



**New Copy  
Senate**

General Assembly

**File No. 658**

January Session, 2021

Substitute Senate Bill No. 241

*Senate, May 10, 2021*

The Committee on Appropriations reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING OVERSIGHT AND TRANSPARENCY AT THE CONNECTICUT PORT AUTHORITY.***

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

1 Section 1. (NEW) (*Effective from passage*) (a) On or before October 1,  
2 2021, and quarterly thereafter, the executive director of the Connecticut  
3 Port Authority shall submit a report regarding the status of pending and  
4 current contracts, small port projects and the construction project at the  
5 State Pier in New London to the joint standing committee of the General  
6 Assembly having cognizance of matters relating to transportation, in  
7 accordance with the provisions of section 11-4a of the general statutes.  
8 The Commissioner of Administrative Services and the Secretary of the  
9 Office of Policy and Management shall jointly verify each such report  
10 before such report is submitted to the committee.

11 (b) On or before January 1, 2022, and annually thereafter, the  
12 Commissioner of Administrative Services and the Secretary of the Office  
13 of Policy and Management shall submit a report regarding the projects

14 undertaken by the Connecticut Port Authority in the preceding year and  
15 the authority's finances to the joint standing committee of the General  
16 Assembly having cognizance of matters relating to transportation, in  
17 accordance with the provisions of section 11-4a of the general statutes.

18 Sec. 2. Subdivision (15) of subsection (a) of section 15-31b of the  
19 general statutes is repealed and the following is substituted in lieu  
20 thereof (*Effective October 1, 2021*):

21 (15) Invest in, acquire, lease, purchase, own, manage, hold and  
22 dispose of real property and lease, convey or deal in or enter into  
23 agreements with respect to such property on any terms necessary or  
24 incidental to carrying out the purposes of sections 15-31a to 15-31i,  
25 inclusive, provided (A) such transactions shall not be subject to  
26 approval, review or regulation by any state agency pursuant to title 4b  
27 or any other provision of the general statutes, except the provisions of  
28 chapter 62, and (B) the authority shall not convey fee simple ownership  
29 in any property associated with the ports or harbors under its  
30 jurisdiction and control without the approval of the State Properties  
31 Review Board and the Attorney General; and

32 Sec. 3. Subdivision (28) of section 4e-1 of the general statutes is  
33 repealed and the following is substituted in lieu thereof (*Effective October*  
34 *1, 2021*):

35 (28) "State contracting agency" means any executive branch agency,  
36 board, commission, department, office, institution, [or] council or the  
37 Connecticut Port Authority, established under section 15-31a. "State  
38 contracting agency" does not include the judicial branch, the legislative  
39 branch, the offices of the Secretary of the State, the State Comptroller,  
40 the Attorney General, the State Treasurer, with respect to their  
41 constitutional functions, any state agency with respect to contracts  
42 specific to the constitutional and statutory functions of the office of the  
43 State Treasurer. For the purposes of section 4e-16, "state contracting  
44 agency" includes any constituent unit of the state system of higher  
45 education and for the purposes of section 4e-19, "state contracting  
46 agency" includes the State Education Resource Center, established

47 under section 10-4q;

48 Sec. 4. (NEW) (*Effective from passage*) (a) The State Bond Commission  
 49 shall authorize the issuance of bonds of the state, in accordance with the  
 50 provisions of section 3-20 of the general statutes, in principal amounts  
 51 not exceeding in the aggregate twenty-five million dollars for the  
 52 Connecticut Port Authority established pursuant to section 15-31a of the  
 53 general statutes. The amount authorized for the issuance and sale of  
 54 such bonds in each of the following fiscal years shall not exceed the  
 55 following corresponding amount for each such fiscal year, provided, to  
 56 the extent the authority does not provide for the use of all or a portion  
 57 of such amount in any such fiscal year, such amount not provided for  
 58 shall be carried forward and added to the authorized amount for the  
 59 next succeeding fiscal year, and, provided further, the costs of issuance  
 60 and capitalized interest, if any, may be added to the capped amount in  
 61 each fiscal year, and each of the authorized amounts shall be effective  
 62 on July first of the fiscal year indicated as follows:

