

Office of Legislative Research
Connecticut General Assembly

 **MAJOR ISSUES FOR 2007**



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TO OUR READERS

Every year, legislative leaders ask the Office of Legislative Research (OLR) to identify and provide brief descriptions of important issues that the General Assembly may face in the coming session.

This report represents the professional, nonpartisan views of staff in OLR, the Office of Fiscal Analysis (OFA), and the Legislative Commissioners' Office (LCO) of possible upcoming legislative issues. It does not represent staff suggestions or recommendations. We identified issues based on interim studies; research requests; nonconfidential discussions with legislators, other legislative participants, and executive branch agencies; and subject matter knowledge.

OLR compiled this report on the major issues for the 2007 session in consultation with OFA and LCO. Except for the Appropriations Committee issue description, which was provided by OFA, the issue descriptions below were written by OLR analysts.

We list the issues according to the committee in whose jurisdiction they primarily fall. Since more than one committee may consider aspects of the same issue, descriptions may overlap. Where appropriate, we provide links to OLR reports and other on-line documents that provide additional information about particular issues. The OLR Reports can also be found on the [Office of Legislative Research](http://www.cga.ct.gov/olr/) website, (<http://www.cga.ct.gov/olr/>). Please contact OLR for additional information about these or other potential issues.

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AGING

Department on Aging

PA 05-280 requires reestablishing a Department on Aging and transferring the functions, powers, duties, and personnel of the Department of Social Services (DSS) Division of Elderly Services to the new department. That law also created a task force to study the department's reestablishment. In 2006, the legislature adopted the task force's recommendations to postpone the new department's start date from January 1, 2007 to July 1, 2007 and, in the meantime, conduct a comprehensive long-term care needs assessment.

The upcoming session could see more legislation on whether to continue with the plan for the Department on Aging and, if so, how the department should be structured. The task force report is available at <http://www.cga.ct.gov/2006/rpt/2006-R-0171.htm>.

Long-Term Care Issues

The legislature is very likely to continue exploring ways to help the elderly and younger people with disabilities stay out of nursing homes and other institutions. Some proposals may seek to increase the number of people who receive long-term

care in their own homes. Others may address quality of care, staffing ratios, background checks for nursing home staff, or increased regulation of assisted living facilities. One frequently proposed idea is to provide a state income tax deduction for people who buy long-term care insurance or pay for their relatives' long-term care.

The state's Long-Term Care Planning Committee is required to produce a plan every three years. The next plan is due in early 2007 and is likely to contain more recommendations for continuing to rebalance the state's long-term care system by moving gradually from institutional care to more home- and community-based care. It will also reflect results from a new comprehensive long-term care needs assessment for Connecticut. The Long-Term Care Advisory Council, which advises the Planning Committee, will probably highlight specific recommendations it considers a priority for legislation, as it has in the past.

APPROPRIATIONS

State Budget Issues

Faced with spending cap problems in FY 08 and FY 09 (exceeding \$500 million based on OFA current services estimates and \$800 million based on agency requests) and structural

deficits, the General Assembly will need to consider various spending reduction and perhaps revenue enhancement alternatives. The spending cap problems largely result from: (1) the continuing effect of \$322.6 million in FY 07 expenditures made from FY 05 and FY 06 anticipated surplus that will need to be restored to FY 08 appropriations; (2) \$41 million in one-time revenues unavailable in FY 08; and (3) a higher growth rate in expenditures versus revenues.

OFA's current services estimate for FY 08 exceeds the state's spending cap by \$510.5 million; its estimate for FY 09 exceeds the cap by \$570.9 million. In FY 07, the state's level of appropriations is \$4 million under the cap.

The legislature may consider possible spending reductions in a variety of existing state agency programs and accounts, including municipal aid, in order to keep appropriations within the spending cap and balanced with revenues in FY 08 and FY 09. Some of the major cost drivers in the budget include Medicaid; teachers' retirement; debt service; state employee fringe benefits; and expenditures for various programs within the departments of Education, Children and Families, Mental Retardation and Social Services.

