to approve a plan, MRDA must consider whether it includes a clear and feasible path toward achieving as many of MRDA’s purposes as practical and appropriate in the context of the member municipality’s unique characteristics.

**General Powers (§ 214)**

The act gives MRDA general powers to function as a quasi-public agency and specific powers related to projects occurring within an MRDA development district’s boundaries (“authority development projects”). The general powers allow it to:

1. have perpetual succession as a corporate body;
2. adopt and alter a corporate seal;
3. adopt procedures for regulating and conducting its affairs;
4. maintain an office;
5. sue and be sued;
6. purchase insurance for its property, other assets, and employees;
7. enter into contracts and MOAs;
8. acquire, lease, purchase, own, manage, hold, and dispose of personal property and enter into agreements with respect to such property;
9. engage consultants, attorneys, and appraisers;
10. invest funds that are not immediately needed in (a) obligations issued or guaranteed by the state or federal government; (b) legal investments for savings banks in Connecticut; and (c) in-time deposits, certificates of deposit, or similar arrangements; and
11. do all things necessary and convenient to carry out these powers.

The act authorizes MRDA to employ staff as necessary, but specifies that they are not state employees, and MRDA is not an employer, under the state's collective bargaining law. However, for purposes of health and life insurance, MRDA employees and officers are considered state employees. MRDA may establish and modify personnel policies, including policies on hiring, employee compensation, promotion, retirement, and collective bargaining.

Development Districts (§§ 212 & 222)

Under the act, “projects” in a development district include (1) the design and construction of transit-oriented development, (2) the creation of housing units through rehabilitation or new construction, (3) the demolition or redevelopment of vacant buildings, and (4) development and redevelopment. Projects that receive authority support must be consistent with the (1) members’ economic development master plans and plans of conservation and development and (2) applicable Comprehensive Economic Development Strategy. (These are prepared by regional economic development districts.)

MRDA’s Development District Powers (§ 214)

With respect to projects occurring in an MRDA development district’s boundaries, MRDA may do the following:

1. acquire real property by means such as gifts, purchases, leases, or transfers;
2. dispose of property;
3. receive money, property, and labor from any source, including government sources;
4. enter into common area maintenance, easement, access, support, and similar agreements with regard to property; and
5. own and operate facilities associated with authority development projects.

In exercising these powers, MRDA must (1) provide an opportunity for public comment before any acquisition, transfer, or disposal and (2) comply with the state code of ethics for public employees when receiving any land, or right therein, aid, or contribution. In addition, with respect to projects in a development district, MRDA may also:

1. plan for, acquire, finance, construct, develop, lease, purchase, repair, operate, market, and maintain facilities;
2. collect fees and rents from the facilities it develops and adopt procedures for operating them;
3. enter into contracts, including contracts for construction, development, concessions, and the procurement of goods and services, as well as, marketing and promotional activities for projects;
4. borrow money, issue bonds, and do anything necessary and desirable, including entering into credit agreements, to make the bonds more marketable;
5. engage independent professionals, such as lawyers, engineers, accountants, and architects; and
6. adopt and amend procurement procedures.

The act specifies that its provisions do not limit MRDA from entering into agreements to facilitate the development or redevelopment of municipal property or facilities.

Local Boards’ Development District Powers (§ 216)

The act delegates to local development boards authority to perform certain functions that it also delegates to MRDA. Specifically, the boards may:
1. acquire real property by gift, purchase, lease, or transfer;
2. dispose of property;
3. receive money, property, and labor from any source, including government sources;
4. purchase insurance for its property, other assets, and employees;
5. plan for, acquire, finance, construct, develop, lease, purchase, repair, operate, market, and maintain facilities;
6. collect fees and rents from the facilities it develops and adopt procedures for operating them;
7. engage architects, engineers, attorneys, accountants and other professionals necessary; and
8. enter into contracts, including contracts for construction, development, concessions, and the procurement of goods and services.

The act requires the boards to consult with MRDA before taking any such actions. Additionally, MRDA must provide an opportunity for public comment before the board may acquire, transfer, or dispose of any real property rights.

MOA with CRDA (§ 214)

The act authorizes MRDA to enter into an MOA with the Capital Region Development Authority (CRDA) under which (1) CRDA provides administrative support and services, including staff support, and (2) the authorities coordinate management and operational activities, including, (a) joint procurement and contracting, (b) shared services and resources, (c) promotional activities, and (d) arrangements enhancing revenues, reducing operating costs, or achieving operating efficiencies. The MOA can specify the terms and conditions for these relationships, including reimbursement by MRDA to CRDA.

Bonding Authority (§§ 219-221 & 226)

The act authorizes MRDA, by resolution of its board of directors, to issue bonds with terms of up to 30 years, notes, and other obligations. These financing instruments are secured by MRDA’s financial resources and may be additionally secured by grants and other contributions. The act allows MRDA to determine how it will issue and repay the bonds and specifies terms and conditions it may
include in its agreement with bondholders.

Under the act, authority bonds are not backed by the state’s full faith and credit or guaranteed by the state or any of its political subdivisions and must say so on their face. They do not count toward the state’s bond cap. But, the act makes the state liable for bonds, notes, or other debts the authority cannot pay.

The authority’s pledge of its income, revenue, or other property is legally binding and subject to liens. Under the act, a lien on such a pledge is binding against all parties with a claim against MRDA, regardless of whether the parties received a notice of the lien.

The act makes MRDA bonds fully negotiable and legal investments. It authorizes MRDA to buy insurance to cover debt service payments and allows the board to purchase, hold, cancel, and sell the authority's bonds in accordance with its agreements with bondholders. MRDA may make whatever representations or agreements are needed to exempt its bonds from federal income tax.

The act authorizes the public and private sale of bonds, notes, or other obligations at prices determined by MRDA’s board. The authority may refund or renew these financing instruments. MRDA’s board may purchase bonds, notes, and other obligations out of any funds available for such purpose. It may also hold, cancel, or resell them in accordance with agreements with their holders.

The act exempts board directors and those executing bonds or notes from personal liability unless their conduct was wanton, reckless, willful, or malicious. However, it gives bondholders and their trustees the right, subject to the provisions of the bond resolution, to take legal action to force the board to perform its duties. The act makes the bond proceeds and other revenue connected with the bonds trust funds, which must be used as the bond resolution specifies.

Under the act, the state pledges not to limit or alter the authority’s or its bondholders’ or contractors’ rights until the obligations are discharged, unless it adequately protects the bondholders and contractors. The state’s pledge applies to bonds, notes, and other obligations for which the state has pledged contract assistance. It authorizes MRDA to include this pledge in its bonds, other obligations, and contracts.

*Property Taxes in Development Districts (§ 214)*

The act authorizes MRDA to negotiate, and, with the OPM secretary’s approval, enter into an agreement with a private developer, owner, or lessee of a building or improvement in a development district providing for payment to the authority in lieu of real property taxes. Such agreements are required as a condition of any private right of development within a district, and must include a requirement that the private developer, owner, or lessee make good faith efforts to hire, or cause to be hired, qualified minority business enterprises to provide construction services and materials for improvements in the district, in an effort to achieve a minority business enterprise utilization goal of 10% of the total costs of construction services and materials for such improvements.

Any payments in lieu of taxes have the same lien, priority, and enforcement mechanisms as municipal property taxes. MRDA must use the payments to carry
out its general purposes.

*Coordinating Projects* (§ 218)

The act requires (1) MRDA to coordinate all state, municipal, and quasi-public agency planning and financial resources that are allocated for a development district project in which it is involved and (2) all state and quasi-public agencies to cooperate with MRDA.

Applicants requesting state funds for a MRDA development district project must submit a copy of their application, along with supporting documents, to the OPM secretary and MRDA. MRDA has 90 days to give the funding agency its written recommendations (called an “economic development statement”), which must include provisions regarding performance standards, including project timelines.

A state agency or agent cannot spend funds on such a project until it receives MRDA’s recommendations or 90 days has passed, whichever is sooner. If it expends funds inconsistently with the statement’s recommendations, it must give MRDA a written explanation about this decision. If the state agency or agent spends funds in a manner inconsistent with MRDA’s economic development statement, the state officer, official, employee or agent must respond in writing to MRDA with an explanation of its decision regarding the expenditure.

*Hiring Local Employees* (§ 223)

MRDA and member municipalities must encourage businesses, as appropriate, to hire local employees. Any business that receives financial assistance from MRDA must enter into an agreement with the state’s Workforce Training Authority for assistance with training and recruiting workers. (The authority has not been established.)

*Annual Report* (§ 217)

Instead of the annual report other quasi-public agencies must submit to the governor and state auditors, the board must annually report, within 90 days after MRDA’s fiscal year begins, to the governor, state auditors, and the Finance, Revenue and Bonding Committee on MRDA’s finances, procurement, and employment. This report must include:

1. a list of the bonds it issued in the preceding fiscal year and, for each issue, its face value and net proceeds, the names of financial advisors and underwriters, and whether it was competitive, negotiated, or privately placed;
2. the cumulative value of all bonds issued and outstanding;
3. the amount of the state’s contingent liability;
4. a description of each project, its location, and the amount the authority spent on its construction;
5. a comprehensive financial report prepared according to generally accepted
governmental accounting principles;
6. a list of individuals and firms, including principal and other major stockholders, who received more than $5,000 for services;
7. the authority’s affirmative action policy, a description of its workforce by race, sex, and occupation, and a description of its affirmative action efforts; and
8. a description of the activities planned for the current fiscal year.

*Independent Financial Audit* (§ 217)

The act requires the board to annually contract with a certified public accounting firm to undertake a financial audit, according to generally accepted auditing standards. It must submit it to the governor, state auditors, and the Finance, Revenue and Bonding Committee.

*Compliance Reports* (§ 217)

The board must annually contract with a person or firm for a compliance audit. It must submit it to the governor, state auditors, and the Finance, Revenue and Bonding Committee. The compliance audit must check MRDA’s performance against its policies and procedures on personnel and affirmative action, procurement, and use of surplus funds.

The act also requires MRDA to designate a contract compliance officer to monitor MRDA’s facility operations for compliance with state law and contracting requirements relating to (1) set-asides for small contractors and minority business enterprises and (2) required efforts to hire available and qualified minorities. The compliance officer must file an annual written report, including findings and recommendations, with MRDA.

*MRDA Board Membership* (§ 213)

Under the act, MRDA’s 13-member board consists of eight appointed directors and five ex officio, voting directors: the OPM secretary, and the economic and community development, labor, housing, and transportation commissioners, or their designees. The table below lists the appointed directors and their appointing authority. All appointments must be made by November 30, 2019.

<table>
<thead>
<tr>
<th><em>Appointed Board Directors</em></th>
</tr>
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<tbody>
<tr>
<td><strong>Appointing Authority</strong></td>
</tr>
<tr>
<td>Governor</td>
</tr>
<tr>
<td>House speaker and Senate president pro tempore (jointly)</td>
</tr>
<tr>
<td>House and Senate majority leader (jointly)</td>
</tr>
</tbody>
</table>
Directors serve four-year terms and may be reappointed. Vacancies must be filled for the unexpired term by the original appointing authority. Each must take the constitutional oath of office and records of the oath must be filed with the Secretary of State. Directors (1) may be removed by the appointing authority for malfeasance or willful neglect of duty and (2) if appointed, are deemed to have resigned if they miss three consecutive meetings or 50% of the meetings in a calendar year.

**Board Chairperson and Executive Director (§ 213)**

Under the act, the governor appoints the board chairperson from among the board members. The board (1) annually elects a vice-chairperson, (2) elects other officers, and (3) designates an executive committee. The chairperson, with the board’s approval, must appoint MRDA’s executive director, who cannot be a board director. The executive director is (1) a salaried employee, (2) the authority’s chief administrative officer, and (3) responsible for supervising the authority’s administrative affairs and technical activities, pursuant to the board’s directives.

**Board Duties (§ 213)**

The board must adopt a budget and bylaws. It must report twice a year to the appointing authorities with respect to operations, finances, and achievement of its economic development objective. The board is accountable to the state and must cooperate with it when it audits or otherwise makes inquiries regarding MRDA’s operations and projects, including granting the state reasonable access to MRDA projects and records.

MRDA’s board must adopt written procedures for:
1. adopting an annual budget and plan of operations, with board approval required before either can take effect;
2. hiring, dismissing, promoting, and paying authority employees, and developing an affirmative action policy, with board approval required before a position may be created or a vacancy filled;
3. acquiring real and personal property and personal services, with board approval required for any non-budgeted expenditure over $10,000;
4. contracting for financial, legal, bond underwriting, and other professional services, with a requirement for the board to solicit proposals for these services at least once every three years;
5. issuing and retiring bonds and other authority obligations;
6. awarding loans, grants, and other financial assistance, including developing eligibility criteria, an application process, and determining the
role played by employees and directors; and
7. using surplus funds.
MRDA must follow the same notice requirements quasi-public agencies follow before adopting its procedures.

Board Deliberations (§ 213)

Under the act, a majority of the directors then in office constitutes a quorum, and a majority of those present can act. Vacancies do not prevent a quorum from acting. The board may act by adopting resolutions at regular or special meetings that take effect immediately unless the resolution specifies otherwise. The board must keep records of its proceedings in a form it chooses, indicating each director’s attendance and votes cast.

The board may delegate any of its powers and duties to three or more directors, agents, or employees.

Surety and Compensation (§ 213)

The act requires each director and the executive director to provide an individual surety bond for at least $100,000. Alternatively, the board chairperson may execute a blanket bond or equivalent insurance product that covers the directors, executive director, and employees. The authority pays the cost of bonds or insurance products. The act prohibits directors from receiving any compensation for performing their official duties.

Conflict of Interest (§ 213)

The act prohibits directors and their immediate family members from having a financial interest in (1) an authority development project, (2) property included or planned for inclusion in any such project, or (3) a contract or proposed contract for material or services used in such projects.

Indemnification (§§ 213 & 221)

MRDA directors, officers, and employees are not personally liable for bonds MRDA issues or for any damage or injury caused by performing duties within the scope of their employment or appointment, as long as the actions are not willful, wanton, reckless, or malicious.

MRDA must indemnify its directors, officers, and employees from financial loss and expense arising from certain specified claims, demands, suits, or judgments involving their actions. This protection applies to individuals performing their duties or acting within the scope of their employment, as long as the act or omission was not wanton, reckless, willful, or malicious.

The act also requires the state to indemnify directors, officers, and employees from financial loss and expense resulting from a claim, demand, suit, or judgment connected to an act or omission related to an MRDA development district project.
The protection applies to individuals performing their duties or acting within the scope of their employment, as long as the act or omission was not wanton, reckless, willful, or malicious.

EFFECTIVE DATE: October 1, 2019

§ 228 — YOUTH SERVICES GRANTS

Appropriates $1.92 million per year, for FYs 20 and 21, to the judicial branch for specified youth services grants

The act appropriates $1.92 million per year, for FYs 20 and 21, to the judicial branch for the Youth Violence Initiative. Under the act, the appropriated amount must be made available for each fiscal year for grants to specified organizations.

EFFECTIVE DATE: July 1, 2019

§ 229 — FUNDING FOR PROMOTING SERVICE DELIVERY

Reallocates municipal reimbursement and revenue account funds and requires that funds be used to support service delivery

The act reallocates municipal reimbursement and revenue account funds provided to OPM. It requires OPM to use $250,000 to promote and facilitate implementing the most efficient, high-quality, cost-effective, and responsive service delivery. It correspondingly reduces the amount allocated for (1) the Nutmeg Network by $70,000, from $2,174,000 to $2,104,000, and (2) the universal chart of accounts by $180,000, from $450,000 to $270,000.

EFFECTIVE DATE: July 1, 2019

§§ 230-231 & 401 — INSURANCE DATA SECURITY LAW

Replaces the information security program law with provisions substantially similar to the National Association of Insurance Commissioners (NAIC) insurance data security model law

The act repeals the state’s information security program law, replacing it with provisions substantially similar to the National Association of Insurance Commissioners (NAIC) insurance data security model law. In doing so, it generally requires entities licensed by the Insurance Department to:

1. develop and implement an information security program by October 1, 2020, that is risk-assessment based and commensurate with a licensee’s business complexity to protect nonpublic information and
2. investigate cybersecurity events along with certain third-party service providers (i.e., entities that can access or are contracted with a licensee to maintain, process, or store nonpublic information) and, within three business days, report any such event to the commissioner.

The act authorizes the commissioner to enforce its provisions, adopt implementing regulations, and fine violators up to $50,000. It applies existing law’s identity theft mitigation and data breach security requirements to all
licensees as it relates to the breach of consumers’ nonpublic information, which requires businesses to notify consumers of a breach and provide at least two years of identity theft mitigation services at no cost.

Prior law required insurers, pharmacy benefit managers (PBMs), third-party administrators (TPAs), utilization review companies, and any other entity licensed to do health insurance business to implement and maintain a comprehensive information security program to safeguard the personal information of insureds and enrollees. Among other things, the program had to be appropriate to the business’ size, scope, type, available resources and data, and the type of security and confidentiality necessary. The act generally incorporates these provisions as they relate to data security breaches, access control measures, investigations, reporting, and oversight. However, the act’s requirements are more comprehensive and apply (with limited exceptions) to all entities licensed under the insurance statutes, registered or authorized to operate here, or required to be licensed, registered, or authorized, excluding a purchasing or risk retention group chartered in another state and nondomiciled assuming insurers (“licensees”).

The act defines “nonpublic information” as information that is not publicly available, not related to a consumer’s age or gender, and that (a) would materially impact a licensee’s business, operation, or security if disclosed or used without authorization; (b) is created or derived from a consumer or health care provider and concerns behavioral, mental, or physical health, or health care services or payments; or (c) concerns a consumer’s name, number, or other identifiable information that can identify a consumer when used in combination with an access or security code to a consumer’s financial account; account, credit, or debit card number; biometric records; driver’s license or nondriver identification number; or Social Security number.

It also defines a “cybersecurity event” as an unauthorized access of information systems or nonpublic information.

EFFECTIVE DATE: October 1, 2019, for the provisions on the new insurance data security law (§ 230) and October 1, 2020, for the provisions on identity theft mitigation services requirements (§ 231) and the repeal of the current Comprehensive Information Security Program law (§ 401). (PA 19-196, §§ 8 & 9, delays these dates by one year to October 1, 2020, and October 1, 2021, respectively.)

New Insurance Data Security Law (§ 230)

Information Security Program Plan Design. The act requires licensees to develop, implement, and maintain an information security program that:

1. is commensurate with the (a) licensee’s complexity, size, nature, and business scope, including use of third-party service providers, and (b) sensitivity of the nonpublic data used by, or in possession or control of, the licensee’s information systems and

2. defines and provides for periodic reevaluation of a nonpublic data retention schedule and a mechanism for destroying it once the licensee no longer needs the data.
The plan must be designed to protect the (1) security and confidentiality of the nonpublic information; (2) security of the information system; and (3) security and integrity of the nonpublic information and information system against all threats and hazards, including by minimizing the likelihood of harm to consumers from unauthorized access.

Under the act, “consumers” include insureds, applicants, beneficiaries, and others whose nonpublic information is within a licensee’s possession or control.

Risk Assessment Program Requirements. The act requires each licensee to implement a continuously operated risk assessment program that:

1. designates an affiliate, employee, or outside vendor responsible for the information security program;
2. identifies reasonably foreseeable internal and external threats that might result in unauthorized access or alteration, destruction, disclosure, misuse, or transmission of nonpublic information, including nonpublic information or information security systems accessible to or held by a third-party service provider;
3. assesses the likelihood and potential damage of the reasonably foreseeable threats, taking into consideration the sensitivity of any nonpublic information; and
4. implements information safeguards, including key controls, procedures, and systems, to manage reasonably foreseeable threats and assess them at least annually.

The risk assessment program must also assess the sufficiency of the licensee’s information system and all policies, procedures, and safeguards to manage against reasonably foreseeable threats. This assessment must consider (1) employee training and management; (2) information systems, including network and software design, and information classification, disposal, governance, processing, storage, and transmission; and (3) detection, prevention, and response to cybersecurity events.

Post-Implementation. The act also requires each licensee, on the basis of the risk assessment program, to:

1. include cybersecurity risks in their enterprise risk management process;
2. remain informed of emerging threats and vulnerabilities;
3. utilize reasonable security measures relative to the data’s type and sensitivity when sharing it; and
4. provide employees with up-to-date and ongoing cybersecurity awareness training that accounts for risks the assessment program identifies.

