

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 19-193—sHB 7192

*Planning and Development Committee
Public Safety and Security Committee*

**AN ACT CONCERNING MUNICIPAL AND REGIONAL
OPPORTUNITIES AND EFFICIENCIES**

SUMMARY: This act makes several unrelated changes in laws concerning the Municipal Finance Advisory Commission (MFAC), the Advisory Commission on Intergovernmental Relations (ACIR), the Municipal Accountability Review Board (MARB), and regional councils of governments (COG). The act expands the circumstances under which the Office of Policy and Management (OPM) must refer municipalities and other entities to MFAC. It also gives the OPM secretary, following an audit review, broad authority to refer a municipality to MFAC.

For certain municipalities referred to MARB on or after January 1, 2018, the act expands MARB's authority by authorizing it to approve or reject board of education collective bargaining agreements that require federal approval and are not subject to the municipal legislative body's approval.

The act also (1) broadens municipal authority to enter into interlocal agreements to perform functions jointly by allowing them to do so regardless of other conflicting laws or provisions, (2) increases ACIR's membership and changes its reporting requirements, and (3) expands the purposes for which COGs can purchase property and allows them to borrow funds to do so.

EFFECTIVE DATE: July 1, 2019

§ 1 — MFAC REFERRALS

By law, municipalities and certain other entities must annually submit to OPM an audit that complies with the Municipal Auditing Act. This requirement applies to (1) regional school districts, (2) municipalities, and (3) other related entities with annual receipts exceeding \$1 million (e.g., municipal utilities, special taxing districts, and COGs). If, upon reviewing these audits, the OPM secretary finds that they are incorrectly prepared or there is evidence of unsound or irregular financial practices, the secretary must refer such problems to MFAC. Generally, MFAC is responsible for helping to improve the fiscal condition of any audited entity the secretary refers to it.

Required Referrals of Audited Entities

The act additionally requires such a referral if the OPM secretary finds (1) the audit was incorrectly prepared and the audited entity did not ask OPM for a waiver from the Municipal Auditing Act's provisions or (2) management letter comments or a lack of internal controls relating to commonly accepted municipal

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finance standards.

As is the case with referrals under existing law, OPM must send a copy of the referral report to the state auditors and the chief executive officer (CEO) of the audited entity (the superintendent in the case of school districts). If the audited entity is a municipality, OPM must also send the town clerk a copy of the referral report. Under the act, upon receipt of the report, the CEO or superintendent must submit to the secretary a written explanation and attestation of the secretary's findings and a corrective action plan.

Required Referrals of Municipalities

The act also requires the secretary to refer a previously un-referred municipality to MFAC if an audit review shows that the municipality has:

1. a negative fund balance percentage (i.e., the ratio of a municipality's year-end general fund balance to the total of general fund revenues and operating transfers to the fund for that fiscal year is negative);
2. in the three preceding fiscal years, (a) reported a fund balance percentage of less than 5% or (b) issued tax or bond anticipation notes to meet cash liquidity;
3. in the two preceding fiscal years, (a) reported a declining fund balance trend or (b) a general fund annual operating budget deficit of 2% or more of its average general fund revenues;
4. in the preceding fiscal year, a general fund annual operating budget deficit of 1.5% or more of its average general fund revenues; or
5. received a bond rating below A from a bond rating agency.

Optional Referrals

The act gives the OPM secretary, following an audit review, broad authority to refer a municipality to MFAC if the municipality has not already been referred to it.

§§ 2 & 3 — ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS (ACIR)

Membership and Terms

By law, ACIR studies the relationship between state and local governments and recommends solutions to issues it identifies. Starting July 1, 2019, the act increases the commission's membership from 24 to 25 by adding one organized labor representative, appointed by the governor, from a list of nominees submitted to him by the Connecticut AFL-CIO. Prior law required the commission to include two municipal officials from towns with populations under 20,000. Under the act, one of these officials must be from a town with a population under 10,000. By law, members appointed as legislators or agency heads serve for the duration of their terms in office and other members serve a two-year term. Under

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the act, the other members may serve until a successor is appointed and has qualified.

Reports on State Mandates

By law, ACIR must submit to the General Assembly (1) a quadrennial report that lists all existing state mandates (i.e., legislative or executive actions that require a local government to spend additional local revenue to effectuate them) and (2) a supplement to the quadrennial report for each intervening year.

The act additionally requires ACIR to describe the mandates' potential impacts on municipalities in its quadrennial report. It eliminates the requirement that the report include a history of the mandates and costs municipalities incurred to implement them. Under the act, the next quadrennial report is due by the second Wednesday following the start of the regular 2020 session (i.e., February 19, 2020) and every four years thereafter. The act also makes the supplement to the report due annually on January 15.

By law, ACIR also must annually compile a list of state mandates enacted during the preceding session and share it with various state officials. The act (1) eliminates the requirement that the legislative leaders send the list to the OPM secretary and (2) requires ACIR, instead of OPM, to submit the list to each municipal chief elected offer.

Under the act, the deadline for submitting any list due on or after July 1, 2019, is (1) 90 days after the adjournment of regular or special session or (2) November 15 after a regular session adjourns, whichever is later.

§ 4 — INTERLOCAL AGREEMENTS

Existing law authorizes municipalities and associated bodies (e.g., special taxing districts and municipal districts) to enter into interlocal agreements to perform jointly any function that any statute, special act, charter, or home rule ordinance allows them to perform individually. The act allows municipalities and associated bodies to enter such agreements regardless of conflicting statutory, special act, charter, home rule ordinance, or local law provisions.

§ 5 — MARB'S REVIEW OF BOARD OF EDUCATION COLLECTIVE BARGAINING AGREEMENTS

Under existing law, MARB has authority to approve or reject any Tier III municipality's municipal or board of education collective bargaining agreements or amendments. OPM designates Tier III municipalities as such based on either the municipality's bonding capacity or a request from the municipality (CGS § 7-576c(a)). MARB has the same authority to act on these agreements and amendments as the municipality's legislative body, but it cannot exercise that authority more than twice for a particular agreement or amendment.

For Tier III municipalities referred to MARB on or after January 1, 2018, the act also authorizes MARB to act on board of education collective bargaining

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agreements that require federal approval but that the municipal legislative body does not have authority to approve or reject.

The act also requires (1) boards of education in Tier III municipalities to submit any collective bargaining agreement or amendment to MARB within 14 days of reaching it and (2) MARB to approve or reject it within 30 days after submission.

§ 6 — COG FUNDING

The act (1) expands the purposes for which COGs can purchase property to include program functions, in addition to provision of administrative office space, and (2) allows COGs to borrow funds to purchase such property.