In addition to dealing with the 2007-2009 biennial budget problems indicated above, the General Assembly will need to consider how to dispose of the FY 07 surplus, which OFA currently projects to be \$539.6 million. It may also consider relieving property tax burdens and providing energy assistance.

BANKS

Hedge Funds

During the 2006 session, the Banks Committee considered bills that would have required hedge funds to disclose certain financial information to prospective investors and created a hedge fund anti-fraud unit in the Banking Department. After some high profile incidents in the industry and informational sessions on the issue, the department announced its intention to create a hedge fund oversight unit. The General Assembly may see requests for assistance in developing this new division or otherwise address the issue of hedge fund oversight. More information about hedge funds can be found in OLR Report [2006-R-0154](#).

COMMERCE

From the Drawing Board to the Shop Floor

The state's ability to compete in the global market depends on people and organizations constantly developing and selling new and improved products and techniques. But many potentially innovative concepts die prematurely because their authors cannot attract the funds needed to design, test, refine, and market them. Venture capitalists—people and firms that invest their money in risky ideas—generally shy away from a concept until experts have developed and tested it.

The legislature enacted PA 06-83 to address the technical and financial barriers facing innovators designing, testing, and marketing prototypes by establishing several new programs to encourage and support innovation. This session, the legislature may focus on earlier stages in the process, where an idea may only exist in the innovator's mind or as a raw sketch on a drawing pad.

Giving Businesses Better Access to Economic Development Services

The 2007 legislature may again examine how the state delivers economic development programs and services.

Navigating the myriad of federal, state, and local economic development agencies can frustrate businesses seeking more than one type of assistance. Other states have addressed this problem by consolidating these services in new public-private partnerships, creating cabinet-level secretaries to oversee and coordinate economic development agencies, or relying on regional planning organizations to deliver services and fund projects. For more information on this topic, see OLR Reports [2006-R-0019](#), [2006-R-0130](#), and [2006-R-0317](#).

EDUCATION

Education Cost Sharing (ECS) Grants

With the start of a new budget biennium, the legislature will likely see proposals to increase state funding for local education, especially through the ECS grant, which is the state's largest education aid grant to towns. Though the explicit "cap" on annual ECS grant increases was abolished in 2004, grants remain effectively capped because appropriations have not been sufficient to give all towns their full ECS formula entitlements.

The ECS formula itself could also be an issue. The formula is saddled with outdated and frozen data factors and mandatory minimum grants that make it less responsive to actual

increases in education expenditures. Specific proposals are likely to include an increase in the ECS foundation amount from the current \$5,891 per student. The foundation was last adjusted in 1999 and it is now far below the roughly \$10,000 per student the average Connecticut school district spends. A higher foundation would give most towns a bigger ECS grant, but it also would increase the state's overall costs for ECS.

Special Education Grants

Special education grants are another area where increased funding may be sought. Some legislators may propose restoring separate state reimbursement grants for special education instead of continuing to include the bulk of state aid for special education in the ECS formula. Other possibilities are to reduce the threshold for special education excess cost grants (the state pays the full cost of special education services for any student whose required program exceeds the threshold); to remove caps on state special education grants to towns; or to make the state responsible for paying all special education costs.

Other aspects of education funding are also at issue, including funding for inter-district magnet schools and charter schools. Ideas will probably come from the

Governor's Commission on Educational Finance, appointed in 2006. The commission has been studying all aspects of education funding and plans to submit its final report and recommendations to the governor in January 2007.

Recent OLR Reports on these subjects include [2005-R-0073](#) (Inter-district Program Funding); [2005-R-0107](#) (Constitutionality of ECS Minimum Grants); [2006-R-0218](#) (ECS Grant Cap and Floor); [2006-R-0421](#) (ECS Non-Supplant Requirement); [2006-R-0639](#) (Education Funding: ECS Formula and Education Adequacy Lawsuit); and [2005-R-0892](#) (Special Education Mandates and Funding).