Additionally, based on their risk assessments, licensees must determine whether any of the following security measures are appropriate and, if so, implement them:

1. access control measures for information systems, including ways to identify and restrict access to authorized individuals;
2. measures that identify and manage appropriate data, devices, facilities, personnel, and systems;
3. measures that restrict access to physical locations that contain nonpublic information to only authorized individuals;
4. measures that protect, by encryption or other means, nonpublic information while it is being transmitted over an external network or stored on a laptop or other portable device;
5. secure development practices for software applications;
6. procedures for assessing, evaluating, and testing the security of software applications developed by an external party that the licensee uses;
7. measures to modify the licensee’s information systems in accordance with its information security program;
8. effective control measures, including multifactor authentication for individuals accessing nonpublic information;
9. measures to include audit trails within the information security program to detect and respond to cybersecurity events and reconstruct material financial transactions;
10. measures to regularly test and monitor the information systems and procedures to detect actual and attempted attacks;
11. measures to protect against damage, destruction, or loss of nonpublic information caused by environmental hazards, including fire, water, catastrophes, or technological failures; and
12. measures to securely dispose of nonpublic information regardless of its format.

**Board of Directors.** Under the act, if a licensee has a board of directors, then the board or an appropriate committee must, at a minimum, require the licensee’s executive management or its delegates to develop, implement, and maintain the information security program and report at least annually on (1) the program’s overall status and the licensee’s compliance with the law and (2) material matters related to the licensee’s information security program, including risk management, assessment, and control decisions, among others.

If a licensee’s executive management delegates any of these responsibilities, it must oversee the system’s development, implementation, and maintenance and receive a report that meets the above requirements from the delegate.

**Third Party Service Provider Arrangements.** The act requires licensees to exercise due diligence in selecting third-party service providers and requires them to implement by October 1, 2021, appropriate administrative, technical, and physical measures to protect and secure information systems and nonpublic data they access or hold.

**Program Adjustments.** Under the act, each licensee must evaluate, monitor, and as appropriate, adjust the information security program consistent with:
1. relevant technological changes;
2. the sensitivity of the nonpublic information;
3. threats to nonpublic information, regardless of where they originate;
4. changes in a licensee’s business arrangements, including acquisitions, alliances, joint ventures, mergers, and outsources; and
5. changes to licensee information systems.

**Written Incident Response Plan.** The act requires that licensees’ security programs also include a written incident response plan designed to promptly respond to, and recover from, cybersecurity events that compromise a licensee’s
information systems; business operations; or the confidentiality, availability, or integrity of nonpublic information it holds. The plan must address:

1. the internal response process for cybersecurity events;
2. goals for the plan;
3. clear roles, responsibilities, and levels of decision-making authority;
4. external and internal communications;
5. information sharing;
6. requirements for remediating any weakness in the licensee’s information systems or controls;
7. documenting and reporting cybersecurity events and response activities; and
8. a process to evaluate and, if necessary, revise the plan after each cybersecurity event.

Certification to Commissioner and Record Retention Requirements

Annually by February 15, the act requires domestic insurers to submit to the insurance commissioner a written statement certifying that the insurer has complied with the act’s risk assessment and information security program provisions. Each domestic insurer must maintain all supporting documents for examination, including data, records, and schedules, for at least five years after submitting its certification. Domestic insurers that identify areas, processes, or systems that require material improvements, redesigns, or updates must also (1) document and identify the remediation efforts planned and underway and (2) make such documents available to the commissioner on request.

Exemptions

Between October 1, 2020, and September 30, 2021, the act’s security program and risk assessment requirements do not apply to licensees with fewer than 20 employees, including independent contractors with access to nonpublic information. On and after October 1, 2021, these requirements do not apply to licensees with fewer than 10 employees, including independent contractors that have access to nonpublic information.

The act also specifies that its provisions apply to licensees and not their agents, designees, employees, or representatives, provided they are covered by the licensee’s information security program. Additionally, the act exempts a licensee that maintains an information security program in accordance with another jurisdiction’s laws and regulations, provided the insurance commissioner approves of that jurisdiction’s program through regulations he adopts.

For licensees maintaining a program in accordance with another jurisdiction’s laws, they must annually submit by February 15 a written statement certifying their compliance. Licensees that cease to meet these exemptions must comply with the act’s provisions within 180 days of losing the exemption.

Federal Health Insurance Portability and Accountability Act (HIPPA). Under the act, licensees that establish and maintain an information security program
under HIPAA are deemed to have satisfied the act’s risk assessment and information security program provisions. In this case, the licensee must certify to the commissioner, in a form and manner he prescribes, that it complies with HIPAA.

*Cybersecurity Event Investigations (§ 230(d))*

The act requires licensees to promptly investigate any suspected cybersecurity event involving their systems. At a minimum and to the extent possible, the licensee must determine whether the event occurred, and if so, it must (1) assess the event’s nature and scope; (2) identify all nonpublic information that may have been involved; and (3) perform, or oversee the performance of, reasonable procedures to restore system security to prevent further unauthorized acquisition, release, or use of nonpublic information.

If a licensee becomes aware of a cybersecurity event involving a third-party service provider’s system, it must immediately conduct an investigation as described above or confirm and document that the third-party service provider has conducted such an investigation.

Each licensee that is the subject of a cybersecurity event must maintain related records for at least five years after it occurs and produce those records to the commissioner upon his demand.

*Three Business Day Reporting Requirement (§ 230(e))*

The act establishes notification requirements for licensees and third-party service providers following cybersecurity events. Licensees must notify the commissioner of an event if the licensee:

1. is an insurer domiciled in the state (i.e., a domestic insurer) or an insurance producer whose home state is Connecticut;
2. reasonably believes that the nonpublic information involved in the cybersecurity event affects at least 250 Connecticut residents; and
3. is required to send a cybersecurity notice to any governing, regulatory, or supervisory body under federal or state law or it is reasonably likely the cybersecurity event will materially harm any Connecticut consumer or the licensee’s business.

They must provide the notice as soon as possible, but no later than three business days after the cybersecurity event. They must do so in electronic form as the commissioner prescribes.

*Notice to Commissioner.* The notification must include as much of the following information as possible:

1. the date the cybersecurity event occurred, how it was discovered, and the perpetrator’s identity;
2. a description of how nonpublic information was breached, exposed, lost, or stolen, including the specific responsibilities and roles of any third-party service provider involved;
3. whether any nonpublic information was recovered, and if so, how;
4. whether the licensee filed a police report or notified any government, law enforcement, or regulatory agency, and if so, when;
5. a description of the specific type of exposed, lost, stolen, or breached information;
6. the period during which the information system was compromised and the number of Connecticut consumers affected by the cybersecurity event;
7. the results of any internal review the licensee conducted that (a) identifies lapses in automated controls or internal procedures or (b) confirms that all controls and procedures were followed;
8. a copy of the licensee’s privacy policy and a description of any efforts undertaken to remediate the conditions that allowed the event to occur;
9. a statement outlining the steps the licensee will take to investigate the event and notify affected consumers; and
10. the name of a contact person familiar with the event and authorized to act on the licensee’s behalf.

Under the act, licensees that provide this information have a continuing obligation to update and supplement it.

Notice to Consumers. The act requires any licensee that notifies the commissioner of a cybersecurity event to notify consumers in accordance with existing state security breach laws (e.g., within ninety days, CGS § 36a-701b) and provide the commissioner with a copy of any notice it sends to consumers about the event.

Third-Party Service Providers. Under the act, a licensee must treat a cybersecurity event impacting a third-party service provider’s system as if it impacted the licensee itself (e.g., provide notice to the commissioner as described above). In such a case, the deadlines for the licensee begin one day after the third-party service provider notifies the licensee about, or the licensee becomes aware of, a cybersecurity event.

The act specifies it does not prevent a licensee from using a third-party to fulfill the notice and investigation requirements.

Reinsurers. Under the act, any assuming insurer (i.e., an insurer that acquires an insurance obligation from another insurer) without a direct contractual relationship to the affected consumers must notify the affected ceding insurer (i.e., the insurer that transferred the obligations) and the insurance regulator of its domiciled state within 72 hours after discovering a cybersecurity event. The same requirements apply to a cybersecurity event involving nonpublic information held by an assuming insurer’s third-party service provider.

Ceding insurers who receive notice from an assuming insurer of an event and maintain a contractual relationship with impacted consumers must (1) fulfill all notice requirements required by the act (e.g., notify the commissioner) and (2) notify the consumers within 90 days as required under existing law (CGS § 36a-701b).

Notice to Producers. Under the act, if a consumer accessed affected services through an insurance producer, and the licensee has the producer’s current contact information, then the licensee must notify the producer of the event. The licensee must provide this notice by the time it notifies the consumer.
**Enforcement (§ 230(f))**

The act grants the commissioner the power to investigate and examine a licensee to determine compliance, and it specifies that such powers are in addition to those granted under existing law.

If the commissioner has reason to believe a licensee is violating the act’s provisions, he must issue and serve the licensee with a statement of the violation and hearing notice. The hearing must be held at least 30 days after the notice is served.

The licensee must have an opportunity to be heard and show cause why a commissioner’s order should not be entered enforcing the act’s provisions or suspending, revoking, or refusing to reissue or renew any license, registration, or authorization. The commissioner may, after a hearing and in addition to or instead of actions he takes against the licensee’s license, registration, or authorization, impose a civil penalty of up to $50,000 for each violation. Under the act, the commissioner may bring a civil action to recover any penalty imposed.

**Confidentiality (§ 230(g))**

The act makes certain documents confidential and privileged, including the annual compliance certification and specific documents submitted to or obtained by the commissioner during an investigation. They are exempt from disclosure under the state’s Freedom of Information Act (FOIA) and any subpoena or discovery in a private cause of action. The act also prohibits these documents from being introduced as evidence in a private lawsuit. It prohibits the commissioner and anyone acting on his behalf who receives confidential information from being allowed or compelled to testify in a private lawsuit that concerns the confidential material. However, the commissioner may use the documents to further any regulatory or legal actions brought under his authority.

The act allows the commissioner to share such documents, information, and material with the (1) attorney general or another state, federal, or international regulatory or law enforcement agency and (2) NAIC and its affiliates and subsidiaries, provided any such agencies or entities agree in writing to maintain the same level of confidentiality. He may also (1) receive documents and information from these sources, provided he treats them as confidential if the provider indicates as such, and (2) submit documents and information to third-party consultants or vendors, provided they agree in writing to maintain the documents’ and information’s confidentiality.

The act allows the commissioner to enter into agreements governing the sharing and use of documents, information, and materials in a way that maintains confidentiality. Also, regardless of the act’s other provisions, the commissioner may release to any NAIC clearinghouse or database a final adjudicated action that is subject to disclosure under FOIA. The act specifies that no waiver of any applicable privilege or claim of confidentiality in any document, information, or material occurs as a result of the commissioner sharing or receiving the document.
under the above provisions.

_Private Right of Action (§ 230(h))_

The act specifies that it must not be construed to create a private right of action or affect or limit an existing private right of action.

§§ 232-235 — PAID FAMILY AND MEDICAL LEAVE CHANGES

_Within the Paid Family and Medical Leave Insurance program established by PA 19-25: (1) clarifies certain definitions; (2) reduces the number of voting members on the board that administers the program; (3) allows the governor to appoint the board’s chairperson without input from legislative leaders; (4) removes a requirement for the board to issue requests for proposals if it chooses to use contractors for certain services; and (5) delays the creation of a “non-charge” against an employer’s unemployment tax experience rate when an employer lays off an employee due to another employee’s return from FMLA leave_

PA 19-25 (1) creates the Family and Medical Leave Insurance (FMLI) program to provide wage replacement benefits to certain employees taking leave under the state’s Family and Medical Leave Act (FMLA) and (2) establishes the Paid Family and Medical Leave Insurance Authority as a quasi-public agency to develop and administer the FMLI program.

_Definitions Related to Participating Self-Employed Individuals and Sole Proprietors (§ 232)_

PA 19-25 allows self-employed individuals and sole proprietors to opt into the FMLI program (i.e., become “covered employees”).

This act specifies that a covered employee’s self-employment income is included in the employee’s “base weekly earnings” only if he or she voluntarily enrolls in the program. Under PA 19-25 and unchanged by this act, a covered employee’s “base weekly earnings” are used to determine his or her FMLI benefits.

This act similarly specifies that an individual’s “subject earnings” include his or her self-employment income only if he or she voluntarily enrolls in the FMLI program. Under PA 19-25, an individual’s “subject earnings” are used to determine how much an individual must contribute to the FMLI program.

_Paid FMLI Authority Board of Directors (§ 233)_

PA 19-25 places the Paid Family and Medical Leave Insurance Authority under the direction of a 15-member board of directors.

_Members._ This act reduces the number of voting board members from 15 to 13 by making the state treasurer and comptroller non-voting members. It also:

1. allows the administrative services commissioner to appoint anyone (rather than only the state’s chief information officer) as his designee on the board;
2. reduces, from six to three years, the term of any appointed board member
who serves after the initially appointed members complete their four-year terms; and
3. deems a board member to have resigned from the board if he or she fails to attend (a) three consecutive meetings or (b) 50% of all meetings held during any calendar year.

Chairperson. This act requires the governor alone to select the board’s chairperson, rather than the governor, House speaker, and Senate president pro tempore to collectively do so (as required under PA 19-25).

Quorum and Votes. Under this act, a majority of the board’s voting members, rather than all of its members, constitutes a quorum. It also specifies that, except for the adoption of certain board procedures, an affirmative vote by a majority of voting members present at a board meeting is sufficient for the board to take action.

Conflicts of Interest. PA 19-25 prohibits board members and the authority’s officers, agents, and employees from directly or indirectly having any financial interest in any legal or commercial entity contracting with the authority, including a corporation, business trust, estate, trust, partnership or association, or two or more people having a joint or common interest. This act specifies that a “financial interest” does not include an interest of a de minimis nature or one that is not distinct from that of a substantial segment of the general public.

Authority Contracts (§ 234)

Under PA 19-25, the authority’s board of directors must:
1. issue requests for proposals (RFPs) if it wants to use an outside contractor’s services for initial claims processing, website development, database development, marketing and advertising, or implementing any other program elements, and
2. develop certain criteria for evaluating proposals related to these RFPs, and all other contracts that exceed $500,000, subject to the notice and adoption requirements specified in the law governing quasi-public agencies’ adoption of procedures.

This act removes the requirement for the board to issue RFPs for these services. Instead, it allows the authority (not the board), under its general powers, to determine if it wants to use an outside contractor for initial claims processing, website development, database development, or marketing and advertising. If so, the standard criteria for evaluating proposals related to these services, and all other contracts that exceed $250,000, must at least include transparency, cost, efficiency of operations, work quality related to the contracts, user experience, accountability, and a cost-benefit analysis documenting the direct and indirect costs that will result from implementing the contracts. (PA 19-25 also required the authority’s evaluation criteria to include these factors.)

This act further requires that any additional standard criteria be approved by a two-thirds vote of the board, after it has been posted for notice and comment on the authority’s website for at least one week before the vote.
Unemployment Non-Charge (§ 235)

PA 19-25 creates a “non-charge” against an employer’s experience rate when an employer lays off an employee due to the return of someone who had been out on bona fide FMLA leave. This act makes the provision effective January 1, 2022, rather than July 1, 2019.
EFFECTIVE DATE: Upon passage

§§ 236 & 237 — HEALTH INSURANCE COST-SHARING

Limits the maximum out-of-pocket expenses that certain health insurers can charge and makes it an unfair insurance practice for insurers to charge more than this amount

To the maximum extent allowed by federal law, the act prohibits certain health insurance plans from imposing a coinsurance, copayment, deductible, or other out-of-pocket expense greater than:
1. the amount paid to the provider or vendor for the covered benefit, including all discounts, rebates, and adjustments by the insurer, intermediary, or health carrier;
2. an amount calculated based on how much the health service provider or vendor charges after any discount and any amount due to or charged by an entity affiliated with the insurer; or
3. the amount an insured would have paid to the provider or vendor without using his or her insurance (which the insurance commissioner may define in regulations that the act permits him to adopt to implement these provisions).

The provisions apply to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including those provided under an HMO plan. Because of ERISA, these limits do not apply to self-insured benefit plans. A violation of these provisions constitutes an unfair insurance practice (i.e., subjects the violator to, among other things, possible fines, adverse license action, and restitution).
EFFECTIVE DATE: January 1, 2020

§ 238 — HEALTH CARRIER CONTRACTS

Prohibits health carrier contracts from penalizing the disclosure of health care costs or available alternative treatments

The act prohibits a health carrier contract with another party from containing a provision that prohibits or penalizes the disclosure of certain information on covered benefits to an insured, including through penalties of increased utilization review, reduced payments, or other financial disincentives. This includes information about (1) a covered benefit’s cost and cash price and (2) the availability, cost, and cash price of any health care service or product that is
therapeutically equivalent to a covered benefit. The provision applies to contracts entered into or amended after January 1, 2020.

EFFECTIVE DATE: January 1, 2020

§ 239 — MANAGED CARE PLANS

For MCOs, requires that deductibles be calculated in the same way that existing law requires of coinsurances and extends this requirement to amounts charged by MCO subcontractors.

Under existing law, managed care organizations (MCOs) must calculate coinsurances based on the lesser of the amount (1) the provider charges for the specific good or service or (2) payable by the MCO for the goods or services. The act requires MCOs to calculate deductibles in the same manner, and it includes in the latter category any amounts payable by an MCO’s subcontractor.

EFFECTIVE DATE: January 1, 2020

§ 240 — SURPRISE BILLS FOR LABORATORY SERVICES

Broadens the definition of a surprise health insurance bill by including non-emergency services rendered by an out-of-network clinical laboratory if an insured is referred to it by an in-network provider.

The act broadens the definition of a “surprise bill” for health insurance purposes by including a bill for non-emergency services rendered by an out-of-network clinical laboratory if the insured was referred by an in-network provider. In doing so, it requires health carriers (e.g., insurers and HMOs) to (1) cover any such services resulting in a surprise bill at the in-network level of benefits and (2) include the revised definition of surprise bill in policy documents and on their websites.

By law, an insured person’s bill is already a “surprise bill” if (1) it is for non-emergency health care services rendered by an out-of-network provider at an in-network facility during a service or procedure performed by an in-network provider or previously authorized by the health carrier and (2) the insured person did not knowingly elect to receive the services from the out-of-network provider.

By law, it is a violation of the Connecticut Unfair Trade Practices Act (CUTPA) for a health care provider to request payment, except for a copayment, deductible, coinsurance, or other out-of-pocket expense, from an insured person for a surprise bill (CGS § 20-7f).

EFFECTIVE DATE: January 1, 2020

§§ 241-243 — ADVERSE DETERMINATION REVIEW TIMEFRAMES

Reduces the maximum time for certain health benefit and adverse determination reviews from 72 to 48 hours, but creates an exception for weekends.

Existing law establishes a structure and timeframe for health carriers and independent review organizations (IROs) to conduct benefit reviews and notify the covered individual whether a specific medical service is reimbursable by his
or her health insurance plan. The act shortens, from 72 to 48 hours, the maximum
time a health insurer or IRO can take, to notify an insured or his or her authorized
representative of decisions for specified urgent care reviews, generally after
receiving all the required health information. These reviews are (1) initial
utilization reviews and benefit determinations, (2) expedited internal adverse
determination reviews, and (3) expedited external or final adverse determination
reviews. However, the act retains the 72-hour requirement if any portion of the 48
hours falls on a weekend.

Existing law, unchanged by the act, requires that (1) urgent initial utilization
reviews be conducted as soon as possible; (2) expedited internal adverse
determination reviews be conducted within a reasonable period appropriate to the
covered person’s condition; and (3) expedited external reviews be conducted as
quickly as the covered person’s condition requires.

The act does not apply to urgent care reviews involving substance use
disorders and certain mental disorders, which by law must be completed within 24
hours.

EFFECTIVE DATE: January 1, 2020

§ 244 — DISABILITY INCOME PROTECTION POLICY DISCRETIONARY
POLICIES

Prohibits provisions in disability income protection policies that allow insurers discretion to
interpret the policy in a way that is inconsistent with state law

The act prohibits health carriers from including in a disability income
protection policy a provision that gives the carrier discretion to interpret the
policy’s terms or establishes standards for interpreting or reviewing the policy
that are inconsistent with state law. This prohibition applies to each insurer, health
care center, hospital or medical service corporation, fraternal benefit society, or
other entity that delivers, issues, renews, amends, or continues in Connecticut an
individual or group disability income protection policy on or after January 1,
2020.

EFFECTIVE DATE: January 1, 2020

§ 245 — HOSPITAL REPORTING ON TRAUMA ACTIVATION FEES

Requires certain hospitals to report to the Health Systems Planning Unit on trauma activation fee
charges

The act requires short term acute care general and children’s hospitals to
include information and data the Office of Health Strategy (OHS) prescribes on
trauma activation fee charges in an annual report to the Health Systems Planning
Unit. (By law, the unit is within OHS.)

Trauma activation fees are fees hospitals may charge when they assemble
physicians and other staff to respond to serious injuries.

EFFECTIVE DATE: October 1, 2019
§ 246 — MEDICAL NECESSITY

Requires certain health insurance policies to cover medically necessary services to treat emergency conditions

The act requires certain health insurance policies to provide coverage for medically necessary health care services for emergency medical conditions.