T1	Fiscal Year Ending	Amount
T2	June Thirtieth	
T3	2022	\$5,000,000
T4	2023	5,000,000
T5	2024	5,000,000
T6	2025	5,000,000
T7	2026	5,000,000
T8	Total	\$25,000,000

63 (b) The State Bond Commission shall approve a memorandum of  
 64 understanding between the Connecticut Port Authority and the state,  
 65 acting by and through the Secretary of the Office of Policy and  
 66 Management and the Treasurer, providing for the issuance of said  
 67 bonds for the purposes of projects undertaken by the Connecticut Port  
 68 Authority regarding ports not located in the towns of New Haven, New  
 69 London or Bridgeport, including provisions regarding the extent to

70 which federal, private or other moneys then available or thereafter to be  
71 made available for costs should be added to the proceeds of the bonds  
72 authorized pursuant to this section for such projects. The memorandum  
73 of understanding shall be deemed to satisfy the provisions of section 3-  
74 20 of the general statutes and the exercise of any right or power granted  
75 thereby that is not inconsistent with the provisions of this section.

76 (c) All provisions of section 3-20 of the general statutes, or the exercise  
77 of any right or power granted thereby, that are not inconsistent with the  
78 provisions of this section are hereby adopted and shall apply to all  
79 bonds authorized by the State Bond Commission pursuant to this  
80 section. Temporary notes in anticipation of the money to be derived  
81 from the sale of any such bonds so authorized may be issued in  
82 accordance with said section, and from time to time renewed. All bonds  
83 issued pursuant to this section shall be general obligations of the state  
84 and the full faith and credit of the state of Connecticut are pledged for  
85 the payment of the principal of and interest on said bonds as the same  
86 become due, and accordingly and as part of the contract of the state with  
87 the holders of said bonds, appropriation of all amounts necessary for  
88 punctual payment of such principal and interest is hereby made, and  
89 the Treasurer shall pay such principal and interest as the same become  
90 due.

91 (d) Subject to the amount of limitations of the capping provisions in  
92 subsection (a) of this section, the principal amount of the bonds  
93 authorized under this section shall be deemed to be an appropriation  
94 and allocation of such amount, and such approval of such request shall  
95 be deemed the allotment by the Governor of such capital outlays within  
96 the meaning of section 4-85 of the general statutes.

97 Sec. 5. Subdivision (1) of subsection (b) of section 12-18b of the  
98 general statutes, as amended by section 5 of public act 21-3, is repealed  
99 and the following is substituted in lieu thereof (*Effective July 1, 2021*):

100 (1) The grant payable to any municipality for state, municipal or tribal  
101 property under the provisions of this section in the fiscal year ending  
102 June 30, 2017, and each fiscal year thereafter, shall be equal to the total

103 of:

104 (A) One hundred per cent of the property taxes that would have been  
105 paid with respect to any facility designated by the Commissioner of  
106 Correction, on or before August first of each year, to be a correctional  
107 facility administered under the auspices of the Department of  
108 Correction or a juvenile detention center under direction of the  
109 Department of Children and Families that was used for incarcerative  
110 purposes during the preceding fiscal year. If a list containing the name  
111 and location of such designated facilities and information concerning  
112 their use for purposes of incarceration during the preceding fiscal year  
113 is not available from the Secretary of the State on August first of any  
114 year, the Commissioner of Correction shall, on said date, certify to the  
115 Secretary of the Office of Policy and Management a list containing such  
116 information;

117 (B) One hundred per cent of the property taxes that would have been  
118 paid with respect to that portion of the John Dempsey Hospital located  
119 at The University of Connecticut Health Center in Farmington that is  
120 used as a permanent medical ward for prisoners under the custody of  
121 the Department of Correction. Nothing in this section shall be construed  
122 as designating any portion of The University of Connecticut Health  
123 Center John Dempsey Hospital as a correctional facility;