School Security

A recent spate of school shootings around the country could lead to proposals to increase security measures at schools. Proposals might require school districts to perform security assessments on school buildings and establish or update crisis management plans. Although some security measures are already eligible for state school construction reimbursement grants, the legislature also is likely to consider providing special state aid for districts to hire and train security personnel and to buy and install security devices, such as portable metal detectors, security cameras, and alarms.

The legislature may also revisit the school bullying law (PA 02-119). Proposals may seek to broaden the law by redefining “bullying” to cover more situations and to extend its reach to incidents that occur off school grounds and in cyberspace. To ensure school districts are implementing the law, there may also be proposals to require them to publish bullying complaints more widely or report complaints to the state. The legislature also may consider curriculum changes to discourage student violence and promote positive behavior.

Recent OLR Reports on school safety include [2005-R-0390](#) (Legislative History of the School Bullying Law) and [2006-R-0223](#) (Statewide Twenty-Four-Hour Toll-Free School Safety Telephone Hotline).

No Child Left Behind and School Accountability

As more schools face sanctions under the federal No Child Left Behind law for failing to make enough annual progress toward reading and math proficiency for all students, the state will be required to provide students at those schools with remedial help and alternative programs. Possible federal sanctions include: (1) closure and reconstitution as a public charter school, (2) replacement of most or all staff, (3) takeover by

private management, (4) state takeover (if allowed by state law), or (5) some other fundamental reform.

To address achievement deficits, the General Assembly may consider proposals to increase the number of spaces in school readiness programs for low-income children in inner cities, raise the quality of those programs, and provide more and better preschool facilities. Other likely proposals include increased financial aid to cities to support new teachers and financial incentives to both retain good teachers at, and attract highly qualified teachers to, schools in priority districts. The state may be asked to help pay for programs to extend the school day or year at failing schools. The General Assembly may also consider proposals to reduce the drop-out rate, improve student attendance, and reduce suspension and expulsion rates in order to close the achievement gap.

Finally, legislators may be asked to change state laws to allow or facilitate state takeovers of failing schools or school districts or the reconstitution of failing schools as charter schools.

Desegregation and Inter-district Magnet Schools

In 2003, the General Assembly approved a settlement of the *Sheff v. O'Neill* desegregation case that committed the state to (1) fund eight new magnet schools in Hartford, (2) double the number of Hartford students participating in the Open Choice program, and (3) increase funding for inter-district cooperative programs in the Hartford area over four years. The state has not met all of these goals, although the four year time period is coming to an end. Full implementation of the settlement could require both funding increases and statutory changes. Additionally, PA 05-245 established an 18-member task force to study inter-district magnet schools. The General Assembly may see requests to implement the recommendation to improve magnet school access. More information on the *Sheff* case and desegregation can be found in OLR Report [2003-R-0112](#).

ENERGY AND TECHNOLOGY

Energy Industry Reforms

Last session, the legislature considered, but did not adopt, a bill that dealt with a wide range of energy issues. Among other things, the bill would have allowed electric companies to re-enter the generation market,

changed the way electric rates are set, established new generation and energy conservation initiatives, and established energy efficiency standards for appliances and state-funded buildings. After the session, the governor issued an equally broad set of energy proposals, including measures affecting motor vehicle fuels. In light of the substantial electric rate increases that are likely to take effect in January, the legislature will likely invest a substantial amount of energy in this area. More information can be found in OLR Reports [2006-R-0566](#) (describing the state's efforts to promote renewable energy); [2006-R-0692](#) (covering renewable energy and alternative motor vehicle fuels); [2006-R-0356](#) (describing legislative energy initiatives since the passage of deregulation); and [2006-R-0705](#) (summarizing the governor's energy plan).

Internet Video Services

Earlier this year, the Department of Public Utility Control ruled that telecommunications companies such as AT&T do not need to obtain a cable TV franchise in order to provide video services over the Internet. This session, the legislature will likely consider which public access and other requirements should apply to these companies.

