

Appropriations Committee JOINT FAVORABLE REPORT

Bill No.: HB-6865
AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS FOR
Title: GENERAL GOVERNMENT.
Vote Date: 4/24/2025
Vote Action: Joint Favorable Substitute
PH Date: 4/3/2025
File No.:

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SPONSORS OF BILL:

Governor Lamont

REASONS FOR BILL:

The bill seeks to implement various general government provisions of Governor Lamont's proposed FY 26-27 budget.

Substitute Language:

Substitute language was adopted to bring the bill into alignment with the Appropriations Committee budget:

- Sections 8 – 12, 18 and 19, 20, 30 – 36, and 38 and 39 were deleted.
- Revisions were made to Sections 21 - 29

RESPONSE FROM ADMINISTRATION/AGENCY:

[Jeffrey Beckham, Secretary, Office of Policy and Management](#) – Secretary Beckham submitted testimony in support of the bill. He offered explanation of the provisions, as follows:

- Sections 1-6 of the bill update current policy regarding the acceptance of credit, debit of charge cards. Current law generally requires state agencies accepting credit, debit, or charge card payments to charge payors a service fee for doing so. Under this proposal, the Office of Policy and Management (OPM) Secretary may authorize agencies to charge a service fee for these payments. These sections codify current

practice and ensure the state's ability to continue to provide digital government and online payment solutions.

- Section 7 adds a designee from OPM to the State Health Information Technology Advisory Council reflecting OPM's central role in coordinating information technology policy and data efforts across state government.
- Sections 9 and 10 reflect the proposed shift of responsibility for oversight and administration of private occupational schools from the Office of Higher Education to the Department of Consumer Protection. Section 9 changes responsibility, beginning in FY 2027, for administering the Student Protection Account to the Department of Consumer Protection in consultation with the Office of Higher Education, for student teach-outs after the abrupt closure of a private career school. Additionally, Section 10 places responsibility for the private career school student protection account in the Department of Consumer Protection beginning in FY 2027, recognizing the nexus between the administration of this fund and protection of student consumers.
- Section 11 repeals the expanded wage reporting provisions which would require employers subject to the state's unemployment law to report certain data about each employee in their quarterly wage reports to the state Labor Department. This reporting requirement is being repealed because the cost and reporting demands for employers outweighs the benefit of the data being requested.
- Section 12 returns the threshold for eligibility for public defender services to 200% of the federal poverty level (FPL). The Public Defender Services Commission (PDS) sets the eligibility threshold to receive services based upon FPL. The previous eligibility threshold of 200% of FPL was changed by PA 23-204 to 250% FPL beginning January 1, 2025. The restoration of this threshold aligns Connecticut with other states and provides \$6.3 million in savings in each year of the biennium, while retaining coverage for those impacted between January 1 and June 30, 2025.
- Section 13 creates a nonlapsing account to hold MIRA funds after the authority dissolves. The establishment of the account allows the Secretary of OPM to spend the funds on legacy MIRA activities and for remediation of MIRA properties.
- Section 14 aligns the Governor's Workforce Council membership with federal requirements.
- Section 15 requires the Department of Emergency Services and Public Protection to waive up to two additional background check application fees for individuals to review their Clean Slate eligible criminal record if such person has completed a prior application and the records deemed to be erased by operation of law are found to remain.
- Section 16 allows submission of an appeal under the Clean Slate statutes without a copy of a background check from DESPP, requires any information relied upon by DESPP to be given to the applicant no later than 15 days prior to any hearing, and requires a written notice of decision within 15 days following such a hearing. The

revisions modify and streamline the appeal process for individuals whose records are impacted by Clean Slate.