By law, an “emergency medical condition” is a condition that a prudent layperson, acting reasonably, would believe requires emergency medical treatment. Also, “medically necessary health care services” are those that a physician, exercising prudent clinical judgment, would provide to prevent, evaluate, diagnose, or treat a condition and that are (1) in accordance with generally accepted standards of medical practice; (2) clinically appropriate; and (3) not primarily for the patient’s, physician’s, or other health care provider’s convenience and not more costly than an alternative, therapeutically equivalent service.

The emergency condition coverage requirement applies to health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including those provided under an HMO plan.

EFFECTIVE DATE: January 1, 2020

§ 247 — HDHP TASK FORCE

Establishes a task force to study HDHPs

The act establishes a task force to study the structure and impact of HDHPs on enrollees in Connecticut and report its findings to the Insurance and Real Estate Committee by February 1, 2020. Under the act, an HDHP is a high deductible health plan, as defined by federal law, which is not used to establish a medical or health savings account.

The task force must make recommendations about:
1. measures to ensure access to affordable health care services under HDHPs and prompt payment of refunds for enrollees who overpay;
2. the financial impact of HDHPs on enrollees and their families;
3. the use of HSAs and the impact of alternative payment structures on HSAs, including the status of the accounts under the federal tax code;
4. measures to ensure that each cost-sharing payment due and paid under an HDHP accurately reflects the enrollee’s cost-sharing obligation for his or her specific plan;
5. measures to enhance enrollee knowledge of how payments are applied to deductibles; and
6. payment models where a physician can receive reimbursement from a health carrier for services provided to enrollees.

The task force consists of the healthcare advocate or his or her designee and the following appointed members:
1. two appointed by the House speaker: one who represents the Connecticut College of Emergency Physicians and the other who represents a small in-state employer that sponsors an HDHP;
2. two appointed by the Senate president pro tempore: one who is a state-licensed insurance producer with knowledge of HDHPs and one who in an HDHP enrollee in the state;
3. one appointed by the House majority leader: a primary care physician participating in an HDHP;
4. one appointed by the Senate majority leader: an emergency room physician;
5. one appointed by the House minority leader: a representative from the Connecticut Association of Health Plans;
6. one appointed by the Senate minority leader: a representative from the Connecticut State Medical Society; and
7. three appointed by the governor: one who represents the Connecticut Hospital Association, one who represents a health plan issuing HDHPs, and one who is a tax attorney with knowledge of HSAs.

Task force appointments must be made by July 26, 2019, and vacancies are filled by the appointing authority. The members must elect two chairpersons. The healthcare advocate must schedule the first meeting, to be held by August 25, 2019.

The act requires the Insurance and Real Estate Committee administrative staff to serve as such for the task force. The task force terminates when it submits its report or December 1, 2020, whichever is later.

EFFECTIVE DATE: Upon passage

§ 248 — AFTER SCHOOL PROGRAM GRANTS

Allows SDE to award grants to a combination of eligible entities; requires SDE to earmark at least 10% of after school program grant funds for (1) towns with a small population or (2) boards of education in towns with a small population; allows grant recipients to spend grant funds on after school program transportation

State law allows SDE to administer a program to provide grants for after school programs that provide educational, enrichment, and recreational activities for children in grades kindergarten through 12 when school is not in session. Grants may be awarded to local or regional boards of education, municipalities, and nonprofit organizations. The act allows SDE to award grants to a combination of these entities (e.g., a board of education and a nonprofit organization).

Beginning in FY 20, the act also requires SDE to award at least 10% of the funds appropriated for the after school grant program to (1) municipalities with a total population of 7,500 or fewer or (2) local or regional boards of education for towns with a total population of 7,500 or fewer. Any of these earmarked funds that are not awarded by October 15 of the fiscal year must be made available for awards to any municipality or board of education, regardless of population criteria.

Additionally, the act allows grant recipients to spend program funds on after
school program transportation beginning in FY 20.
EFFECTIVE DATE: July 1, 2019

§ 249 — SCHOOL DISTRICT UNIFORM CHART OF ACCOUNTS

Adds “federal impact aid” to the items required in school- and district-level chart of accounts

Existing law requires SDE to develop and implement a uniform accounting system for school revenues and expenditures that includes a school- and district-level chart of accounts. The chart of accounts must include, among other things, the following received by a local or regional board of education, regional education service center, charter school, or charter management organization: all revenue amounts and sources and cash and real or personal property donations totaling $500 or more in the aggregate.

The act adds “federal impact aid” received by the above entities to the list of required items in the chart of accounts, but it does not define this aid.
EFFECTIVE DATE: July 1, 2019

§ 250 — MINIMUM BUDGET REQUIREMENT CALCULATION WORKSHEET

Requires SDE to compile a minimum budget requirement calculation worksheet for each school district, provide the worksheet to each school district, and post it online

Beginning FY 20, and each fiscal year thereafter, the act requires SDE to (1) compile a minimum budget requirement calculation worksheet for each school district, (2) provide the worksheet to the appropriate local and regional board of education, and (3) make each worksheet available on its website.
EFFECTIVE DATE: July 1, 2019

§§ 251-256 — YOUTH SERVICE BUREAUS

Transfers responsibilities related to youth service bureaus from SDE to DCF

The act transfers, from the State Department of Education (SDE) to the Department of Children and Families (DCF), responsibility for administering the youth service bureau (YSB) grant and enhancement grant programs. YSBs provide resources and community-based services and programs for children, youth, and their families.

In doing so, it requires DCF to, among other things:
1. adopt regulations that establish minimum standards for YSBs and criteria to qualify for state cost-sharing grants;
2. provide YSBs with (a) cost-sharing and other grants to cover certain related costs and (b) grant management services, program monitoring and evaluation, and technical assistance; and
3. biennially report to the legislature on the referral or diversion of children younger than age 18 from the juvenile justice to adult criminal court
system.

The act also allows YSBs that applied for a grant during FY 19 to be eligible for such a grant through the program. Under prior law, YSBs had to (1) apply by the end of FY 18 and (2) receive approval for the town’s contribution to the grant before applying. (The law requires towns to contribute an amount that matches the state grant.)

Under existing law, the amount of grants payable to YSBs under the enhancement grant program must annually be reduced proportionately if the total grant amounts exceed the amount appropriated for them for that year. Starting in FY 20, the act additionally requires that the grant amounts be increased proportionately if the total for the fiscal year is less than the amount appropriated for the grants that year.

EFFECTIVE DATE: July 1, 2019

§ 257 — CARE 4 KIDS REPORTING

Requires quarterly reporting by OEC to the legislature about the Care 4 Kids child care subsidy program

The act requires the Office of Early Childhood (OEC) commissioner to report quarterly to the Appropriations and Education committees beginning October 1, 2019, about the Care 4 Kids child care subsidy program that the office administers, specifically regarding (1) expenditures of state and federal funds for the program and (2) program enrollment by priority group. (OEC establishes ranked priority groups of eligible families to determine preference when awarding Care 4 Kids subsidies.)

EFFECTIVE DATE: July 1, 2019

§ 258 — GRANTS FOR STATE-LICENSED CHILD CARE CENTERS FOR DISADVANTAGED CHILDREN

Limits how certain state grants to state-licensed child care centers for disadvantaged children may be used; creates a floor, rather than a ceiling, for the amount of per child cost grants from the state to such centers

The act limits how certain state financial assistance for state-licensed child care centers for disadvantaged children may be used. Existing law allows the state, through the OEC commissioner, to enter into contracts with municipalities, human resource development agencies, or nonprofit corporations for state financial assistance in developing and operating such centers.

Prior law required that the contracts provide for a state grant for:
1. a portion of the program’s cost, as determined by the OEC commissioner, if the program is not federally assisted;
2. half the amount by which the program’s net cost, as approved by the commissioner, exceeds its federal grant; or
3. up to the per child cost established in state law for each child (a) ages 3-4 years and (b) age 5 years who is ineligible to enroll in school.
The act requires that the third state grant option, the per child cost grant, be in an amount that is at least equal to, rather than no more than, the per child cost in state law. (Prior law capped the per child cost at $8,927 through FY 19. The act (§260, see below) extends that cap through FY 20 and increases it to $9,027 beginning FY 21.)

Additionally, beginning in FY 20, the act requires that any state financial assistance for these centers received under the third state grant option that exceeds the funding the center received in FY 19 be used exclusively to increase the salaries of educators employed by these centers.

EFFECTIVE DATE: July 1, 2019

§ 259 — SCHOOL READINESS PROGRAM GRANTS

Requires state-licensed school readiness programs receiving per child grants exceeding $8,927 to use the excess amount exclusively to increase staff salary

Under the act, beginning in FY 20, state-licensed school readiness programs that operate full-day, year-round programs and receive school readiness per-pupil state grants must use any grant amount exceeding $8,927 per child exclusively to increase the salary of individuals directly responsible for teaching or caring for children in school readiness program classrooms.

By law, a school readiness program is a nonreligious, state-funded program that provides a developmentally appropriate learning experience for children ages 3-5 years who are too young to enroll in kindergarten (CGS § 10-16p).

EFFECTIVE DATE: July 1, 2019

§ 260 — SCHOOL READINESS PROGRAM PER CHILD COST RATE

Extends the FY 19 cap on the per child cost rate through FY 20 and increases it beginning in FY 21; eliminates the OEC commissioner’s authority to establish new rates or revise existing rates during a fiscal year

The act extends the FY 19 cap on the per child cost (i.e., $8,927) of the OEC school readiness program through FY 20. For FY 21 and subsequent fiscal years, the act increases the cap to $9,027.

In extending the cap, the act removes provisions that, in lieu of a cap, would have allowed the OEC commissioner to establish new rates for the school readiness program so long as there were available appropriations and the new rates were established to improve program quality and access. Under prior law, this authority was set to take effect beginning FY 20.

The act also removes the commissioner’s authority to revise the rates for the school readiness program during a fiscal year if she determines that revised rates are necessary to improve the quality of, increase access to, or fill spaces in these programs.

EFFECTIVE DATE: July 1, 2019

§ 261 — MAGNET SCHOOL TRANSPORTATION GRANT
Extends the education commissioner’s authority to award magnet school transportation grants

The act extends the education commissioner’s authority to award (1) Sheff magnet school transportation grants through FY 20 and each following fiscal year and (2) supplemental Sheff magnet school transportation grants through FY 19 and each following year. Prior law authorized the Sheff grants through FY 19 and the supplemental grants through FY 18. Regarding the supplemental grants, the act keeps the same payment schedule as in prior law: (1) up to 70% of the grant may be paid on or before June 30 and (2) the remainder must be paid by September 1 of the following fiscal year upon completion of a comprehensive financial review. As under prior law, the amount of the grants cannot exceed $2,000 for each child transported.

EFFECTIVE DATE: July 1, 2019

§§ 262 & 263 — MINORITY TEACHER GRANTS

Expands the minority educator teacher incentive program to (1) include a loan reimbursement grant program to provide applicants with annual grants up to 10% of their student loans not to exceed $5,000 a year and (2) provide grants to minority students enrolled in the alternate route to certification program administered through SDE.

Minority Educator Loan Reimbursement Grant Program

Beginning in FY 20, the act expands the Connecticut minority teacher incentive program to include a minority educator loan reimbursement grant program that provides applicants with annual grants up to 10% of their student loans not to exceed $5,000 a year. The act requires OHE, in collaboration with the Minority Teacher Recruitment Policy Oversight Council and the minority teacher recruitment task force, to administer this grant program within available appropriations.

Under the act, the program must provide student loan reimbursement grants to anyone who (1) is a minority as defined under state law, (2) holds certain professional certification (e.g., teacher or superintendent), and (3) is employed as an administrator or teacher by a local or regional board of education. By law, a minority is an individual whose race is defined as other than white, or whose ethnicity is defined as Hispanic or Latino by the federal Office of Management and Budget for use by the U.S. Department of Commerce’s Bureau of Census (CGS § 10-155l).

The act allows anyone who satisfies the eligibility requirements to receive grants for reimbursement of federal or state educational loans for up to 10 years. Individuals may apply to OHE for grants in the time and manner the executive director prescribes and must only be reimbursed for loan payments made while they are employed by a local or regional board of education.

Under the act, any unexpended funds appropriated for loan grant repayment purposes do not lapse at the end of the fiscal year and are available for expenditure in the next fiscal year.
The act allows OHE to accept gifts, grants, and donations from any source, public or private, for both the reimbursement grant and minority teacher incentive program.

Connecticut Minority Teacher Incentive Program Expansion

The act expands the existing Connecticut minority teacher incentive program to provide grants, within available appropriations, to minority students enrolled in SDE-administered alternate route to certification programs (i.e., a program through which individuals from an alternate profession can attain their initial educator certificate). Prior law only provided these grants to OHE-administered programs.

EFFECTIVE DATE: July 1, 2019

§§ 264-269 — EDUCATION GRANT CAPS

Caps six education grants to boards of education for FYs 20 and 21

The act caps six education grants to local or regional boards of education for FYs 20 and 21. The caps, which were set to expire on June 30, 2019, require that grants be proportionately reduced if the state budget appropriations do not fund the full amounts required by the respective statutory formulas. The caps apply to the following programs:

1. adult education programs (CGS § 10-71);
2. bilingual education (CGS § 10-17g);
3. school districts’ special education costs for public agency-placed students under an order of temporary custody (CGS § 10-76d);
4. school districts’ excess special education costs (CGS § 10-76g);
5. excess regular education costs for state-placed children educated by private residential facilities (CGS § 10-253); and
6. health grants for private nonprofit schools (CGS § 10-217a).

For the bilingual education grant, the act renews the authorization for the grant for FYs 20 and 21 as well as extends the cap for two years.

EFFECTIVE DATE: July 1, 2019

§ 270 — MAGNET SCHOOL GRANT INCREASES

Raises maximum per-student grant amounts for magnet schools; reauthorizes SDE’s authority to prioritize magnet school grants based on certain enrollment conditions; extends magnet school grant eligibility criteria for two more years, FYs 20 and 21

The act raises the maximum amount for all per-student interdistrict magnet school operating grants by 2% beginning in FY 20.

By law, the amount of state operating grants for each type of magnet school depends on whether (1) the school is run by a local school district (“host magnet”) or a regional educational service center (RESC) or other entity and (2) it helps the state achieve the racial integration goals of the Sheff court stipulation (“Sheff
magnet”) or not (“non-Sheff magnet”).

Sheff is the 1996 school desegregation case in which the state Supreme Court ruled that Hartford school children were not being given an equal educational opportunity because of racial and economic segregation. Settlement agreements subsequent to the Sheff decision rely on voluntary desegregation methods including interdistrict magnet schools. The Sheff region includes Hartford and 21 surrounding towns.

The act also raises the maximum per student grant amounts for Thomas Edison Magnet Middle School in Meriden by 2% beginning in FY 20.

By law and unchanged by the act, the amounts of the grants provided must be proportionately adjusted, if necessary, within available appropriations.

The act also reauthorizes SDE’s authority to prioritize magnet school grants for FYs 20 and 21 based on individual school enrollment, including increases in enrollment due to planned and approved new grades. The prioritization means grant payments may be less for magnet schools that do not have a high priority.

Also, it reinstates magnet school grant eligibility criteria for two more years, FYs 20 and 21, using eligibility criteria that expired on June 30, 2018.

The act also makes conforming changes.

EFFECTIVE DATE: July 1, 2019

Grant Increases

The table below shows the various types of magnet schools and their grant amounts under prior law and the act for non-resident students (those attending the magnet school from outside the host district). Generally, unless otherwise noted, magnet schools receive $3,000 for each enrolled student who resides in the host district. The act raises this per student grant to $3,060 beginning in FY 20. (Magnet school funding is in addition to Education Cost Sharing and other forms of state education funding.)

<table>
<thead>
<tr>
<th>Magnet School Non-Resident Per-Student Grant Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of magnet school</strong></td>
</tr>
<tr>
<td>Non-Sheff host magnet</td>
</tr>
<tr>
<td>Sheff host magnet</td>
</tr>
<tr>
<td>Non-Sheff RESC magnet with less than 55% enrollment from one town</td>
</tr>
<tr>
<td>Non-Sheff RESC magnet with 55% or more of enrollment from one town*</td>
</tr>
<tr>
<td>RESC magnet enrolling less than 60% of its students from Hartford (i.e., Sheff magnet)</td>
</tr>
<tr>
<td>RESC magnet enrolling less than 50% of its students from Hartford (i.e., Sheff magnet)</td>
</tr>
</tbody>
</table>
### Type of magnet school

<table>
<thead>
<tr>
<th>Prior law maximum amounts</th>
<th>Act maximum amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,443</td>
<td>10,652</td>
</tr>
<tr>
<td>(for all the other students)</td>
<td>(for all the other students)</td>
</tr>
</tbody>
</table>

Greater Hartford Academy of the Arts (a RESC magnet specifically mentioned in statute; receives grants that are 65% of the amount for a RESC magnet with less than 55% of enrollment from one town)

5,135

5,238

*Excludes Thomas Edison Magnet Middle School; see below.

**Thomas Edison Magnet School Per-Student Operating Grant**

Under prior law, the per-student grant for most students at the Thomas Edison Magnet Middle School in Meriden is $8,180. The grant amount is lower for some of the students depending on (1) where the student resides and (2) whether the student is counted as part of the October 1, 2013, enrollment count or above it.

Under prior law, for any additional students enrolled above the October 1, 2013, number, the grant is $3,000 for students who reside in Meriden and $7,085 for students from outside of Meriden. (The law affects a school that began operations in the 2001-02 school year and that, for the 2008-09 school year, enrolled between 55% and 80% of its students from a single town, a description that applies only to the Thomas Edison Magnet Middle School.)

Beginning in FY 20, the act increases each of these grant amounts as shown in the table below.

### Thomas Edison Magnet Middle School Per-Student Grant Changes

<table>
<thead>
<tr>
<th></th>
<th>District Resident Students</th>
<th>District Non-Resident Students</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior law maximum amounts</td>
<td>Act maximum amounts</td>
</tr>
<tr>
<td>Students at or below the October 1, 2013, enrollment count</td>
<td>$8,180</td>
<td>$8,344</td>
</tr>
<tr>
<td>Students above the October 1, 2013, enrollment count</td>
<td>3,000</td>
<td>3,060</td>
</tr>
</tbody>
</table>

**Magnet School Grant Prioritization**

For FY 19 and within available appropriations, the law authorized SDE to limit grant payments based on a magnet school’s lowest enrollment as of October 1 for each of the years 2013, 2015, 2016, or 2017. Whichever year was lowest was used as the base year. For FY 19, the law required SDE to prioritize funding approval for magnet school seats above the base enrollment due to planned and approved new grade levels.

For FY 20, the act similarly authorizes SDE to limit grant payments based on
a magnet school’s lowest enrollment as of the years mentioned above, plus October 1, 2018. For FY 21, it authorizes SDE to limit grant payments based on a magnet school’s lowest enrollment as of the years mentioned above, as well as October 1, 2018, and October 1, 2019. For both years, the act extends the requirement that SDE prioritize funding, subject to the commissioner’s approval, for magnet school seats above the base, including increases in enrollment due to planned and approved new grade levels.

Magnet School Operating Grant Eligibility

The act reinstates, for FYs 20 and 21, magnet school grant eligibility enrollment criteria.

Sheff magnet schools. In determining whether grants will be awarded, the commissioner must consider, among other criteria, whether the Sheff magnet school is meeting the reduced-isolation setting student enrollment standards for magnet schools. This requirement expired on June 30, 2018, but the act reinstates it for FYs 20 and 21.

If a school has not met the minimum standards for racial and geographic integration, it will not be entitled to receive a per-student operating grant unless the commissioner finds it appropriate to award a grant for an additional period and to approve a plan to bring the school into compliance.

Under the Sheff agreement, magnet schools are intended to reduce the racial and economic isolation of black and Hispanic students in Hartford. Therefore, at least 25% a magnet school’s enrollment must be students who are not black or Hispanic (i.e., “reduced-isolation students,” who are white, Asian, Native American, Native Hawaiian, or Pacific Islander). For non-Sheff magnets, the standards require a minimum of 20% reduced-isolation students (CGS § 10-264r).

Non-Sheff magnet schools. The act extends similar criteria for reduced-isolation setting student enrollment standards for magnet schools that do not serve the Sheff region. For FYs 20 and 21, the act extends the requirement that the commissioner only award a grant to a magnet school that has (1) no more than 75% of the school enrollment from one school district and (2) a school enrollment that meets the reduced-isolation setting standards developed by the commissioner. As with the Sheff magnets schools, the commissioner may award a grant if she finds it appropriate to do so and approves a plan to bring the school into compliance.

The act also extends, through FYs 20 and 21, the commissioner’s authority to impose a financial penalty on a magnet school that fails to meet the reduced-isolation setting standards for two or more consecutive years. The commissioner may also take another measure, in consultation with the magnet school operator, to assist the operator in complying with the standards.