Drought Planning and Management

Although Connecticut normally receives enough precipitation to ensure adequate water supplies, a number of legislators are concerned that it is not adequately prepared to deal with drought. The Energy and Technology Committee will probably consider legislation in this area.

ENVIRONMENT

Clean Water Fund and Long Island Sound

Interest appears to be growing to increase the amount of bonding for the Clean Water Fund, which provides grants and loans to municipalities to plan, design and construct wastewater treatment facilities. The upgrades are needed, in part, for the sewage treatment plants to meet progressively stricter goals in reducing the amount of nitrogen they discharge into Long Island Sound. (Excessive amounts of nitrogen disrupt the feeding, growth and reproduction of nearly all forms of aquatic life.) Reduced bond funding in recent years has slowed the pace at which treatment plant renovations and construction is occurring, possibly jeopardizing the state's ability to meet its nitrogen reduction goals. More information on the Clean Water Fund and the Sound can be

found in OLR Report [2006-R-0552](#).

Electronic Waste

Electronic waste, or e-waste, refers primarily to discarded computers and televisions. Several states have begun requiring the recycling of these products, many of which contain such hazardous substances as lead and mercury. But the states differ in how they finance their programs. California requires consumers buying a new TV or computer to pay a fee to cover recycling costs. Other states place the primary responsibility on manufacturers. The Department of Environmental Protection is recommending in its [Solid Waste Management Plan](#), now being revised, that the state adopt an e-waste plan based on the producer responsibility model. More information on state e-waste plans is available in OLR Report [2006-R-0182](#).

Alternative Fuels

The legislature is expected to explore ways to encourage the development and use of alternative motor vehicle fuels such as ethanol and biodiesel. Information on these fuels is available in OLR Reports [2006-R-0524](#) and [2006-R-0580](#).

Expanding the Bottle Bill

The legislature, which last session failed to pass a bill to expand the bottle bill to include water bottles, may revisit the issue in 2007. The current law applies only to beer, other malt beverages, soda and mineral water, and carbonated soft drinks. More information on the issue can be found in OLR Report [2006-R-0518](#).

FINANCE, REVENUE AND BONDING COMMITTEE

Energy Taxes

Major increases in energy prices in the past year could lead the General Assembly to consider changes in the state's energy taxes in 2007.

High oil prices during 2006, as well as previously scheduled increases in tax rates, have led to higher petroleum products gross earnings tax revenues. The increased revenue supports two major transportation infrastructure improvement programs. Under a 2005 law, the tax is scheduled to increase in several steps from its current rate of 6.3% to 8.1% as of July 1, 2013. The General Assembly may decide to modify the scheduled increases if world oil prices continue to surge. High prices also may lead to proposals to reduce the state's current 25-cent and 26-cent per gallon taxes

on gasoline and diesel fuel, respectively. Any change in these taxes would affect revenues for the Special Transportation Fund.

The state's gross earning taxes on electric and natural gas companies are other possible targets. Electric company tax rates are currently 6.8% for residential and 8.5% for nonresidential customers. Gas company tax rates are 4% and 5%, respectively. The taxes pass directly through to customers in utility rates. In 2006, the governor proposed to reduce these taxes by 25% to help offset rising electric and gas rates. Reduction proposals will likely be reintroduced in 2007. Finally, the legislature is likely to consider proposals for new and extended tax incentives to encourage the use of energy conservation and renewable and alternative fuels.

OLR Reports on these subjects include [2006-R-0466](#) (Petroleum Products Gross Earnings Tax); [2006-R-0602](#) (Average Energy Bill and Taxes); [2006-R-0283](#) (Funding for Energy Efficient Products); and [2006-R-0431](#) (State and Federal Tax Incentives for Energy Efficient Equipment).