124 (C) One hundred per cent of the property taxes that would have been  
125 paid on any land designated within the 1983 Settlement boundary and  
126 taken into trust by the federal government for the Mashantucket Pequot  
127 Tribal Nation on or after June 8, 1999;

128 (D) One hundred per cent of the property taxes that would have been  
129 paid with respect to the property and facilities owned by the  
130 Connecticut Port Authority;

131 [(D)] (E) Subject to the provisions of subsection (c) of section 12-19a,  
132 sixty-five per cent of the property taxes that would have been paid with  
133 respect to the buildings and grounds comprising Connecticut Valley  
134 Hospital and Whiting Forensic Hospital in Middletown;

135 [(E)] (F) With respect to any municipality in which more than fifty per  
136 cent of the property is state-owned real property, one hundred per cent  
137 of the property taxes that would have been paid with respect to such  
138 state-owned property;

139 [(F)] (G) Forty-five per cent of the property taxes that would have  
140 been paid with respect to all municipally owned airports; except for the  
141 exemption applicable to such property, on the assessment list in such  
142 municipality for the assessment date two years prior to the  
143 commencement of the state fiscal year in which such grant is payable.  
144 The grant provided pursuant to this section for any municipally owned  
145 airport shall be paid to any municipality in which the airport is located,  
146 except that the grant applicable to Sikorsky Airport shall be paid one-  
147 half to the town of Stratford and one-half to the city of Bridgeport;

148 [(G)] (H) Forty-five per cent of the property taxes that would have  
149 been paid with respect to any land designated within the 1983  
150 Settlement boundary and taken into trust by the federal government for  
151 the Mashantucket Pequot Tribal Nation prior to June 8, 1999, or taken  
152 into trust by the federal government for the Mohegan Tribe of Indians  
153 of Connecticut, provided the real property subject to this subparagraph  
154 shall be the land only, and shall not include the assessed value of any  
155 structures, buildings or other improvements on such land; and

156 [(H)] (I) Forty-five per cent of the property taxes that would have  
157 been paid with respect to all other state-owned real property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>October 1, 2021</i>	15-31b(a)(15)
Sec. 3	<i>October 1, 2021</i>	4e-1(28)
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>July 1, 2021</i>	12-18b(b)(1)

**Statement of Legislative Commissioners:**

In Section 4(b), "administrator" was changed to "Connecticut Port Authority" for accuracy.

**TRA**      *Joint Favorable Subst.-LCO C/R*                      APP  
**APP**      *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Administrative Services	GF - Cost	230,000	230,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	77,000	77,000
State Contracting Standards Board	GF - Cost	Minimal	Minimal
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
Policy & Mgmt., Off.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 22 \$	FY 23 \$
New London	Potential Revenue Gain	See Below	See Below

**Explanation**

Section 1 does not result in a fiscal impact, as it requires the Connecticut Port Authority (CPA) and the Office of Policy and Management, to report, quarterly and annually, respectively, on specified contracts and activity, which is within each agencies' expertise.

The bill requires the Department of Administrative Services (DAS) to

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.



verify various reports provided by the CT Port Authority prior to passing those quarterly reports on to the General Assembly. DAS does not currently have the staff or the expertise to perform this function, nor access to the necessary resources to do such a verification. DAS would need a full-time Accountant and four part-time positions (Staff Attorney, and three Project Managers) plus laptops, office supplies and mileage reimbursements to accommodate these responsibilities.

**Sections 2 and 3** include CPA under current State Contracting Standards Board requirements. Minimal impact is expected given current contract levels.

**Section 4** authorizes \$25 million of new General Obligation bonds (\$5 million annually from FY 22 through FY 26) and requires a memorandum of understanding that would, if ratified, allocate these new bond funds as they become effective. Total debt repayment is anticipated to be over \$35 million, with the earliest payment of up to \$250,000 possible in FY 23 and final payment as early as FY 46.