§ 271 — MINIMUM BUDGET REQUIREMENT (MBR)

Renews and modifies the MBR for FYs 20 and 21 with certain permitted reductions and exemptions
The act extends, to FYs 20 and 21, the prohibition in prior law against a town budgeting less for education than it did in the previous fiscal year (i.e., the minimum budget requirement (MBR)). Under prior law, the MBR provisions expired at the end of FY 19 (June 30, 2019).

The act (1) continues to exempt certain high-performing school districts from the MBR, (2) expands a town’s authority to reduce its MBR under specified conditions, and (3) continues to prohibit an alliance district from reducing its MBR under any circumstances.

It modifies the allowed MBR reduction for reduced student enrollment by allowing a district to look back over five years and choose any or all five years, with certain limitations, when calculating a drop in student enrollment. Under prior law, a district can only count the enrollment decrease from one year to the next.

The act creates a new MBR cost exemption for any self-insured school district that increases its education budget due to a catastrophic loss during the prior year. It also renews and extends several MBR reduction options in prior law, allowing a town to reduce its MBR in certain circumstances.

The act also makes conforming and technical changes.

**EFFECTIVE DATE:** July 1, 2019

**MBR Exemptions**

The act continues MBR exemptions through FY 21 for the following: (1) any school district among the top 10% of districts as measured by the SDE’s accountability index and (2) member towns of a newly formed regional school district during the first full FY following its establishment.

The accountability index is the overall performance score that SDE calculates for each public school and public school district using multiple weighted student, school, or district-level measures.

**New or Modified MBR Reductions**

Under the act, the reductions described below are available for FYs 20 and 21.

*Reduced student enrollment.* The act modifies the permissible MBR reduction for reduced student enrollment by allowing a district to look back over five years to choose any or all five years when calculating a decrease in student enrollment. But a district is prohibited from choosing a year that has previously been used to determine a drop in enrollment for MBR purposes.

Under this method, the act permits a district to reduce its MBR by 50% of the net current expenditure per resident student, multiplied by the net reduction in the number of enrolled students. By law, resident students are the number of students a school district must educate at the town’s expense.

The act does not set a cap on how much the MBR can be reduced under this allowance. Under prior law, the student enrollment reduction was limited depending upon the number of free and reduced priced lunch (FRPL)-eligible students in the district. Districts with (1) 20% or more of their students qualifying
for FRPL were authorized to reduce their MBR by up to 1.5% of their education budget and (2) less than 20% of students eligible for FRPL were authorized to reduce their MBR by up to 3%. However, the law allowed for exceptions with local board of education and education commissioner approval.

* Catastrophic insurance loss. The act creates a new MBR cost exemption for any self-insured school district that experiences a loss due to one or more catastrophic events during the prior year and increases the following year’s education budget as a result. The increase due to the loss is not required to be counted for the following year’s MBR.

To qualify, the (1) school district must have opted to self-insure for the liabilities it incurs under state law, primarily for the district’s required duties and employee and board member indemnity, and (2) catastrophic event must be declared as such by a nationally recognized catastrophe loss index provider.

* Permitted MBR Reductions Renewed

The act maintains four other types of MBR reductions for FYs 20 and 21 that were allowed under prior law:

1. A town that has a reduction in ECS aid when compared to the previous year can reduce its MBR by an amount that equals the amount of the reduction.
2. A town without a high school that pays tuition to other towns for its resident students to attend there and is paying for fewer students than it did in the previous year can reduce its MBR by the full amount of its lowered tuition payments.
3. A town that has permanently closed a school due to declining enrollment at the school in FYs 13 to 20, inclusive, may be granted an MBR reduction for FYs 20 and 21 in an amount determined by the education commissioner.
4. A town can reduce its MBR to reflect half of any new and documented savings from (a) increased efficiencies within its school district, as long as the education commissioner approves the savings, or (b) a regional collaboration or cooperative arrangement with at least one other district. This reduction is limited to a maximum of 0.5% of the budgeted appropriation for the prior year.

Under the act, efficiency savings include, but are not limited to:

1. reductions in costs associated with transportation services, school district administration, or contracts that are not the result of collective bargaining or other labor agreements;
2. an agreement to provide medical or health care benefits pursuant to state law;
3. a cooperative agreement relating to the performance of administrative and central office functions, such as business manager functions, for the municipality and the school district as permitted in state law;
4. reductions in costs due to purchasing or joint purchasing of property insurance, casualty insurance, and workers’ compensation insurance,
following the consultation with the town’s legislative body as permitted by law;
5. reductions in costs associated with the purchasing of payroll processing or accounts payable software systems, following the consultation with the town’s legislative body to determine whether such systems may be purchased or shared on a regional basis as permitted by law;
6. consolidation of information technology services; and
7. reductions in costs associated with athletic field care and maintenance.

§ 272 — ECS GRANT INCREASES AND DECREASES DETERMINATION

Adjusts calculation methodology for FYs 20 and 21 for ECS grant increases and decreases used to determine MBR

The act updates prior law’s calculations for whether a town’s ECS grant for FYs 20 and 21 is an increase or decrease in aid as it relates to the MBR calculation. By law, when the ECS grant increases from one year to the next, a district’s MBR increases by the same amount.

The act replaces the FYs 18 and 19 ECS grant increase and decrease calculations, which use a base grant amount, which was fixed on one fiscal year, with a similar calculation for FYs 20 and 21, based on the prior FY’s grant amount. Under the act, the ECS grant increase or decrease for each town is the difference between the new FY’s ECS grant amount and the prior FY’s grant amount. For example, if a town’s ECS grant amount for FY 20 is greater than the amount the town was entitled to for FY 19, then the town has an increase equal to the difference of the two amounts. Similarly, if the ECS grant amount is lower than the previous year, the town has an ECS decrease by the difference of the two amounts.

EFFECTIVE DATE: July 1, 2019

§§ 273-284 — TECHNICAL EDUCATION AND CAREER SYSTEM (TECS) DELAY AS AN INDEPENDENT AGENCY

Delays by two years the transition of TECS, formerly known as the technical high school system, into an independent agency

The act delays, by two years, the transition of the Technical Education and Career System (TECS) (formerly known as the technical high school system) into an independent state agency, separate from SDE. Under the act, the new transition will be complete for the 2022-23 school year.

Under prior law, the new position of TECS executive director, the agency head who is appointed by the governor, is created beginning July 1, 2020. The act delays this until July 1, 2022. It also delays by two years, until July 1, 2022, the (1) elimination of SBE as the system’s oversight body and (2) creation of the new TECS board to oversee the new agency. It also makes corresponding delays, from July 1, 2020, to July 1, 2022, for the new board’s and executive director’s budget-making responsibilities and conforming changes related to the elimination of
SBE’s oversight and the creation of the new TECS board.

The act extends for two additional years, from June 30, 2021, to June 30, 2023, the current TECS board’s existing authority to recommend a superintendent candidate to the education commissioner, who may hire or reject the candidate. Similarly, under the act, the term of office for a superintendent who is hired this way expires June 30, 2023, rather than June 30, 2021.

Further, the act delays, from July 1, 2021, to July 1, 2023, the implementation of the new TECS board’s duty to recommend a candidate for TECS superintendent to the TECS executive director, who may hire or reject the candidate. The superintendent is in charge of the system’s educational program.

The act also adds two additional fiscal years to the period when SBE is required to hire a consultant to assist the TECS board with the system transition plan. Under prior law, the consultant requirement applies through FY 20. The act extends it to FYs 21 and 22. The act also delays by two years, to January 1, 2022, the requirement that SBE report to the Education Committee on the transition plan, any services that could be provided more efficiently with a local or regional board of education or other agency, and any legislative recommendations necessary to implement the transition.

It also requires SDE to provide two additional years of training to TECS staff, who will perform central office and administrative functions in the new system. The training must continue until the end of FY 22, rather than end with FY 20.

The act also makes conforming changes related to adding TECS to the statutory list of executive branch agencies and the executive director to the list of department heads. It also makes other minor and conforming changes.

EFFECTIVE DATE: Upon passage, except provisions regarding TECS becoming an independent agency are effective July 1, 2022.

§ 285 — UNEXPENDED EDUCATION FUNDS ACCOUNT

Increases, from 1% to 2%, the maximum amount of unspent education funds that a town may deposit from its budgeted education appropriation from the prior fiscal year

Beginning in FY 20, the act increases the maximum amount of unspent education funds that a town may deposit in a nonlapsing account from 1% to 2% of the town’s budgeted appropriation for education for the prior fiscal year. Existing law permits this deposit by a town board of finance, board of selectmen in a town with no board of finance, or other appropriating authority for a school district. The act additionally requires that expenditures of the deposited funds be made with the board of education’s authorization and only for educational purposes.

EFFECTIVE DATE: July 1, 2019

§§ 286-288 — MINIMUM BUDGET REQUIREMENT (MBR) WAIVERS AND PENALTY REDUCTION

Decreases the penalty for towns with FY 19 MBR violations by half; allows such towns to avoid an additional ECS withholding penalty through an increased FY 20 budgeted education
appropriation; allows the towns of Plymouth and Portland to reduce their budgeted education appropriations for FY 19 without penalty under specific conditions

**Penalty Reduction and Waiver (§ 288)**

By law, the SDE must penalize any town or regional school district that fails to meet its MBR in a fiscal year, as determined by the State Board of Education (SBE). For towns that violate the MBR, the department must withhold twice the amount of the town’s budgeted education appropriation shortfall from the town’s Education Cost Sharing (ECS) grant in the second fiscal year following the violation (CGS § 10-262i(e)).

The act requires any town with an SBE-determined budgeted education appropriation shortfall for FY 19 to forfeit an amount equal to the shortfall, rather than double the shortfall amount. It requires SDE to withhold the forfeiture from the town’s ECS grant in FY 21 as required by law.

The act allows such a town to avoid this withholding penalty if it increases its budgeted education appropriation for FY 20 in an amount equal to the amount of its FY 19 shortfall.

**Plymouth (§ 286)**

The act specifically waives the MBR penalty for the town of Plymouth’s budgeted education appropriation shortfall for FY 19, so long as the town increases this appropriation for FY 20 in an amount equal to the amount of its FY 19 shortfall.

**Portland (§ 287)**

The act allows the town of Portland to reduce its budgeted education appropriation for FY 19 in an amount equal to the documentable savings achieved in FY 18 through increased district efficiencies approved by the education commissioner. However, it caps this reduction at 0.5% of its budgeted appropriation for FY 18.

Existing law allows a town to reduce its FY 19 budgeted education appropriation for commissioner-approved increased efficiencies up to 0.5% of its budgeted appropriation for FY 17.

**EFFECTIVE DATE:** July 1, 2019, except that the Plymouth- and Portland-specific provisions are effective upon passage

**§ 289 — SPECIAL EDUCATION EXCESS COST GRANT EXTENSION**

Requires SBE to pay a special education excess cost grant to Region 14 irrespective of grant application filing deadlines

The act requires SBE to pay a special education excess cost grant for FY 20 to the Region 14 school district for excess costs incurred in FY 19, irrespective of statutory grant application filing deadlines. By law, a local or regional school
district must file an excess cost grant application with SDE, in a manner prescribed by the commissioner, annually by December 1 and may submit claims for additional children or costs not included in the December filing by March 1 (CGS § 10-76g(b)).

EFFECTIVE DATE: July 1, 2019

§ 290 — BOARDS OF EDUCATION EXPENSE AND REVENUE DISCLOSURE

Requires boards of education to quarterly post online current and projected expenses and revenue and submit this information to the municipal legislative body or board of selectmen

The act requires, beginning with FY 20, each local and regional board of education to quarterly (1) post its current and projected expenses and revenue on its website and (2) submit a copy of the expenses and revenue to the municipal legislative body or board of selectmen, as applicable.

EFFECTIVE DATE: July 1, 2019

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

Freezes TFA and SAGA rates

The act extends through FY 21, a freeze on payment standards (i.e., benefits) for the Department of Social Services’ (DSS) TFA and SAGA cash assistance programs at FY 15 rates.

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 who have low incomes, do not qualify for any other cash assistance program, and are temporarily unable to work due to medical reasons or qualify as unemployable.

EFFECTIVE DATE: July 1, 2019

§ 292 — STATE SUPPLEMENT PROGRAM (SSP) RATES

Freezes SSP rates

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 subtracts any applicable disregards from an applicant’s income 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 current freeze on these payment standards at FY 15 rates for
the next two fiscal years (FYs 20 and 21).
EFFECTIVE DATE: July 1, 2019

§§ 293, 295 & 297 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for certain facilities through FY 21

Under the act, regardless of rate-setting laws or regulations to the contrary, the FY 16 rates the state pays to residential care homes, community living arrangements, and community companion homes that receive the flat rate for residential services remain in effect through FY 21. State regulations permit these facilities to have their rates determined on a flat rate basis rather than on the basis of submitted cost reports (Conn. Agency Reg., § 17-311-54).
EFFECTIVE DATE: July 1, 2019

§§ 294, 296, 298 & 299 — DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS) COMMUNITY COMPANION HOMES

Eliminates DDS community companion homes from the existing DSS rate structure and the types of “rated housing facilities” to which the department must make certain payments

As of January 1, 2020, the act eliminates references to DDS community companion homes from the DSS flat rate structure for residential services. It also explicitly exempts DDS community companion homes from the types of “rated housing facilities” (e.g., boarding facilities) to which DSS must make certain direct payments.
EFFECTIVE DATE: January 1, 2020

§§ 295 & 301 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID) AND BOARDING HOMES

Freezes, with exceptions, rates for certain boarding homes and ICFs/IID

For FY 20 and FY 21, the act generally freezes at FY 19 levels the rates DSS pays for (1) ICFs/IIDs and (2) room and board at private residential facilities and similar facilities operated by regional educational service centers that are licensed to provide residential care for individuals with certain disabilities (non-ICFs/IID boarding homes). Within available appropriations, the act allows these rates to exceed the FY 19 level if capital improvements were (1) made in FY 20 or FY 21 for the health and safety of residents and (2) approved by DDS in consultation with DSS.

The act also extends through FY 21 a provision allowing DSS to provide fair rent increases to any ICF/IID with an approved certificate of need that undergoes a material change in circumstances related to fair rent.
EFFECTIVE DATE: July 1, 2019
§ 300 — RESIDENTIAL CARE HOMES

Authorizes certain fair rent increases for residential care homes in FYs 20 and 21

For FYs 20 and 21, the act caps rates for residential care homes at FY 19 levels, with an exception for homes to 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 placed in service in cost report years ending September 30 in 2018 and 2019 that are not otherwise included in issued rates.

EFFECTIVE DATE: July 1, 2019

§ 302 — NURSING HOME RATES

Requires DSS to provide rate increases, within available appropriations, three times by January 1, 2021, to increase nursing home employee salaries and otherwise subjects nursing home rates to certain limits with various exceptions for FYs 20 and 21

By law, Medicaid rates for nursing homes are generally based on cost reports each facility files with DSS. For FY 20, the act requires the DSS commissioner to determine nursing home rates based on their 2018 cost report filings, adjusted to reflect any rate increases provided after the cost report year ending September 30, 2018. But, the act also establishes a minimum and maximum for such rates, with certain exceptions.

The act generally caps FY 20 nursing home rates at FY 19 levels and FY 21 rates at FY 20 levels, but allows the DSS commissioner to pay a facility a higher rate by providing, within available appropriations, proportional fair rent increases. Within these fair rent increases, the act allows the DSS commissioner to include, at her discretion, increases for facilities that have undergone a material change in circumstances related to fair rent additions in the previous year’s cost report and not otherwise included in issued rates.

The act also prohibits any facility’s FY 20 rates from being more than 2% lower than its FY 19 rate, unless the facility has (1) an occupancy level of less than 70%, as reported in its 2018 cost report, or (2) a one star overall rating on Medicare’s Nursing Home Compare for the three most recent reporting periods as of June 1, 2019, unless the facility is under an interim rate due to new ownership.

The act also requires the DSS commissioner to increase rates, within available appropriations, to enhance nursing home employee wages and benefits. The act requires her to do so effective July 1, 2019, October 1, 2020, and January 1, 2021.

The act requires the commissioner to adjust the facility’s rate to reflect any rate increases paid after the cost report year ending September 30, 2018. DSS may decrease rates in the same amount of the increase if a facility receives an increase for wage and benefit enhancements but does not increase employee salaries by September 30, 2019, October 31, 2020, and January 31, 2021, respectively. These provisions supersede the caps and other provisions described above.

EFFECTIVE DATE: July 1, 2019
§ 303 — RECEIVERSHIPS FOR NURSING HOMES AND RESIDENTIAL CARE HOMES

Requires nursing home and residential care home appointed receivers to begin closing facilities in certain circumstances and increases, from $3,000 to $10,000, the amount they can spend to correct or eliminate certain deficiencies.

The act requires receivers operating a nursing home or residential care home to immediately begin closing the facility if (1) its overall occupancy is below 70% and (2) the closure is consistent with the state’s strategic rebalancing plan. Prior law required receivers to seek facility purchase proposals within six months of their appointment. The act instead requires them to do so within the same timeframe only if the receiver determines that the facility’s continued operation is viable.

The act decreases, from six months to 45 days, the time an appointed receiver has to determine whether the facility can continue to operate and provide adequate care to residents within its state, federal, and private payments, while complying with state and federal law.

Existing law allows receivers operating a nursing home or residential care home to correct or eliminate any deficiency in the facility’s structure or furnishing that endangers residents’ health or safety. The act increases, from $3,000 to $10,000, the amount receivers can spend for this purpose. It also makes a conforming change to allow the court to order expenditures in excess of $10,000, rather than $3,000, if the receiver applies for such an order.

EFFECTIVE DATE: July 1, 2019

§ 304 — PETITION FOR FACILITY CLOSURE

Allows certain facilities to submit petitions for closure to DSS; requires DSS to act on such petitions within 30 days; and establishes related notice requirements.

By law, ICF-IID, nursing homes, rest homes, and residential care homes must generally apply to DSS to terminate a service or substantially decrease their bed capacity through the department’s certificate of need process. The act further allows such facilities to submit a petition for closure to DSS. It allows DSS to authorize the closure if the facility’s management demonstrates in its petition and to the commissioner’s satisfaction that the closure is consistent with the state’s strategic rebalancing plan, including bed need by geographical region, and that the facility:

1. is not viable based on actual and projected operating losses;
2. has an occupancy rate under 70% of its licensed bed capacity;
3. is in compliance with federal (a) requirements on notification of facility closure, (b) enforcement provisions for skilled nursing facilities that fail to meet certain requirements, and (c) requirements concerning implementation of a quality assurance and performance improvement program; and
4. is not providing special services that would go unmet (presumably, this
means the need for the service would not go unmet) if the facility closed.

The act requires the petitioning facility to notify the Office of the Long-Term Care Ombudsman when the facility submits the petition to DSS. DSS must review a petition for closure to the extent it deems necessary. The act requires the petitioning facility to submit information DSS requests or deems necessary to (1) substantiate that the closure meets the above requirements and (2) provide oversight during this process. The act requires DSS to grant or deny the petition within 30 days after receiving it.

On the same date a facility submits such a petition to DSS, it must also provide written notice to all patients, guardians or conservators, if any, or legally liable relatives or other responsible parties, if known, and post the written notice in the facility in a conspicuous place. The act requires the notice to state:

1. the date the facility submitted the petition for closure;
2. that only DSS can grant or deny the petition and that the department has up to 30 days to do so;
3. a brief description of reasons for submitting the petition;
4. that no patient shall be involuntarily transferred or discharged within or from a facility under state or federal law due to the petition being filed;
5. that all patients have the right to appeal any proposed transfer or discharge; and
6. the name, mailing address, and telephone number of the Office of the Long-Term Care Ombudsman and local legal aid office.

The act also requires that the facility’s written notice be accompanied by an informational letter issued jointly from the Office of the Long-Term Care Ombudsman and the Department of Rehabilitation Services (DORS) on patients’ rights and services available as they relate to the closure petition. (PA 19-157 renames DORS as the “Department of Aging and Disability Services.”) The informational letter must also state the date and time the ombudsman and the Department of Public Health will hold an informational session at the facility for the same parties receiving notice about their rights and the petition process.

EFFECTIVE DATE: July 1, 2019

§ 305 — PROHIBITION ON NON-COMPETE AGREEMENTS

Makes non-compete agreements in home health care, companion, or homemaker service contracts void and unenforceable

The act prohibits contracts for providing homemaker, companion, or home health services from including a provision that restricts an individual’s right to provide such services (1) in any geographic area of the state for any period of time or (2) to a specific person (i.e., a “covenant not to compete”). Under the act, such covenants are against public policy, void, and unenforceable.

