AN ACT CONCERNING MUNICIPAL ARBITRATION AND THE MUNICIPAL EMPLOYEES’ RETIREMENT SYSTEM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1. Section 1. Subsections (a) and (b) of section 7-473c of the general statutes are repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

(a) (1) The Labor Commissioner shall appoint a Neutral Arbitrator Selection Committee consisting of ten members, five of whom shall represent the interests of employees and employee organizations and five of whom shall represent the interests of municipal employers, provided one of the members representing the interests of municipal employers shall be a representative of the Connecticut Conference of Municipalities. The members of the selection committee shall serve for a term of four years. Arbitrators may be removed for good cause. [The]
(2) Before July 1, 2019, the selection committee shall appoint a panel of neutral arbitrators consisting of not less than twenty impartial persons representing the interests of the public in general to serve as provided in this section. Each member of the panel shall be a resident of the state and shall be selected by a unanimous vote of the selection committee. The members of the panel shall serve for a term of two years, except that the term of any such member appointed before July 1, 2019, shall terminate on said date.

(3) On and after July 1, 2019, the selection committee shall appoint a panel of neutral arbitrators consisting of not less than ten impartial persons representing the interests of the public in general to serve as provided in this section. Each member of the panel shall be a resident of the state and shall be selected by a unanimous vote of the selection committee. The members of the panel shall serve for a term of five years.

(b) (1) If neither the municipal employer nor the municipal employee organization has requested the arbitration services of the State Board of Mediation and Arbitration (A) within one hundred eighty days after the certification or recognition of a newly certified or recognized municipal employee organization required to commence negotiations pursuant to section 7-473a, or (B) within thirty days after the expiration of the current collective bargaining agreement, or within thirty days after the specified date for implementation of reopener provisions in an existing collective bargaining agreement, or within thirty days after the date the parties to an existing collective bargaining agreement commence negotiations to revise said agreement on any matter affecting wages, hours, and other conditions of employment, said board shall notify the municipal employer and municipal employee organization that one hundred eighty days have passed since the certification or recognition of the newly certified or recognized municipal employee organization, or that thirty days have passed since the specified date for implementation of reopener provisions in an existing agreement, or the date the parties commenced negotiations to revise an existing agreement on any matter
affecting wages, hours and other conditions of employment or the expiration of such collective bargaining agreement and that binding and final arbitration is now imposed on them, provided written notification of such imposition shall be sent by registered mail or certified mail, return receipt requested, to each party.

(2) Within ten days of receipt of the written notification required pursuant to subdivision (1) of this subsection, the chief executive officer of the municipal employer and the executive head of the municipal employee organization each shall select one member of the arbitration panel. Within five days of their appointment, the two members of the arbitration panel shall select a third member, who shall be an impartial representative of the interests of the public in general and who shall be selected at random from the panel of neutral arbitrators appointed pursuant to subsection (a) of this section. Such third member shall be the chairperson of the panel.

(3) In the event that the municipal employer or the municipal employee organization have not selected their respective members of the arbitration panel, the State Board of Mediation and Arbitration shall appoint such members as are needed to complete the panel, provided (A) the member or members so appointed are residents of this state, and (B) the selection of the third member of the panel by the State Board of Mediation and Arbitration shall be made at random from among the members of the panel of neutral arbitrators appointed pursuant to subsection (a) of this section.

Sec. 2. Section 7-440 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

(a) Each member shall contribute to the fund five per cent of his pay as to that portion of pay with respect to which contributions are not to be deducted under section 7-453 and two and one-quarter per cent as to that portion of pay with respect to which contributions are to be so
deducted, to be deducted from such pay by the municipality and
forwarded not less frequently than once a month to the Retirement
Commission to be credited to the fund.

(b) For the fiscal year beginning July 1, 2019, each member shall
contribute to the fund seven per cent of such member's pay as to that
portion of pay with respect to which contributions are not to be
deducted under section 7-453 and four and one-quarter per cent as to
that portion of pay with respect to which contributions are to be so
deducted from such pay by the municipality and forwarded not less
frequently than once a month to the Retirement Commission to be
credited to the fund.

(c) For the fiscal year beginning July 1, 2020, each member shall
contribute to the fund nine per cent of such member's pay as to that
portion of pay with respect to which contributions are not to be
deducted under section 7-453 and six and one-quarter per cent as to
that portion of pay with respect to which contributions are to be so
deducted, to be deducted from such pay by the municipality and
forwarded not less frequently than once a month to the Retirement
Commission to be credited to the fund.