**Section 5** increases the reimbursement rate for CPA property from 45% to 100%. Property of the Authority, under current statute, is treated as state property for PILOT purposes and reimbursed at 45%. The bill increases the cost to fully fund the State Property PILOT and correspondingly results in a revenue gain to the City of New London, to the extent that additional funding is provided.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the terms of any bonds issued or as otherwise described. The ongoing impact of Section 5 depends on 1) changes in municipal grand lists and 2) on the amount of funding provided for the State Property PILOT grant. PA 21-3 specifies a wealth-based, proportionate distribution method for the grant in the event that appropriations are insufficient to fully fund the grant.

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**OLR Bill Analysis****sSB 241*****AN ACT CONCERNING OVERSIGHT AND TRANSPARENCY AT THE CONNECTICUT PORT AUTHORITY.*****SUMMARY**

This bill makes the following changes related to the Connecticut Port Authority (CPA):

1. authorizes up to \$25 million in state general obligation (GO) bonds over five years for ports other than those in Bridgeport, New Haven, and New London (§ 4);
2. subjects CPA to the State Contracting Standards Board's (SCSB) oversight by making it a "state contracting agency" for purposes of SCSB's authorizing statutes (§§ 2 & 3);
3. increases, from 45% to 100%, the reimbursement rate for payment in lieu of taxes (PILOT) grants for CPA property (§ 5); and
4. requires the authority's executive director, the administrative services commissioner, and the Office of Policy and Management (OPM) secretary to report certain information to the Transportation Committee on the authority's operations, finances, contracts, and projects (§ 1).

EFFECTIVE DATE: Upon passage, except the (1) PILOT provision is effective July 1, 2021, and (2) SCSB provisions are effective October 1, 2021.

**§ 1 — Reporting**

The bill requires CPA's executive director to submit quarterly reports to the Transportation Committee beginning October 1, 2021, on the status of (1) pending and current contracts, (2) small port projects, and

(3) the construction project at the State Pier in New London. Each report must be jointly verified by the administrative services commissioner and OPM secretary before it is submitted.

The bill also requires the administrative services commissioner and the OPM secretary to report to the Transportation Committee annually by January 1 on the authority's projects in the previous year and its finances.

### §§ 2 & 3 — State Contracting Standards Board

Under current law, SCSB has limited authority over quasi-public agencies, as they are not included in the definition of "state contracting agency" in SCSB's authorizing statutes (see BACKGROUND). (Most of SCSB's powers and duties apply to state contracting agencies only.)

The bill makes CPA a "state contracting agency" under SCSB's authorizing statutes, subjecting CPA to the board's full authority. Table 1 below lists a selection of SCSB statutes applicable to state contracting agencies that the bill extends to CPA.

The bill also makes a conforming change so that CPA's property transactions are subject to SCSB's authority. (SCSB's authorizing statutes give the board authority over certain transactions involving interests in, and leases of, real property (CGS § 4e-1(22) & (30)).) Current law exempts most CPA property transactions from review or oversight under any state law (§ 2).

**Table 1: Selected SCSB Statutes Applicable to CPA Under the Bill**

<b>Statute</b>	<b>Description</b>
CGS § 4e-3	SCSB may exercise CPA's contracting-related powers, rights, and duties
CGS § 4e-4	SCSB must review, certify, and periodically recertify CPA's procurement processes
CGS § 4e-5	CPA must appoint a procurement officer
CGS § 4e-6	SCSB must audit CPA's compliance with procurement laws and regulations every three years
CGS § 4e-7	SCSB may, under specified conditions, (1) review and terminate

	CPA's contracts and procurement agreements or (2) restrict or terminate its ability to enter into contracts
CGS § 4e-14	CPA's contracts must contain provisions ensuring accountability, transparency, and results-based outcomes, as prescribed by SCSB (It appears SCSB has not prescribed any such standards for state contracting agencies to date)
CGS § 4e-16	Subjects CPA to the state's privatization law (see BACKGROUND)
CGS § 4e-19	Requires SCSB to use specified procurement methods when purchasing goods and services (These provisions require SCSB to adopt implementing regulations before they become operative, but the board has not adopted any such implementing regulations to date)
CGS § 4e-39	Cancellation of a solicitation or proposed award when SCSB finds that a violation of the law has occurred
CGS § 4e-40	Contract termination when SCSB finds that the solicitation or award violated the law