EFFECTIVE DATE: Upon passage

§§ 306 & 307 — HOSPITAL MEDICAID RATES AND SUPPLEMENTAL PAYMENTS
Value-Based Payment Methodologies and Readmission Penalties

The act requires the DSS commissioner to implement one or more value-based payment methodologies for hospitals that she determines will improve health outcomes and reduce unnecessary costs. The act allows her to phase in such methodologies over time to the extent she finds necessary. The methodologies may include those designed to:

1. reduce inpatient hospital readmissions;
2. reduce unnecessary caesarian section deliveries, take appropriate actions to reduce preterm deliveries, and improve obstetrical care outcomes;
3. address outpatient infusions involving high-cost medications through performance-based payments; and
4. implement other policies as determined by the commissioner.

The act also requires the DSS commissioner to reduce the total applicable rate payment by 15% for each hospital readmission. Under the act, a readmission occurs when an individual is admitted to the hospital for observation services for a diagnosis within 30 days after being discharged for the same or similar diagnosis. This provision is in addition to any value-based payment methodologies the commissioner establishes and does not preclude her from establishing additional value-based payment methodologies regarding readmissions. (§ 45 of the act exempts Connecticut Children’s Medical Center and Yale New Haven Children’s Hospital from this provision for FYs 20 and 21.)

Regardless of any other provision in statutes, the act requires that each applicable hospital rate and supplemental payment methodology (see below) designed by the commissioner incorporate each value-based payment methodology the commissioner establishes, including structuring applicable payment based on each hospital’s performance on the measures of each value-based payment methodology.

Medicaid Payments Ineligible for Federal Financial Participation

Generally, Medicaid is jointly funded by the state and federal government. The state administers the Medicaid program and it receives matching dollars from the federal government for payments made through the program. Under the act, if Medicaid payments made to hospitals are not eligible for federal financial participation (i.e., matching federal funding), DSS must adjust hospital payments to ensure that no Medicaid payments are made to hospitals that are not eligible for federal financial participation for all applicable payments and time periods.

The act limits Medicaid payments to hospitals to those payments that comply with federal law and prohibits statutes on hospital Medicaid rates and
supplemental payments from being interpreted to require DSS to make payments that are ineligible for federal financial participation (e.g., payments that exceed federal laws’ upper payment limits).

**Supplemental Payments**

Federal law allows states to make supplemental Medicaid payments to certain institutional providers, including hospitals. State law groups hospitals into “pools” for distributing these payments.

Under the act, out of the aggregate amount in the supplemental pools, $15 million must be allocated to hospitals in FY 20 and $45 million in FY 21 based on each hospital’s performance on quality measures established by DSS and within available appropriations. The act requires the payments to be allocated proportionately from each of the supplemental pools authorized under existing law (i.e., a supplemental inpatient pool, a supplemental outpatient pool, a supplemental small hospital pool, a supplemental mid-size pool, and other pools DSS may establish in consultation with the Connecticut Hospital Association).

For FY 20, prior law required the amount of funds in the supplemental pools to total $166.5 million in the aggregate. The act eliminates this requirement.

The act eliminates provisions related to notice, scheduling, and aggregate amounts of FYs 18 and 19 supplemental payments.

**EFFECTIVE DATE:** July 1, 2019

§ 308 — MEALS ON WHEELS

*Increases the reimbursement rate for certain meals-on-wheels providers by 10% in FY 20*

The act requires the DSS commissioner to increase, by 10%, the reimbursement rate for meals-on-wheels providers under the Connecticut Home Care Program for Elders (i.e., a Medicaid waiver program providing home and community-based services for individuals age 65 and older who are at risk for institutionalization). Under the act, the increased rates are effective July 1, 2019, and based on the FY 19 fee schedule.

The act also makes technical changes, including deleting an obsolete statutory provision.

**EFFECTIVE DATE:** July 1, 2019

§ 309 — DSS FAIR HEARINGS

*Specifies the deadline for DSS to issue a final decision on an administrative appeal and remedies when it fails to meet the deadline*

For administrative fair hearings, prior law required the DSS commissioner, or her designated hearing officer, to (1) render a final decision within 60 days after the hearing or, for emergency housing-related hearings, within three business days and (2) take final administrative action within 90 days after receiving the hearing request. The act eliminates the 60-day deadline and instead requires DSS to
ordinarily render a final decision within 90 days after receiving the hearing request. (It retains the three-business-day deadline for final decisions related to emergency housing.)

The act allows fair hearing final decision deadlines to be extended when (1) the aggrieved person requests or agrees to an extension or (2) the commissioner documents an administrative or other extenuating circumstance beyond her control.

The act specifies that the department’s failure to render a final decision within these time limits is not deemed an approval on the merits of the aggrieved person’s requested relief. In such instances, it allows the aggrieved person to file a request for a final decision with the designated hearing officer, who must render the decision within 20 days after receiving it.

By law, aggrieved applicants may appeal a final decision to the Superior Court under the Uniform Administrative Procedure Act (UAPA).

The act also makes several technical changes.

EFFECTIVE DATE: Upon passage

§ 310 — COMMUNITIES OF COLOR PILOT GRANT

Authorizes a two-year pilot grant program to build the capacity of certain community-based organizations

The act requires the DSS commissioner, within available appropriations, to contract with an eligible nonprofit organization to administer a two-year pilot program to build the capacity of eligible community-based organizations by helping them to improve operational efficiencies through performance-based metrics and adopt long-term fiscal sustainability strategies. In order to administer the program, the nonprofit organization must have (1) at least 15 years of experience coordinating advocacy, service, and outreach efforts for Hispanic charitable organizations that support Hispanic people and (2) a proven track record of establishing networks with non-Hispanic organizations that provide services to fellow communities of color (i.e., nonwhite Hispanic, African-American, or Asian Pacific-American).

Program Administration

Under the act, the commissioner must require the program administrator to (1) establish a competitive procurement process by issuing requests for proposals (RFPs) to eligible community-based organizations; (2) establish a results-based grant contract evaluation system that includes goals that eligible organizations must meet in order to be considered for grant contract renewal; and (3) meet commissioner-established goals for program administration, including reporting on program expenditures and complying with administrative expense limitations.

Eligibility for Grants

The act defines "eligible community-based organization" as a nonprofit
organization that:
1. has a 501(c)(3) nonprofit tax-exemption;
2. has been an incorporated nonprofit for at least three years;
3. is Connecticut-based and a direct provider of human services;
4. serves a population comprised of at least 51% Hispanic people or non-Hispanic communities of color;
5. is (a) led by a chief executive officer who is Hispanic, African-American, or Asian Pacific-American or (b) governed by a board with a majority of members who are Hispanic, African-American or Asian Pacific-American; and
6. has an annual operating budget of at least $150,000.

Under the act, RFPs that the grant administrator issues must state that preference will be given to eligible community-based organizations that (1) are led by a chief executive officer who is, and governed by a board with a majority of members who are, Hispanic, African-American, or Asian Pacific-American; (2) have annual budgets of less than $1 million; and (3) offer services that are culturally competent and language accessible (i.e., services that effectively meet the recipient’s social, cultural, and linguistic needs in the recipient’s own language).

Use of Grants

The act requires the program to provide grants to eligible community-based organizations to support capacity building, training, and technical assistance opportunities in:
1. financial management, including financial planning, budget development, fiscal monitoring, and cash flow analysis;
2. board development, including establishing board committees, a fundraising board, and conducting professional board meetings;
3. fund development, including gift solicitation and event planning;
4. nonprofit management and leadership training;
5. information technology;
6. collaborations and merger planning; and
7. results-oriented outcome training, including developing progress metrics and performance tracking tools.

Reporting

By January 1, 2021, the commissioner must submit a report to the Appropriations and Human Services committees on (1) the number of eligible community-based organizations awarded grants under the program, (2) whether and how the program has improved the capacity of community-based organizations to meet needs, (3) the program administrator’s performance, and (4) a recommendation on whether the program should continue or expand and any necessary appropriations.

EFFECTIVE DATE: Upon passage
§ 311 — METHADONE MAINTENANCE

Requires the DSS commissioner to amend the state Medicaid plan to provide an $88.52 minimum weekly reimbursement rate for a Medicaid beneficiary’s methadone maintenance treatment from chemical maintenance providers but also makes such rates contingent on meeting certain performance measures beginning July 1, 2020, and lowers rates for providers who fail to meet certain standards.

The act requires the DSS commissioner to amend the state Medicaid plan to provide an $88.52 minimum weekly reimbursement rate for a Medicaid beneficiary’s methadone maintenance treatment from chemical maintenance providers. The act prohibits DSS from reducing a provider’s rate to the minimum, as a result of establishing the minimum rate, if the provider is receiving a higher rate.

Under the act, “methadone maintenance” is a chemical maintenance program in which an addiction to one drug (e.g., heroin) is treated with the drug methadone in a weekly program that includes on and off-site methadone administration, drug testing, and counseling. Chemical maintenance providers are certified and licensed by the federal Substance Abuse and Mental Health Services Administration and the state Department of Public Health and meet all federal and state requirements, including requirements specific to providing chemical maintenance services.

Under the act, beginning July 1, 2020, and regardless of the minimum reimbursement rate established above, reimbursement for methadone maintenance treatment is contingent on meeting certain performance measures as determined by the DSS commissioner. The act requires DSS to develop performance measures in consultation with the Department of Mental Health and Addiction Services and chemical maintenance providers, including, by September 30, 2019, initial performance measures and the means by which such measures will be evaluated.

The act requires the initial evaluation period to be based on claims data for the quarter ending March 31, 2020, and allows performance measures and thresholds to be adjusted (presumably, by DSS) after the initial evaluation period.

Under the act, providers that fail to meet department-identified standards on performance measures receive rate reductions as follows, but no more than a 10% decrease annually:

1. up to 5% for quarters ending September 30, 2020, and December 31, 2020, and
2. up to 10% for quarters beginning January 1, 2021.

The act allows DSS to implement policies and procedures to administer the act’s methadone provisions while adopting them as regulations. It requires DSS to print notice of its intent to adopt regulations on its website and the eRegulations System within 20 days after it implements the policies and procedures. Under the act, the policies and procedures are valid until DSS adopts final regulations.

EFFECTIVE DATE: July 1, 2019
§§ 312 & 313 — BURIAL EXPENSE ASSISTANCE

Increases the cap for DSS burial assistance by $150

By law, when an individual dies in Connecticut and does not leave a sufficient estate or have a legally liable relative able to cover funeral and burial or cremation costs, DSS must provide a payment toward them. DSS must also provide this payment for recipients of certain state benefit programs (i.e., State Administered General Assistance, State Supplement Program, and Temporary Family Assistance). The act increases the maximum payment for these costs by $150 to $1,350. The payment must be reduced dollar-for-dollar by:
1. the amount in a revocable or irrevocable funeral fund or prepaid funeral contract;
2. the face value of the decedent’s life insurance policy, if any, provided the policy names a funeral home, cemetery, or crematory as a beneficiary;
3. the net value of all liquid assets in the decedent’s estate; and
4. contributions over $3,400 towards the funeral and burial costs from all other sources, including friends, relatives, other individuals, organizations, agencies, veteran’s programs, and other benefit programs.

EFFECTIVE DATE: July 1, 2019

§ 314 — ACQUIRED BRAIN INJURY (ABI) WAIVER ADVISORY COMMITTEE MEETINGS

Reduces the frequency of required ABI waiver advisory committee meetings from four times per year to once annually

By law, DSS administers two home- and community-based Medicaid waivers for individuals with acquired brain injuries. Existing law also establishes an advisory committee related to one of these waivers. The act reduces the frequency of required advisory committee meetings from four times per year to once annually.

EFFECTIVE DATE: July 1, 2019

§ 315 — NATCHEAUG HOSPITAL

Increases the inpatient Medicaid reimbursement rate for Natchaug Hospital to $975 per day in FY 21

The act requires the DSS commissioner to provide an inpatient Medicaid reimbursement rate of $975 per day to Natchaug Hospital for FY 21. Under federal law, state Medicaid provider payments must be consistent with efficiency, economy, and quality of care and sufficient to enlist enough providers so that care and services are available under the plan to at least the extent that such care and services are available to the general population in the geographic area (42 U.S.C. § 1396a(a)(30)(A)).

EFFECTIVE DATE: July 1, 2020
§ 316 — HUSKY A MEDICAID ELIGIBILITY

Expands Medicaid eligibility for HUSKY A parents and caretakers by increasing the income limit from 150% to 155% of the 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 150% of the federal poverty level (FPL) ($31,995 for a family of 3 in 2019). The act expands HUSKY A eligibility by raising the income limit for non-pregnant adults (i.e., parents or caretaker relatives) to 155% FPL ($33,061 for a family of 3 in 2019).

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 effective HUSKY A income limit for parents and caretaker relatives increases from 155% FPL to 160% FPL ($34,128 for a family of 3 in 2019).

EFFECTIVE DATE: October 1, 2019

§§ 317 & 318 — MOTOR VEHICLE SALES AND USE TAX DIVERSION

Reduces the scheduled diversion of motor vehicle sales and use tax revenue to the Special Transportation Fund in FYs 20 and 21.

The law phases in a diversion of motor vehicle sales and use tax revenue to the Special Transportation Fund (STF) from FYs 19 to 23, according to a specified schedule. The act modifies this schedule by reducing the required diversion in FY 20 and FY 21, as shown in the table below.

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<thead>
<tr>
<th>Schedule of Motor Vehicle Sales and Use Tax Diversion to STF</th>
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<td><strong>FY</strong></td>
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EFFECTIVE DATE: July 1, 2019, and applicable to sales occurring on or after that date.

§§ 319-322 — SALES AND USE TAX ON DIGITAL GOODS AND CERTAIN ELECTRONICALLY DELIVERED SOFTWARE

Increases, from 1% to 6.35%, the sales and use tax rate on digital goods and certain electronically delivered software; establishes conditions under which sales of canned or prewritten software and digital goods or taxable services are considered “sales for resale” and thus exempt from sales tax.
Rate Increase

The act increases, from 1% to 6.35%, the sales and use tax rate on:
1. digital goods (i.e., electronically accessed or transferred audio, visual, or audio-visual works; reading materials; or ring tones) and
2. canned or prewritten software that is electronically accessed or transferred, other than when purchased by a business for use by such business, and any additional content related to such software.

Under prior law, both were considered computer and data processing services subject to the 1% rate for such services. By law, unchanged by the act, canned or prewritten computer software delivered by other means is tangible personal property subject to the 6.35% rate.

Sales for Resale

The act establishes conditions under which sales of canned or prewritten computer software, digital goods, or taxable services are considered “sales for resale” and thus exempt from sales tax.

Under the act:
1. sales of canned or prewritten computer software are considered sales for resale if the purchaser subsequently sells, licenses, or leases the software unaltered to an ultimate consumer;
2. sales of digital goods are considered sales for resale if they are an integral, inseparable component of another digital good or specified taxable service (i.e., telecommunications service, community antenna television service, certified competitive video service, or other taxable service) that the purchaser subsequently sold, licensed, leased, broadcast, transmitted, or distributed, in whole or part, to an ultimate consumer; and
3. sales of taxable services (e.g., computer and data processing services) are considered sales for resale if they are an integral, inseparable component of digital goods that the purchaser subsequently resold to an ultimate consumer.

In each case, the purchaser must maintain records that substantiate (1) from whom the software, digital goods, or services were purchased and to whom they were resold; (2) the purchase price; and (3) the nature of the transaction with the ultimate consumer, which for software sales must demonstrate that the same software was provided unaltered.

EFFECTIVE DATE: October 1, 2019, and applicable to sales occurring on or after that date.

§§ 323 & 324 — SALES AND USE TAX ON MEALS AND BEVERAGES

Increases the sales and use tax rate on sales of meals and beverages from 6.35% to 7.35%

The act increases, from 6.35% to 7.35%, the sales and use tax rate on sales of (1) meals sold by eating establishments, caterers, or grocery stores and (2) liquors, soft drinks, sodas, and beverages ordinarily dispensed at, or in connection with,
bars and soda fountains. Under existing DRS policy, special rules apply to meals sold by grocery stores.

By law, a “meal” is food sold in ready-to-eat form or wrapped as “take-out” or “to-go” to be eaten elsewhere. An “eating establishment” includes a restaurant, cafeteria, grinder shop, pizzeria, drive-in, fast food outlet, ice cream truck, hot dog cart, refreshment stand, sandwich shop, private and social club, cocktail lounge, tavern, diner, snack bar, and hotel or boarding house that furnishes both lodging and meals to its guests (CGS § 12-412(13)).

Existing law, unchanged by the act, directs a portion of the revenue generated by the 6.35% sales and use tax rate to the (1) Special Transportation Fund and (2) beginning in FY 22, municipal revenue sharing account. Under the act, the revenue from the additional 1% rate on meals and beverages is not subject to this revenue diversion.

**EFFECTIVE DATE:** October 1, 2019, and applicable to sales occurring on or after that date.

§§ 323 & 324 — SALES AND USE TAX ON DYED DIESEL FUEL

_**Reduces, from 6.35% to 2.99%, the sales tax rate on certain dyed diesel fuel**_

The act reduces, from 6.35% to 2.99%, the sales and use tax rate applicable to dyed diesel fuel. The reduced rate applies to dyed diesel fuel that is sold by a marine fuel dock exclusively for marine purposes or stored, accepted, or otherwise used for those purposes. Federal law exempts diesel fuel used for certain non-highway purposes, including marine purposes, from federal fuel taxes and requires that exempt diesel fuel be dyed red so it can be identified. Under state law, dyed diesel fuel is exempt from the motor fuels tax and the petroleum products gross earnings tax (CGS §§ 12-458 & 12-587(b)(2)(L)).

**EFFECTIVE DATE:** October 1, 2019, and applicable to sales occurring on or after that date.

§§ 325 & 326 — SALES AND USE TAX EXTENDED TO ADDITIONAL SERVICES

_**Extends the sales and use tax to (1) specified parking services; (2) dry cleaning and laundry services, excluding coin-operated services; and (3) interior design services, except for business-to-business**_

The act extends the sales and use tax to the following motor vehicle parking services:

1. parking in lots with fewer than 30 spaces, except for employer-operated lots (a) owned or leased for a minimum of 10 years and (b) operated for the exclusive use of employees (lots with 30 or more spaces are already subject to tax under existing law, subject to the same exclusion for employer-operated lots);
2. metered parking;
3. parking in seasonal lots operated by the state or political subdivisions and
municipally owned lots; and

4. parking in municipally operated, or state-owned and operated, railroad parking facilities in municipalities located in an area identified as having severe ozone pollution (i.e., a severe nonattainment area for ozone).

The act also extends the tax to (1) dry cleaning and laundry services, excluding coin-operated services, and (2) interior design services described in industry group 54141 of the North American Industry Classification System (NAICS), excluding such services that a business purchases for its own use. (NAICS industry group 54141 is comprised of establishments primarily engaged in planning, designing, and administering projects in interior spaces to meet the physical and aesthetic needs of people using them, taking into consideration building codes, health and safety regulations, traffic patterns and floor planning, mechanical and electrical needs, and interior fittings and furniture.)

To qualify for the exemption for interior design services purchased by a business, the purchaser must present a certificate, prescribed by the DRS commissioner, to the seller. The certificate must certify that the purchaser is a business purchasing the services for its business. The act makes the purchaser liable for the tax otherwise imposed if it provides the certificate to the seller improperly. Anyone who willfully delivers to a seller a certificate that is known to be materially fraudulent or false is guilty of a class D felony (see Table on Penalties), in addition to any other penalty the law provides.

EFFECTIVE DATE: January 1, 2020, and applicable to sales occurring on or after that date.

§§ 327 & 328 — EXPANDED SALES TAX NEXUS

Lowers the threshold for sales tax economic nexus and broadens its application; lowers the sales threshold for “click-through” nexus

Economic Nexus

The act lowers the threshold for the sales tax economic nexus law and broadens its application, thus expanding the number of out-of-state retailers making retail sales in the state that must collect and remit Connecticut sales tax.

Under prior law, out-of-state retailers that regularly and systematically solicited sales of tangible personal property in Connecticut had to collect and remit sales tax if they (1) made at least 200 Connecticut sales during the preceding 12-month period (ending September 30) and (2) had gross receipts of $250,000 or more during that period.

The act (1) lowers the threshold to 200 transactions and $100,000 in gross receipts during the 12-month period; (2) expands it to apply to out-of-state retailers making retail sales of services, rather than just tangible personal property; and (3) eliminates the condition that such retailers be regularly or systematically soliciting sales in Connecticut.

“Click-Through” Nexus
The act similarly lowers the sales threshold over which retailers selling tangible personal property or services through certain agreements with people located in Connecticut must collect and remit sales tax on their in-state taxable sales. The agreements must provide that in return for the person in Connecticut referring potential customers to the retailer (directly or indirectly by any means, including a website link), the person will receive a commission or other compensation from that retailer.

Under prior law, the requirement to collect sales tax applied to any retailer that annually earned more than $250,000 in gross receipts from sales in the state under such referral agreements in the preceding four quarters. The act lowers this sales threshold to $100,000.

