



SUMMARY OF 2017 PUBLIC ACTS Part II of II



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NOTICE TO USERS

This publication, *Summary of 2017 Public Acts, Part II*, summarizes all public acts passed during the Connecticut General Assembly's June 2017 Special Session. Special acts are not summarized.

The acts from the 2017 Regular Session are summarized in a separate publication, Part I.

Use of this Book

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Organization of the Book

The summaries are organized in order by public act number.

A list of vetoed acts appears on the next page. A table on penalties, appearing on the page that follows, describes the fines and prison sentences for various types of offenses. In the back of the volume is a list of acts by public act number.

2017 VETOED ACT

1. PA 17-1, June 2017 Special Session, An Act Concerning The State Budget For The Biennium Ending June 30, 2019, Appropriations and Implementing Provisions Therefor and Authorizing and Adjusting Bonds of the State For Various Purposes.

TABLE ON PENALTIES

Crimes

The law authorizes courts to impose fines, imprisonment, or both when sentencing a convicted criminal. For most crimes, the court may also impose a probation term. For eligible offenders, the court may order participation in various programs, such as accelerated rehabilitation or the pretrial alcohol education program, and dismiss the charges upon the offender's successful completion of the program.

When sentencing an offender to prison, the judge must specify a period of incarceration. The prison terms below represent the range within which a judge must set the sentence. A judge may suspend all or part of a sentence unless the statute specifies it is a mandatory minimum sentence. The judge also sets the exact amount of a fine, up to the established limits listed below. Repeated or persistent offenses may result in a higher maximum than specified here

<i>Classification of Crime</i>	<i>Imprisonment</i>	<i>Fine</i>
Class A felony (murder with special circumstances)	Life, without release	up to \$20,000
Class A felony (murder)	25 to 60 years	up to 20,000
Class A felony (aggravated sexual assault of a minor)	25 to 50 years	up to 20,000
Class A felony	10 to 25 years	up to 20,000
Class B felony (1 st degree manslaughter with a firearm)	5 to 40 years	up to 15,000
Class B felony	1 to 20 years	up to 15,000
Class C felony	1 to 10 years	up to 10,000
Class D felony	up to 5 years	up to 5,000
Class E felony	up to 3 years	up to 3,500
Class A misdemeanor	up to 1 year	up to 2,000
Class B misdemeanor	up to 6 months	up to 1,000
Class C misdemeanor	up to 3 months	up to 500
Class D misdemeanor	up to 30 days	up to 250

Violations

CGS § 53a-43 authorizes the Superior Court to fix fines for violations up to a maximum of \$500 unless the amount of the fine is specified in the statute establishing the violation. CGS § 54-195 requires the court to impose a fine of up to \$100 on anyone convicted of violating any statute without a specified penalty.

A violation is not a crime. Most statutory violations are subject to Infractions Bureau procedures, which allow the accused to pay the fine by mail without making a court appearance. As with an infraction, the bureau will enter a *nolo contendere* (no contest) plea on behalf of anyone who pays a fine in this way. The plea is inadmissible in any criminal or civil court proceeding against the accused.

Infractions

Infractions are punishable by fines, usually set by Superior Court judges, of between \$35 and \$90, plus a \$20 or \$35 surcharge and an additional fee based on the amount of the fine. There may be other added charges depending upon the type of infraction. For example, certain motor vehicle infractions trigger a Transportation Fund surcharge of 50% of the fine. With the various additional charges the total amount due can be over \$300 but often is less than \$100.

An infraction is not a crime, and violators can pay the fine by mail without making a court appearance.

PA 17-1, June 2017 Special Session—HB 7501 (VETOED)

Emergency Certification

**AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2019,
APPROPRIATIONS AND IMPLEMENTING PROVISIONS THEREFOR AND AUTHORIZING AND
ADJUSTING BONDS OF THE STATE FOR VARIOUS PURPOSES**

TABLE OF CONTENTS:

§§ 1-9 — FY 18 AND FY 19 APPROPRIATIONS

Appropriates money for state agency operations and programs for FYs 18 and 19

§§ 10-12, 14 & 15 — SPENDING REDUCTIONS AND BUDGETED LAPSES

Authorizes the Office of Policy and Management (OPM) secretary to reduce allotments for state agencies and funds to achieve specified savings and budgeted lapses

§ 13 — ALLOTMENT INCREASES ATTRIBUTED TO DELAY IN STATE BUDGET

Authorizes the OPM secretary to increase allotments to reflect costs associated with the delay in passing a state budget

§ 16 — FEDERAL REIMBURSEMENT FOR DEPARTMENT OF SOCIAL SERVICES (DSS) AND DEPARTMENT OF CHILDREN AND FAMILIES (DCF) PROJECTS

Authorizes DSS and DCF to establish receivables for anticipated federal reimbursement

§ 17 — APPROPRIATIONS FOR NONFUNCTIONAL – CHANGE TO ACCRUALS

Prohibits the OPM secretary from allotting funds to such line item accounts

§ 18 — AUTHORITY TO TRANSFER FUNDS TO AND FROM THE RESERVE FOR SALARY ADJUSTMENTS ACCOUNT

Allows the OPM secretary to transfer specified funds to implement and account for adjustments to various personal services expenses

§ 19 — COLLECTIVE BARGAINING AGREEMENT COSTS

Carries forward the unexpended portion of appropriated funds that relate to collective bargaining agreements and related costs and requires the funds to be used for the same purposes in FYs 18 and 19

§§ 20 & 21 — APPROPRIATION TRANSFERS AND ADJUSTMENTS TO MAXIMIZE FEDERAL MATCHING FUNDS

Authorizes the governor, subject to specified conditions, to transfer or adjust agency appropriations to maximize federal matching funds

§§ 22 & 24 — TRANSFERS TO MEDICAID ACCOUNT

Authorizes the OPM secretary to transfer certain funds to DSS's Medicaid account in order to maximize federal reimbursement

§ 23 — DSS PAYMENTS TO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) HOSPITALS

Specifies how DSS must spend appropriations for certain DMHAS hospital payments and how DMHAS hospitals must use the funds

§ 25 — BIRTH-TO-THREE PROGRAM

Requires the State Department of Education (SDE) to transfer certain federal special education funds to the Office of Early Childhood (OEC) for the Birth-to-Three Program

§ 26 — PRIORITY SCHOOL DISTRICT (PSD) GRANTS

Distributes PSD grants for FYs 18 and FY 19 across three categories

§ 27 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends rate adjustments for DCF-licensed private residential treatment facilities

§ 28 — DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS) AND DMHAS COST SETTLEMENTS WITH PRIVATE AND NONPROFIT PROVIDERS

Requires certain private and nonprofit providers to reimburse these agencies for the difference between actual costs and the amount received from the agencies

§§ 29-31 — FUNDS CARRIED FORWARD

Carries forward unspent balances from prior years' appropriations and requires them to be used for specified purposes in FYs 18 and 19

§ 32 — STATE EMPLOYEE RETIREMENT FUND CONTRIBUTIONS

Requires certain funds to be deposited into the fund as additional contributions

§ 33 — PROHIBITED SPENDING REDUCTIONS

Prohibits reduction of appropriations for specified social services

§ 34 — PROBATE COURT ADMINISTRATION FUND

Requires that the fund's balance at the end of FY 17 remain in the fund

§§ 35 & 975 — ELIMINATION OF MOTOR VEHICLE PROPERTY TAX CAP

Eliminates the motor vehicle mill rate cap

§ 36 — FRESH START PROGRAM

Authorizes the Department of Revenue Services (DRS) commissioner to establish a fresh start program for qualified taxpayers who owe Connecticut state taxes

§ 37 — AMBULATORY SURGICAL CENTER (ASC) TAX

Changes the base for the ASC tax to the total net revenue received by each ASC for providing specified services, rather than gross receipts

§§ 38-42 — ESTATE AND GIFT TAX

Increases the estate and gift tax threshold over three years; modifies the tax rate schedule for estates and gifts over \$5.1 million and makes minor and technical changes to the estate tax

§§ 43-45 & 47 — INSURANCE PREMIUMS TAX

Reduces, from 1.75% to 1.5%, the insurance premiums tax rate and makes the tax credit cap for insurance premiums taxpayers permanent

§ 46 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDIT

Makes permanent the moratorium on issuing film and digital media production tax credits to certain motion pictures and allows them to be claimed against the sales and use tax, but at less than face value when transferred to another taxpayer

§ 48 — CONNECTICUT TELEVISION NETWORK (CT-N) REDUCTION

Reduces by half the amount of specified tax revenue that must be reserved for CT-N

§ 49 — INCOME TAX ON SOCIAL SECURITY, PENSION, AND ANNUITY INCOME

Increases the income thresholds for the 100% Social Security income tax deduction and phases out the income tax on pension and annuity income for taxpayers with incomes below a specified threshold

§ 50 — ANGEL INVESTOR TAX CREDIT

Terminates the Angel Investor Tax Credit Program as of October 1, 2017

§ 51 — EARNED INCOME TAX CREDIT

Replaces the 30% earned income tax credit (EITC) with a graduated credit schedule ranging from 5% to 25%

§ 52 — UTILITY COMPANIES TAX EXEMPTION ELIMINATION

Eliminates the utility companies tax exemption for earnings from sales to certain natural gas-fueled power plants

§ 53 — MUNICIPAL VIDEO COMPETITION TRUST ACCOUNT

Beginning in FY 18, increases by \$2 million the annual transfer from the municipal video competition trust account to the General Fund

§ 54 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT

Beginning in FY 18, requires \$3.5 million to be transferred to the General Fund each fiscal year from the Public, Educational, and Governmental Programming and Education Technology Investment Account (PEGPETIA)

§ 55 — ADMISSIONS TAX

Eliminates certain admissions tax exemptions

§ 56 — REDUCING CONNECTICUT LOTTERY CORPORATION (CLC) EXPENSES

Requires CLC to reduce its expenses for the next two fiscal years

§ 57 — RECORD CHECK FEE INCREASES

Increases, by \$25, fees for certain record searches

§ 58 — DOCUMENT RECORDING FEE

Increases, from \$3 to \$10, the document recording fee charged to generate revenue for preserving historic documents and modifies the fee revenue distribution

§§ 59 & 60 — URGENT CARE CENTERS AND OUTPATIENT CLINICS

Requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018 and authorizes DSS to establish payment rates for these centers; requires outpatient clinics to renew their license every three year instead of every four years

§ 61 — PUBLIC WATER SYSTEM LICENSURE

Requires water companies to obtain a DPH license to operate a community public water system or non-transient non-community public water system

§§ 62 & 982 — NEWBORN SCREENING ACCOUNT

Eliminates, on July 1, 2018, the newborn screening account and transfers any money from it into the General Fund for DPH to use for newborn health screening services in FY 18

§§ 63 & 64 — REGIONAL PLANNING INCENTIVE ACCOUNT

Eliminates the revenue diversion to the Regional Planning Incentive Account

§§ 63 & 64 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DIVERSION

Eliminates the revenue diversion to MRSA

§§ 63 & 64 — SALES AND USE TAX REVENUE DIVERSION FROM CERTAIN MOTOR VEHICLE SALES

Beginning in FY 21, phases in, over five years, a revenue diversion to the STF of sales and use tax revenue from motor vehicle sales

§§ 63-67 — MARKETING, CULTURE, AND TOURISM FUNDING

Establishes an account to fund tourism-related visitor services, promote the arts, and preserve and promote historic resources

§ 68 — CIVIL PENALTIES FOR NURSING AND RESIDENTIAL CARE HOMES

Increases the maximum civil penalties for nursing and residential care homes for class A and class B violations; changes the definition of a class B violation

§§ 69 & 70 — TOBACCO SETTLEMENT FUND DISTRIBUTIONS

Eliminates certain disbursements from the Tobacco Settlement Fund

§ 71 — SMART START ACCOUNT TRANSFER

Transfers balance in the Smart Start Account to the General Fund

§§ 72, 75-77, 100-107 & 156 — TRANSFERS TO GENERAL FUND

Transfers funds from various sources to the General Fund for FYs 18 and 19

§ 73 — FY 20 GAAP DEFICIT

Deems that \$1 is appropriated in FY 20 to pay off the state's GAAP deficit for FYs 13 and 14

§ 74 — PROPERTY TAX CREDIT

Limits eligibility for the property tax credit against the personal income tax to seniors and taxpayers with dependents

§ 78 — HIGHWAY RIGHT-OF-WAY ENCROACHMENT FEES

Requires the DOT commissioner, by January 1, 2018, to set fees for certain applications for right-of-way encroachment permits to mirror the fees Massachusetts DOT charges for similar permits

§ 79 — EMISSIONS ENTERPRISE FUND

Reduces, by \$250,000, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund

§ 80 — CONNECTICUT AIRPORT AND AVIATION ACCOUNT

Creates the "Connecticut airport and aviation account" to fund airport and aviation related purposes and requires the DRS commissioner to deposit into it 75.3% of the amount the state receives from the petroleum products gross earnings tax on aviation fuel

§ 81 — GREEN BUILDING TAX CREDIT

Sunsetts the green building tax credit beginning October 1, 2017

§ 82 — FY 19 GENERAL FUND REVENUE

Allows the comptroller to designate \$37 million of FY 18 General Fund resources as FY 19 General Fund revenue

§ 83 — REDUCTION OF THE ANNUAL AMOUNT OF TAX CREDITS AVAILABLE UNDER THE NEIGHBORHOOD ASSISTANCE ACT (NAA) PROGRAM

Reduces, from \$10 million to \$5 million, the annual cap on NAA tax credits

§§ 84, 975 & 978 — REPEAL OF MUNICIPAL SPENDING CAP, MUNICIPAL REVENUE SHARING ACCOUNT (MRSA), AND RELATED PROVISIONS

Eliminates the municipal spending cap and the Municipal Revenue Sharing Account and grant distributions from it

§ 85 — GRANTS AND PAYMENTS IN LIEU OF TAXES FOR TIER 3 DISTRICTS AND MUNICIPALITIES

Prohibits, regardless of existing law, any tier three district or municipality from receiving a grant in lieu of taxes or the additional payment in lieu of taxes in either FY 18 or FY 19

§ 86 — STATE AGENCIES TO REVIEW FEES

Requires (1) agency heads to determine whether the fees their agencies charge cover program administration costs and (2) OPM to recommend fee increases to the legislature

§ 87 — HOSPITAL TAX

Phases out the hospital tax over five years, starting in FY 20; beginning in FY 18, authorizes a credit against the hospital tax in any fiscal year in which supplemental Medicaid payments to hospitals are reduced from the amount appropriated in the budget act for that fiscal year

§§ 88 & 89 — COMPTROLLER'S ANALYSIS OF OPM MONTHLY STATEMENTS

Requires the comptroller to analyze OPM's monthly revenue and expenditure statements

§§ 90 & 91 — CONSENSUS REVENUE ESTIMATES DEADLINE

Moves up the deadline by which OPM and the Office of Fiscal Analysis (OFA) must annually issue consensus revenue estimates