#### § 4 — Bonding

The bill authorizes up to \$25 million in state GO bonds over a five-year period for CPA, capped at \$5 million in each year from FY 22 through FY 26. If CPA does not use all or part of the capped amount in a fiscal year, that amount is added to the capped amount for the following year.

The bill requires CPA to enter into a memorandum of understanding (MOU) with the OPM secretary and state treasurer regarding the bond issuance, including the extent to which federal, private, and other available funds should be added to the bond proceeds. The MOU must provide for the issuance of these bonds to fund CPA's port projects in towns other than New Haven, New London, or Bridgeport. (The state's three deep water ports are in these cities.) The MOU is subject to the State Bond Commission's approval, which satisfies the standard approval requirements under the State General Obligation Bond Procedure Act.

Subject to the caps, the bill deems the principal amount of the authorized bonds to be an appropriation, allocation, and allotment of

the bond amounts. The bonds are subject to standard statutory conditions.

### **§ 5 — PILOT Grants for Authority Property**

Connecticut's PILOT program provides grants to (1) municipalities for state-owned property, municipally owned airports, and Indian reservation land, and (2) municipalities and taxing districts for private nonprofit college and hospital property. PA 21-3, effective July 1, 2021, restores a provision that applied prior to FY 19 deeming the property and facilities owned by CPA to be state-owned real property for purposes of the PILOT program and requiring the state to provide a PILOT to the municipality in which such property and facilities are located.

This bill increases the statutory reimbursement rate for CPA property from 45% to 100% of lost property tax revenue. As under existing law, the grant must be prorated if the state's annual PILOT appropriation is not enough to fully fund PILOT grants. Under PA 21-3, the proration method is based on each municipality's (1) equalized net grand list per capita, (2) designation as an alliance district, and (3) percentage of state-owned property.

### **BACKGROUND**

#### ***Related Bill***

sHB 6194 (File 498), reported favorably by the Government Administration and Elections (GAE) Committee, subjects all quasi-public agencies to certain oversight by SCSB (e.g., allows SCSB to limit their authority to enter into contracts or procurement agreements).

sHB 6577 (File 505), reported favorably by the GAE Committee, requires the State Properties Review Board to review and approve or disapprove certain real estate transactions proposed by quasi-public agencies.

#### ***Attorney General Opinion***

In a 2021 opinion (Attorney General Opinion 2021-01), the attorney

general concluded that most SCSB statutes give the board authority over state contracting agencies only, with only limited authority over quasi-public agencies. He noted that although the board has authority over certain bid contests involving quasi-public agencies, generally its authority over quasi-public agencies “is much more limited and circumscribed relative to its authority over state contracting agencies.”

### **Privatization Law**

By law, if a state contracting agency seeks to enter into a contract that privatizes services performed by state employees, it generally must conduct a cost-benefit analysis and submit a business case to SCSB for its approval. The business case must include, among other things, the cost-benefit analysis and 11 other analyses relating to the privatized service, such as its goals and their rationale, and options for achieving them (CGS § 4e-16(d)). An agency may publish notice soliciting bids for a privatization contract only after the board approves the business case.

For privatization contracts not subject to this requirement (i.e., contracts for services that are currently privatized), state contracting agencies must instead evaluate the contract, using a template prescribed by the OPM secretary, to determine if entering into or renewing it is the most cost-effective way of delivering the service.

### **COMMITTEE ACTION**

Transportation Committee

Joint Favorable Change of Reference - APP  
 Yea 35 Nay 0 (03/26/2021)

Appropriations Committee

Joint Favorable  
 Yea 50 Nay 0 (04/21/2021)