Other State Taxes

The legislature could once again see proposals for a so-called "millionaire tax," which would impose higher tax rates on

taxable incomes above certain thresholds. There may also be proposals to restructure or eliminate the state estate tax enacted in 2005, including (1) raising the \$2 million threshold for taxable estates to match the current \$3.5 million federal threshold and (2) addressing a “cliff” in the tax that allows an estate valued at \$2,000,000 to escape the tax entirely while imposing the full tax on every dollar of an estate valued at \$2,000,001.

The legislature could see several other income tax proposals, including (1) establishing a state earned income tax credit to provide refundable payments for low-income taxpayers who owe no state income tax; (2) exempting some or all public or private pension income from the state income tax; and (3) allowing taxpayers to deduct certain expenses, such as the cost of purchasing health insurance.

OLR Reports on these taxes include [2005-R-0535](#) (New State Estate/Gift Transfer Tax); [2005-R-0161](#) (Tax Incentives to Purchase Health Insurance); and [2005-R-0472](#) (State Income Tax Rates).

Municipal Revenues

Property taxes are the main source of revenue for cities and towns. But with rising property taxes becoming an increasingly

contentious issue for municipalities and the legislature, legislators may consider property tax relief proposals, including:

- eliminating the property tax, or imposing a statewide property tax, on cars;
- freezing or subsidizing property taxes for vulnerable taxpayers, such as the elderly or low-income people; and
- diversifying municipal revenue by allowing towns to impose other taxes or fees in addition to property taxes.

The municipal real estate conveyance tax rate could be an issue. In 2003, the legislature increased the tax rate from 0.11% to 0.25% of a property’s sale price. The increase is scheduled to expire on July 1, 2007. Municipalities will likely seek to extend the higher rates while realtors will urge legislators to let them expire in the face of a slowing housing market. Related OLR Reports include [2006-R-0448](#) (Recent Property Tax Relief Proposals); [2006-R-0445](#) (Property Tax Relief for Seniors); [2006-R-0563](#) (Real Estate Conveyance and Capital Gains Taxes); [2006-R-0472](#) (Property

Tax Exemptions for Seniors in Other States); [2005-R-0860](#) (Local Income Taxes) and [2005-R-0663](#) (Raising Sales Tax Rates for Municipal Aid).

The Planning and Development Committee (see below) may consider the property tax from a different perspective, focusing on the tax's unintended consequences.

GENERAL LAW

Gasoline Prices

The General Law Committee has studied gasoline price issues for many years. It may consider prohibiting gasoline companies and distributors from setting their prices to dealers based on the dealer's location. This practice, known as "zone pricing," is common in the industry. It may also consider other approaches, such as mandating "open supply." These proposals seek to eliminate exclusive purchasing agreements between suppliers and retail dealers. More information on zone pricing can be found in OLR Report [2006-R-0319](#).

Condominium Dispute Arbitration Panels

The attorney general is expected to propose legislation to establish arbitration panels in the Department of Consumer Protection (DCP) to settle disputes between condominium

unit owners and their condominium boards. The panels may operate like DCP's motor vehicle lemon law panels.

Home Improvement Guaranty Fund

DCP's Home Improvement Guaranty Fund is both a recourse for consumers who suffer harm from a contractor and a possible sanction for a contractor. It serves as a recourse because it reimburses people who cannot recover losses suffered from a contractor's failure to fulfill a contract. It is a sanction because a contractor's registration and his ability to work are made conditional on his repaying the fund for any money paid out on his account. Current law caps the reimbursement on a single claim at \$15,000. There may be proposals to raise the cap. See OLR Report [2004-R-0477](#) for more about the Fund.

GOVERNMENT ADMINISTRATION AND ELECTIONS (GAE)

Contracting Reform

Last session, the governor vetoed PA 06-1, which created a state contracting board and made it responsible for establishing a uniform procurement code. The act also established grounds for suspending and disqualifying contractors and subcontractors from bidding on or participating

in state contracts. Today, a contracting standards board that the governor set up by executive order in 2005 and charged with similar responsibilities remains in effect.