**EFFECTIVE DATE:** July 1, 2019, and applicable to sales occurring on or after that date.

§§ 329 & 330 — SHORT-TERM RENTAL FACILITATOR

*Requires short-term rental facilitators to collect and remit Connecticut room occupancy tax on the short-term rentals they facilitate for operators on their platforms*

*Room Occupancy Tax Collection and Remittance Requirement*

The act requires “short-term rental facilitators” to (1) obtain a sales tax permit to collect the room occupancy tax (i.e., 15% sales and use tax for hotels and lodging houses and 11% for bed and breakfast establishments) and (2) be considered retailers for the sales they facilitate for short-term rental operators on their platforms.

Under the act, a short-term rental facilitator must:

1. collect and remit sales tax on each such sale;
2. be responsible for all of the obligations the state sales and use tax law imposes as if it were the lodging house operator and retailer of the sale; and
3. keep the records and information the DRS commissioner requires to ensure proper sales tax collection and remittance, in accordance with existing sales tax record-keeping requirements.

The act additionally provides that short-term rental operators are not liable for collecting room occupancy tax to the extent that the short-term rental facilitator collected the tax due.

Existing law applies similar requirements to marketplace facilitators for the sales they facilitate for sellers on their forums. Marketplace facilitators are generally businesses that (1) facilitate retail sales for sellers by providing a forum that lists or advertises the sellers’ goods and services and (2) collect receipts from customers and remit payments to sellers.

**Definitions**

Under the act, a “short-term rental facilitator” is any person who:

1. during the prior 12-month period, facilitates retail sales of at least
$250,000 by short-term rental operators by providing a short-term rental platform;

2. collects rent for occupancy and remits payments to short-term rental operators, directly or indirectly through agreements or arrangements with third parties; and

3. receives compensation or other consideration for such services.

A “short-term rental operator” is any person who has an agreement with a short-term rental facilitator regarding the listing or advertising of a short-term rental (i.e., the transfer for consideration of the occupancy in a furnished residence or similar accommodation for 30 days or less) in this state.

A “short-term rental platform” is a physical or electronic place that allows such operators to display available accommodations to prospective guests, including a store, booth, website, catalog, or dedicated software application.

EFFECTIVE DATE: October 1, 2019; conforming change to the definition of retailer is applicable to sales occurring on or after that date.

§ 331 — CERTIFIED SERVICE PROVIDERS

Requires the DRS commissioner to (1) consult with the Streamlined Sales Tax Governing Board to develop a list of certified service providers to facilitate Connecticut sales tax collection and remittance, (2) develop a plan to implement the use of CSPs, and (3) report to the legislature on the plan and legislation to implement it.

The act requires the DRS commissioner to (1) consult with the Streamlined Sales Tax Governing Board to develop a list of certified service providers (CSPs) to facilitate Connecticut sales tax collection and remittance and (2) develop a plan to use such CSPs to collect, report, and remit sales and use taxes. The plan may require that retailers use CSPs and must identify the costs to retailers for such services.

By February 5, 2020, the commissioner must submit the plan to the Finance, Revenue and Bonding Committee, along with a draft of proposed legislation to implement it.

EFFECTIVE DATE: Upon passage

§§ 332 & 334 — INCOME TAX EXEMPTION FOR TEACHER PENSIONS

Delays by two years the scheduled increase in the teacher pension income tax exemption from 25% to 50%.

The act delays, by two years, the scheduled increase in the income tax exemption for income received from the state teachers’ retirement system. Under prior law, the exemption increased from 25% to 50% for 2019 and subsequent tax years. The act instead maintains it at 25% for 2019 and 2020 and increases it to 50% beginning in 2021.

The act provides that taxpayers are not subject to estimated tax payment requirements and interest on underpayments for the 2019 tax year for any additional tax due as a result of this delay before the provision takes effect.
EFFECTIVE DATE: Upon passage; teacher pension provision is applicable to tax years beginning on or after January 1, 2019.

§§ 333 & 334 — TAX CREDIT FOR PASS-THROUGH ENTITY TAX PAID

Reduces the value of the tax credit to 87.5%, rather than 93.01%, of a member’s share of taxes paid by the pass-through entity.

Existing law imposes an income tax on most pass-through businesses (i.e., affected business entities) at the entity level but provides offsetting credits at the personal or corporate income tax level to the pass-through entity’s members (i.e., owners).

Under prior law, the tax credit equaled a member’s direct and indirect share of the tax paid by the pass-through business, multiplied by 93.01%. The act reduces the value of the credit by reducing the multiplier to 87.5%.

The act provides that taxpayers are not subject to estimated tax payment requirements and interest on underpayments for the 2019 tax year for any additional tax due as a result of this reduction before the provision takes effect.

EFFECTIVE DATE: Upon passage; tax credit reduction is applicable to taxable and income years beginning on or after January 1, 2019.

§ 335 — PROPERTY TAX CREDIT LIMIT

Extends to the 2019 and 2020 tax years the eligibility limits for the property tax credit against the personal income tax.

For the 2017 and 2018 tax years, the law limited eligibility for the property tax credit against the personal income tax to people who (1) were age 65 or older before the end of the tax year or (2) validly claimed at least one dependent on their federal income tax return for that year. The act extends these limits to the 2019 and 2020 tax years.

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.

The act also makes technical changes to remove provisions pertaining to prior years, among other things.

EFFECTIVE DATE: Upon passage

§§ 335 & 337 — REAL ESTATE CONVEYANCE TAX ON SALES ABOVE $2.5 MILLION

Establishes a new marginal conveyance tax rate for sales of residential property in excess of $2.5 million and allows taxpayers who pay at such a rate to claim a property tax credit against the income tax based on the conveyance tax they paid.

New Marginal Rate
For residential property with a sales price of at least $800,000, existing law sets the real estate conveyance tax rate at (1) 0.75% of the first $800,000 of the sales price and (2) 1.25% of any portion of the sales price that exceeds $800,000. Beginning July 1, 2020, the act establishes a new rate of 2.25% on the portion of the sales price that exceeds $2.5 million.

**Property Tax Credit Against the Income Tax**

For tax years beginning on or after January 1, 2021, the act establishes an alternative basis that certain conveyance taxpayers may use for claiming a property tax credit against the income tax. Under the act, taxpayers who paid conveyance tax at the new 2.25% rate may claim a property tax credit based on the amount they paid in conveyance tax at the new rate. Taxpayers who claim the credit on this basis are not subject to existing law’s income eligibility limits or $200 credit maximum. By law, eligibility for the property tax credit against the income tax credit is limited to state residents.

Under the act, taxpayers may use the conveyance tax payment as the basis for the property tax credit for three years, beginning in the third tax year after the year in which the taxpayer paid the conveyance tax. The credit in each year cannot exceed 33.3% of the amount of conveyance tax the taxpayer paid at the 2.25% rate. If a taxpayer does not use the full amount of the credit in a given year because it exceeds what the taxpayer owes in income tax or paid in property tax, then the taxpayer may carry the unused portion forward for up to six successive tax years.

**EFFECTIVE DATE:** July 1, 2019, except that the tax credit provision is effective upon passage.

§ 336 — REAL ESTATE CONVEYANCE TAX EXEMPTION FOR CERTAIN PROPERTY WITH CRUMBLING FOUNDATIONS

*Exempts from the real estate conveyance tax transfers of certain property with crumbling foundations*

The act exempts from the real estate conveyance tax transfers of certain principal residences with concrete foundations that have deteriorated due to the presence of pyrrhotite. To be eligible, the transferor must obtain a written evaluation from a licensed professional engineer indicating that the foundation was made with defective concrete.

The exemption applies to the first transfer of the residence after the written evaluation is obtained but is not available to a transferor who received financial assistance to repair or replace the foundation from the Crumbling Foundations Assistance Fund.

The act also makes technical changes.

**EFFECTIVE DATE:** July 1, 2019

§§ 338 & 339 — BUSINESS ENTITY TAX
Sunsets the business entity tax beginning January 1, 2020

The act sunsets the business entity tax beginning January 1, 2020. The tax is $250, due every other taxable year, and is imposed on certain business entities (e.g., S corps, limited partnerships, limited liability partnerships, and limited liability companies).

EFFECTIVE DATE: Upon passage, except a conforming change is effective January 1, 2020.

§ 340 — CAPITAL BASE TAX PHASE OUT

Phases out the capital base tax over four years

The act phases out the capital base tax on corporations over four years, from 2021 to 2024. Currently, the tax rate is 3.1 mills per dollar of a corporation’s capital base (i.e., its net worth apportioned to Connecticut). Under the act, the rate decreases to 2.6 mills in 2021, 2.1 mills in 2022, 1.1 mills in 2023, and is eliminated beginning in 2024.

The capital base tax is a component of the state’s corporation business tax. By law, for most corporations, the corporation business tax rate is (1) 7.5% of net income, (2) 3.1 mills per dollar of capital base (up to $1 million), or (3) $250, whichever produces the larger tax.

EFFECTIVE DATE: Upon passage

§§ 341-343 — CORPORATION BUSINESS TAX SURCHARGE

Extends the 10% corporation business tax surcharge for two additional years, the 2019 and 2020 income years

The act extends the 10% corporation business tax surcharge for two additional years, to the 2019 and 2020 income years.

By law, companies must calculate their surcharges based on their tax liability, excluding any credits. As under existing law, the surcharge for 2019 and 2020 applies to companies that have more than $250 in corporation tax liability and either (1) have at least $100 million in annual gross income in those years or (2) are taxable members of a combined group that files a combined unitary return, regardless of their annual gross income amount.

The act provides that taxpayers are not subject to estimated tax payment requirements and interest on underpayments for the 2019 income year for any additional tax due as a result of the surcharge extension before the provision takes effect.

EFFECTIVE DATE: Upon passage; surcharge is applicable to income years beginning on or after January 1, 2019.

§§ 344-346 — BUSINESS FILING FEES
Beginning July 1, 2020, the act increases, from $20 to $80, the fee that foreign and domestic limited partnerships, limited liability companies, and limited liability partnerships must pay for filing an annual report with the secretary of the state.

EFFECTIVE DATE: July 1, 2019

§ 347 — ANGEL INVESTOR TAX CREDIT

Extends the angel investor tax credit program by five years, from July 1, 2019, to July 1, 2024. It increases (1) from $3 million to $5 million, the annual aggregate cap on angel investor credits each fiscal year and (2) from $250,000 to $500,000, the total amount of tax credits allowed to any angel investor. By law, the amount of credits that Connecticut Innovations (CI) may reserve each year for investments in emerging technology businesses is capped at 75% of the total amount of credits available that year, but CI may exceed the cap if any unreserved credits remain after April 1 in each year. The act authorizes CI to prioritize the unreserved credits for veteran-owned, women-owned, or minority-owned businesses and businesses owned by individuals with disabilities.

Under this program, angel investors (i.e., investors who are considered “accredited investors” by the Securities and Exchange Commission) who invest at least $25,000 in approved businesses are eligible for a personal income tax credit equal to 25% of their investment, up to a capped amount.

EFFECTIVE DATE: July 1, 2019, and applicable to income and tax years beginning on or after January 1, 2019.

§ 348 — SET-ASIDE PROGRAM

Increases the number of businesses and nonprofits eligible to bid on small contractor and minority business enterprise set-aside contracts by increasing the annual gross revenue limit for eligible small contractors from $15 million to $20 million.

The act increases the number of businesses and nonprofit corporations eligible to bid on small contractor and minority business enterprise set-aside contracts. By law, all state agencies and contractors awarded municipal public works contracts or state quasi-public agency contracts must annually set aside or reserve (1) 25% of their contracts for exclusive bidding by state certified “small contractors,” which include nonprofit organizations, and (2) 25% of that amount (6.25% of the total) for exclusive bidding by state contractors that are certified minority business enterprises, including those owned or operated by women, people with
disabilities, and minority group members.

Under prior law, independent businesses and nonprofits could bid on these contracts only if their (1) annual gross revenue in the most recently completed fiscal year was under $15 million and (2) principal place of business was anywhere in Connecticut. Those affiliated with other entities could bid on the contracts only if their combined annual revenue did not exceed the $15 million ceiling. The act raises this ceiling to $20 million.

**EFFECTIVE DATE:** October 1, 2019

§ 349 — CORPORATION BUSINESS TAX CREDITS CAP

Reduces from 70% to 50.01% the amount by which a company may reduce its tax liability using R&D and URA credits

The act reduces, from 70% to 50.01%, the amount by which a company may reduce its corporation business tax liability using research and development and Urban and Industrial Sites Reinvestment Act (URA) credits. Under existing law, the 50.01% credit cap applies to all other corporation business tax credits.

**EFFECTIVE DATE:** Upon passage, and applicable to income years beginning on or after January 1, 2019.

§§ 350 & 370 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT

For FY 20, transfers $7 million to PEGPETIA from the General Fund; beginning in FY 22, eliminates the annual $3.5 million transfer to the General Fund from PEGPETIA

The act requires the comptroller, by June 30, 2020, to transfer $7 million from the General Fund to the public, educational, and governmental programming and education technology investment account (PEGPETIA). The act also eliminates, beginning in FY 22, the annual $3.5 million transfer from PEGPETIA to the General Fund.

Generally, the account provides grants for public, educational, and governmental (i.e. community access) programming and education technology initiatives.

**EFFECTIVE DATE:** July 1, 2019

§ 351 — E-CIGARETTE TAX

Imposes a tax on e-cigarette products at a rate of (1) 40 cents per milliliter for pre-filled e-cigarette products and (2) 10% of the wholesale price for all other e-cigarette products

**Imposition of Tax**

The act imposes a tax on sales of electronic cigarette (e-cigarette) products by e-cigarette wholesalers. “E-cigarette products” are electronic nicotine delivery
systems; liquid nicotine containers; vapor products; and e-cigarette liquids (i.e., liquids that, when used in an electronic nicotine delivery system, produce a vapor that includes nicotine and is inhaled by the system’s user).

The tax is imposed each calendar month, beginning October 1, 2019, at a rate of:

1. 40 cents per milliliter of e-cigarette liquid, for any e-cigarette product that is pre-filled, manufacturer-sealed, and not intended to be refillable and
2. 10% of the wholesale price for all other e-cigarette products whether or not sold at wholesale, or if not sold, at the same rate upon use by the wholesaler.

“Wholesale sales price” means the price of e-cigarette products or, if no price has been set, their wholesale value. Under the act, only the first sale or use of the same product by the wholesaler is used to compute the tax.

Under the act, an e-cigarette wholesaler is a (1) person engaged in the business of selling e-cigarette products at wholesale in the state; (2) person in the state that purchases e-cigarette products at wholesale from a manufacturer; or (3) dealer, retailer, or other person that otherwise imports, or causes another to import, untaxed e-cigarette products into the state.

Administration

The act requires e-cigarette wholesalers, by the last day of each month, to (1) file electronically with DRS a return for the calendar month immediately preceding in the form and manner the DRS commissioner prescribes and (2) submit with the return the tax payment, paid by electronic funds transfer. The act specifies that no tax credits are allowable against the tax.

At the close of each fiscal year, beginning with FY 20, the act allows the state comptroller to record as revenue for the fiscal year the amount DRS received from e-cigarette tax revenue within five business days from the last day of July immediately following the end of the fiscal year.

The act also allows DRS to adopt regulations to implement the tax.

Enforcement and Penalties

The act imposes on anyone who fails to pay the tax a penalty of 10% of the tax due or $50, whichever is greater. The penalty gathers interest at the rate of 1% per month from the tax due date until it is paid. The commissioner may waive all or part of any penalty, subject to existing law’s provisions on the Penalty Review Committee, when the taxpayer proves to the commissioner’s satisfaction that the failure to pay was due to reasonable cause and not intentional or due to neglect.

The act also imposes a penalty on each person, other than an e-cigarette wholesaler, that is required, on behalf of a wholesaler, to collect, truthfully account for, and pay the e-cigarette tax but willfully fails to do so or willfully attempts to evade or defeat the tax or its payment. The penalty (1) equals the total amount of tax evaded, not collected, or not accounted for and paid, including any penalty or interest attributable to the above violations, and (2) applies in addition
to other penalties the law provides. The penalty may be imposed against such a person only if the tax, penalty, or interest cannot otherwise be collected from the e-cigarette wholesaler. Under the act, the dissolution of an e-cigarette wholesaler does not discharge the liability of any person liable for a (1) willful failure to collect or truthfully account for and pay e-cigarette taxes or (2) willful attempt to evade or defeat the tax prior to the dissolution.

The act additionally applies, both to wholesalers and other people required to pay the e-cigarette tax, certain collection and enforcement provisions that apply to the admissions and dues tax under existing law. Among other things, these provisions cover (1) refunds for tax overpayments, (2) hearing and appeals processes, (3) penalties for certain willful violations or fraud, and (4) issuing liens and tax warrants.

EFFECTIVE DATE: October 1, 2019, and applicable to sales occurring on or after that date.

§§ 352 & 353 — ALCOHOLIC BEVERAGES TAX

*Increases the excise tax on alcoholic beverages, except beer, by 10%; reduces by 50% the tax rate on beer for off-premises consumption sold on the premises covered by a manufacturer's permit; requires sellers to pay a floor tax on alcoholic beverages, except beer, in their inventories as of the opening of business on October 1, 2019.*

The act generally increases the excise tax on alcoholic beverages, except for beer, by 10%. It reduces, by 50%, the tax rate on beer for off-premises consumption sold on premises covered by a manufacturer’s permit. It requires sellers to pay an additional tax on the alcoholic beverages (except for beer) in their inventories as of the opening of business on October 1, 2019. Prior and new rates for the alcoholic beverages tax and the inventory tax are shown in the table below.

### Prior and New Alcoholic Beverages Tax Rates

<table>
<thead>
<tr>
<th>Alcoholic Beverage</th>
<th>Unit Taxed</th>
<th>Prior Rate</th>
<th>New Rate</th>
<th>Per-Unit Inventory Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cider with no more than 7% alcohol</td>
<td>Barrel (31 gallons)</td>
<td>$7.20</td>
<td>$7.92</td>
<td>$0.72</td>
</tr>
<tr>
<td>(previously taxed at the same rate as beer)</td>
<td>½ barrel</td>
<td>3.60</td>
<td>3.96</td>
<td>0.36</td>
</tr>
<tr>
<td></td>
<td>¼ barrel</td>
<td>1.80</td>
<td>1.98</td>
<td>0.18</td>
</tr>
<tr>
<td></td>
<td>Wine gallon or fraction under ¼ barrel</td>
<td>0.24</td>
<td>0.26</td>
<td>0.02</td>
</tr>
<tr>
<td>Beer sold for off-premises consumption on premises covered by a manufacturer's permit</td>
<td>Barrel (31 gallons)</td>
<td>7.20</td>
<td>3.60</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>½ barrel</td>
<td>3.60</td>
<td>1.80</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>¼ barrel</td>
<td>1.80</td>
<td>0.90</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Wine gallon or fraction under ¼ barrel</td>
<td>0.24</td>
<td>0.12</td>
<td>N/A</td>
</tr>
<tr>
<td>Alcoholic Beverage</td>
<td>Unit Taxed</td>
<td>Prior Rate</td>
<td>New Rate</td>
<td>Per-Unit Inventory Tax</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>------------</td>
<td>----------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Still wines (up to 21% alcohol by volume) and cider not taxed at the beer rate</td>
<td>Wine gallon</td>
<td>0.72</td>
<td>0.79</td>
<td>0.07</td>
</tr>
<tr>
<td>Still wines produced by small wineries producing up to 55,000 wine gallons annually (certificate required)</td>
<td>Wine gallon</td>
<td>0.18</td>
<td>0.20</td>
<td>0.02</td>
</tr>
<tr>
<td>Sparkling and fortified wines</td>
<td>Wine gallon</td>
<td>1.80</td>
<td>1.98</td>
<td>0.18</td>
</tr>
<tr>
<td>Alcohol (more than 100 proof)</td>
<td>Proof gallon</td>
<td>5.40</td>
<td>5.94</td>
<td>0.54</td>
</tr>
<tr>
<td>Liquor</td>
<td>Wine gallon</td>
<td>5.40</td>
<td>5.94</td>
<td>0.54</td>
</tr>
<tr>
<td>Liquor coolers (up to 7% alcohol by volume)</td>
<td>Wine gallon</td>
<td>2.46</td>
<td>2.71</td>
<td>0.25</td>
</tr>
</tbody>
</table>

The act requires sellers to file an inventory report with DRS and pay the tax due on the inventory by November 15, 2019. If a seller fails to file an inventory report and pay the tax by that date, the DRS commissioner must estimate the seller’s inventory tax based on information he has or obtains. Regular provisions of the alcoholic beverages tax laws concerning failure to file returns, DRS examination of returns, deficiency assessments or assessments for failure to file a return, tax collection, penalties, and interest apply to the act’s inventory tax. Under those provisions, someone who fails to pay the tax on time is subject to a penalty of 10% of the tax due with a $50 minimum plus 1% per month interest from the tax due date to the payment date.