§§ 92-94 & 515-517 — CAP ON GENERAL OBLIGATION (GO) BOND ALLOCATIONS AND ISSUANCES

Places a \$2 billion cap on the amount of GO bonds the (1) State Bond Commission may allocate each calendar year starting January 1, 2017 and (2) treasurer may issue each fiscal year starting July 1, 2018; requires both caps to be adjusted annually for inflation

§§ 92, 95, 515 & 519 — GO BONDS FOR TRANSPORTATION PROJECTS

Requires the State Bond Commission to authorize GO bonds each calendar year for transportation projects, subject to annual caps

§§ 96 & 97 — CSCU 2020 INFRASTRUCTURE PROGRAM

Defers \$55 million in FY 18 bonding to FY 20 and authorizes an additional \$11.7 million in bonding for FY 20 (but see §§ 389 & 390)

§§ 98 & 99 — UCONN 2000 INFRASTRUCTURE PROGRAM

Reduces bond authorizations by \$99.1 million and extends the program by two years (but see §§ 393 & 394)

§ 108 — PLAN TO TRANSFER JUVENILE JUSTICE PROGRAMS FROM DCF TO THE JUDICIAL BRANCH'S COURT SUPPORT SERVICES DIVISION (CSSD)

Requires DCF and CSSD to submit a plan to the legislature to transfer certain juvenile justice programs and services from DCF to CSSD

§§ 109-111 — 90-DAY TURNAROUND FOR CERTAIN PERMITS

Deems certain state agency permit applications approved if the relevant agency does not make a determination on them within 90 days after receiving them

§§ 112-114 — SCHOOL CONSTRUCTION PROGRAM AND PROTOTYPE SCHOOL DESIGNS (IDENTICAL TO §§ 505-507)

Requires towns to choose between three design prototypes when seeking the highest level of state school cost reimbursement for new construction and makes other changes

§ 115 — SCHOOL CONSTRUCTION APPLICATIONS AND DAS REPORT TO THE LEGISLATURE (IDENTICAL TO § 508)

Requires school districts to indicate on their school construction applications whether they considered one of the prototype designs and adds additional enrollment reporting and other requirements for DAS when it submits the school construction list to the legislature

§ 116 — EMERGENCY CONSTRUCTION GRANTS (IDENTICAL TO § 509)

Expands the types of projects eligible for emergency school construction grants and makes other program changes

§ 117 — FREQUENCY OF FACILITY, AIR QUALITY, AND GREEN CLEANING REPORTS (IDENTICAL TO § 510)

Reduces frequency of certain required reports

§§ 118 & 121 — CONFORMING AND TECHNICAL CHANGES TO THE SCHOOL CONSTRUCTION PROGRAM (IDENTICAL TO §§ 511 & 514)

Makes technical changes

§ 119 — INCREASED GRANT WITHHOLDING PERCENTAGE (IDENTICAL TO § 512)

Increases to 11% the amount of a reimbursement grant that DAS can withhold pending the final audit

§ 120 — REGIONAL BOARDS OF EDUCATION AND SCHOOL CONSTRUCTION OBLIGATIONS (IDENTICAL TO § 513)

Specifies that when a regional board of education dissolves, local member boards are still responsible for financial and other obligations

§§ 122-128 — SCHOOL CONSTRUCTION GRANT AUTHORIZATIONS (IDENTICAL TO §§ 498-504)

Authorizes 50 new school construction projects totaling \$515 million in grants, reauthorizes three previous projects due to cost or scope changes, and makes changes affecting six other projects

§§ 129-135 — REVISIONS TO EDUCATION COST SHARING (ECS) FORMULA

Revises ECS formula, the largest form of state aid to towns, by changing several major formula components including the base aid ratio, foundation dollar amount, weighting for need students; includes phase-in for aid increases and decreases until FY 28

§ 136 — ECS FORMULA REVIEW TEAM

Creates an ECS formula review team to review and make recommendations on the ECS formula

§ 137 — EDUCATION FUNDING REALLOCATION

Requires the education commissioner to redistribute increases in ECS and special education grants received by certain school districts over the past fiscal year among districts that received a grant decrease

§§ 138 & 139 — SPECIAL EDUCATION FUNDING

Eliminates and creates various special education cost grants, including those for state agency-placed students receiving special education services

§ 140 — GRANTS TO BOARDS OF EDUCATION FOR STATE AGENCY PLACEMENTS IN RESIDENTIAL AND JUVENILE DETENTION FACILITIES

Eliminates grants for boards of education for students placed by state agencies in residential facilities and juvenile detention facilities

§ 141 — UCONN PROFESSORS' COURSE LOAD

Requires the UConn board of trustees to increase each full-time professor's course load by one course during a school year

§ 142 — SUPERINTENDENTS FOR SMALL TOWNS

Allows local boards of education that meet certain "small town" criteria to receive direction from another board of education's superintendent, rather than employ their own local superintendent

§ 143 — SUPERINTENDENTS FOR MULTIPLE TOWNS

Allows boards of education that share a superintendent to adjust the frequency and format of their board meetings

§§ 144 & 145 — BOARD OF EDUCATION COOPERATIVE ARRANGEMENTS

Allows for cooperative arrangements to provide administrative and central office duties

§ 146 — MINIMUM BUDGET REQUIREMENT (MBR) FOR ALLIANCE DISTRICTS

For FYs 18 and 19, extends the MBR only for alliance districts

§ 147 — BOARD OF EDUCATION ADMINISTRATIVE PERSONNEL HIRING

Requires municipal legislative bodies to approve the hiring of administrative personnel by local boards of education absent a budgeted appropriation

§ 148 — REGIONAL SCHOOL DISTRICT FINANCE COMMITTEE

Allows a regional board of education to establish a finance committee

§§ 149 & 150 — CHARTER SCHOOL GRANT PAYMENTS

Disburses state grants to charter schools directly to a charter school's fiscal authority and requires proportional grant reductions if the grant total exceeds the appropriated amount

§ 151 — ROBERTA B. WILLIS SCHOLARSHIP

Closes the scholarship to new applicants but allows previously issued awards to be renewable

§ 152 — UCONN AND UCONN HEALTH CENTER (UHC) EMPLOYEE COMPENSATION

Requires UConn and UHC to fund a portion of certain employees' compensation with funds from outside the General Fund

§§ 153 & 154 — TEACHER CONTRIBUTIONS TO THE TEACHERS RETIREMENT SYSTEM (TRS)

Increases teachers' contributions to TRS and requires funds from the increase to be credited to the General Fund

§ 155 — NON-UNION STATE EMPLOYEE CONTRIBUTION TO RETIREE HEALTH INSURANCE

Requires 5% of non-union employees' base salary to be withheld from their base pay

§ 156 — TRANSFERS FROM NONAPPROPRIATED ACCOUNTS

Allows the OPM secretary to transfer funds from certain nonappropriated accounts to the General Fund

§ 157 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE CONTRACTS AND ARBITRATION AWARDS

Requires the legislature to affirmatively vote to approve state employee union contracts and arbitration awards; revises the process that occurs if the legislature rejects an agreement or award

§ 158 — APPLYING SEBAC 2017 TO NON-UNION STATE EMPLOYEES

Requires terms comparable to those in the 2017 SEBAC Agreement to be implemented for non-union state employees by October 1, 2017

§§ 159-161 — 2027 CHANGES TO THE STATE EMPLOYEES RETIREMENT SYSTEM (SERS)

Starting July 1, 2027, increases employee contributions to SERS and limits SEBAC agreements to four-year terms; changes pension calculations and limits cost of living adjustments (COLAs) for those who retire on or after that date

§ 162 — CRIMINAL JUSTICE DIVISION'S COLD CASE UNIT AND SHOOTING TASK FORCE APPROPRIATIONS

Prohibits the Division of Criminal Justice from commingling funds appropriated to the Cold Case Unit with those appropriated to the Shooting Task Force

§ 163 — REOPENING MUNICIPAL EMPLOYEE UNION CONTRACTS

For new contracts, establishes a process by which towns may (1) ask unions to reopen a union contract to negotiate revisions related to regionalization and (2) require unions to vote on a proposed contract revision

§ 164 — MUNICIPAL EMPLOYEE BINDING ARBITRATION

Requires random appointment of neutral arbitrators in municipal binding arbitration cases; gives arbitrators more time to issue decisions; requires parties to meet certain procedural deadlines (which may be mutually waived) within one year

§ 165 — EDUCATION ADMINISTRATIVE PERSONNEL CONTRACTS

Requires boards of education to file administrative personnel contracts with town clerks, who must then post them online

§ 166 — MUNICIPAL BUDGET RESERVES IN ARBITRATION

Establishes an irrebuttable presumption that a portion of a municipality's budget reserve cannot be used to pay for arbitration awards

§§ 167 & 168 — PREVAILING WAGE

Increases prevailing wage thresholds for public works projects; exempts municipal elevator or roof work from prevailing wage requirements; temporarily exempts certain projects in New Haven County from prevailing wage requirements; and applies prevailing wage requirements to certain DECD-funded projects

§ 169 — MEDICAID WAIVER AND AMENDMENT NOTIFICATION

Requires DSS to report annually on potential Medicaid waivers and changes to the Medicaid state plan that may result in cost savings, and narrows a legislative notification requirement

§ 170 — SPECIAL TRANSPORTATION FUND (STF)

Removes the requirement that remaining STF funds, after first being used for other specified obligations, pay for DSS' transportation to work program

§§ 171-173 — BIRTH-TO-THREE

Transfers administration of the Birth-to-Three program from OEC to SDE

§ 174 — MEDICARE PART D FOR DUALLY ELIGIBLE RECIPIENTS

Eliminates the requirement that DSS pay any Medicare Part D prescription drug copayments for beneficiaries who are dually eligible for Medicare and Medicaid

§ 175 — MEDICAID PHARMACY REIMBURSEMENT

Eliminates statutory requirements and allows DSS to revise reimbursement methodology and professional dispensing fees

§§ 176-179 — MEDICAID AND SPECIAL EDUCATION

Requires each local and regional board of education to enroll as a Medicaid provider, participate in DSS's Medicaid School Based Child Health Program, and submit billable service information to DSS

§ 180 — LIMIT ON NONEMERGENCY ADULT DENTAL SERVICES

Caps payment for nonemergency dental services for adults to \$1,000 per fiscal year

§§ 181-204 & 975 — CITIZENS' ELECTION PROGRAM

Repeals the CEP; requires that CEF funds be transferred to the General Fund

§§ 205-213 — CONTRIBUTION LIMITS

Increases the limit on contributions to (1) legislative office candidates from legislative caucus and legislative leadership committees and (2) exploratory committees from various contributors

§§ 214-216 — 7/7 BROWNFIELD AND UNDERUTILIZED PROPERTY REDEVELOPMENT PROGRAM

Authorizes a package of state and local tax incentives available to eligible owners after remediating, redeveloping, and using formerly contaminated, abandoned, or underutilized properties

§§ 217-220 & 282 — JUDICIAL COMPENSATION

Delays by two years a 3% salary increase for judges and certain other judicial officials that took effect July 1, 2017 and requires the comptroller to recover the salary increase received by such officials from July 1, 2017 until the act's passage

§§ 221-224 – EDUCATION GRANT CAPS

Makes permanent the caps on four education grants to school districts and regional education service centers (RESCs)

§ 225 — MAGNET SCHOOL GRANTS

Renews the prioritization for per-student grant payments for magnet school enrollment increases and allows RESC-operated magnets outside of the Sheff region to be eligible for a higher per student grant

§ 226 — BAN ON SHEFF HOST MAGNET SCHOOLS CHARGING TUITION TO SENDING DISTRICTS

Continues the ban on a Sheff region host magnet school charging tuition

§ 227 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends daily and other rate adjustments for FYs 18 and 19 for DCF-licensed private residential treatment facilities

§ 228 — REDUCTIONS FOR MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS

Requires pro rata payment reductions to municipal and district health departments

§ 229 — FEDERAL REIMBURSEMENT FOR DCF AND DSS PROGRAMS

Allows DSS and DCF, with OPM's approval, to establish receivables for anticipated federal reimbursement

§ 230 — TEMPORARY FAMILY ASSISTANCE (TFA) AND STATE ADMINISTERED GENERAL ASSISTANCE (SAGA) RATES

Extends the TFA and SAGA freeze for an additional two years, FYs 18 and 19

§ 231 — STATE SUPPLEMENT PROGRAM (SSP)

Freezes SSP rates for an additional two years, FYs 18 and 19

§ 232 — BOARDING HOME RATES

Freezes, with exceptions, rates paid by DSS to certain boarding homes

§§ 232-234 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for residential services at certain facilities through FY 19

§ 235 — CAP ON RESIDENTIAL CARE HOME RATES

Caps residential care home rates with certain exceptions

§§ 236 & 237 — MEDICAID NURSING HOME RATES

Limits nursing home Medicaid rates with certain exceptions, reverses a recent rate decrease for certain homes, and lowers the minimum occupancy for purpose of calculating rates

§ 238 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF-ID)

Freezes FY 18 and FY 19 rates for ICF-IDs, with certain exceptions

§ 239 — PAYMENTS FOR RETIRED TEACHERS HEALTH INSURANCE

Authorizes a reduction in state payments for FYs 18 and 19 to the Teachers' Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education

§§ 240 & 520 — MEDICARE SAVINGS PROGRAM

Reduces income eligibility for the Medicare Savings Program

§ 241 — OFFICE OF STATE BROADBAND

Eliminates the Office of State Broadband

§ 242 — EVALUATING TRANSPORTATION PROJECTS

Exempts from certain evaluation requirements certain projects that the DOT commissioner determines are necessary to maintain the state's infrastructure

§ 243 — DAS CANDIDATE LISTS

Allows DAS to extend candidate lists through the end of 2018

§ 244 — OFFICE OF HEALTH STRATEGY

Establishes an Office of Health Strategy to oversee specified health policy initiatives

§§ 245 & 246 — DEFICIT MITIGATION PLAN THRESHOLD

Lowers the projected deficit threshold, from 1% to 0.5% of total General Fund appropriations, that triggers certain deficit mitigation actions by the governor

§ 247 — MUNICIPAL VOLUNTEERS

Prohibits new municipal collective bargaining agreements from limiting a municipality's ability to have volunteers provide services for it

§ 248 — SUPERMAJORITY VOTE REQUIRED FOR CERTAIN MANDATES

Prohibits the legislature from enacting a public act that imposes an unfunded state mandate on a political subdivision unless approved by a supermajority

§ 249 — MUNICIPAL EDUCATION BUDGET REDUCTIONS

Allows a municipality to reduce its noneducational expenses by the same amount as its reduced municipal aid without holding a referendum

§ 250 — PURCHASING PROCEDURES APPLICABLE TO LOCAL BOARDS OF EDUCATION

Requires school boards to use, and comply with, any local purchasing procedures

§ 251 — MUNICIPAL COLLABORATION WITH BOARDS OF EDUCATION

Requires, when possible, local boards of education to collaborate with their municipalities to jointly purchase property, casualty, and workers' compensation insurance

§ 252 — CONSULTATION CONCERNING SHARED MAINTENANCE RESPONSIBILITY

Requires school boards to consult with their local appropriating authority before authorizing the authority to share responsibility for certain maintenance tasks