In October 2006, the governor announced she would submit a bill in 2007 holding state contractors more accountable by redefining contract performance standards and allowing a five-year ban on those found negligent. The GAE Committee will likely consider the governor's proposal.

Elections

Public criticism of 2006 political advertisements caused some legislators to question whether the state is doing enough to regulate campaign practices. They may propose bills (1) establishing standards for political advertisements, (2) assessing financial penalties against candidate committees that sponsor untrue or misleading advertisements, and (3) reducing the number of "Robo" (automated) calls.

Major provisions in the public financing law (PA 05-5, October 25 Special Session) take effect December 31, 2006. One bans current and prospective state contractors from making or soliciting campaign contributions. The law broadly defines the people subject to the ban. Another provision allows

anyone (not just registered voters) to make qualifying contributions to candidates seeking to participate in the public financing program. The committee may consider legislation narrowing the definition of contractors subject to the ban and limiting qualifying contributions for ease of compliance and enforcement.

Freedom of Information

The governor's [Commission on Judicial Reform](#) and the [Judicial Branch Public Access Task Force](#) recently issued reports that make recommendations on access to court records and proceedings and Judicial Branch meetings. Many of the recommendations require legislative action. The GAE Committee, as well as the Judiciary Committee, will likely consider these recommendations.

HIGHER EDUCATION

Student Financial Aid

Stagnating family incomes and rising college costs are making it more difficult for students and their parents to pay for college. Federal and state scholarship aid is growing slowly, if at all. Colleges are using more of their tuition revenue and endowments for aid, and students are relying more on loans to bridge the gap. The legislature may look at increasing funding for its existing financial aid programs or creating new

programs that help students attend college. More information on college financial aid is available in OLR Report [2006-R-0686](#).

HOUSING

Affordable Housing

The affordable housing appeals procedure that allows developers to appeal to Superior Court if a zoning board or commission denies an affordable housing application will again likely generate proposals both to weaken and strengthen its provisions. One possibility is a proposal similar to Massachusetts' laws that provide financial incentives to towns for establishing smart growth zoning districts that allow for the development of affordable housing. Information on recent major changes to the affordable housing appeal process can be found in OLR Report [2006-R-0418](#).

HUMAN SERVICES

Welfare Reform

Congress reauthorized the federal welfare law (TANF) in early 2006. Several new provisions are expected to significantly affect the state's ability to meet the law's work participation rate requirements, with which states must comply or face stiff financial penalties, in its Jobs First program. The state

Department of Labor will likely have to place many more adults, some of whom face such barriers to work as lack of child care and transportation, in jobs or work-related activities. The department will also have to devote more resources to verifying the types of activities in which clients are engaged and the amount of time they are engaged in them. The legislature may want to take another look at how the program is designed and funded to ensure that the state does not face future penalties and that clients have the tools they need to find and keep jobs. It may also want to provide additional child care and transportation funding, which will be necessary if more parents go to work and stay there.

Advocates for the poor have expressed concern about the "cliff effect" in the cash portion of Jobs First. While clients initially receive the full benefit amount (\$543 per month for a family of three), their benefits stop once their earnings reaches 100% of the federal poverty level (\$1,383 per month for such a family in 2006). This leads to a nearly 40% drop in income. The legislature may want to soften this effect to ensure that families who are successfully engaged in work and leave the welfare rolls do not have to choose between going back on welfare or facing other problems, such as homelessness. One option, which the General Assembly has considered in the

past, would be a state Earned Income Tax Credit, which would supplement the federal credit.

INSURANCE AND REAL ESTATE

Hurricane Shutters

The Insurance and Real Estate Committee may consider whether or not to prohibit insurance companies from requiring homeowners located in coastal communities to have storm shutters in order to purchase property insurance. OLR Reports [2006-R-0645](#) and [2006-R-0498](#) look at Florida's hurricane shutter requirements and windstorm insurance, respectively.