(d) For the fiscal year beginning July 1, 2021, each member shall
contribute to the fund eleven per cent of such member's pay as to that
portion of pay with respect to which contributions are not to be
deducted under section 7-453 and eight and one-quarter per cent as to
that portion of pay with respect to which contributions are to be so
deducted from such pay by the municipality and forwarded not less
frequently than once a month to the Retirement Commission to be
credited to the fund.

(e) In the case of members serving with the armed forces of the
United States in time of war, hostilities or national emergency or any
acts incident thereto, as provided in section 7-434, the municipality
shall forward to the Retirement Commission to be credited to the fund
a like contribution on behalf of such member based upon his pay at the
time of entering such service. Any member leaving the employment of
the municipality before becoming eligible for retirement may
withdraw on request to the Retirement Commission the total of all
contributions made by him, including contributions made to another
system and transferred to the Municipal Employees' Retirement Fund
under the provisions of section 7-442b, less any retroactive
contributions payable by such member under section 7-453 to the Old
Age and Survivors Insurance System which have been paid from the
fund under the provisions of section 7-451, provided, if no request is
made within ten years, such contributions shall revert to the fund. The
withdrawal of contributions shall include interest credited from July 1,
1983, or the first of the fiscal year following the date of actual
contribution, whichever is later, to the first of the fiscal year coincident
with or preceding the date the employee leaves municipal service.
Such interest shall be credited at the rate of five per cent per year. In
addition, for the partial year during which the employee leaves
municipal service or withdraws his contributions, whichever is later,
interest shall be credited at the rate of five-twelfths of one per cent
multiplied by the full number of months completed during that year,
such interest rate to be applied to the value of contributions including
any prior interest credits as of the first day of that year. Any employee
who withdraws his contributions from the fund and is subsequently
reinstated shall not receive credit for service for such prior
employment in the computation of his eventual retirement allowance
unless the withdrawn contributions plus interest, if any, have been
repaid with additional interest at a rate to be determined by the
commission. Any municipality which has made contributions on
behalf of any member serving in the armed forces who is not
reemployed by the municipality within six months following the
termination of such service, unless this period is further extended by
reason of disability incurred in such service, shall be entitled to receive
from the fund on application to the Retirement Commission the
amount of such contributions. Any municipality which has made
contributions in accordance with subsection (b) of section 7-436b on
behalf of any member who leaves the employment of the municipality
and withdraws from the municipal employees' retirement system before becoming eligible for retirement shall be entitled to receive from the fund on application to the Retirement Commission the amount of such contributions. In case of the death of a member before retirement, who has not elected a retirement income option in accordance with the provisions of this part or who has made such election but has not completed the age and service requirements that would permit him to retire on his own application, or after retirement without having made such election, or in case of the death of the survivor of a member who has made such election and his spouse after a retirement allowance has become payable, his contributions to the fund plus such five per cent interest, if any, less any retirement allowance paid to him or his spouse, and less any retroactive contributions paid by such member to the Old Age and Survivors Insurance System which have been paid from the fund under the provisions of section 7-451, shall be paid from the fund on the order of the Retirement Commission to the beneficiary or beneficiaries, if any, named by such member. If no named beneficiaries survive the member, or the survivor of the member and his spouse, payment shall be made to the executors or administrators of such member or his spouse, as the case may be, except that, if the amount is less than five hundred dollars, the refund may be made, at the option of the Retirement Commission, in accordance with the terms of section 45a-273.

Sec. 3. (NEW) (Effective July 1, 2019) Not later than December 1, 2019, the Connecticut Advisory Commission on Intergovernmental Relations established pursuant to section 2-79a of the general statutes, in consultation with the Connecticut State Employees Retirement Commission established pursuant to section 5-155a of the general statutes, shall submit a report to the Secretary of the Office of Policy and Management. Such report shall contain recommendations concerning the addition of a new municipal employees' retirement system membership tier modeled after the state employees retirement system.
This act shall take effect as follows and shall amend the following sections:

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<thead>
<tr>
<th>Section</th>
<th>Date</th>
<th>Amendments</th>
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<tbody>
<tr>
<td>1</td>
<td>July 1, 2019</td>
<td>7-473c(a) and (b)</td>
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<tr>
<td>2</td>
<td>July 1, 2019</td>
<td>7-440</td>
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<tr>
<td>3</td>
<td>July 1, 2019</td>
<td>New section</td>
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**Statement of Purpose:**
To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]