§ 253 — LOCAL BUDGET AND TAX ADJUSTMENTS

Requires municipalities and regional boards of education to amend adopted budgets and adjust tax levies to reflect inaccurate state aid projections

§ 254 — EXECUTIVE BRANCH AGENCY SAVINGS

Requires the governor to achieve savings by (1) eliminating certain agency positions and (2) consolidating all agency human resource functions in DAS

§ 255 — RESULTS FIRST PILOT PROGRAM

Requires the OPM secretary to create a pilot program that applies Pew-MacArthur Results First principles to at least 10 state-financed grant programs

§ 256 — UCONN HEALTH CENTER PUBLIC-PRIVATE PARTNERSHIPS

Requires the UConn Health Center to seek to establish public-private partnerships and report to certain legislative committees by April 1, 2018

§§ 257 & 975 — STATE BUILDING ARTWORK

Eliminates the (1) requirement that the state bond commission, when allocating bond proceeds for state building construction, reconstruction, or remodeling, include funds for artwork and (2) state building works of art account within the General Fund and its maintenance subaccount

§ 258 — PRISON HEALTH CARE

Requires the OPM secretary to (1) issue an RFP to provide health care and behavioral health care services to prison inmates and (2) contract with a new provider if he determines doing so would save the state money

§§ 259-264 — CONTRACTING EXEMPTIONS FOR UCONN AND UCONN HEALTH CENTER

Exempts UConn and the UConn Health Center from several state contracting requirements

§§ 265 & 266 — EDUCATION LEASING AND PURCHASING CONSULTATIONS

Requires local boards of education to consult with their legislative bodies before leasing or purchasing certain items

§ 267 — JUDGE SALARY WITHHOLDING

Increases, from 5% to 8%, the amount that must be withheld from judges', family support magistrates', and compensation commissioners' salaries and deposited in the Judge's Retirement Fund

§ 268 — STATE AGENCY AFFIRMATIVE ACTION PLANS

Allows agencies to use an alternative method to comply with affirmative action plan requirements

§§ 269-276 & 278-280 — CRUMBLING CONCRETE FOUNDATIONS

Creates a framework to assist homeowners with crumbling concrete foundations

§ 277 — TOLLING OF CONTRACTUAL LIMITATIONS PERIOD FOR CERTAIN INSURANCE POLICIES

Extends the period of time for an insured to sue his or her homeowners insurer

§ 281 — PUBLIC HEARINGS ON AUDITS

Requires legislative committees to hold public hearings on auditor reports of agencies under their cognizance

§§ 283-285 — PASSPORT TO THE STATE PARKS AND FORESTS

Establishes a supplemental fee on motor vehicle registrations to pay for DEEP's staff expenses to manage and operate state parks and forests and exempts individuals who pay this fee from paying to park at state parks

§§ 286-310 — MUNICIPAL ACCOUNTABILITY REVIEW BOARD

Provides an alternative process by which financially distressed municipalities may use statutory methods to issue deficit bonds if they submit to state fiscal oversight by the Municipal Accountability Review Board established by the act.

§ 311 — MUNICIPAL APPROVAL OF COLLECTIVE BARGAINING AGREEMENTS AND ARBITRATION AWARDS

Requires municipal legislative bodies to affirmatively approve municipal employee union contracts; revises the process that occurs after a municipality rejects a contract

§ 312 — TAX REVENUE FOR MUNICIPAL SERVICES TASK FORCE

Creates a task force to study spending tax revenue for municipal governments' services

§ 313 — SEPARATION OF PURA FROM DEEP

Establishes the Department of Environmental Protection and the Public Utilities Regulatory Authority as separate agencies

§ 314 — IMPAIRMENT OF STATE CONTRACTS

Specifies the circumstances in which state legislation may impair state contracts

§ 315 — STATE EMPLOYEE ARBITRATION

Defines the state's "ability to pay" in arbitration proceedings

§ 316 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE CONTRACTS AND ARBITRATION AWARDS

Requires the legislature to affirmatively vote to approve state employee union contracts and arbitration awards; revises the process that occurs if the legislature rejects an agreement or award

§§ 317-321 — LIMITS ON FUTURE SEBAC CONTRACTS

Limits certain provisions of future SEBAC Agreements and requires the Retirement Commission to conduct an actuarial valuation to reflect the changes

§ 322 — TEACHERS' RETIREMENT SYSTEM (TRS) VIABILITY COMMISSION

Establishes a commission and requires the state to contract with a consulting firm to develop and implement a plan to maintain TRS' financial viability

§ 323 — TEACHERS' RETIREMENT SYSTEM (TRS) ACTUARIAL VALUATION

Requires an annual, rather than biennial, TRS actuarial valuation

§ 324 — STATE SUSTAINABILITY PLAN

Requires OPM or OLM to contract with a professional services advisor to develop and implement a state Sustainability Plan

§ 325 — BOND ALLOCATION CAP

Establishes a \$2 billion GO bond allocation cap starting July 1, 2017

§ 326 — COMPTROLLER REPORTS ON SEBAC SAVINGS

Requires the (1) comptroller to determine the savings realized through the 2017 SEBAC Agreement and its related contracts and (2) governor to take action if budgeted savings are unrealized

§ 327 — LITCHFIELD COUNTY COURTHOUSE

Allows the state to retain use of the old Litchfield County Courthouse land and building unless certain conditions are met

§§ 328 & 329 — BRIDGE RENAMING

Renames "Detective Bruce Boisland Memorial Bridge" as "Detective Bruce Boisland Memorial Bridge" and the "Veterans of Foreign Wars Memorial Bridge" as the "American Legion Bridge"

§ 330 — SPENDING CAP DEFINITIONS

Modifies definitions used to calculate the state's statutory spending cap

§§ 331-497, 976 & 977 — BOND AUTHORIZATIONS, ADJUSTMENTS, AND CANCELLATIONS

Authorizes up to \$1.172 billion for FY 18 and \$1.457 billion for FY 19 in new GO bonds for state projects and grant programs; authorizes up to \$809.9 million in FY 18 and up to \$745.1 million in FY 19 in new STO bonds for DOT projects; cancels, reduces, or restores bond authorizations for various projects and grants; adjusts the annual bond caps under the CSCU 2020 program and UConn 2000 programs, and extends both programs (but see §§ 96-99); makes permanent the school security infrastructure grant program; allocates no LoCIP funds in 2017 and \$55 million in 2018; and authorizes certain transportation funding agreements with the federal government, and the issuance of "federal transportation bonds"

§ 518 — BOND LISTS

Requires the (1) treasurer to provide the governor with an annual list of unissued bonds and (2) governor to provide the treasurer with an annual list of GO bond expenditures that can be made in the next fiscal year

§§ 521-944, 978-981 — AGENCY CONSOLIDATIONS AND ELIMINATION OF COMMISSIONS

Consolidates the Department of Housing within the Department of Economic and Community Development, the Office of Early Childhood within the state Department of Education, and the state Department on Aging within the Department of Social Services; eliminates the state's two legislative commissions

§ 945 — TECHNICAL CHANGES BY THE LEGISLATIVE COMMISSIONERS' OFFICE (LCO)

Requires that LCO, as part of its codification, make necessary technical, grammatical, and punctuation changes in the act's text

§§ 946-962 — HEALTH CARE PROVIDER TAX

Beginning July 1, 2017, sunsets the taxes on hospitals and ambulatory surgical centers and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities and reestablishes the taxes and fees as part of a comprehensive and uniform health provider tax system

§§ 963-965 — HOSPITAL SUPPLEMENTAL PAYMENTS

Requires DSS to distribute supplemental hospital payments based on criteria developed in consultation with the Connecticut Hospital Association; establishes a schedule for payments; allows DSS to advance payments for distressed hospitals; and prohibits the governor from reducing any allotment to the supplemental payment account

§§ 966-974 — REVENUE ESTIMATES

Adopts revenue estimates for FYs 18 and 19 for appropriated state funds

§ 975 — UCONN HEALTH CENTER (UHC) FRINGE BENEFIT COST DIFFERENTIAL FUNDING

Repeals a requirement for the comptroller to fund the fringe benefit cost differential of UHC employees (CGS § 3-123i)

§ 982 — KIRKLYN M. KERR GRANT PROGRAM

Repeals the program, which provides grants to veterinary medicine students

§§ 1-9 — FY 18 AND FY 19 APPROPRIATIONS

Appropriates money for state agency operations and programs for FYs 18 and 19

The act appropriates money for state agency operations and programs in FYs 18 and 19. Table 1 shows the net annual appropriations for each year from each appropriated fund.

Table 1: FYs 18 and 19 Net Appropriations by Fund

§	Fund	Net Appropriation	
		FY 18	FY 19
1	General Fund	\$ 18,484,354,274	\$ 18,596,876,587
2	Special Transportation Fund (STF)	1,512,169,702	1,625,701,530
3	Mashantucket Pequot and Mohegan Fund	58,076,612	58,076,612
4	Regional Market Operation Fund	1,067,306	1,067,306
5	Banking Fund	29,619,002	29,592,566
6	Insurance Fund	89,503,916	90,629,589
7	Consumer Counsel and Public Utility Control Fund	25,571,954	25,571,954
8	Worker's Compensation Fund	23,796,654	24,134,651
9	Criminal Injuries Compensation Fund	2,934,088	2,934,088

EFFECTIVE DATE: Upon passage

§§ 10-12, 14 & 15 — SPENDING REDUCTIONS AND BUDGETED LAPSES

Authorizes the Office of Policy and Management (OPM) secretary to reduce allotments for state agencies and funds to achieve specified savings and budgeted lapses

Labor-Management Savings (§10)

The act requires a General Fund lapse in each year of the biennium for achieved labor concessions (\$700 million in FY 18 and \$867.6 million in FY 19) (see §1). In order to achieve these savings, the act allows the OPM secretary to reduce allotments in any budgeted state agency or fund to reduce labor-management spending by these same amounts. In doing so, the act supersedes laws that, among other things, (1) require the state budget act to specify budgeted reductions by branch of government (CGS § 2-35); (2) require OPM, when preparing the governor's budget recommendations for submission to the legislature, to include the expenditure estimates for the legislative branch, Judicial Department, and Public Defenders Services Division submitted by each respective agency (§ 4-73); and (3) authorize the higher education constituent units to establish and administer operating funds (§§ 10a-77, 10a-99, 10a-105, and 10a-143).

Under the act, any allotment reductions applied to the Connecticut State Colleges and Universities (CSCU), UConn, or the UConn Health Center must be credited to the General Fund.

Unallocated Budgeted Lapses by Branch (§ 11)

For FYs 18 and 19, the act authorizes the OPM secretary to reduce allotments for each government branch in order to achieve unallocated lapses in the General Fund, (see Table 2). Under the act, the legislative reductions must be determined by the top six legislative leaders, and judicial reductions must be determined by the chief justice and chief public defender.

Table 2: FYs 18 and 19 General Fund Spending Reductions by Government Branch

<i>Branch</i>	<i>FY 18</i>	<i>FY 19</i>
Executive	\$ 40,000,000*	\$ 40,000,000
Legislative	500,000	500,000
Judicial	3,000,000	3,000,000

* The act includes an unallocated lapse of \$42.25 million in executive branch expenditures for FY 18 but only authorizes \$40 million in corresponding allotment reductions.

Other General Fund Lapses (§§ 12 & 14)

The act authorizes the OPM secretary to reduce spending in any budgeted state agency in order to achieve targeted budget savings in the General Fund (see Table 3). These amounts correspond to budgeted lapses designated as “Targeted Savings” and “Post-SEBAC” in § 1 of the act.

Table 3: FY 18 and FY 19 Targeted Savings Lapses

<i>§</i>	<i>Lapse</i>	<i>FY 18</i>	<i>FY 19</i>
12	Targeted Savings	\$ 56,972,184	\$ 72,442,877
14	Post-SEBAC	144,016,000	177,771,000

Special Transportation Fund (STF) Unallocated Lapse (§ 15)

For FYs 18 and 19, the act allows the OPM secretary to reduce allotments in any budgeted state agency in order to achieve STF savings of \$12 million in each year.

EFFECTIVE DATE: Upon passage

§ 13 — ALLOTMENT INCREASES ATTRIBUTED TO DELAY IN STATE BUDGET

Authorizes the OPM secretary to increase allotments to reflect costs associated with the delay in passing a state budget

The act authorizes the OPM secretary to increase FY 18 allotments from the General Fund to any budgeted agency, up to \$20 million total, in order to reflect budget costs associated with the delay in passing a state budget.

EFFECTIVE DATE: Upon passage

§ 16 — FEDERAL REIMBURSEMENT FOR DEPARTMENT OF SOCIAL SERVICES (DSS) AND DEPARTMENT OF CHILDREN AND FAMILIES (DCF) PROJECTS

Authorizes DSS and DCF to establish receivables for anticipated federal reimbursement

For FYs 18 and 19, the act authorizes DSS and DCF, with OPM's approval, to establish receivables for the anticipated reimbursement from approved projects. The agencies must do so in compliance with any advanced planning documents approved by the federal Department of Health and Human Services.

EFFECTIVE DATE: Upon passage

§ 17 — APPROPRIATIONS FOR NONFUNCTIONAL – CHANGE TO ACCRUALS

Prohibits the OPM secretary from allotting funds to such line item accounts

The act bars the OPM secretary from allotting funds for the Nonfunctional – Change to Accruals line item accounts in each of the state's nine appropriated funds, regardless of the law requiring the governor, through OPM, to allot appropriations before they can be spent. These line items represent the change to accruals in agency budgets due to the conversion to generally accepted accounting principles (GAAP)-based budgeting.

EFFECTIVE DATE: Upon passage

§ 18 — AUTHORITY TO TRANSFER FUNDS TO AND FROM THE RESERVE FOR SALARY ADJUSTMENTS ACCOUNT

Allows the OPM secretary to transfer specified funds to implement and account for adjustments to various personal services expenses

The act authorizes the OPM secretary to transfer:

1. personal services appropriations in any appropriated fund from agencies to the Reserve for Salary Adjustments account to reflect more accurately collective bargaining and related costs and
2. General Fund appropriations for Reserve for Salary Adjustments to any agency in any appropriated fund to implement salary increases; other employee benefits; agency costs related to staff reductions, including accrual payments; or any other authorized personal service adjustment.

EFFECTIVE DATE: Upon passage

§ 19 — COLLECTIVE BARGAINING AGREEMENT COSTS

Carries forward the unexpended portion of appropriated funds that relate to collective bargaining agreements and related costs and requires the funds to be used for the same purposes in FYs 18 and 19

The act carries forward the unexpended funds appropriated for FY 17 that relate to collective bargaining agreements and related costs, as determined by the OPM secretary, and requires the funds to be used for the same purpose in FYs 18 and 19. It also carries forward the same unexpended funds appropriated for FY 18 and requires the funds to be used for the same purpose in FY 19.