JUDICIARY

Access to Judicial Records, Meeting, and Proceedings

The governor's [Commission on Judicial Reform](#) and the [Judicial Branch Public Access Task Force](#) recently issued reports that make recommendations on access to court records and proceedings and Judicial Branch meetings. Many of the recommendations require legislative action, which the Judiciary Committee will likely consider.

Juvenile Court Age Limit

The legislature is likely to take up bills raising the juvenile court's age limit from 15 to 16 or

17. Last session it established the Juvenile Jurisdiction Planning and Implementation Committee to study the issue and make recommendations. The committee's report is due February 1, 2007. More information can be found on the [Planning and Implementation Committee's web site](#).

LABOR

Workers' Compensation

Workers' compensation insurance provides employees with medical coverage and wage replacement benefits for job-related injuries. The legislature may consider increasing certain compensation benefits by (1) authorizing compensation commissioners to extend benefits for a longer period or (2) expanding coverage to include all scarring. The legislature will have to weigh workers' desire for better benefits against employers' desire to keep down the cost of workers' compensation. More information on workers' compensation can be found in OLR Report [2006-R-0303](#).

Outsourcing

Relocating data processing and call center operations to other countries can reduce business costs and prices. But outsourcing these or other functions can also mean layoffs. The legislature may again debate outsourcing's benefits and costs

and try to devise ways to mitigate the latter. One proposal last year would have attempted to measure state government outsourcing and empower agencies to restrict state contractors from outsourcing.

PLANNING AND DEVELOPMENT

The Property Tax's Unintended Consequences

The legislature has considered and enacted bills to reduce the property tax burden on different groups, including elderly homeowners and manufacturers. This session, it might focus on the property tax's unintended effects, including disparities in towns' ability to fund education and land use policies intended to boost property tax revenues. In doing so, it might consider ways to reduce towns' reliance on the property tax. For more information on this subject, see OLR Reports [2000-R-0633](#) (School Finance and Property Tax Reform); [2002-R-0986](#) (Smart Growth Initiatives in Other States); and [2003-R-0722](#) (Blue Ribbon Commission Report on Property Taxes and Smart Growth).

Eminent Domain

The 2006 legislature considered several bills that tried to balance property rights against government's right to take property for a public use. This session, the legislature may

again debate whether that use should include taking land for private economic development. It may also make changes to the taking process, including requiring local legislative bodies to approve each taking and increasing the amount of compensation towns must pay when taking a property. For more information, see OLR Report [2006-R-0320](#).

State and Local Land Use Policies

The last five years have seen an increase in the number of towns and developers requesting interim changes to the state Plan of Conservation and Development (Plan of C&D). By law, the Plan of C&D controls only where the state can spend money on new roads, sewers, facilities, and other infrastructure. It does not directly bind local plans and land use decisions, but some local officials believe they will jeopardize future state funding if they approve projects in areas the Plan of C&D designates for conservation. Consequently, legislators may consider proposals clarifying the relationship between state and local plans. More information can be found in OLR Report [2006-R-0452](#).

PUBLIC HEALTH

Health Care Reform

For many years, policy makers in most, if not all states, have grappled with the issue of their residents' lack of health insurance. Some, including Maine, Massachusetts, and Vermont, have passed laws designed to reduce the number of uninsured.

Connecticut has been very successful in reducing the number of uninsured children, largely through the HUSKY plan, its main public health insurance program. But in 2004 and 2005, nearly 400,000 residents had no insurance, and over half these individuals had income less than 200% of the federal poverty level (\$19,600 annually for one person).

The legislature could take a number of different approaches to improve access to health care for the uninsured. It could expand existing public programs to allow more adults to participate (with federal matching funds available), put more resources into its safety net providers (e.g., community health centers and school-based health centers), or offer premium assistance to residents who have access to employer-sponsored coverage. On the private side, it could fund reinsurance programs to reduce the price of private

insurance or provide tax incentives to encourage people to purchase insurance. It could also look at the types of insurance products that are offered and allow policies with no mandates or "mandate light" coverage to be sold in the state. One of the more controversial approaches would be to mandate that employers offer coverage or face a financial penalty, which is what Massachusetts does.