As under the alcoholic beverages tax law, taxpayers who willfully fail to pay the inventory tax, file returns, keep required records, or supply required information regarding the tax are subject to a fine of up to $1,000, imprisonment for up to one year, or both, in addition to any other penalties the law imposes. Similarly, willfully delivering or disclosing to the commissioner or his authorized agent any list, return, account, statement, or other document known to be fraudulent or false is a class D felony (see Table on Penalties).

The act also makes the failure to file a report and pay the tax on time grounds for revoking any other DRS-issued license or permit the seller possesses.

The act requires the Department of Consumer Protection commissioner to cooperate with the DRS commissioner to enforce the inventory tax.

**EFFECTIVE DATE:** October 1, 2019; tax rate provisions are applicable to sales occurring on or after that date.

**§ 354 — ADMISSIONS TAX**

Reduces the admissions tax rate on certain venues in two steps: from 10% to 7.5% for sales occurring on or after July 1, 2019, and from 7.5% to 5% for sales occurring on or after July 1, 2020; reduces the admissions tax rate on events at Dunkin’ Donuts Park in Hartford from 10% to 5% beginning July 1, 2019, and fully exempts such events from the tax beginning July 1, 2020.

The act reduces the admissions tax rate on certain venues in two steps: from 10% to 7.5% for sales occurring on or after July 1, 2019, and from 7.5% to 5% for
sales occurring on or after July 1, 2020. The lower rate applies to the following venues:

1. XL Center in Hartford;
2. Dillon Stadium in Hartford;
3. New Britain Stadium (for athletic events presented by an Atlantic League of Professional Baseball member team);
4. Webster Bank Arena in Bridgeport;
5. Harbor Yard Amphitheater in Bridgeport;
6. Dodd Stadium in Norwich;
7. Oakdale Theatre in Wallingford; and
8. Rentschler Field in East Hartford (for events other than interscholastic athletic events, which are already exempt under existing law).

The act also (1) reduces the admissions tax rate on events at Dunkin’ Donuts Park in Hartford, from 10% to 5%, beginning July 1, 2019, and (2) fully exempts such events from the tax beginning July 1, 2020.

EFFECTIVE DATE: July 1, 2019, and applicable to sales made on or after July 1, 2019.

§ 355 — PLASTIC SINGLE-USE BAGS

*Imposes a 10-cent fee on single-use plastic bags provided at the point of sale until June 30, 2021, and bans them beginning July 1, 2021*

From August 1, 2019, to June 30, 2021, the act requires each store to charge a 10-cent fee for each single-use checkout bag provided to a customer at the point of sale. The store must indicate the number of single-use checkout bags provided and the total fee charged on the customer’s transaction receipt. The fee is not subject to sales tax.

Beginning July 1, 2021, the act prohibits store owners and operators from providing or selling single-use checkout bags to customers.

EFFECTIVE DATE: August 1, 2019

**Scope**

The fee and ban apply to “single-use checkout bags,” which are plastic bags with a thickness of less than four mils that are provided to a customer at the point of sale. The act exempts (1) bags provided for meat, seafood, loose produce, or unwrapped food items; (2) newspaper bags; and (3) laundry or dry cleaning bags.

“Store” means any entity considered a retailer for sales tax purposes that maintains a retail store in the state and sells tangible personal property directly to the public.

**Fee Administration and Enforcement**

Under the act, each store must report all fees it collects to the DRS commissioner with its sales tax return and remit the fees at the same time and in the same manner as is required for the sales tax. Any unpaid fees are subject to
the penalties and interest that apply under existing law to unpaid sales tax (e.g., a penalty of 15% of the tax owed plus 1% interest per month).

The act allows the DRS commissioner to collect the fees, as if they were taxes due to the state, in the same manner in which he may collect other taxes, including levy warrants on the property of people who owe fees to the state. The act additionally applies to the fee certain enforcement-related provisions that apply to the sales tax under existing law, including provisions on deficiency assessments, hearings, appeals, and penalties for willful violations.

At the close of FYs 20 and 21, the act allows the state comptroller to record as revenue, for each of these fiscal years, the amount of fee revenue DRS receives from the end of the fiscal year until the fifth business day in August. It also authorizes the DRS commissioner, in consultation with the energy and environmental protection commissioner, to adopt regulations to carry out the fee-related provisions.

**Municipal Ordinances**

The act specifies that it does not prohibit a municipality from enacting or enforcing an ordinance on (1) plastic single-use checkout bags that is at least as restrictive as the act’s provisions or (2) paper single-use checkout bags, including enabling stores to charge a fee for paper bags distributed to customers.

**§ 356 — HOSPITAL PROVIDER TAX**

_Eliminates a scheduled reduction in the hospital tax rates on inpatient and outpatient services; among other things, requires the DSS commissioner to issue refunds if she determines for any fiscal year that the effective hospital tax rate exceeds the rate permitted under federal law_

**Tax Rate and Base**

Existing law sets the FY 19 hospital provider tax rate 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 a rate equal to $900 million, minus the total tax imposed on all hospitals for providing inpatient services, divided by the total FY 16 audited net revenue attributable to outpatient services for all hospitals subject to the tax. Prior law scheduled these rates to decrease for FY 20 and thereafter, for both inpatient and outpatient hospital services, to a rate equal to $384 million, divided by the total FY 16 audited net revenue for all hospitals subject to the tax.

The act eliminates the scheduled rate decrease by maintaining the rates for inpatient and outpatient hospital services at FY 19 levels but requiring a base adjustment each biennium. Under the act, beginning with the FY 20-21 biennium, the fiscal year upon which the inpatient and outpatient hospital services tax is based must be the fiscal year three years prior to the first year of the biennium, rather than FY 16 (e.g., FY 17 for the FY 20-21 biennium).

**Audited Net Revenue**
As under existing law, the tax is based on the hospital’s audited net revenue for the applicable fiscal year. The act makes conforming changes to the definitions of audited net inpatient revenue, audited net outpatient revenue, and audited net revenue to account for the required base year adjustments.

Prior law required hospitals to give the DRS commissioner any information he required in order to calculate FY 16 audited net inpatient revenue, net outpatient revenue, and net revenue for all hospitals. The act extends this requirement to FY 20 and thereafter by requiring hospitals to biennially submit the information the commissioner requires to calculate these amounts for the applicable fiscal year. They must provide the information (1) by June 30, 2019, for FY 20 and (2) by January 15 of the second year of the preceding biennium for the FY 22-23 biennium and thereafter.

As under existing law, the commissioner must request additional information he needs to fully audit each hospital’s net revenue. Once he completes his examination, the commissioner must notify each hospital of its audited net inpatient revenue, net outpatient revenue, and net revenue for the applicable fiscal year.

As under existing law, hospitals that fail to provide the requested information, 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.

Hospital Mergers, Consolidations, or Reorganizations

Under the act, if a hospital or hospitals subject to the tax merge, consolidate, or otherwise reorganize, then the surviving hospital must assume and be liable for the total tax imposed on the merging, consolidating, or reorganizing hospitals. The surviving hospital must also assume any outstanding liabilities from periods before the merger, consolidation, or reorganization.

The amount of tax due from each hospital is not recalculated if (1) a hospital ceases to operate as a hospital for any reason other than a merger, consolidation, or reorganization or (2) ceases for any reason to be subject to the hospital provider tax. Rather, the total amount of hospital provider tax to be collected under the rates described above must be reduced by the amount of the tax liability imposed on the hospital that is no longer subject to the tax.

Refunds for Exceeding Federally Permissible Tax Rate

If the Department of Social Services (DSS) commissioner determines, for any fiscal year, that the effective hospital provider tax rate for inpatient services exceeds the rate allowed under federal Medicaid law, the act requires the amount of excess tax collected to be refunded to hospitals. Each hospital’s refund must be in proportion to the amount of inpatient hospital service net revenue on which it was taxed. The effective tax rate must be calculated by comparing the amount of tax hospitals paid on inpatient hospital service net revenue in a state fiscal year with the amount of net revenue received by all hospitals for such services for the
same fiscal year.

Beginning by July 1, 2020, each hospital subject to the provider tax must report annually to the DSS commissioner the amount of (1) hospital provider tax it paid and (2) net revenue it received for providing inpatient hospital services in the state fiscal year beginning two years before the reporting date.

Within 90 days after receiving completed reports from all such hospitals, the DSS commissioner must notify the DRS commissioner of the amount of any refund due to each hospital in order to comply with federal law. Within 30 days after receiving this notice, the DRS commissioner must notify the comptroller of the refund amounts. The comptroller must then draw an order on the treasurer to pay each such refund. No interest may be added to the refunds.

Request for Federal Waiver to Exempt Certain Hospitals

The act moves up the date by which the DSS commissioner must next seek the Center for Medicare and Medicaid Services’ approval to exempt financially distressed hospitals from the tax on outpatient hospital services. Prior law required her to first do so before January 1, 2018. The act requires her to do so again before July 1, 2019, and, as under existing law, every three years thereafter.

EFFECTIVE DATE: Upon passage

§ 357 — USER FEE ON INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF-IDS)

Increases the user fee on ICF-IDs from $27.26 to $27.76

For calendar quarters beginning on or after July 1, 2019, the act increases the user fee for ICF-IDs from $27.26 to $27.76. Each facility’s total fee is the product of its total resident days during the quarter, multiplied by the user fee.

EFFECTIVE DATE: Upon passage

§§ 358 & 359 — ADVANCE DEPOSIT WAGERS AT OFF-TRACK BETTING FACILITIES

Explicitly prohibits and criminalizes unauthorized OTB wagers and advance deposit wagers in Connecticut

The act explicitly prohibits any unauthorized person or business from conducting off-track betting (OTB) or accepting OTB wagers or advance deposit wagers (i.e., an OTB wager on racing events using a telephone or other electronic means) in Connecticut. Under the act, a violation is an unfair trade practice under the Connecticut Unfair Trade Practices Act (CUTPA). The act also subjects violators to the penalties for professional gambling and transmitting gambling information, both of which are class A misdemeanors (see Table on Penalties).

The act also makes a technical change.

EFFECTIVE DATE: October 1, 2019
§ 360 — TRANSPORTATION NETWORK COMPANY (TNC) FEE

*Increases the TNC fee from 25 cents to 30 cents*

The act increases, from 25 cents to 30 cents, the fee that TNCs (e.g., Uber and Lyft) must pay on each ride that originates in the state.

**EFFECTIVE DATE:** July 1, 2019

§ 361 — MOTOR VEHICLE TRADE-IN FEE

*Increases the motor vehicle trade-in fee from $35 to $100*

The act increases the motor vehicle trade-in fee from $35 to $100. By law, the DMV commissioner must charge new and used car dealers this fee on each used motor vehicle they accept as a trade-in when selling a new or used vehicle. Proceeds from the fee are deposited in the General Fund.

**EFFECTIVE DATE:** October 1, 2019, and applicable to transactions occurring on or after that date.

§ 362 — DEBT-FREE COMMUNITY COLLEGE PROGRAM

*Requires BOR to establish a program covering tuition and fees for first-time, full-time Connecticut community-technical college students*

The act requires the Board of Regents for Higher Education (BOR) to establish by January 1, 2020, a debt-free community college program for certain Connecticut high school graduates who enroll as first-time, full-time regional community-technical college students. The program must provide these students with awards on a semester basis that (1) cover the unpaid portion of the tuition and required fees established by BOR (i.e., tuition and fee costs, minus scholarships; grants; and federal, state, and institutional aid awarded to the student that is not a loan) or (2) provide a minimum $250 grant, whichever is greater.

Awards under this program apply to the first 72 credit hours earned by a student in the first 36 months of community college enrollment in a program leading to a degree or certificate. BOR must make awards to qualifying students beginning with the fall 2020 semester within available appropriations. The act prohibits BOR from using an award to supplant any financial aid otherwise available to qualifying students, including state or institutional aid.

The act establishes student eligibility requirements for the program along with program-related administrative duties and reporting requirements for BOR.

**EFFECTIVE DATE:** July 1, 2019

_Student Eligibility Requirements_

Under the act, a student must meet various requirements to be eligible to receive an award under the debt-free community college program. These requirements relate to (1) enrollment status, (2) in-state student classification, (3)
academic progress during enrollment, and (4) financial need. Students must continue to meet these eligibility requirements in order to receive awards in subsequent semesters.

The act also establishes separate eligibility requirements for qualifying students who take a medical or personal leave of absence or are called to active duty in the armed forces while enrolled in a community college.

**Enrollment Status.** To be eligible for the program’s award under the act, a student must have graduated from a public or private Connecticut high school prior to first-time enrollment at a community college in a program leading to a degree or certificate. The student may commence enrollment in fall 2020 or any semester after that and must continue as a full-time student (i.e., one who earns at least 12 credit hours in a semester). For a student with a learning disability documented by the college, the act defines “full-time enrollment” as the maximum number of credit hours feasible for the student to attempt in a semester as determined by his or her academic advisor.

Under the act, a “semester” means the fall or spring semester of an academic year and does not include the summer semester or summer session.

**In-state Student Classification.** Under the act, only in-state students are eligible for the program. By law, with limited exceptions, eligibility for in-state student classification is based on an applicant’s domicile, which is his or her “true, fixed, and permanent home” and the place where he or she intends to remain and return to after leaving (CGS §§ 10a-28 & 10a-29).

**Academic Progress.** Under the act, qualifying students must make satisfactory academic progress while enrolled. (The act does not define “satisfactory academic progress,” but, presumably, it refers to academic performance that allows the student to maintain enrollment in his or her degree or certificate program.)

**Financial Need.** The act requires eligible students to complete the Free Application for Federal Student Aid (FAFSA) and accept all available financial aid that is not in the form of a federal, state, or private student loan.

**Exceptions for Medical, Personal, or Military Leave.** The act allows a qualifying student who takes an administratively approved medical or personal leave to continue to qualify for the award program upon resuming full-time enrollment. The student continues to qualify if (1) he or she continues to meet the above requirements upon reenrollment (i.e., enrollment status, residency, academic, and financial) and (2) the total amount of all approved leaves of absence does not exceed six months.

Similarly, a qualifying student who is called to active duty as a member of the armed forces during any semester may continue to qualify for the award program under the act upon resuming full-time enrollment. The student must (1) continue to meet the above requirements upon reenrollment and (2) reenroll no later than four years after the date he or she is released from active duty.

**Program Administration and Reporting**

By January 1, 2020, the act requires BOR to adopt rules, procedures, and forms necessary to implement the program and submit a report outlining the
adopted measures to the Higher Education and Employment Advancement Committee. BOR must also report to the Higher Education and Appropriations committees by March 1, 2021, and October 1, 2021, and each semester after that, about the program. These reports must include the:

1. number of qualifying students (a) enrolled during each semester, (b) receiving minimum awards, and (c) receiving awards for the unpaid portion of eligible institutional costs;
2. average number of credit hours that qualifying students (a) enrolled in each semester and (b) completed in each semester;
3. average award amount to be made to qualifying students for the unpaid portion of eligible institutional costs; and
4. completion rates of qualifying students who receive awards by degree or certificate program.

§ 363 — FAFSA MONTH

Requires BOR to implement an annual “FAFSA month” program to help high school seniors and their families complete their federal student financial aid applications

The act designates December as “FAFSA month” and requires BOR to implement an annual program by December 1, 2019, to host events for high school seniors and their families in each region of the state to provide assistance with completing their FAFSA with the goal of increasing the number of applications submitted by Connecticut residents each year. (Prospective higher education students must submit their FAFSA forms to the U.S. Department of Education in order to be considered eligible for federal student financial aid.)

EFFECTIVE DATE: July 1, 2019

§ 364 — ONLINE LOTTERY GAMING REVENUE

Requires the governor, through OPM, to (1) determine the feasibility of using revenue from new online lottery gaming to fund the debt-free community college program and (2) propose budget adjustments over the biennium for the program if online lottery games are not feasible; requires such budget adjustments to provide at least $1 million for state, municipal, and regional collaboration initiatives

The act requires the governor, through the Office of Policy and Management (OPM) secretary, to consult with the Connecticut Lottery Corporation, attorney general, and consumer protection commissioner on the feasibility of allowing the lottery to offer its existing lottery draw games online through the lottery’s website, online service, or mobile application. The governor must determine whether (1) the online offering is feasible and (2) the revenue from it is sufficient to offset the costs of the debt-free community college program. Under the act, the OPM secretary must submit a report to the General Assembly by February 5, 2020, about the feasibility of this offering. If the governor finds that it is not feasible, the act requires him to propose budget adjustments, including any revenue source or spending reduction, for the biennium ending FY 21 to: (1) account for the costs of the debt-free community college program and (2) provide
at least $1 million to support the recommended state, municipal, and regional collaboration initiatives in this act (see § 366 below).

EFFECTIVE DATE: July 1, 2019

§§ 365 & 366 — REGIONALIZATION

Establishes a (1) task force to study ways to encourage the regionalization of municipal functions, activities, and services and (2) regionalization subaccount to support its recommendations

Regionalization Task Force (§ 366)

The act establishes a 32-member task force to study ways to encourage greater and improved collaboration among the state and municipal governments and regional bodies. Any initiative that the task force recommends must be optional for municipalities.

Membership. Under the act, the task force consists of the:

1. Office of Policy and Management (OPM) secretary, or her designee;
2. chairpersons and ranking members of the Planning and Development and Finance, Revenue and Bonding committees, or their designees; and
3. Connecticut Advisory Commission on Intergovernmental Relations members.

The Connecticut Advisory Commission consists of 16 appointed members with relevant experience and the following officials, or their designees: the OPM secretary; the Senate president pro tempore and minority leader; House speaker and minority leader; and the commissioners of education, energy and environmental protection, and economic and community development.

The act requires administrative staff of the Finance, Revenue and Bonding committee to serve as administrative staff for the task force. OPM must provide additional support as necessary.

Areas of Study and Reporting. At a minimum, the task force’s study must include the following:

1. an examination of the functions, activities, or services that municipalities currently perform individually but that OPM might perform more efficiently on behalf of those willing to opt in or opt out of accepting such performance on their behalf;
2. an examination of the functions, activities, or services currently performed by the state or municipalities that may be provided in a more efficient, high-quality, cost-effective, or responsive manner by regional councils of governments (COGs), regional educational service centers (RESCs), or other similar regional bodies that are responsive to residents;
3. cost savings of government services, including joint purchasing, for municipalities and their respective local or regional school districts;
4. cost savings through the sharing of government services, including joint purchasing, among municipalities;
5. standardization and alignment of various state regions;
6. analyses of any other initiatives that may facilitate service delivery in a more efficient, high-quality, cost-effective, or responsive manner; and
7. any recommendation for dividing the revenue in the regional planning incentive account’s regionalization subaccount (described below) between OPM, COGs, RESCs, or similar regional bodies for purposes of regionalizing services.

By February 5, 2020, the task force must submit a report with its findings and any legislative recommendations to the Planning and Development and Finance, Revenue and Bonding committees. The task force terminates when it submits the report or on February 5, 2020, whichever is later.

*Implementing the Task Force’s Recommendations (§ 366)*

Beginning July 1, 2020, the act requires the OPM secretary to begin offering regional functions, activities, or services as recommended by the task force. The secretary must establish requirements for the (1) procedures and guidelines for performing regional functions, activities, or services; (2) grant amounts; and (3) application submission deadlines and grant recipient selection.

The secretary may establish fees to charge municipalities that opt to participate in any regional functions, activities, or services that the agency performs on their behalf. Similarly, any COG, RESC, or other body offering regional functions, activities, or services, may also establish fees.

*Regionalization Subaccount (§ 365)*

The act establishes a regionalization subaccount in the General Fund’s regional planning incentive account. Subaccount funds must be spent only on recommendations from the regionalization task force.

Under the act, the subaccount is funded by revenue that the Connecticut Lottery Corporation (CLC) makes by offering its existing lottery draw games online, in excess of the amount equal to the debt-free college program (see § 362). If CLC does not offer an online lottery program, the governor must propose adjustments to the FY 20-21 budget to provide at least $1 million to support the task force’s recommended regionalism initiatives, including any revenue source or spending reduction equal to the initiatives’ costs.

**EFFECTIVE DATE:** Upon passage

§ 367 — MUNICIPAL FISCAL CAPACITY

Requires the OPM secretary to (1) analyze and compare the calculations derived from municipalities’ wealth index and revenue generating capacity, (2) analyze which one most accurately measures their fiscal capacity, and (3) report to the legislature

The act requires the OPM secretary to analyze and compare the calculations derived from the public investment communities (PIC) eligibility index and the representative tax system methodology used by the New England Public Policy Center in its Research Report 15-1 (May 2015).

By February 5, 2020, the secretary must report to the Planning and Development and Finance, Revenue and Bonding committees with (1) a
recommendation on which calculations are more relevant and useful for determining an accurate measure of a municipality’s fiscal capacity and (2) an outline of each methodology’s respective merits. The recommendation must include necessary legislative changes and an estimate of the appropriations necessary for implementation.

EFFECTIVE DATE: Upon passage

Background

By law, the PIC index measures a municipality’s wealth using its (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(a)(8)).