EFFECTIVE DATE: Upon passage

§§ 20 & 21 — APPROPRIATION TRANSFERS AND ADJUSTMENTS TO MAXIMIZE FEDERAL MATCHING FUNDS

Authorizes the governor, subject to specified conditions, to transfer or adjust agency appropriations to maximize federal matching funds

The act allows the governor, with the Finance Advisory Committee's (FAC) approval, to transfer all or part of an agency's appropriation at the agency's request to another agency to take advantage of federal matching funds. Under the act, both agencies must certify that the receiving agency will spend the transferred appropriation for its original purpose. Federal funds generated from such transfers can be used to reimburse General Fund spending, expand services, or both, as the governor, with FAC approval, determines.

The act also allows the governor, with FAC approval, to adjust agency appropriations to maximize federal funding to the state. The governor must report on any adjustment to the Appropriations and Finance, Revenue and Bonding committees.

EFFECTIVE DATE: Upon passage

§§ 22 & 24 — TRANSFERS TO MEDICAID ACCOUNT

Authorizes the OPM secretary to transfer certain funds to DSS’s Medicaid account in order to maximize federal reimbursement

The act allows the OPM secretary to transfer all or part of any General Fund appropriation for the UConn Health Center or the Department of Veterans Affairs to DSS’s Medicaid account in order to maximize federal reimbursement.

EFFECTIVE DATE: Upon passage

§ 23 — DSS PAYMENTS TO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) HOSPITALS

Specifies how DSS must spend appropriations for certain DMHAS hospital payments and how DMHAS hospitals must use the funds

The act requires DSS to (1) spend money appropriated to it for FYs 18 and 19 for DMHAS – Disproportionate Share payments when and in the amounts OPM specifies and (2) make disproportionate share payments to DMHAS hospitals for operating expenses and related fringe benefits. It requires the hospitals to (1) use the funds they receive from DMHAS for fringe benefits to reimburse the comptroller and (2) deposit the other DMHAS funds they receive into “grants – other than federal accounts.” Unspent disproportionate share funds in these accounts lapse at the end of each fiscal year.

EFFECTIVE DATE: Upon passage

§ 25 — BIRTH-TO-THREE PROGRAM

Requires the State Department of Education (SDE) to transfer certain federal special education funds to the Office of Early Childhood (OEC) for the Birth-to-Three Program

For FYs 18 and 19, the act requires the State Department of Education to transfer \$1 million of the federal special education funds it receives each year to the Office of Early Childhood for the Birth-To-Three Program to carry out federally required special education responsibilities.

EFFECTIVE DATE: Upon passage

§ 26 — PRIORITY SCHOOL DISTRICT (PSD) GRANTS

Distributes PSD grants for FYs 18 and FY 19 across three categories

For FYs 18 and 19, the act requires PSD grants to be distributed for the purposes and in the amounts shown in Table 4. By law, the PSD program provides grants to districts with significant poverty for (1) early reading programs, (2) summer school, and (3) extended school building hours for enrichment and recreational activities.

Table 4: PSD Grant Distributions, FYs 18 and 19

<i>Purpose</i>	<i>Amount</i>	
	<i>FY 18</i>	<i>FY 19</i>
Priority school districts	\$31,609,003	\$15,804,502
Extended school building hours	2,994,752	2,994,752
School accountability	3,499,699	3,499,699

EFFECTIVE DATE: Upon passage

§ 27 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends rate adjustments for DCF-licensed private residential treatment facilities

For FYs 18 and 19, the act suspends per diem and other rate adjustments for private residential treatment facilities licensed by DCF.

EFFECTIVE DATE: Upon passage

§ 28 — DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS) AND DMHAS COST SETTLEMENTS WITH PRIVATE AND NONPROFIT PROVIDERS

Requires certain private and nonprofit providers to reimburse these agencies for the difference between actual costs and the amount received from the agencies

During FYs 18 and 19, the act requires private and nonprofit organizations providing services under contract with DDS or DMHAS to reimburse these agencies at 100%, or an alternate amount identified by the DDS or DMHAS commissioners and approved by the OPM secretary, of the difference between the actual expenses incurred and the amount the organization received from these agencies under the contract.

EFFECTIVE DATE: Upon passage

§§ 29-31 — FUNDS CARRIED FORWARD

Carries forward unspent balances from prior years' appropriations and requires them to be used for specified purposes in FYs 18 and 19

The act carries forward various unspent balances from prior years' appropriations and requires them to be used for the same or different purposes in the same agency in FYs 18 and 19 (see Table 5).

Table 5: Funds Carried Forward

§	Agency	Prior Purpose	Purpose Under the Act	Amount	FY
29	Workers' Compensation Commission	Other Expenses	E-court migration project	\$1,040,770	18
30	Department of Motor Vehicles (DMV)	Commercial Vehicle Information Systems and Networks Project	Same as prior purpose	Unspent balance	18 & 19
31 (a)	DMV	Upgrading registration and driver's license data processing systems	Prior purpose, including implementation of Passport to Parks program	Unspent balance	18 & 19
31 (b)	DMV	Upgrading registration and driver's license data processing systems	Prior purpose, including implementation of Passport to Parks program	Up to \$7,000,000	18 & 19
31 (c)	DMV	Upgrading registration and driver's license data processing systems	Prior purpose, including implementation of Passport to Parks program	Up to \$8,500,000	18 & 19

EFFECTIVE DATE: Upon passage

§ 32 — STATE EMPLOYEE RETIREMENT FUND CONTRIBUTIONS

Requires certain funds to be deposited into the fund as additional contributions

The act requires any recovery of pension costs from sources other than the General Fund and STF that causes payments to the State Employees Retirement System to exceed the actuarially determined employer contribution for any fiscal year to be deposited into the State Employee Retirement Fund as an additional contribution at the end of the year.

EFFECTIVE DATE: Upon passage

§ 33 — PROHIBITED SPENDING REDUCTIONS

Prohibits reduction of appropriations for specified social services

The act prohibits budget lapses, reductions, and rescissions (i.e., allotment reductions) from being achieved by reducing the FY 18 and FY 19 appropriations for (1) DDS employment opportunities and day services, (2) DSS community residential services, or (3) DMHAS grants for substance abuse and mental health services.

EFFECTIVE DATE: Upon passage

§ 34 — PROBATE COURT ADMINISTRATION FUND

Requires that the fund's balance at the end of FY 17 remain in the fund

Under existing law, if there is a balance in the Probate Court Administration Fund on June 30 exceeding 15% of its authorized expenditures in the coming fiscal year that excess is transferred to the General Fund. The act overrides this provision for FY 17 by requiring any balance in the fund as of June 30, 2017 remain there.

EFFECTIVE DATE: Upon passage

§§ 35 & 975 — ELIMINATION OF MOTOR VEHICLE PROPERTY TAX CAP

Eliminates the motor vehicle mill rate cap

Prior law capped the mill rate municipalities and special districts could impose on motor vehicles and authorized state grants to mitigate the revenue loss attributed to the cap. The act eliminates the mill rate cap, which was previously set at 32 mills. It also makes conforming changes to eliminate (1) the statutory authority to set a mill rate for motor vehicles that is different from the mill rate for real and personal property and (2) motor vehicle property tax grants (see §§ 84, 975 & 978).

EFFECTIVE DATE: Upon passage

§ 36 — FRESH START PROGRAM

Authorizes the Department of Revenue Services (DRS) commissioner to establish a fresh start program for qualified taxpayers who owe Connecticut state taxes

The act authorizes the DRS commissioner to establish a fresh start program in which he may, at his discretion, enter into agreements with qualified taxpayers to waive all of the penalties and half of the interest due on delinquent state taxes (other than motor carrier road taxes). Under the act, a fresh start agreement for taxpayers who failed to file a tax return may also provide a limited look-back period (i.e., limiting the scope of DRS's review of prior year returns). In exchange, taxpayers must, among other things, disclose certain tax information to the commissioner, file any required returns or documents, and pay their liabilities. The program runs from the act's passage to October 31, 2018 and covers any tax returns due on or before December 31, 2016.

Qualified Taxpayers

Under the act, the program is open to taxpayers who apply for a fresh start agreement, in the form and manner the commissioner prescribes, and who:

1. failed to file a tax return, or failed to report the full amount of tax properly due on a previously filed return, that was due by December 31, 2016;
2. voluntarily come forward before receiving a billing notice or notice that DRS is conducting an audit for the tax type and taxable period for which the taxpayer is seeking a fresh start agreement;
3. are not parties to a closing agreement with the DRS commissioner for such taxes;
4. have not made an offer of compromise that has been accepted by the commissioner for such taxes;
5. have not protested an audit determination for such taxes; and
6. are not parties to litigation against the commissioner for such taxes.

Conditions

As part of any fresh start agreement, qualified taxpayers must:

1. voluntarily and fully disclose on the application all material facts relevant to their tax liability;
2. file any tax returns or documents that the commissioner requires;
3. pay in full the tax and interest as stated in the agreement in the form and manner the commissioner prescribes;
4. agree that for the three years after the agreement is signed they will timely file any required tax returns and pay any associated state taxes; and
5. waive all administrative and judicial rights of appeal that have not run or expired for the tax period or periods subject to the penalty and interest waiver.

The commissioner is not bound by the penalty and interest waivers in the act or any fresh start agreement if he finds that the qualified taxpayer:

1. misrepresented material facts in applying for or entering into the agreement;
2. failed to provide any information required for the applicable tax periods by the required due date;
3. failed to pay any tax, penalty, or interest due in the time, form, or manner prescribed;
4. understated by 10% or more the tax due for any taxable period covered by the agreement, including any amount shown on an amended tax return, and cannot demonstrate to the commissioner's satisfaction that a good faith effort was made to accurately compute the tax; or
5. failed to timely file any required tax returns or pay any associated state taxes in the three years following the agreement's signing.

The act prohibits any payment made by a qualified taxpayer for a tax period covered by an agreement to be refunded to the taxpayer or credited to any other tax period other than the one for which the payment was made.

EFFECTIVE DATE: Upon passage

§ 37 — AMBULATORY SURGICAL CENTER (ASC) TAX

Changes the base for the ASC tax to the total net revenue received by each ASC for providing specified services, rather than gross receipts

Beginning October 1, 2017, the act changes the base for the 6% ASC tax from gross receipts to total net revenue received by each ASC for providing ASC services. In doing so, it eliminates the exclusion for the first \$1 million of an ASC's gross receipts that applied under prior law. (However, §§ 946-962 sunset the ASC tax as of July 1, 2017 and impose a new health provider tax similar to the net revenue tax imposed in § 37.)

Under the act, "ASC services" are those services furnished in connection with covered surgical procedures performed in an ASC for which payment for the procedure is allowable under federal law. They include facility services only and exclude surgical procedures.

Under prior law, the ASC gross receipts tax applied to the Department of Public Health (DPH)-licensed outpatient surgical facilities and Medicare-certified ASCs included in the federal definition of an ASC (i.e., a distinct entity that operates exclusively to provide surgical services to patients not requiring hospitalization, where the services are not expected to take more than 24 hours). The act applies the net revenue tax to ASCs that (1) meet the federal definition described above and (2) have an agreement with the Centers for Medicare and Medicaid Services (CMS) to participate in Medicare as an ASC and meet federal requirements to do so.

The act also makes conforming changes to the quarterly remittance and payment requirements for the tax.

EFFECTIVE DATE: October 1, 2017

§§ 38-42 — ESTATE AND GIFT TAX

Increases the estate and gift tax threshold over three years; modifies the tax rate schedule for estates and gifts over \$5.1 million and makes minor and technical changes to the estate tax

Tax Threshold

Beginning in 2018, the act increases the estate and gift tax threshold over three years, from \$2 million to the federal estate and gift tax threshold (i.e., the “federal basic exclusion amount,” which the act defines as the amount published annually by the Internal Revenue Service (1) at which a decedent would be required to file a federal estate tax return based on the value of his or her gross estate and federal taxable gifts or, for the gift tax, (2) over which a donor would owe federal gift tax based on the value of the donor’s lifetime federally taxable gifts). The federal estate and gift tax threshold is \$5.49 million for 2017. The act also modifies the rate schedule for gifts and estates over \$5.1 million, as shown in Table 6.

Table 6: Estate and Gift Tax Rates

Value of Taxable Estate or Gift	Rates			
	Prior Law	Act		
		2018	2019	2020 and after*
Up to \$2,000,000	None	None	None	None
\$2,000,001 to \$2,600,000	7.2%			
\$2,600,001 to \$3,600,000		7.2%		
\$3,600,001 to \$4,100,000	7.8%	7.8%		
\$4,100,001 to \$5,100,000	8.4%	8.4%		
\$5,100,001 to federal threshold	9.0%	10.0%	10.0%	
Federal threshold to \$6,100,000		10%		
\$6,100,001 to \$7,100,000	9.6%	10.4%	10.4%	10.4%
\$7,100,001 to \$8,100,000	10.2%	10.8%	10.8%	10.8%
\$8,100,001 to \$9,100,000	10.8%	11.2%	11.2%	11.2%
\$9,100,001 to \$10,100,000	11.4%	11.6%	11.6%	11.6%
Over \$10,100,000	12%	12%	12%	12%

*The act does not specify if the rates for 2020 and thereafter are marginal.

Filing Estate Tax Returns. The act makes conforming changes to requirements for filing tax returns with DRS and the probate court. By law, all estates, regardless of their gross value, must file an estate tax return. If the estate’s value is more than the taxable threshold, the executor must file the return with DRS, with a copy to the probate court for the district where the decedent lived or, if the decedent was not a Connecticut resident, where the Connecticut property is located. If the estate’s value is below the tax threshold, the return must be filed only with the appropriate probate court. The probate judge must review the return and issue a written opinion to the estate’s representative if the judge determines the estate is not subject to the estate tax.

Under prior law, the threshold for filing an estate tax return only with the probate court from someone who died on or after January 1, 2011 was \$2 million. The act increases that threshold to (1) \$2.6 million for deaths on or after January 1, 2018, but before January 1, 2019; (2) \$3.6 million for deaths on or after January 1, 2019, but before January 1, 2020; and (3) the federal estate tax threshold for deaths on or after January 1, 2020.

Release of Estate Tax Liens. The act also makes a conforming change in requirements for releasing estate tax liens.

By law, a person who does not owe, or who has paid, the estate tax receives a certificate releasing the lien on his or her interest in real property in the estate. The probate court is required to issue all lien release certificates for estates below the estate tax threshold. Prior law required probate courts to issue all lien release certificates for estates of \$2 million or less, starting with deaths on or after January 1, 2011. The act instead requires the certificates to be issued either by the probate courts or the DRS commissioner, depending on to whom the tax return must be filed.

Person Responsible for Paying Estate Tax

By law, executors, administrators, trustees, grantees, donees, beneficiaries, and surviving joint owners are liable for the estate tax and any related interest and penalty on the tax, until it is paid, up to the value of the property they received from the estate. The act provides that this liability for the tax applies regardless of any provision of state probate laws concerning decedents' estates.

EFFECTIVE DATE: January 1, 2018, and applicable to estates of people who die on or after January 1, 2018 or gifts made on or after that date.