Hospital Finances

Connecticut's hospitals appear not as healthy financially as those in the rest of the country, according to a [new study from the Program Review and Investigations Committee](#). Their operating margins are lower; their labor, insurance, and energy costs are higher; and their physical plants are older than their counterparts elsewhere. Eleven of the state's 31 acute care hospitals reported operating losses in FY 05, according to the Office of Health Care Access. The PR&I Committee is expected to make recommendations later this year.

The University of Connecticut Health Center recently projected it would see a \$20 million deficit within two years, due mainly to decreased research grants and the need to cover rising costs such as upgrading equipment at

John Dempsey Hospital. The Health Center is expected to ask the General Assembly to significantly boost the state's appropriation.

TRANSPORTATION

Implementation of Federal "Real ID Act" Requirements

In 2005, Congress passed sweeping legislation that will have major implications for the way in which state and local governments must issue identification cards. This legislation, called the "Real ID Act," affects not only state-issued drivers' licenses, but potentially other government-issued identification documents as well. Failure to comply with the federal requirements means that federal agencies will not accept state-issued identification documents for such purposes as boarding aircraft.

While states have until mid-2008 to comply with the new requirements, which may change during the implementation period, significant statutory changes will be required. Compliance with the Real ID Act is also likely to have significant budget implications for certain state agencies, and possibly local governments, over the next two years as the requirements for compliance become better known. While Congress may modify the act in some way in response to state objections, the

implementation clock continues to tick. Two OLR Reports, [2005-R-0482](#) and [2005-R-0491](#), summarize the provisions of the Real ID Act and identify some possible implementation issues for Connecticut.

Highway Safety Issues

Highway safety issues are an area of intense legislative activity in any session and will be again in 2007. Although Connecticut's fatal accident rate is among the nation's best, interest in improving it even further drives many initiatives in areas like speeding, drunk and drugged driving, inattentive driving, teenage driving, photo-based enforcement of speeding and red light violations, and identifying problem drivers.

Motorcycle safety is of some interest due to the fact that Connecticut motorcycle riders represent a higher percentage of the state's total traffic fatalities than in any other state. Extending mandatory seat belt use requirements to all vehicle occupants rather than only those in the front seat may be considered, as well as protections to child occupants. Another area of potential interest could be establishing requirements for drivers renewing their licenses, either for all drivers or for those who reach certain ages.

OLR Reports of interest include [2004-R-0035](#) (accident changes following increase of speed limit to 65 mph); [2005-R-0855](#) (Connecticut traffic fatality rate trends); [2006-R-0014](#) (Connecticut's performance relative to other states in the area of alcohol-involved traffic fatalities); and [2004-R-0540](#) (camera based enforcement at traffic signals).

Legislators also may seek to explore ways to improve local police departments' awareness of the Department of Motor Vehicles' (DMV) procedural needs when it conducts administrative license suspension hearings for people arrested for drunk driving and to improve coordination between the departments and DMV, given the strict timeframe for conducting the suspension hearings.

Following Up on Major Transportation Initiatives

Travel congestion, particularly along the I-95 corridor, continues as a high-profile issue. In 2005, the legislature approved a funding plan exceeding \$1 billion for some of these high priority initiatives, including purchase of almost 350 new rail cars for the Metro North rail commuter service. In 2006, it provided more than \$2 billion in additional potential funding for the New Haven-Hartford-Springfield commuter rail service, the

Hartford-New Britain Busway, possible passenger rail service from Danbury to New Milford, new rail stations, and many other initiatives. Managing travel demand and transit-oriented development potential are likely to remain of high interest. Any discussions of travel demand management almost always include the debate over bringing tolls back to Connecticut highways. Whether tolls are a viable policy option in the short term remains uncertain, given the constraints states still face under federal law, but the toll debate will nonetheless occupy a prominent position among the issues the 2007 legislature may discuss in this area.

PF:ts