- Section 17 clarifies that a violation of probation does not reset the seven- or ten-year waiting period to receive Clean Slate erasure.
- Section 18 revises the notice process related to certain Probate Court elections in case of vacancies.
- Section 19 directs \$250,000 in funds from the regional planning incentive account (RPIA) to each regional council of government to support positions to assist municipalities with (1) stormwater management and flood mitigation and (2) regional municipal solid waste and recycling. This will incentivize municipalities to share services, enhance regional cooperation and lead to reduced costs and improved services and affordability for local taxpayers.
- Section 20 aligns salary increases for judges for Fiscal Years 2026 and 2027 with comparable and approved executive branch salary increases should they occur.
- Sections 21-29 consolidate funding of cannabis regulation, enforcement, and prevention services within the General Fund to streamline administration of cannabis related efforts and establish a non-lapsing Social Equity and Innovation Account to ensure that the Social Equity Council can allocate funds for social equity initiatives. All revenue currently destined for the Cannabis Social Equity and Innovation Fund would be directed to the Social Equity and Innovation Account. The Governor's budget proposes consolidating the funding of cannabis-related regulation, enforcement, and prevention services within the General Fund. Currently, these activities are funded via the Cannabis Regulatory Fund and Cannabis Prevention and Recovery Services Fund, which receive transfers of revenue from cannabis taxes. Fringe benefit costs associated with positions paid for by these funds are borne by the General Fund. Under the proposed model, these revenues will be directly deposited into the General Fund, and regulatory costs will be budgeted as part of the agencies' General Fund budgets. Additionally, the Governor's budget takes the Cannabis Social Equity and Innovation Fund off-budget. These changes will ensure that the Social Equity Council can execute its mission and deploy resources to communities impacted by the War on Drugs.
- Sections 30-35 implement the Governor's budget recommendations for the Municipal Revenue Sharing Fund (MRSF). These recommendations include repealing the requirement that surplus revenue in the Municipal Revenue Sharing Fund be paid out as grants in the following fiscal year, allowing accrued funds to instead remain available in the account for future appropriation by the legislature. In addition, Section 30 also amends the existing municipal spending cap to make the cap enforceable by penalty of a 10% reduction to the Supplemental Revenue Sharing grant for towns not in compliance.
- Section 36 includes revisions to the Tiered PILOT statutes to better align the statutory formula with the program's intent by eliminating provisions that are not directly related to property tax exemptions. The Governor's budget provides funding associated with

these provisions via a different program – the Supplemental Revenue Sharing grant program – to ensure that there is no negative impact to the affected municipalities.

- Section 37 transfers support for the Commission on Human Rights and Opportunities from the Department of Labor to the Department of Administrative Services for administrative purposes only (APO), effective July 1, 2026. Funding was previously transferred and the formalization of the APO is in line with DAS' role in managing other small agencies through their SMART team.
- Sections 38 and 39 allow for the Attorney General to defend or provide outside counsel for state staff who, in the scope of their employment, are witnesses in a criminal investigation and are not targets of the investigation. Additionally, the section allows for defense of state staff who, in the scope of their employment, are targets of a federal criminal investigation for actions taken consistent with state law.
- Sections 40 and 41 repeal the UConn Health Center fringe benefit subsidy. This subsidy was originally intended to make UConn Health more competitive by bringing its fringe rate closer to that of other area hospitals. In FY 2024, the state's reallocation of fringe benefit costs addressed this issue by having the state assume 100% of the retirement costs for UConn Health and the other constituent units for all of their active employees, thus reducing UConn Health's fringe rate by more than half. Furthermore, the neutralizing adjustment to UConn Health's block grant in FY 2024 accounted for their historic \$13.5 million subsidy, building this support into their block grant on an ongoing basis. There was therefore no elimination of this historic funding in FY 2024, nor is there any further need to subsidize UConn Health's fringe rate to make them competitive with peers.

[Dante Bartolomeo, Commissioner, Department of Labor](#) (CTDOL) – Commissioner Bartolomeo submitted testimony in support of Section 11, which repeals the expanded wage reporting provisions (expanded wage reporting allows employers subject to the state's unemployment law to report certain data about each employee in their quarterly wage reports to the Labor Department). She explained that employers have expressed concerns about the ability to implement what they viewed as onerous reporting requirements. All employers, along with Third Party Administrators (TPAs), would need to invest in additional software or changes to their systems to provide the additional data to CTDOL. The Commissioner further explained that there would be a substantial fiscal impact on CTDOL in order to meet the 2026 deliverable required, as well as on-going CTDOL staffing costs to administer the enhanced wage reporting provisions.