§§ 43-45 & 47 — INSURANCE PREMIUMS TAX

Reduces, from 1.75% to 1.5%, the insurance premiums tax rate and makes the tax credit cap for insurance premiums taxpayers permanent

Rate Reduction (§§ 43-45)

Beginning January 1, 2018, the act reduces, from 1.75% to 1.50%, the tax on total net direct (1) subscriber charges that health care centers (i.e., HMOs) impose on contracts they enter into or renew during the calendar year and (2) insurance premiums paid to domestic and foreign insurers on property or risks in Connecticut.

EFFECTIVE DATE: Upon passage

Insurance Premiums Tax Credit Cap (§ 47)

The act restores and makes permanent the cap on the maximum amount of insurance premium tax liability that an insurer may reduce with tax credits. Under prior law, the cap expired December 31, 2016.

The cap is part of a structure that (1) classifies the tax credits into three types based on their purpose, (2) specifies the order in which insurers must apply each type to reduce their tax liability, and (3) establishes the maximum amount of liability that insurers can reduce by applying one or more of the types.

By law, (1) type one credits are film and digital media production, entertainment infrastructure, and digital animation credits; (2) type two credits are insurance reinvestment credits; and (3) type three credits are all other credits. Table 7 shows the order and reduction schedule.

Table 7: Order and Reduction Schedule for Claiming Insurance Premium Tax Credits

<i>Credit Types Claimed</i>	<i>Order of Applying Credits</i>	<i>Maximum Reduction in Tax Liability</i>
Type 3	Not Applicable	30%
Types 1 & 3	1 st - Type 3 2 nd - Type 1	Type 3 = 30% Sum of both types = 55%
Types 2 & 3	1 st - Type 3 2 nd - Type 2	Type 3 = 30% Sum of both types = 70%
Types 1, 2, & 3	1 st - Type 3 2 nd - Type 1 3 rd - Type 2	Type 3 = 30% Types 1 & 3 = 55% Sum of all types = 70%
Type 1 & 2	1 st - Type 1 2 nd - Type 2	Type 1 = 55% Sum of both types = 70%

EFFECTIVE DATE: Upon passage

§ 46 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDIT

Makes permanent the moratorium on issuing film and digital media production tax credits to certain motion pictures and allows them to be claimed against the sales and use tax, but at less than face value when transferred to another taxpayer

Moratorium

The act restores and makes permanent the moratorium on issuing film and digital media production tax credit vouchers for motion pictures that were not designated as state-certified qualified productions before July 1, 2013. Prior law lifted, on July 1, 2017, the temporary moratorium on issuing these credits.

As under existing law, other types of qualified productions, such as documentaries, specified television programming, relocated television productions, and video games, continue to be eligible for tax credits.

EFFECTIVE DATE: Upon passage

Claiming Credits

The law allows eligible production companies to (1) claim film and digital media production tax credits against specified taxes for production expenses incurred in Connecticut or (2) sell, assign, or transfer the credits to other taxpayers, who also claim them against the same taxes.

Beginning with the 2018 income year, the act allows these companies to claim the credits against the sales and use tax, as well as the corporation business and insurance premium tax as the law already allows. It also allows a taxpayer to whom a company sells, assigns, or transfers the tax credits to apply them against the sales use tax, but at less than their face value. The reduction in value depends on the taxpayer's relationship to the company from which it received the credit. The value is (1) 92% of the credit's face value if the taxpayer owns at least 50% of the production company that sold, assigned, or transferred the credit to it

and (2) 95% of its face value if it is transferred to any other taxpayer.

EFFECTIVE DATE: Upon passage

§ 48 — CONNECTICUT TELEVISION NETWORK (CT-N) REDUCTION

Reduces by half the amount of specified tax revenue that must be reserved for CT-N

The act reduces by half, from \$3.2 million to \$1.6 million, the amount of funding reserved for CT-N. The funding comes from the gross receipts tax on cable, satellite, and competitive video service companies and is used to defray the costs of providing the state with CT-N coverage of state government deliberations and public policy events.

EFFECTIVE DATE: Upon passage

§ 49 — INCOME TAX ON SOCIAL SECURITY, PENSION, AND ANNUITY INCOME

Increases the income thresholds for the 100% Social Security income tax deduction and phases out the income tax on pension and annuity income for taxpayers with incomes below a specified threshold

Social Security Income

Beginning with the 2018 tax year, the act increases the income thresholds at which taxpayers qualify for a 100% income tax exemption for their Social Security benefits. Prior law allowed a 100% exemption for single filers and married people filing separately with federal adjusted gross incomes (AGI) of less than \$50,000 and joint filers and heads of household with federal AGIs of less than \$60,000. The act increases these income thresholds to \$75,000 and \$100,000, respectively. Under the act, as under existing law, taxpayers with incomes equal to or greater than these thresholds qualify for a 75% exemption.

Pension and Annuity Income

From the 2019 through 2025 tax years, the act phases out the income tax on pension and annuity income for taxpayers with federal AGIs below (1) \$75,000 for single filers, married people filing separately, and heads of households and (2) \$100,000 for married people filing jointly. It does so by allowing taxpayers, when calculating Connecticut AGI for state income tax purposes, to deduct a percentage of any pension or annuity income, as shown in Table 8.

Table 8: Phase-In of Income Tax Exemption for Pension and Annuity Income

<i>Tax Year</i>	<i>Percent of Pension and Annuity Income Exempt</i>
2019	14%
2020	28
2021	42
2022	56
2023	70
2024	84
2025	100

The act makes a conforming change to the existing income tax exemption for a portion of teachers' retirement system (TRS) income by allowing taxpayers to claim either the TRS exemption or the pension and annuity income exemption established by the act. By law, 50% of TRS income is exempt for tax years beginning in 2017.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2017.

§ 50 — ANGEL INVESTOR TAX CREDIT

Terminates the Angel Investor Tax Credit Program as of October 1, 2017

The act terminates the Angel Investor Tax Credit Program as of October 1, 2017, rather than July 1, 2019, by prohibiting Connecticut Innovations, Inc. (CI) from reserving any tax credits under the program on or after that date. Credits issued through the program apply to personal income tax and equal 25% of the amount taxpayers invest in businesses, up to \$250,000.

EFFECTIVE DATE: October 1, 2017

§ 51 — EARNED INCOME TAX CREDIT

Replaces the 30% earned income tax credit (EITC) with a graduated credit schedule ranging from 5% to 25%

The act replaces the 30% state EITC with a graduated credit schedule that depends on the number of dependent children a taxpayer claims. Under the act, the EITC is (1) 5% for taxpayers with no dependent children, (2) 10% for taxpayers with one dependent child, (3) 15% for taxpayers with two dependent children, and (4) 25% for taxpayers with three or more dependent children.

The EITC is a refundable tax credit available to people who work and earn incomes below certain levels.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2017.

§ 52 — UTILITY COMPANIES TAX EXEMPTION ELIMINATION

Eliminates the utility companies tax exemption for earnings from sales to certain natural gas-fueled power plants

The act eliminates the utility companies gross earnings tax exemption for gross income a gas company earns by selling natural gas to an existing combined cycle plant that generates electricity using three gas turbines with a total capacity of 775 megawatts.

EFFECTIVE DATE: October 1, 2017

§ 53 — MUNICIPAL VIDEO COMPETITION TRUST ACCOUNT

Beginning in FY 18, increases by \$2 million the annual transfer from the municipal video competition trust account to the General Fund

Beginning in FY 18, the act increases, from \$3 million to \$5 million, the annual transfer from the municipal video competition trust account to the General Fund.

EFFECTIVE DATE: Upon passage

§ 54 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT

Beginning in FY 18, requires \$3.5 million to be transferred to the General Fund each fiscal year from the Public, Educational, and Governmental Programming and Education Technology Investment Account (PEGPETIA)

Beginning in FY 18, the act requires \$3.5 million to be transferred to the General Fund each year from the Public, Educational, and Governmental Programming and Education Technology Investment Account. The account provides grants to support public, educational, and government (i.e. community access) programming and education technology initiatives.

EFFECTIVE DATE: Upon passage

§ 55 — ADMISSIONS TAX

Eliminates certain admissions tax exemptions

The act eliminates the 10% admissions tax exemption for events at the XL Center, Webster Bank Arena in Bridgeport, Dunkin Donuts Park in Hartford, and any athletic event held by a member team of the Atlantic League of Professional Baseball at the New Britain Stadium. It also makes a technical change by removing an expired exemption for athletic events held at the Ballpark at Harbor Yard in Bridgeport.

EFFECTIVE DATE: October 1, 2017

§ 56 — REDUCING CONNECTICUT LOTTERY CORPORATION (CLC) EXPENSES

Requires CLC to reduce its expenses for the next two fiscal years

The act requires CLC to reduce its expenses from the amount of its FY 17 expenses by \$1 million in FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§ 57 — RECORD CHECK FEE INCREASES

Increases, by \$25, fees for certain record searches

The act increases, from \$50 to \$75, the fees for all of the following record searches: fingerprint, personal record, letters of good conduct, bar association, and criminal history record information. By law, federal, state, and municipal agencies do not pay these fees.

EFFECTIVE DATE: October 1, 2017 and applicable to record checks requested on or after that date.

§ 58 — DOCUMENT RECORDING FEE

Increases, from \$3 to \$10, the document recording fee charged to generate revenue for preserving historic documents and modifies the fee revenue distribution

The act (1) increases, from \$3 to \$10, the recording fee municipalities charge on documents recorded in their land records to generate revenue for preserving historic documents and (2) changes the fee revenue distribution (see Table 9).

Table 9: Document Recording Fee Revenue Distribution Changes

<i>Purpose</i>	<i>Share of Revenue</i>	
	<i>Prior Law (\$3 fee)</i>	<i>Act (\$10 fee)</i>
State Historic Document Preservation	66% (\$2)	40% (\$4)
Municipal Historic Document Preservation	33% (\$1)	20% (\$2)
General Fund	0% (\$0)	40% (\$4)

EFFECTIVE DATE: October 1, 2017

§§ 59 & 60 — URGENT CARE CENTERS AND OUTPATIENT CLINICS

Requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018 and authorizes DSS to establish payment rates for these centers; requires outpatient clinics to renew their license every three year instead of every four years

License Requirement

Starting April 1, 2018, the act requires a person who establishes, conducts, operates, or maintains an urgent care center to obtain an outpatient clinic license from the Department of Public Health (DPH). The act also requires outpatient clinics to renew their license every three years instead of every four years as under prior law. By law, outpatient clinics must pay a \$1,000 license and inspection fee unless operated by municipal health departments or districts or licensed nonprofit nursing or community health agencies.

The act also authorizes the DPH commissioner to implement policies and procedures for the urgent care center licensure program while in the process of adopting them in regulations, provided he publishes notice of intent to adopt regulations on the state's eRegulations system.

Generally, if an urgent care center is part of a hospital, it is licensed as a satellite site of the hospital. Under prior law, if such a center was not part of a hospital and did not meet the definition of an outpatient clinic, it was considered a physician's office and DPH licensed the providers but not the center itself.

Department of Social Services (DSS) Payment Rates

The act allows the DSS commissioner to establish payment rates to providers practicing in urgent care centers. The commissioner may implement related policies and procedures while in the process of adopting them in regulations, provided he publishes notice of intent to adopt regulations within 20 days after the policy implementation date.

Definitions

The act defines an "urgent care center" as a free-standing facility, separate from an emergency department, that (1) treats medical conditions that do not require critical or emergent intervention for life-threatening or potentially permanently disabling conditions, (2) treats these conditions without requiring an appointment, and (3) provides services during times when primary care provider offices are not customarily open.

EFFECTIVE DATE: October 1, 2017

§ 61 — PUBLIC WATER SYSTEM LICENSURE

Requires water companies to obtain a DPH license to operate a community public water system or non-transient non-community public water system

License Required to Operate Public Water Systems

Starting July 1, 2018, the act prohibits a community public water system or non-transient non-community public water system from providing drinking water to the public unless the water company that owns the system has obtained a license to operate from DPH. It exempts state agencies from the license requirement.

Under the act, a "public water system" is a water company that supplies drinking water to 15 or more consumers (e.g., place of business or industry) or 25 or more people daily at least 60 days per year. A "community public water system" is a public water system that regularly serves at least 25 year-round residents and a "non-transient non-community public water system" is a public water system that is not a community public water system and regularly serves at least 25 of the same people for at least six months per year.

The act allows the DPH commissioner to adopt regulations to implement this licensure requirement.

License Application for Public Water Systems

The act requires the DPH commissioner, in consultation with the OPM secretary, to establish a staggered license application system for the above public water systems.

The commissioner must issue a license to a water company that (1) files an application, (2) pays the application fee, and (3) meets licensure requirements. The application must include a notice that false statements made on the application are a Class A misdemeanor (see Table on Penalties) and be signed under oath by the water company's owner or authorized representative.

Licenses are renewable every two years, provided the water company files a renewal application and pays the required fee. If a licensed water system subsequently changes ownership, it must obtain a new DPH license.

License Suspension or Revocation

The act allows the commissioner to deny a public water system license application or suspend or revoke a company's license for:

1. failing to comply with applicable with federal or state laws and regulations;
2. material misstatement of fact made on the initial or renewal license application; or
3. imminent threat to public health, as determined by the commissioner.

Before suspending or revoking a license, the commissioner must hold an administrative hearing in accordance with the Uniform Administrative Procedures Act.

License Fees

Under the act, the DPH commissioner, in consultation with the OPM secretary, must publish the initial and renewal license fees on the DPH website. The license fee for community public water systems must be based on the number of service connections a system has. The act allows a water company operating a community public water system to collect the license fee from its consumers if it does so pro-rata, based on the amount of water each consumer uses.

Under the act, DPH must assess a civil penalty of up to \$5,000 per day against a water company that fails to pay the license fee.

EFFECTIVE DATE: Upon passage

§§ 62 & 982 — NEWBORN SCREENING ACCOUNT

Eliminates, on July 1, 2018, the newborn screening account and transfers any money from it into the General Fund for DPH to use for newborn health screening services in FY 18

The act eliminates, on July 1, 2018, the newborn screening account, which DPH currently uses to pay for certain newborn health screening services. It also eliminates the associated annual \$500,000 credit to the account from the General Fund.

Additionally, the act requires funds in the account as of June 30, 2017 to be credited to the General Fund for DPH to use for newborn health screening services in FY 18. (Prior law required unused funds to be carried forward into the next fiscal year).

By law, DPH operates a newborn screening program that tests infants for certain genetic, endocrine, and metabolic disorders; hearing loss; and critical congenital heart defects.

The act also makes a related conforming change.

EFFECTIVE DATE: Upon passage, except the repeal of the account is effective July 1, 2018.

§§ 63 & 64 — REGIONAL PLANNING INCENTIVE ACCOUNT

Eliminates the revenue diversion to the Regional Planning Incentive Account

Beginning October 1, 2017, the act eliminates the revenue diversion to the Regional Planning Incentive Account, thus redirecting this revenue to the General Fund. Prior law directed to the account 6.7% of the revenue generated by the room occupancy tax and 10.7% of the revenue generated by the rental car tax, on a quarterly basis.

By law, the account funds (1) annual grants to councils of government (COGs) and (2) regional performance incentive program grants to municipalities, boards of education, COGs, economic development districts, and regional educational service centers.