In its May 2015 report, the New England Public Policy Center (which is part of the Federal Reserve Bank of Boston) measured local revenue capacity using the representative tax system approach. This approach calculates how much revenue each municipality could raise from its underlying tax base if all municipalities used the same standard tax rate. The report computed capacity by applying a standard tax rate to the value of taxable real and personal property in each municipality, captured by the equalized net grand list (ENGL). The standard tax rate is the rate that would need to be applied to a statewide ENGL in order to raise revenues exactly equal to statewide non-school spending.

§ 368 — FEE STUDY

Requires OPM to study state fees and report at least $50 million in recommended increases by February 5, 2020

The act requires the OPM secretary to review the existing fees collected by each department and report recommendations for fee increases to the Finance, Revenue and Bonding Committee by February 5, 2020. The total amount of the fee increases must be at least $50 million.

EFFECTIVE DATE: Upon passage

§ 369 — BANKING FUND TRANSFER

Transfers $5.2 million from the Banking Fund to the General Fund for each year of FYs 20 and 21

The act requires the comptroller to transfer $5.2 million from the Banking Fund to the General Fund for each year of FYs 20 and 21.

EFFECTIVE DATE: July 1, 2019

§ 371 — TRANSFER OF STF RESOURCES FROM FY 20 TO FY 21

Transfers $30 million in STF resources from FY 20 to FY 21

By June 30, 2020, the act requires the comptroller to transfer $30 million of
FY 20 STF resources to be accounted for as FY 21 STF revenue.
EFFECTIVE DATE: July 1, 2019

§ 372 — TRANSFER OF FY 20 GENERAL FUND REVENUE TO FY 21

Transfers $85 million in FY 20 General Fund revenue to FY 21

By June 30, 2020, the act requires the comptroller to designate $85 million of FY 20 General Fund resources to be accounted for as FY 21 General Fund revenue.
EFFECTIVE DATE: July 1, 2019

§ 373 — TRANSFER FROM GENERAL FUND TO FAMILY AND MEDICAL LEAVE INSURANCE TRUST FUND

Transfers $5.1 million from the General Fund to the Family and Medical Leave Insurance Trust Fund for FY 20

For FY 20, the act requires the comptroller to transfer $5.1 million from the General Fund to the Family and Medical Leave Insurance Trust Fund.
EFFECTIVE DATE: Upon passage

§ 374 — GAAP DEFICIT

Deems that $1 is appropriated in FY 21 to pay off the state’s GAAP deficit for FYs 13 and 14

The act deems that $1 is appropriated in FY 21 to pay off the General Fund's unassigned negative balances (i.e., Generally Accepted Accounting Principles (GAAP) deficits) for FYs 13 and 14, which reflect the negative balances that accumulated before the state adopted GAAP in FY 14.

By law, the OPM secretary must annually publish recommended schedules to fully amortize the deficits by FY 28.
EFFECTIVE DATE: Upon passage

§ 375 — SPECIAL TAX OBLIGATION BOND ISSUANCE CAP

Eliminates the cap on the amount of STO bonds the treasurer may issue in FYs 19 and 20

The act eliminates the limitation on the amount of special tax obligation (STO) bonds the treasurer may issue in FYs 19 and 20 for transportation projects. Prior law limited such bond issuances to $750 million in each of these fiscal years.
EFFECTIVE DATE: July 1, 2019

§§ 376 & 397 — 7/7 PROGRAM REPEAL

Repeals the 7/7 program
The act repeals the 7/7 program, which under prior law authorized a package of state and local tax incentives for eligible property owners after they remediate, redevelop, and use formerly contaminated, abandoned, or underutilized properties. The incentives were available in two seven-year stages, with the second stage available only to owners of contaminated and remediated properties. **EFFECTIVE DATE:** Upon passage and applicable to tax years beginning on or after January 1, 2019.

§§ 377-383 — NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS

Allows the comptroller to offer other types of health care plans to nonstate public employers in addition to or instead of the state employee health plan, including other group hospitalization, medical, pharmacy, or other surgical insurance plans the comptroller develops; adds requirements related to such health plans and their premiums; and creates two reporting requirements for nonstate public employers and the comptroller, respectively

Prior law required the comptroller to offer coverage under the state employee health insurance plan to nonstate public employers for their employees and retirees, if applicable. The act allows the comptroller to offer other types of health care plans to nonstate public employers in addition to or instead of coverage under the state employee health insurance plan. These additional plans include group hospitalization, medical, pharmacy, or other surgical insurance plans the comptroller develops. The act’s provisions do not require a nonstate public employer enrolled in the state employee plan to enroll in another plan the comptroller develops under the act.

By law, a “nonstate public employer” is a municipality or other state political subdivision, including a board of education, quasi-public agency, or public library. A municipality and a board of education may be considered separate employers. “Nonstate public employees” are employees and elected officers of a nonstate public employer.

**Plan Requirements (§§ 378 & 381)**

The act allows the comptroller to offer plans other than those offered to state employees on July 1, 2019. But it prohibits him from offering high deductible plans designed to be compatible with federally qualified medical or health savings accounts.

Any health care plan the comptroller develops for nonstate public employees must:

1. include the health enhancement program established in accordance with the 2011 revised State Employees Bargaining Agent Coalition (SEBAC) agreement for state employees;
2. be consistent with “value-based insurance design” principals, which, under the act, are health benefit designs that lower or remove financial barriers to essential, high-value clinical services; and
3. be approved by the Health Care Cost Containment Committee (HCCCC)
before being offered to nonstate public employers.

The act requires the comptroller, before HCCCC approves the plan and annually thereafter, to:

1. have the premium payments associated with the plans reviewed by an independent actuarial firm to determine the premiums’ adequacy relative to experience and total costs and
2. report on the review to HCCCC, OPM, and the Appropriations Committee.

Plan Premiums and Refunds (§§ 378 & 380)

The act requires the comptroller to adjust premiums paid by nonstate public employers who enroll in coverage on and after July 1, 2019, to reflect (1) the cost of health care in the county in which the majority of such employer’s employees work and (2) differences from the benefits and networks provided to state employees. Adjustments otherwise required under existing law also apply. Under the act, the comptroller must phase-in the premium adjustment for health care costs in the county during the two-year period beginning July 1, 2020. But neither year’s adjustment can exceed one-half of the total adjustment (i.e., it generally requires half the adjustment in the first year and the other half in the second).

The act eliminates a requirement that the comptroller develop procedures to refund nonstate public employers’ premium payments made in excess of incurred claims if they withdraw from the plan before the expiration date of their current coverage. This applies to nonstate employer coverage under both the state employee plan and comptroller-developed plans.

Prior law established a separate, nonlapsing state employee plan premium account in the General Fund and required the comptroller to (1) deposit the premiums collected from nonstate public employers and employees into this account and (2) administer the account to pay claims and administrative fees to entities providing coverage or services under the state employee health insurance plan.

The act eliminates the account and instead requires the comptroller to establish accounting procedures to track claims and premiums paid by nonstate public employers.

Other Provisions (§ 378)

The act extends to the comptroller-developed plans several provisions that existing law applies to the comptroller-provided coverage for nonstate public employers under the state employee plan. These provisions include:

1. requiring the comptroller to develop application, renewal, and withdrawal procedures;
2. prohibiting nonstate public employees from enrolling in the plans if they are covered through a nonstate public employer’s health plan or insurance arrangements issued under a trust established for a collective bargaining agreement;
3. requiring initial and continuing participation in such plans to be a mandatory subject of collective bargaining and subject to binding interest arbitration as applicable; and
4. authorizing licensed insurers to conduct business with the plans.

*Nonstate Public Employer Report (§§ 377 & 382)*

The act requires each nonstate public employer to annually report to the comptroller, OPM, and the Office of Fiscal Analysis in a form and manner that the comptroller prescribes. The first report is due October 1, 2019. The report must contain the following:

1. the total number of employees covered under an employer-sponsored health care plan;
2. the number of participants in such plans, including employee dependents;
3. the health care coverage type selected by each covered employee;
4. the total premium for each coverage type, including employee and employer shares and medical and pharmacy coverage;
5. the amount of employer contributions to health savings or health reimbursement accounts;
6. a summary of benefits and coverage for each health care plan offered by the employer and the number of employees enrolled in each plan; and
7. information about retirement plans and benefits offered or provided by the employer and the employer’s total costs for the preceding year associated with providing such plans and benefits.

Under the act, “health care coverage type” means the type of health care coverage offered by nonstate public employers, including coverage for an employee, employee and spouse, and employee and family.

*Comptroller’s Report (§ 383)*

The act requires the comptroller to report, by January 1, 2021, and annually thereafter, to the HCCCC, OPM, and the Appropriations Committee on municipal group hospitalization, medical, pharmacy, and surgical insurance plans developed by the comptroller. The report must include:

1. the total number of contracts and members,
2. total plan costs and premium payments and other revenues associated with the plans, and
3. the corresponding profit loss ratio for the previous calendar year.

The report must also (1) distinguish between municipal health care plans and the state employee plan and (2) demonstrate cost neutrality by individual municipal insurance plan and in total across all municipal insurance plans.

Under the act, if the profit loss ratio demonstrates inadequate premium payments, the report must include a plan to ensure the fiscal adequacy of the premium rate structure for individual municipal insurance plans and the associated benefit design to eliminate any prior year financial loss and prevent financial loss in the upcoming plan year.
EFFECTIVE DATE: July 1, 2019, except the study provisions are effective upon passage.

§ 384 — FIRST FIVE PLUS PROGRAM ASSISTANCE

Extends for four years (FYs 21 through 24) the time during which assistance provided under the First Five Plus program, through an agreement originally executed on December 22, 2011, is exempt from various statutory requirements.

The act extends for four years (FYs 21 through 24) the time during which certain assistance provided under the First Five Plus program is exempt from various statutory requirements. Specifically, the extension applies to (1) any assistance agreement originally executed on December 22, 2011, and (2) exemptions from the following statutory requirements:

1. limits associated with Manufacturing Assistance Act program funds (e.g., up to 90% of total project costs in municipalities with enterprise zones and generally up to 50% in the other municipalities);
2. thresholds requiring legislative approval for certain financial assistance or urban and industrial sites reinvestment tax credits for large-scale economic development projects; and
3. limits on the amount of credits taxpayers may, at the Department of Economic and Community Development (DECD) commissioner’s discretion, claim against the insurance premiums tax.

Under existing law, these exemptions for other First Five Plus assistance agreements expire in FY 20.

By law, the First Five Plus program sunsetted on June 30, 2019. Under the program, DECD could fund up to 20 business development projects. The program combined financial assistance and tax incentives under existing programs for eligible projects that create jobs and make capital investments within the law’s timeframes.

EFFECTIVE DATE: Upon passage

§ 385 — PAYROLL TAX INFORMATION RETURN AND ANALYSIS

Requires DRS to collect data needed to evaluate the implementation of an employer payroll tax; establishes a payroll commission to (1) hold informational forums on the tax, (2) analyze the data DRS collects, and (3) report its findings, recommendations, and estimates to the legislature.

Information Return Form

The act requires DRS to collect data needed to evaluate the implementation of an employer payroll tax beginning January 1, 2021. Under the act, DRS must develop and produce an information return form and, by August 15, 2019, mail the form to employers, excluding the federal government, state, municipalities, local or regional boards of education, tribal nations, and self-employed individuals. DRS must send the form electronically or by first class mail. Employers must return it by October 1, 2019.
Payroll Commission Analysis

The act (1) establishes a payroll commission composed of the DRS commissioner, OPM secretary, and Finance, Revenue and Bonding Committee chairpersons and ranking members and (2) requires the commission to analyze the data DRS collects from the information return forms. The Finance, Revenue and Bonding Committee’s administrative staff must serve as the commission’s staff; DRS and OPM must provide additional support as necessary. The commission may also consult with and solicit advice from tax experts and business leaders.

The act explicitly authorizes the DRS commissioner to disclose the data collected from the information return forms to the commission’s members and staff, and DRS or OPM staff supporting the commission, but prohibits the members (other than the commissioner) and staff from disclosing any return or return information that they are not otherwise authorized to disclose under state law. The law establishes narrow conditions under which return information may be disclosed and sets penalties for unauthorized disclosures (a fine of up to $1,000, up to one year in prison, or both (CGS § 12-15(g))).

The act also requires the commission to (1) hold information forums to educate its members and the public about the payroll tax proposal; (2) request and receive comments, written testimony, and information from the public; and (3) consider such comments and testimony in its analysis.

Wage Base Assumptions and Other Recommendations. The commission must analyze the data collected from the information return forms to establish the wage base on which to impose a payroll tax. It must use the wage base it establishes for any of the estimates or calculations described below that require a wage base.

The analysis must also (1) give an opinion on whether the tax may be imposed on the federal government or on tribal nations for wages paid to Connecticut employees and (2) recommend whether the tax should be levied on the state, municipalities, local or regional boards of education, or certain federally tax-exempt organizations for wages paid to Connecticut employees.

The analysis must also recommend how to treat minimum wage employers and employees under a payroll tax by examining the costs and impacts of the following:

1. redefining “minimum fair wage” to include the portion of the payroll tax imposed on the employer that is attributed to an employee’s wages,
2. exempting wages of less than a threshold amount (the commission must specify a recommended threshold for this option),
3. providing a credit to employers for the amount of payroll tax paid on behalf of minimum wage employees,
4. leaving the minimum wage unadjusted, or
5. any other option the commission deems reasonable.

Tax Credit for Low-Income Taxpayers. Based on the above wage base assumptions and other recommendations, and various other estimates described below, the commission must recommend a tax credit for low-income taxpayers that results in the net income of all taxpayers being equal to or greater than the
projected net income of all personal income taxpayers under the current state personal income tax.

The credit must be (1) refundable, (2) structured in a way that does not result in taxpayers with greater adjusted gross incomes (AGI) having a lower net income than those with lower AGIs, and (3) structured to minimize the revenue decrease. It may also do the following:

1. cap or limit total income or unearned income,
2. be phased out,
3. depend on the payroll tax paid on an employee’s wages, or
4. have eligibility requirements (e.g., filing status).

The commission must specify the threshold used for determining a low-income taxpayer and any limits or requirements it deems desirable or necessary to achieve the credit’s purposes.

Revenue Estimates. Based on its wage base assumptions and other recommendations, the commission must estimate the total revenue an employer payroll tax would generate. In doing so, it must provide separate estimates based on the assumption that (1) a 5% payroll tax is imposed beginning January 1, 2021, and (2) a payroll tax is phased in over three years at the rate of 1.5% in year one, 3% in year two, and 5% in year three. For the phase-in estimate, the commission must assume the reductions in income tax rates (described below) are phased in proportionately.

The commission must also estimate the total revenue decrease as a result of reducing personal income tax rates as shown in the table below. In calculating this estimate, it must assume that the current income tax rates continue to apply to nonwage income.

<table>
<thead>
<tr>
<th>Assumed Income Tax Rate Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Rate (%)</strong></td>
</tr>
<tr>
<td>3.0</td>
</tr>
<tr>
<td>5.0</td>
</tr>
<tr>
<td>5.5</td>
</tr>
<tr>
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</tr>
<tr>
<td>6.5</td>
</tr>
<tr>
<td>6.9</td>
</tr>
<tr>
<td>6.99</td>
</tr>
</tbody>
</table>

It must also estimate the (1) total personal income tax revenue generated from individuals who work in other states and apply a credit against the tax (presumably, the credit for taxes paid to other jurisdictions) and (2) revenue from such individuals under the reduced income tax rates.

Federal Government and Tribal Nation Employees. Assuming that the state cannot levy a payroll tax on federal or tribal nation employees in Connecticut, the commission must calculate the decrease in state personal income tax liability for such employees that would result from the reduced income tax rates shown above.

*Federal Income, Social Security, and Medicare Taxes.* Based on (1) its wage
base assumptions and other recommendations and (2) the assumption that employers will reduce or forego wage increases in response to a payroll tax, the commission must provide estimates of the decreased federal income, Social Security, and Medicare taxes that employees would pay. It must provide the estimates by income decile and tax type, for both of the payroll tax rate options described above. It must also specify the number or percentage of employees it assumed for these purposes.

*Income and Payroll Tax Estimates by Income Decile.* Based on its wage base assumptions and other recommendations and the income tax rate reductions described above, the commission must estimate the annual total state income and payroll tax that would be paid by, or on behalf of, an employee for each income decile. It must do so for both of the payroll tax rate options.

For each income decile, the commission must compare the estimated amounts with the amount of state income tax that would be paid by an employee who receives a wage increase equal to the increase in average hourly earnings of all private employees, as reported by the U.S. Department of Labor’s Bureau of Labor Statistics in its most recent year-over-year reporting.

*Estimated Property Tax Deductions Against the Federal Income Tax.* Based on its wage base assumptions and other recommendations and the income tax rate reductions described above, the commission must estimate the total additional amount of property tax deductions that taxpayers may claim under an itemized federal tax return as a result of the income tax rate reductions. In doing so, the commission must exclude any other applicable deduction that taxpayers can claim.

*Technological Capabilities.* The commission must examine DRS’s computer and other technological capabilities to implement a payroll tax.

*Report*

By January 15, 2020, the commission must report to the Finance, Revenue and Bonding Committee its recommendations, findings, and estimates, including any not required by the act it deems appropriate and desirable to accomplish the act’s goals.

The report must also include:

1. withholding schedules the commission develops for both of the payroll tax options based on its wage base analysis and the proposed income tax rate reductions and
2. ways to publicize and educate taxpayers about the payroll tax proposals, including recommendations for funding to support such efforts.

The commission terminates on the later of the date it submits the report or January 15, 2020.

EFFECTIVE DATE: Upon passage

§§ 386-395 — REVENUE ESTIMATES

Adopts revenue estimates for FYs 20 and 21 for appropriated state funds
The act adopts revenue estimates for FYs 20 and 21 for appropriated state funds, as shown in the table below.

### Revenue Estimates for FYs 20 and 21

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 20</th>
<th>FY 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$19,460,200,000</td>
<td>$20,148,200,000</td>
</tr>
<tr>
<td>Special Transportation Fund</td>
<td>1,723,400,000</td>
<td>1,831,300,000</td>
</tr>
<tr>
<td>Mashantucket Pequot and Mohegan Fund</td>
<td>51,500,000</td>
<td>51,500,000</td>
</tr>
<tr>
<td>Regional Market Operation Fund</td>
<td>1,100,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Banking Fund</td>
<td>28,800,000</td>
<td>28,800,000</td>
</tr>
<tr>
<td>Insurance Fund</td>
<td>105,800,000</td>
<td>114,700,000</td>
</tr>
<tr>
<td>Consumer Counsel and Public Utility Control Fund</td>
<td>27,500,000</td>
<td>28,500,000</td>
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<tr>
<td>Workers’ Compensation Fund</td>
<td>28,100,000</td>
<td>28,700,000</td>
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<tr>
<td>Criminal Injuries Compensation</td>
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</tr>
<tr>
<td>Tourism Fund</td>
<td>13,700,000</td>
<td>14,200,000</td>
</tr>
</tbody>
</table>

**EFFECTIVE DATE:** July 1, 2019

§ 396 — PASSPORT TO THE PARKS ACCOUNT TRANSFERS REPEALED

*Repeals a transfer of funds from the account for specified environmental purposes*

The act repeals a provision that, for FYs 18 and 19, makes available from the Passport to the Parks account (1) $400,000 for soil and water conservation districts and (2) $253,000 for environmental review teams.

**EFFECTIVE DATE:** Upon passage

§ 397 — STEM GRADUATE TAX CREDIT REPEAL

*Repeals the STEM graduate tax credit program*

The act repeals the refundable personal income tax credit for college graduates in science, technology, engineering, or math (STEM) fields. Under prior law, the annual credit amount was $500, which qualifying graduates could claim in each of the five successive tax years after they graduate beginning with the 2019 tax year.

**EFFECTIVE DATE:** Upon passage and applicable to tax years beginning on or after January 1, 2019.

§ 399 — DEFICIENCY HEARINGS

*Eliminates the requirement that the Appropriations Committee hold a public hearing on, and meet with, any state agency that has a potential deficiency*

Existing law requires the OPM secretary, by the 25th of every month, to submit a list of appropriated accounts in which there is a potential deficiency, along with an explanation for each one. The secretary must submit the list and the
explanations to the governor, comptroller, and, through OFA, to the Appropriations Committee.

The act eliminates the requirement that the Appropriations Committee hold a public hearing on, and meet with, any state agency that has a potential deficiency included on the secretary’s list, by November 15 each year.
EFFECTIVE DATE: October 1, 2019

§ 400 — SALES AND USE TAX IMPOSED ON SAFETY APPAREL

Eliminates the sales and use tax exemption for safety apparel

The act eliminates the sales and use tax exemption for “safety apparel,” which prior law defined as clothing and protective equipment worn by employees at work.
EFFECTIVE DATE: January 1, 2020