[Dr. Kelli-Marie Vallieres, Chief Workforce Officer, Office of Workforce Strategy](#) – Dr. Vallieres offered testimony in support of Section 14, which would align the membership of the Governor's Workforce Council (GWC) with federal requirements. She wrote that the GWC is comprised of representatives from a range of backgrounds and industries that serve to inform statewide workforce development strategy. She explained that federal statute requires that of those members appointed by the Governor to the state workforce board, a majority of them must be business representatives. She added that federal statute requires that the board also has representation from members of state agencies overseeing the four core titles of the Workforce Innovation and Opportunity Act (WIOA). Further, Dr. Vallieres explained that the provisions of Section 14 will: (1) ensure that the GWC membership is aligned with the federal

requirements of a business majority, (2) sufficiently account for representation from agencies overseeing WIOA, and (3) provide a cap on the size of the GWC which will allow it to serve its strategic goals more effectively.

[UConn Health](#) – UConn Health submitted testimony in opposition to Section 41, which proposes to repeal statutory language that provides funding to UConn Health of up to \$4.5 million annually for fringe benefits. The testimony explained that C.G.S. § 3-123I – which provides support for the fringe benefit differential -- is in place to counteract those additional costs that UConn Health must pay compared to its peers. Additionally, the testimony stated that UConn Health does not have control over its fringe benefit costs, as fringe benefits for all state employees are centrally provided and fringe rates are centrally set by the Office of the State Comptroller (OSC). While the fringe benefit cost differential between UConn Health and private in-state hospitals has decreased in recent years, UConn Health maintains that it is still significant.

NATURE AND SOURCES OF SUPPORT:

[Matthew W. Hart, Executive Director, CRCOG](#) – Mr. Hart offered that CRCOG is in strong support of Governor Lamont's proposal to “Improve Municipal Affordability Through Regional Shared Services Incentives”, which is reflected in Section 19. He shared that the funding proposed from the Regional Planning Incentive Account (RPIA) would prove invaluable to CRCOG and its 38 member municipalities, as it would allow CRCOG to make its stormwater and waste management programs more permanent, at scale, to the benefit of the member towns and approximately one million residents.

[Randy Collins, Associate Director of Public Policy, The CT Conference of Municipalities \(CCM\)](#) – Mr. Collins wrote of CCM's support of Section 19 would appropriate of \$250,000 from the Regional Planning Incentive Account to the Regional Councils of Government to assist municipalities with stormwater management and flood mitigation. He shared that a recent comprehensive study conducted by CCM found that the most common hurdle to improving climate resiliency and undertaking flood mitigation efforts at the local level is a lack of adequate funding. He added that state support at the regional level would be helpful to communities throughout the state.

[CONNECT \(Congregations Organized for a New Connecticut\)](#) – CONNECT offered testimony in support of Sections 15, 16 and 17, writing that the bill contains language that would further clarify the Clean Slate law and reduce barriers to eligibility and access to information. They wrote that the language addresses the following:

1. Clarifies that a Violation of Probation (VOP) is not a judgement of a new conviction and will not “reset the clock” on the waiting periods for Clean Slate eligibility (7 years post-conviction for eligible misdemeanors and 10 years post-conviction for eligible felonies).
2. Amends the law to allow people who believe their records are eligible for Clean Slate expungement but have not had their records erased to apply to DESPP for review (and potentially have a hearing if needed). It also repeals language requiring the payment of \$75 to DESPP for an applicant's own criminal history record.
3. Allows lower-cost access to criminal history records to verify Clean Slate expungement. As drafted, they explained that this section of the bill would effectively

create a “buy one, get two free” system for access to DESPP’s criminal history record information for a single fiscal year (7-1-25 to 6-30-26) for people trying to verify the Clean Slate expungement of their records. While CONECT views this as an improvement, the organization believes the state should go further to allow free access to DESPP criminal history record information to individuals seeking to verify their own Clean Slate expungement – at least until such time as the state creates a free electronic portal through which individuals can view and verify their own criminal history record or Clean Slate expungement thereof (similar to an IRS or DRS portal by which only the individual can access their own information).