EFFECTIVE DATE: October 1, 2017, and applicable to sales occurring on or after that date.

§§ 63 & 64 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DIVERSION

Eliminates the revenue diversion to MRSA

Beginning in FY 18, the act eliminates the sales and use tax revenue diversion to MRSA, thus redirecting this revenue to the General Fund (§ 973 of the act eliminates MRSA). (Presumably, this applies to transfers made on or after October 1, 2017.) Prior law directed to the account 7.9% of sales and use tax revenue for each month.

EFFECTIVE DATE: October 1, 2017, and applicable to sales occurring on or after that date.

§§ 63 & 64 — SALES AND USE TAX REVENUE DIVERSION FROM CERTAIN MOTOR VEHICLE SALES

Beginning in FY 21, phases in, over five years, a revenue diversion to the STF of sales and use tax revenue from motor vehicle sales

From FYs 21 to 25, the act requires the DRS commissioner to divert to the STF a portion of revenue from motor vehicle sales and use tax (see Table 10). Under the act, the revenue diversion applies only to revenue from motor vehicle sales subject to the 6.35% tax rate, thus excluding revenue from motor vehicle sales subject to the 7.75% luxury tax rate (generally those vehicles costing more than \$50,000). The required diversion ends after FY 25.

Table 10: Schedule of Motor Vehicle Sales and Use Tax Diversion to the STF

<i>Fiscal Year</i>	<i>% of Revenue Diverted to the STF</i>
21	20%
22	40
23	60
24	80
25	100

EFFECTIVE DATE: October 1, 2017, and applicable to sales occurring on or after that date.

§§ 63-67 — MARKETING, CULTURE, AND TOURISM FUNDING

Establishes an account to fund tourism-related visitor services, promote the arts, and preserve and promote historic resources

Account

The act establishes a dedicated mechanism to (1) market and promote tourism and the arts and (2) preserve and promote historic resources. It does this by establishing a separate, nonlapsing General Fund account (i.e., “marketing, culture, and tourism account”) (§§ 65-67) and capitalizes it with 10% of the revenue generated each quarter by the room occupancy tax (§§ 63 & 64).

Grants

The economic and community development commissioner, in consultation with the 28-member Culture and Tourism Advisory Committee, must use the account to make grants to private entities for:

1. marketing and promoting Connecticut as a place for leisure and business travelers, as specified in the state’s strategic statewide marketing plan;
2. providing visitor services that enhance the tourism industry’s economic impact;
3. promoting the arts; and
4. recognizing, protecting, preserving, and promoting the state’s historic resources.

Before making these grants, the commissioner and the committee must jointly determine:

1. the eligibility requirements for making grants,
2. the limit on the number or amount of grants to be funded from the account,
3. how entities may apply for grants, and

4. any other grant administration requirements or procedures.

The committee must annually recommend to the commissioner the entities for grant awards and the grant amounts.

Reporting

By law, the commissioner must biennially submit to the governor and General Assembly a strategic marketing plan to implement the committee's marketing and tourism goals. The act requires the commissioner, beginning with the plan due on or before January 1, 2020, to include a report on any grant awards made in the previous two years, including the entities that received grants and the grant amounts.

EFFECTIVE DATE: October 1, 2017

§ 68 — CIVIL PENALTIES FOR NURSING AND RESIDENTIAL CARE HOMES

Increases the maximum civil penalties for nursing and residential care homes for class A and class B violations; changes the definition of a class B violation

The act increases the maximum civil penalties on nursing home facilities and residential care homes that violate statutory or regulatory requirements from \$5,000 to \$20,000 for a Class A violation and from \$3,000 to \$10,000 for a Class B violation.

The act also changes the definition of Class B violations to actions that present a potential, instead of a probability, for death or serious harm to a patient in the reasonably foreseeable future. By law, unchanged by the act, Class A violations are actions that present an immediate danger of death or serious harm to a patient.

EFFECTIVE DATE: October 1, 2017

§§ 69 & 70 — TOBACCO SETTLEMENT FUND DISTRIBUTIONS

Eliminates certain disbursements from the Tobacco Settlement Fund

Beginning in FY 18, the act eliminates the following required annual disbursements from the Tobacco Settlement Fund:

1. \$4 million to the General Fund,
2. \$6 million to the Tobacco and Health Trust Fund (THTF), and
3. any remaining funds to the THTF.

The act also reduces, from \$10 million to \$1.5 million, the required annual disbursement from the Tobacco Settlement Fund to the Smart Start competitive operating grant account for FYs 18 through 25. It also makes a related conforming change.

EFFECTIVE DATE: Upon passage

§ 71 — SMART START ACCOUNT TRANSFER

Transfers balance in the Smart Start Account to the General Fund

The act transfers the unexpended balance of funds in the smart start competitive operating grant account on June 30, 2017 to the General Fund for FY 18.

The Smart Start program provides competitive grants to school districts to establish or expand public preschool programs.

EFFECTIVE DATE: Upon passage

§§ 72, 75-77, 100-107 & 156 — TRANSFERS TO GENERAL FUND

Transfers funds from various sources to the General Fund for FYs 18 and 19

The act transfers money to the General Fund from various sources in FYs 18 and 19, as shown in Table 11.

Table 11: Transfers to the General Fund

§	Source	Amount	
		FY 18	FY 19
72	Community Investment Account	2,500,000	2,500,000
75	Clean Energy Fund	13,000,000	13,000,000
76	State of Connecticut Health and Educational Facilities Authority	900,000	900,000
77	Regional Greenhouse Gas Account	10,000,000	10,000,000
100	State Banking Fund	6,000,000	0
101	Technical Services Revolving Fund	3,000,000	0
102	School Bus Seat Belt Account	2,000,000	0
103	Correctional Commissaries Account, Department of Correction (DOC)	1,000,000	0
104	Correctional Industries Account, DOC	1,000,000	0
105	Ed-Net Account	1,000,000	0
106	Probation Trans-Tech Violence Unit Account, Judicial Department	4,000,000	0
107	Litigation/Settlement Account, OPM	5,000,000	0

EFFECTIVE DATE: Upon passage

§ 73 — FY 20 GAAP DEFICIT

Deems that \$1 is appropriated in FY 20 to pay off the state's GAAP deficit for FYs 13 and 14

The act deems that \$1 is appropriated in FY 20 to pay off the General Fund's unassigned negative balances (i.e., GAAP deficits) for FYs 13 and 14, which reflect the negative balances that accumulated before the state adopted GAAP in FY 14. Existing law deems that \$1 is appropriated to pay off such deficits in FYs 18 and 19.

By law, the OPM secretary must annually publish recommended schedules to fully amortize the deficits by FY 28.
EFFECTIVE DATE: Upon passage

§ 74 — PROPERTY TAX CREDIT

Limits eligibility for the property tax credit against the personal income tax to seniors and taxpayers with dependents

The act limits eligibility for the property tax credit against the personal income tax to people who (1) are age 65 or older before the end of the tax year or (2) validly claim at least one dependent on their federal income tax return for that year. By law, taxpayers earn the credit for property taxes paid on their primary residences or motor vehicles and the amount of property taxes paid that can be taken as a credit declines as AGI increases, until it completely phases out. The maximum credit is \$200 per tax return.

EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2017.

§ 78 — HIGHWAY RIGHT-OF-WAY ENCROACHMENT FEES

Requires the DOT commissioner, by January 1, 2018, to set fees for certain applications for right-of-way encroachment permits to mirror the fees Massachusetts DOT charges for similar permits

The act requires the DOT commissioner, by January 1, 2018, to set application fees for state highway right-of-way encroachment permits for projects generating large volumes of traffic to reflect the fees Massachusetts DOT charges for such permits. It eliminates the commissioner's authority to adopt regulations setting fees for other state highway right-of-way encroachment permit applications.

Prior law required the commissioner to adopt regulations establishing a "reasonable fee" for all state highway right-of-way encroachment permit applications.

The fees required by the act apply to permit applications submitted to either DOT or its Office of State Traffic Administration for open air theaters, shopping centers, and other large volume traffic generators. As under existing law, the commissioner may adopt regulations setting reasonable fees for certificates of operation for these projects, provided the fees do not exceed 125% of the application's estimated administrative costs.

Existing law does not define what constitutes a major traffic generator, but state regulations specify that a development qualifies as such if it has (1) 200 or more parking spaces or (2) a gross floor area of at least 100,000 square feet (Conn. Agencies Regs. § 14-312-1).

EFFECTIVE DATE: Upon passage

§ 79 — EMISSIONS ENTERPRISE FUND

Reduces, by \$250,000, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund

The act reduces, from \$1.625 million to \$1.375 million, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund. The funds to be transferred are those received from the \$20 biennial emissions inspection fee, \$20 emissions inspection late fee, and \$40 inspection exemption fee for new vehicles and those less than four model years old (CGS § 14-164c) and the \$10 biennial or \$5 annual federal Clean Air Act fee (CGS § 14-49b). As under existing law, the fund transfers must be made on the first day of October, January, April, and July.

EFFECTIVE DATE: October 1, 2017

§ 80 — CONNECTICUT AIRPORT AND AVIATION ACCOUNT

Creates the “Connecticut airport and aviation account” to fund airport and aviation related purposes and requires the DRS commissioner to deposit into it 75.3% of the amount the state receives from the petroleum products gross earnings tax on aviation fuel

The act creates the “Connecticut Airport and Aviation account” and requires the DRS commissioner to deposit into the account 75.3% of the amount the state receives from the petroleum products gross earnings tax from aviation fuel sources and any other money the law requires. The new account is a separate, nonlapsing account in the Grants and Restricted Accounts Fund.

The DOT commissioner, with the approval of the OPM secretary, must spend the money in the account on airport and aviation-related purposes.

Under prior law, all revenue from the petroleum products gross earnings tax was deposited in the Special Transportation Fund.

EFFECTIVE DATE: Upon passage

§ 81 — GREEN BUILDING TAX CREDIT

Sunsetts the green building tax credit beginning October 1, 2017

The act sunsets the green building tax credit for income years beginning on or after October 1, 2017. Under prior law, the credit was earned for certain costs related to the construction or renovation of projects meeting specific energy efficiency standards. Earned credits may be applied against the corporation business tax.

EFFECTIVE DATE: October 1, 2017

§ 82 — FY 19 GENERAL FUND REVENUE

Allows the comptroller to designate \$37 million of FY 18 General Fund resources as FY 19 General Fund revenue

The act allows the comptroller, before FY 19 begins, to designate up to \$37 million of FY 18 General Fund resources as FY 19 General Fund revenue.

EFFECTIVE DATE: Upon passage

§ 83 — REDUCTION OF THE ANNUAL AMOUNT OF TAX CREDITS AVAILABLE UNDER THE NEIGHBORHOOD ASSISTANCE ACT (NAA) PROGRAM

Reduces, from \$10 million to \$5 million, the annual cap on NAA tax credits

The act reduces, from \$10 million to \$5 million, the annual amount of tax credits available under the NAA program. (PA 15-5, June Special Session, § 446 increased the annual amount of credits available under this program from \$5 million to \$10 million beginning FY 18.) By law, these credits are available to businesses that contribute or invest in municipally approved community projects and programs.

EFFECTIVE DATE: Upon passage

§§ 84, 975 & 978 — REPEAL OF MUNICIPAL SPENDING CAP, MUNICIPAL REVENUE SHARING ACCOUNT (MRSA), AND RELATED PROVISIONS

Eliminates the municipal spending cap and the Municipal Revenue Sharing Account and grant distributions from it

The act eliminates MRSA and the Municipal Revenue Sharing Fund (MRSF). It correspondingly eliminates the following grant distributions from MRSA: municipal revenue sharing grants, motor vehicle property tax grants, regional services grants, and additional payment in lieu of taxes (PILOT) grants to specified municipalities (i.e., select PILOT grants) (§ 85 of the act retains the select PILOT grants, but limits the municipalities that receive them).

The act also eliminates the municipal spending cap, which is tied to municipal revenue-sharing grants. Under prior law, beginning in FY 18, revenue sharing grants had to be reduced for municipalities whose spending, with certain exceptions, exceeded the specified spending cap.

The act also makes conforming changes.

EFFECTIVE DATE: October 1, 2017, except the repeal of an obsolete provision concerning MRSF is effective upon passage.

§ 85 — GRANTS AND PAYMENTS IN LIEU OF TAXES FOR TIER 3 DISTRICTS AND MUNICIPALITIES

Prohibits, regardless of existing law, any tier three district or municipality from receiving a grant in lieu of taxes or the additional payment in lieu of taxes in either FY 18 or FY 19

The act prohibits, regardless of existing law, any tier three district or municipality from receiving a grant in lieu of taxes (payment in lieu of taxes or PILOT) or the additional payment in lieu of taxes (supplemental PILOT) in either FY 18 or FY 19. By law, the state awards these grants to municipalities which have tax-exempt state-owned, college, or hospital property.

By law, tier one and tier two districts and municipalities are the 35 districts and municipalities with the highest percentage of tax-exempt property and a mill rate on real and personal property (other than motor vehicles) of at least 25. Tier three districts and municipalities include all other districts and municipalities (CGS § 12-18b).

EFFECTIVE DATE: Upon passage

§ 86 — STATE AGENCIES TO REVIEW FEES

Requires (1) agency heads to determine whether the fees their agencies charge cover program administration costs and (2) OPM to recommend fee increases to the legislature

The act requires all agency heads, except the OPM secretary, to determine whether the fees charged by their departments cover the cost of collecting the fee and administering the program for which the fee is collected. The agency heads must recommend any fee increases to the OPM secretary before December 1, 2017.

The OPM secretary must review agencies' submissions and submit, by February 7, 2018, a report on recommended fee increases to the Finance, Revenue and Bonding Committee. The act limits the fee recommendations submitted to the committee to those fees that are increased by no more than 50% and the aggregate fee increases may not exceed \$20 million. (It is unclear under the act how this cap is measured.)

EFFECTIVE DATE: Upon passage

§ 87 — HOSPITAL TAX

Phases out the hospital tax over five years, starting in FY 20; beginning in FY 18, authorizes a credit against the hospital tax in any fiscal year in which supplemental Medicaid payments to hospitals are reduced from the amount appropriated in the budget act for that fiscal year

From FY 20 to FY 25, the act phases out the tax on hospital net patient revenue over five years. It requires the DSS commissioner to reduce the tax over this period in equal increments and base the annual reduction on the taxes hospitals pay in FY 19. (However, §§ 946-962 sunset the hospital tax as of July 1, 2017 and impose a new health care provider tax.)

The act authorizes the commissioner, in consultation with the OPM secretary and as federal law allows, to exempt a hospital from paying the tax on payments it earns for providing outpatient services, based on financial hardship. A similar provision applied under the prior hospital tax provision.

From FY 18 to FY 25, the act also authorizes a credit against the hospital tax in any fiscal year in which supplemental Medicaid payments are reduced from the amount appropriated in the budget act for that fiscal year. The credit equals the amount of the reduction in each hospital's supplemental payments.