[Natalie Smith, Staff Attorney and Equal Justice Works Fellow, New Haven Legal Assistance, Inc.](#) – Attorney Smith submitted testimony in favor of Sections 15, 16 and 17 regarding changes to the Clean Slate law. She wrote that the clients with whom she works often face a multitude of barriers to achieving stability in the community, even though many years may have passed since their criminal involvement. She explained that a history of conviction prevents many individuals from attaining employment in jobs they are otherwise qualified for, being accepted as tenants, and accessing other resources needed for those effected to thrive.

NATURE AND SOURCES OF OPPOSITION:

[Matthew W. Hart, Executive Director - CRCOG](#) – In addition to his testimony in support of Section 19, Mr. Hart expressed CRCOG's concern regarding the provision in Section 30 that would amend the existing municipal spending cap to implement a penalty of a 10% reduction to the Supplement Revenue Sharing grant for towns not in compliance. He shared that while his organization understands the desire to incentivize compliance with the spending cap, CRCOG believes that now is a difficult time to implement such a measure, as the status of federal revenue sharing that is passed through the state to municipalities in the form of formula and discretionary grants remains uncertain, and the impact of any reductions in federal aid may not be known until late in the federal fiscal year (August – September). He added that certain state formula grants, most notably ECS, have not kept pace with inflation in recent years. Mr. Hart wrote that towns are grappling with adjustments that the state has made to the local property tax, with the changes in the motor vehicle assessment and the enhanced exemption for disabled veterans as two notable examples. He added that towns are also dealing with the prospect of costly new state mandates for employee pensions, the potential impacts of the removal of the federal tax exemption for municipal bonds, and a reduction or elimination in the state and local tax exemption (SALT) at the federal level. He believes that the "dichotomy of revenue loss and rising expenditures creates a “perfect storm” for municipal budgets". He stressed that cities and towns will need support in the form of state aid or revenue diversity, as well as relief from costly mandates and penalties in order to allow municipalities to maintain important local services such as education, public safety, and road maintenance.

[David Eaton, First Selectman, Town of Union](#) – First Selectman Eaton submitted testimony expressing his opposition to the provision in Section 30 dealing with the municipal spending cap. He wrote of the impact of rising costs related to salaries, energy, and the general costs of towns doing business. He questioned how towns are to provide basic services if state funding will be reduced even more to towns that exceed the spending cap. He added that municipal leaders know best what is needed to run their cities and towns.

[Randy Collins, Associate Director of Public Policy, The CT Conference of Municipalities](#)

(CCM) – In addition to his testimony in support of Section 19, Mr. Collins expressed CCM's opposition to the changes proposed in Section 30 that would repeal the requirement that surplus revenue in the Municipal Revenue Sharing Fund be paid out in grants to towns and cities in the following fiscal year. He wrote that while these funds are not guaranteed, when they are available that are extremely beneficial in helping municipalities pay for unanticipated costs that can arise throughout the year.

[Betsy Gara, Executive Director, Council of Small Towns](#) (COST) – Ms. Gara expressed COST's opposition to the provision in Section 30 that would penalize municipalities that exceed the municipal spending cap by reducing a town's Municipal Revenue Sharing grant by 10%. She offered that rather than impose a penalty on towns that exceed the spending cap, lawmakers should consider repealing the cap that punishes communities that approve local budgets at town meetings or referendum that reflect the needs and priorities of the town's residents. Ms. Gara explained that the municipal spending cap creates confusion in crafting local budgets, as the exemptions outlined under Section 4-66l of the general statutes are unclear and provide only very general guidance as to what expenditures are considered outside of municipal spending for purposes of the cap. She shared that as a result, municipalities must interpret the language and make their own determination, leaving towns vulnerable to cuts in state aid. Ms. Gara went on to explain that there are additional issues with the spending cap that penalize towns for issues that are beyond their control.

[State Marshal Association of Connecticut, AFSCME Local 2193](#) – The State Marshal Association submitted testimony in opposition to Section 18, which proposed eliminating the role of state marshals in the transmittal of writs of election for probate court vacancies. The association explained that service of legal writs is the primary function of the State Marshal system. The testimony outlined that the Governor may issue legal writs ordering special elections in certain rare circumstances, such as when there is a tie or vacancy in a probate judge election, and that State Marshals have served these writs of election since the inception of the relevant statutes.

Reported by: Susan Keane

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