EFFECTIVE DATE: Upon passage

§§ 88 & 89 — COMPTROLLER'S ANALYSIS OF OPM MONTHLY STATEMENTS

Requires the comptroller to analyze OPM's monthly revenue and expenditure statements

The law requires the OPM secretary to submit to the comptroller a cumulative monthly statement of revenue and expenditures, including a statement of (1) estimated revenue, by source, to the end of the fiscal year in at least as much detail as the budget act and (2) General Fund appropriation requirements to the end of the fiscal year, itemized as much as practical for each agency (CGS § 4-66).

The act requires the comptroller, in his cumulative monthly financial statements, to include an analysis of OPM's monthly statements. As under existing law, the comptroller's statements must also include statements of (1) revenue and expenditures to the end of the last completed month and (2) estimated revenue by source and appropriations from the General Fund to the end of the fiscal year.

The act also makes a conforming change (§ 89).

EFFECTIVE DATE: November 1, 2017 and applicable to cumulative monthly statements issued on or after December 1, 2017, except a conforming change is effective July 1, 2019.

§§ 90 & 91 — CONSENSUS REVENUE ESTIMATES DEADLINE

Moves up the deadline by which OPM and the Office of Fiscal Analysis (OFA) must annually issue consensus revenue estimates

The act moves up the deadline, from November 10 to October 31, by which OFA and OPM must annually issue the consensus revenue estimate for the current biennium and next three fiscal years. Correspondingly, it moves up the deadline, from November 20 to November 10, by which the comptroller must issue the consensus revenue estimates if OPM and OFA cannot agree on revenue estimates.

The act also makes a conforming change (§ 91).

EFFECTIVE DATE: Upon passage, except a conforming change is effective July 1, 2019.

§§ 92-94 & 515-517 — CAP ON GENERAL OBLIGATION (GO) BOND ALLOCATIONS AND ISSUANCES

Places a \$2 billion cap on the amount of GO bonds the (1) State Bond Commission may allocate each calendar year starting January 1, 2017 and (2) treasurer may issue each fiscal year starting July 1, 2018; requires both caps to be adjusted annually for inflation

Beginning January 1, 2017, the act imposes a \$2 billion aggregate cap on the amount of GO bonds the State Bond Commission may authorize (i.e., allocate) in any calendar year. Beginning July 1, 2018, the act also imposes a \$2 billion aggregate cap on the amount of GO bonds or notes the treasurer may issue in any fiscal year, with certain exclusions. It requires both caps to be annually adjusted for inflation (based on the change in the consumer price index for all urban consumers for the preceding calendar year, less food and energy), beginning January 1, 2018, and July 1, 2019, respectively. (Section 325 of the act also establishes a \$2 billion cap on GO bond allocations, but on a fiscal year basis.)

The act excludes from the issuance cap GO bonds (1) issued as part of the Connecticut State University 2020 or UConn 2000 infrastructure programs or (2) allocated for transportation purposes.

Existing law limits the total amount of General Fund-supported state debt the legislature can authorize to 1.6 times the estimated net General Fund tax receipts for the fiscal year of the authorization (CGS § 3-21).

EFFECTIVE DATE: Upon passage

§§ 92, 95, 515 & 519 — GO BONDS FOR TRANSPORTATION PROJECTS

Requires the State Bond Commission to authorize GO bonds each calendar year for transportation projects, subject to annual caps

The act requires the State Bond Commission to authorize GO bonds each calendar year for transportation projects, up to the amounts shown in Table 12. (Section 92 of the act refers to the annual caps in § 100, but this appears to be an incorrect reference; §§ 95 & 519 list the caps.) Under the act, the transportation GO bonds are subject to the \$2 billion cap on GO bond allocations described above.

Table 12: Annual Caps on GO Bonds for Transportation Projects

<i>Year</i>	<i>Up to (millions)</i>
2017	\$422.8
2018	419.6
2019	525.3
2020	551.3
2021	691.6
2022	796.3
2023	809.9
2024	809.2
2025	716.3
2026	728.5
2027 through 2046	728.5

EFFECTIVE DATE: Upon passage

§§ 96 & 97 — CSCU 2020 INFRASTRUCTURE PROGRAM

Defers \$55 million in FY 18 bonding to FY 20 and authorizes an additional \$11.7 million in bonding for FY 20 (but see §§ 389 & 390)

The act extends the CSCU 2020 program by one year, from FY 19 to FY 20, and adjusts the program's annual bond caps, as shown in Table 13, by (1) deferring \$55 million in bonds for FY 18 to FY 20 and (2) authorizing an additional \$11.7 million in bonds for FY 20 (\$66.7 million total).

Table 13: CSCU 2020 Annual Bond Limits (millions)

<i>FY</i>	<i>Prior Limit</i>	<i>Act's Limit</i>	<i>Change</i>
18	\$150	\$95	(\$55)
19	95	95	0
20	0	66.7	66.7

The act adds a new enumerated CSCU 2020 project, Other Projects Recommended by the Board of Regents, costing \$11.7 million. (These provisions conflict with §§ 389 & 390, which also extend the CSCU program to FY 20 but defer \$110 million in bonds for FY 18 to FY 20 and do not add a new project.)

EFFECTIVE DATE: Upon passage, except that the provision on the new enumerated project takes effect October 1, 2017.

§§ 98 & 99 — UCONN 2000 INFRASTRUCTURE PROGRAM

Reduces bond authorizations by \$99.1 million and extends the program by two years (but see §§ 393 & 394)

The act extends the UConn 2000 program by two years, to FYs 25 and 26. It adjusts the program’s annual bond caps, as shown in Table 14, by cancelling bonds authorized for FYs 18 to 24 by a total of \$334.1 million and reallocating \$235 million of them to FYs 25 and 26, resulting in a net reduction of \$99.1 million. (These provisions conflict with §§ 393 & 394, which extend the program by three years, to FY 27, and defer \$54.6 million in bonds for FYs 18 and 19 to FYs 25 to 27.)

Table 14: UConn 2000 Annual Bond Limits (millions)

<i>FY</i>	<i>Prior Limit</i>	<i>Act’s Limit</i>	<i>Change</i>
18	\$295.5	\$265.9	(\$55.1)
19	251.0	225.9	(25.1)
20	269.0	225.7	(43.3)
21	191.5	160.3	(31.2)
22	144.0	53.1	(90.9)
23	112.0	36.8	(75.2)
24	73.5	34.7	(38.8)
25	0	125	125
26	0	110	110

The act does not make conforming reductions to the program’s aggregate bond limit or the limits for any of its named projects.

EFFECTIVE DATE: Upon passage

§ 108 — PLAN TO TRANSFER JUVENILE JUSTICE PROGRAMS FROM DCF TO THE JUDICIAL BRANCH’S COURT SUPPORT SERVICES DIVISION (CSSD)

Requires DCF and CSSD to submit a plan to the legislature to transfer certain juvenile justice programs and services from DCF to CSSD

The act requires the DCF commissioner and CSSD executive director, by February 1, 2018, to submit a plan and recommendations for legislation to the Appropriations, Children’s, and Judiciary committees on transferring juvenile justice programs and services, except programs and residential services at the Connecticut Juvenile Training School and the Pueblo Unit for girls, from DCF to CSSD.

EFFECTIVE DATE: Upon passage

§§ 109-111 — 90-DAY TURNAROUND FOR CERTAIN PERMITS

Deems certain state agency permit applications approved if the relevant agency does not make a determination on them within 90 days after receiving them

The act requires DOT, the Department of Energy and Environmental Protection (DEEP), and the Department of Agriculture (DoAg) to review and make final determinations on specified permit applications within 90 days after receiving them, otherwise, it deems the applications approved.

The act applies to the following DOT permit applications: encroachment, parkway, industrial truck, outdoor advertising, and specific information signs on limited access highways. It applies to DoAg’s aquaculture permit applications and to the DEEP permit applications shown in Table 15.

Table 15: DEEP Permits with 90-Day Required Turnaround

Air permits for the temporary use of radiation DTX or RMI	Aquifer protection registration	Aquifer protection
Certificate of permission	Coastal management consistency review form for federal authorization	Emergency authorization to discharge to groundwater to remediate pollution
Property transfers	Disposal of special waste	Marine terminals
Pesticide application by aircraft	Pesticides in state waters	Waste transportation
E-waste: manufacturer	E-waste: covered recycler	Emergency discharge authorization
Online sportsman licensing system	State park passes and bus permits	State parks and forests special use licenses
Campground reservations	Other camping permits	Boating permits
Safe boating certifications	Marine event permits	Marine dealer certificates
Navigation marker permits	Regulatory marker permits	Water ski slalom course or jump permit
Fishing tournaments	Inland fishing licenses	Marine recreational and commercial licenses
Hunting and trapping	Non-shooting field trial	Private land shooting preserve permit
Regulated hunting dog training applications	Scientific collection permit for aquatic species, plants, and wildlife and educational mineral collection	Commercial arborist
Licensed environmental professional	Pesticide certification licensing and registration	Solid waste facility operator
Wastewater treatment facility operator certification	Commercial fishing licenses and permits	Forest practitioner
Nuisance wildlife control operator	Taxidermist	Wildlife rehabilitator

EFFECTIVE DATE: Upon passage

§§ 112-114 — SCHOOL CONSTRUCTION PROGRAM AND PROTOTYPE SCHOOL DESIGNS (IDENTICAL TO §§ 505-507)

Requires towns to choose between three design prototypes when seeking the highest level of state school cost reimbursement for new construction and makes other changes

The act creates a two-tiered school construction grant reimbursement process for new construction projects, with a higher reimbursement rate for projects that use one of three prototypes school designs that the Department of Administrative Services' (DAS) School Building Projects Advisory Council must prepare. The council must submit, by April 1 2018, a report containing the blueprints for the prototypes to the Appropriations; Education; and Finance, Revenue and Bonding committees.

The prototype a town selects determines its reimbursement rate range. For school construction grant applications submitted on and after July 1, 2018, towns that pick one of the three prototypes for new construction will receive a state reimbursement rate of 10% to 70% of eligible costs. Towns that do not pick a prototype will receive a lower state reimbursement rate, which ranges from 0% to 60% of eligible costs, depending upon the wealth ranking of the town.

The act maintains existing reimbursement rates for renovations, alterations, extensions, code violations rates for other types of work remain unchanged at a range of 20% to 80%. The act narrows a provision that allows a new construction project to be reimbursed in the 20% to 80% range if the town can demonstrate that a new construction project is less expensive than a renovation, extension, or major alteration. Under the act, only new construction projects that use one of the prototypes can qualify for this reimbursement rate.

The act prohibits any reimbursement for architectural and engineering costs for new construction projects when towns do not choose one of the three prototypes, for applications on and after July 1, 2018.

Three Year Grand List Average

In a related matter, the act requires the DAS commissioner to use three years, rather than one, of adjusted equalized net grand list (AENGL) per capita when ranking all of the state's towns for school construction reimbursement rates. She must do this for grant applications made on or after July 1, 2018. AENGL per capita is a measure of property wealth in a town and a three-year average smooths significant peaks or valleys in the AENGL from one year to another.

EFFECTIVE DATE: Upon passage

§ 115 — SCHOOL CONSTRUCTION APPLICATIONS AND DAS REPORT TO THE LEGISLATURE (IDENTICAL TO § 508)

Requires school districts to indicate on their school construction applications whether they considered one of the prototype designs and adds additional enrollment reporting and other requirements for DAS when it submits the school construction list to the legislature

The act requires, for school construction program applications submitted on or after July 1, 2018, the superintendent of the applying school district to affirm that the district considered the blueprints for three different school design prototypes.

The act expands the information that must be provided to the legislature in the school construction project approval process. Under prior law, the commissioner had to provide a review of the student enrollment projections for each project on the school construction priority list she submits to the legislature every December. The act requires her to include the following more extensive information for each project instead:

1. a substantiation of the estimated total project costs;
2. the readiness of the project to begin construction;
3. an enrollment projection and school capacity;
4. efforts made by the board of education to redistrict, reconfigure, merge, or close schools under its jurisdiction before submitting the school construction application date;
5. enrollment and capacity information for all of the board's schools for the five years preceding the application and an enrollment projection and capacity information for all of the board's schools for the eight years following the application; and
6. the state's education priorities relating to reducing racial and economic isolation for the school district.

EFFECTIVE DATE: Upon passage

§ 116 — EMERGENCY CONSTRUCTION GRANTS (IDENTICAL TO § 509)

Expands the types of projects eligible for emergency school construction grants and makes other program changes

The act expands the types of projects eligible for emergency construction grants and requires school districts to follow certain procedures to receive the grants.

Project Types

By law, emergency grants can be made for correcting safety, health and other code violations; replacing roofs; and making repairs due to fire damage or other catastrophe. The act broadens the roof replacement provision to include skylight replacement or installation. It adds new grants for (1) installation of insulation for exterior walls and attics and (2) limited use or limited access elevators, windows, photovoltaic panels, wind generation systems, building management systems, and public school administrative or service facilities.

Procedures

Under the act, a superintendent must notify DAS of the need for an emergency grant in writing within seven calendar days of discovering a condition that could qualify for an emergency grant in order for the project to be eligible. The superintendent must submit a full application within six months of the notification in order to receive a grant.

EFFECTIVE DATE: Upon passage

§ 117 — FREQUENCY OF FACILITY, AIR QUALITY, AND GREEN CLEANING REPORTS (IDENTICAL TO § 510)

Reduces frequency of certain required reports

The act postpones the deadline for, and reduces the frequency of, reports local and regional boards of education must submit to the DAS commissioner on the following required programs: (1) facilities and long-term building, (2) air quality, and (3) green cleaning. Under prior law, the boards had to submit these reports triennially, beginning July 1, 2011. The act instead requires them to submit the reports once every five years and sets July 1, 2021 as the first reporting deadline.

It also makes the conforming change that the commissioner use the boards' reports once every five years, rather than once every three, to prepare a report on the same topics to submit to the Education Committee.

EFFECTIVE DATE: Upon passage

§§ 118 & 121 — CONFORMING AND TECHNICAL CHANGES TO THE SCHOOL CONSTRUCTION PROGRAM (IDENTICAL TO §§ 511 & 514)

Makes technical changes

The act makes conforming and technical changes in these sections.

EFFECTIVE DATE: Upon passage

§ 119 — INCREASED GRANT WITHHOLDING PERCENTAGE (IDENTICAL TO § 512)

Increases to 11% the amount of a reimbursement grant that DAS can withhold pending the final audit

The act increases, from 5% to 11%, the amount of a project's reimbursement grant that DAS can withhold pending the completion of a final audit.

EFFECTIVE DATE: Upon passage

§ 120 — REGIONAL BOARDS OF EDUCATION AND SCHOOL CONSTRUCTION OBLIGATIONS (IDENTICAL TO § 513)

Specifies that when a regional board of education dissolves, local member boards are still responsible for financial and other obligations

The act specifies that when a regional board of education dissolves, the local boards of education or towns that participated in the regional board are not absolved from any school construction responsibilities or financial obligations incurred while part of the regional board. Under law, unchanged by the act, a town or district withdrawing from a regional district is not absolved from any indebtedness issued before the dissolution.

Further, the act specifies that any agreements reached as part of the dissolution cannot relieve a withdrawing town from its financial obligations related to a school building project.

EFFECTIVE DATE: Upon passage

§§ 122-128 — SCHOOL CONSTRUCTION GRANT AUTHORIZATIONS (IDENTICAL TO §§ 498-504)

Authorizes 50 new school construction projects totaling \$515 million in grants, reauthorizes three previous projects due to cost or scope changes, and makes changes affecting six other projects

The act authorizes the DAS commissioner to enter into grant commitments on behalf of the state for 50 new school construction projects. These grants total \$515.2 million (total overall project costs of \$846.3 million). It also reauthorizes and changes grant commitments, due to cost or scope changes, for three previously authorized local projects with a total increased grant commitment of \$1.1 million.

The act exempts six school construction projects from various statutory and regulatory requirements. These exemptions are referred to as "notwithstanding" provisions.

Under the state school construction grant program, the state reimburses towns and local districts for a percentage of eligible school construction costs (with less wealthy towns receiving a higher reimbursement percentage).

New Authorizations and Changes for Previously Authorized Projects (§ 122)

Table 16 shows the new school construction projects the act authorizes.

Table 16: New School Construction Projects Authorized

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>State Reimbursement %</i>
Branford	Francis Walsh Intermediate School	Extension and alteration	\$85,933,000	\$30,385,909	35.36%
Fairfield	Stratfield School	Alteration	36,793	9,592	26.07%
Fairfield	North Stratfield School	Alteration	41,410	10,796	26.07%
Fairfield	Riverfield School	Alteration	48,970	12,766	26.07%
Fairfield	Jennings School	Alteration	55,639	14,505	26.07%
Fairfield	Tomlinson Middle School	Alteration	46,403	12,097	26.07%
Fairfield	Fairfield Woods Middle School	Alteration	86,168	22,464	26.07%
Fairfield	Sherman School	Alteration	30,394	7,708	25.36%
Fairfield	Osborn Hill School	Alteration	72,704	18,438	25.36%
Fairfield	Dwight Elementary School	Alteration	62,275	15,793	25.36%
Fairfield	McKinley Elementary School	Alteration	69,666	17,667	25.36%
Fairfield	Mill Hill School	Alteration	87,550	22,203	25.36%
Fairfield	Burr Elementary School	Alteration	133,776	33,926	25.36%
Fairfield	Roger Ludlowe Middle School	Alteration	171,640	43,528	25.36%
Greenwich	New Lebanon School	Diversity school, new construction	37,309,000	29,847,200	80%
Hamden	West Woods Elementary School	New construction	26,180,000	15,147,748	57.86%
Ledyard	Ledyard Middle School	Renovation, extension, and alteration	35,652,092	22,410,905	62.86%
New Britain	Smalley Academy	Extension, alteration, and roof replacement	53,000,000	42,023,700	79.29%
New Canaan	Saxe Middle School	Extension, alteration, and code violation	18,600,000	3,786,960	20.36%
New London	New London High School - South Campus	Magnet school, alteration	49,462,274	39,569,819	80%
North Stonington	Wheeler High School	Extension, alteration, and roof replacement	23,820,500	10,974,104	46.07%
North Stonington	North Stonington Elementary School	Extension, alteration, and roof replacement	14,207,500	8,879,688	62.50%
West Hartford	Hall High School	Extension and alteration	12,800,000	5,393,920	42.14%

Table 16 (Continued)

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>State Reimbursement %</i>
Regional District 1	Housatonic Valley Regional High School	Alteration and code violation	4,255,856	1,930,456	45.36%
Regional District 12	Shepaug Valley Regional Agriscience (STEM)	Vocational agricultural, new construction	29,957,408	23,965,926	80%
Groton	Cutler Elementary School (Carl C. Cutler Middle)	Diversity school and roof replacement	45,850,000	36,680,000	80%
Groton	Westside Elementary School (West Side Middle)	Extension, alteration, and roof replacement	48,480,000	27,876,000	57.50%
Groton	Consolidated Middle School	New construction and site purchase	90,090,000	42,792,750	47.50%
Hamden	Shepherd Glen School	Extension, alteration, and roof replacement	27,665,000	18,773,469	67.86%
Killingly	Killingly High School (Vo-Ag)	Vocational agricultural equipment	123,000	98,400	80%
Ledyard	Gallup Hill School	Renovation, extension, and alteration	28,612,104	17,985,569	62.86%
Manchester	Verplanck School	Extension, alteration, and roof replacement	29,172,000	19,691,100	67.50%
Newington	John Wallace Middle School	Alteration	1,300,000	742,820	57.14%
Rocky Hill	Rocky Hill Intermeditate School	New construction	48,345,097	16,577,534	34.29%
Shelton	Long Hill School	Alteration	382,060	150,111	39.29%
Shelton	Elizabeth Shelton School	Alteration	280,620	110,256	39.29%
Shelton	Mohegan School	Alteration	280,620	110,256	39.29%
Simsbury	Henry James Memorial School	Alteration and code violation	2,465,000	818,627	33.21%
Waterbury	Wendell L. Cross School	Extension, alteration, and roof replacement	46,213,083	36,309,619	78.57%
Regional District 12	Shepaug Valley High School	Alteration and energy conservation	2,914,565	957,726	32.86%
Regional District 14	Nonnewaug High School (Vo-Ag)	Vocational agricultural extension and alteration	662,000	529,600	80%
Regional District 14	Nonnewaug High School (Vo-Ag)	Vocational agricultural equipment	587,568	470,054	80%

Table 16 (Continued)

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>State Reimbursement %</i>
Branford	Central Administration (Francis Walsh Intermediate)	Central administration, extension, and alteration	2,267,000	400,806	17.68%
Guilford	A. Baldwin Middle School	Energy conservation	2,351,115	713,799	30.36%
Milford	Harborside Middle School	Energy conservation	1,347,745	683,441	50.71%
Norwalk	West Rocks Middle School	Energy conservation	1,400,000	455,000	32.50%
Waterbury	Gilmartin School	Energy conservation	432,893	340,124	78.57%
West Haven	May V. Carrigan Middle School	Energy conservation	3,354,815	2,576,162	76.79%
Regional District 14	Region 14 Central Office (Nonnewaug High)	Central administration, alteration, and code violation	1,609,535	385,162	23.93%
Hartford	Martin Luther King School	Magnet school, alteration, roof replacement, code violation	68,000,000	54,400,000	80%
Total	50 projects		\$846,306,848	\$515,186,203	

Table 17 lists changes in previously authorized school projects. In cases where the requested amount is the same, the new authorization is sought because of some change in the project scope, but the change does not result in a higher cost.

Table 17: Previously Authorized School Construction Projects with Substantial Changes in Scope or Cost

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Previous Grant Authorization</i>	<i>Requested Grant Authorization</i>	<i>Change</i>
Fairfield	Fairfield Ludlowe High School	Extension, alteration, energy conservation, and roof replacement	\$3,073,994	\$4,106,607	\$1,032,613
Hartford	West Middle School	Extension, alteration, and roof replacement	43,680,000	43,680,000	0
New Fairfield	New Fairfield Middle/High School	Alteration and code violation	132,300	155,274	22,974
Totals	Three projects		\$46,886,294	\$47,941,881	\$1,055,587

School Construction Project Exemptions and Modifications (§§ 123-128)

The act exempts six school construction projects from various statutory and regulatory requirements to allow them to, among other things, qualify for (1) state reimbursement grants or (2) a higher level of reimbursement grant. These exemptions are referred to as “notwithstanding” provisions (see Table 18).

Table 18: School Construction Project Exemptions and Modifications

<i>Act §</i>	<i>Municipality/ Grantee</i>	<i>School & Project</i>	<i>Exemption, Waiver, or Other Change</i>
123	Groton	Carl Cutler Middle School, extension, alteration, and roof replacement	Changes project designation from extension, alteration, and roof replacement to diversity school and roof replacement, thus triggering a higher state reimbursement level, provided the education commissioner finds the diversity school will assist Groton in addressing the existing racial disparity among students in the district; also explicitly prohibits the Claude Chester School from qualifying as a diversity school as of the act’s effective date
124	Hartford	Martin Luther King School, alteration, roof replacement, and code violation	Changes project designation from alteration, roof replacement, and code violation to magnet school, alteration, roof replacement, and code violation, provided the education commissioner approves the school’s magnet school plan
125	Brookfield	Brookfield High School, roof replacement	Waives the requirement that construction bid not be let out prior to DAS approval of the plans and specifications
126	New London	New London Magnet School for the Visual and Performing Arts, new magnet school construction approved in PA 14-90	Removes requirement that New London school board, the Garde Arts Center board of directors, and the DAS and education commissioners enter into a memorandum of understanding establishing the parameters under which the interdistrict magnet school must operate
127	Region 8 (Regional Hebron, Andover, and Marlborough (RHAM))	RHAM Middle and High School (no project number or specifics yet available)	Waives the project application deadline of June 30, 2017 for eligibility for the priority list considered in the 2018 legislative session and commitment of the local funding share of the project, provided (1) a local funding authorization referendum is held and results are submitted by November 15, 2017 and (2) a completed grant application with authorization for the local share of the project is filed by September 30, 2017
128	Norwich	Kelly Middle School, renovation	Increases the grant amount by an additional \$1,032,000

EFFECTIVE DATE: Upon passage

§§ 129-135 — REVISIONS TO EDUCATION COST SHARING (ECS) FORMULA

Revises ECS formula, the largest form of state aid to towns, by changing several major formula components including the base aid ratio, foundation dollar amount, weighting for high need students; includes phase-in for aid increases and decreases until FY 28

The act revises the state education equalization formula, commonly referred to as the education cost sharing (ECS) formula. (The state has not used the formula since FY 14; instead it has set a specific aid amount in statute for each town.) The act makes changes to each of the three key factors in the formula and establishes a method to determine each town’s aid amount for FY 18 and the following fiscal years.

The ECS formula has the following three key factors:

1. the foundation dollar amount (previously \$11,525);
2. the student count with weightings for high need students, referred to as total need students; and
3. the base aid ratio, which is a measure of town wealth.

Under the formula, the foundation is multiplied by the number of need students, and the result is multiplied by the aid ratio, to produce the grant amount. A small bonus is added for regional schools (if applicable), and this results in a town’s fully funded grant. For example, under prior law, a school district with no regional bonus and 1,000 need students that has a base aid ratio of .50 would receive a grant of \$5.76 million (1,000 x .50 x \$11,525 (the previous foundation amount)).

Formula Factors Modified

Beginning with the 2017-18 school year, the act modifies the foundation dollar amount and two aspects of student need weightings. Specifically, it:

1. decreases, from \$11,525 to \$9,638, the foundation dollar amount;
2. changes the student poverty weighting from 30% of students eligible for free or reduced priced meals or free milk (FRPM) to 30% of FRPM-eligible students plus an additional 5% of any FRPM-eligible students above 75% of the total number of resident students; and
3. adds a new 15% weighting for the number of students who are English language learners, as identified by the school district.

New Factor: Base Aid Ratio Adjustment

The act creates the base aid ratio adjustment factor, which is a bonus added to a town’s base aid ratio, if the town is ranked in the top 19 Connecticut towns based on points awarded through the eligibility index for public investment communities (PIC).

The PIC eligibility index measures towns relative wealth and need by ranking them in descending order by their cumulative point allocations for five categories: (1) per capita income, (2) adjusted equalized net grand list per capita, (3) equalized mill rate, (4) per capita temporary family assistance, and (5) unemployment rate (CGS § 7-545).

Under the act, the adjustment factor gives towns anywhere from 3 to 6 percentage points bonus in their base aid ratio if they rank in the top 19 of all towns in total eligibility index points as shown in Table 19 below.

Table 19: Base Aid Ratio Adjustment Factor Bonus

<i>Town Rank Based on PIC Eligibility Index</i>	<i>Bonus % Points Added to Base Aid Ratio</i>
1-5	6
6-10	5
11-15	4
16-19	3

Minimum Aid Ratios and Balance of Property and Income Wealth

The act maintains the minimum aid ratio for alliance districts at 10% and reduces the minimum aid ratio for all other districts from 2% to 1%. The minimum aid ratio guarantees that wealthier towns receive at least a minimum amount of ECS aid.

The act also modifies the proportion of property to income wealth that determines the town wealth measure (“wealth adjustment factor”). Under prior law, the wealth adjustment factor was calculated using 90% property wealth and 10% income wealth. Under the act, it is calculated using 70% property and 30% income, thus increasing the weight for income wealth in the aid ratio part of the formula.

Town Aid Determination for FYs 18 and 19

The act creates a new, lower base grant amount for each town as a starting point to calculate aid amounts. It requires the “base grant amount” to equal 78% of the aid a town was entitled to receive for FY 17, under the 2016 budget act (PA 16-2, May Special Session). (Due to authorized cuts that were implemented later, towns actually received less than the entitlement provided in the budget act.)

The act compares a town’s new base grant amount to its fully funded grant. For some towns the fully funded grant is an amount greater than the aid they had received in the past. For other towns, especially those with declining student enrollments, the fully funded grant may be less than what the town is receiving. (This is primarily due to the past practice of keeping ECS aid at least level for all towns, even if student enrollment dropped.) Table 20 shows how aid increases or decreases are determined for FYs 18 and 19.

Table 20: ECS Aid Amount Calculation for FYs 18 and 19

<i>New Base Aid*</i>	<i>FY 18 Aid</i>	<i>FY 19 Aid</i>
If a town’s fully funded amount is greater than its new base aid	New base aid plus 5% of the difference between the fully funded amount and the new base aid	New base aid plus 15% of the difference between the fully funded amount and the new base aid
If a town’s fully funded amount is less than its new base aid	New base aid	New base aid minus 10% of the difference between its new base aid and its fully funded grant
*New Base Aid is 78% of FY 17 aid amount authorized under PA 16-2, May Special Session. This means all towns start with a lower base aid.		

Town Aid Determination and for FYs 20 to 28

Under the act, for FYs 20 to 28, a town whose fully funded grant is greater than its new base grant will receive an aid amount that equals the aid received in the previous fiscal year plus 10% of the difference between its fully funded grant and its new base grant amount. A town whose fully funded grant is less than its base grant amount will receive an aid amount that equals the aid received in the previous fiscal year, minus 10% of the difference between its new base grant amount and its fully funded grant.

For FY 29 and all years following, towns will receive their fully funded amount.
EFFECTIVE DATE: Upon passage

§ 136 — ECS FORMULA REVIEW TEAM

Creates an ECS formula review team to review and make recommendations on the ECS formula

The act creates an ECS formula review team to review the formula and make recommendations on possible formula changes to the Education and Appropriations committees by March 1, 2018.

The team consists of the chairpersons and ranking members of the Education Committee, the OPM secretary, and one representative from each of the following organizations: (1) Connecticut Association of Boards of Education, (2) Connecticut Association of Public School Superintendents, (3) Connecticut Education Association, and (4) American Federation of Teachers-Connecticut.

The Education Committee's administrative staff serves as the administrative staff of the review team. The team terminates on the date it submits its report or March 1, 2018, whichever is later.

EFFECTIVE DATE: Upon passage

§ 137 — EDUCATION FUNDING REALLOCATION

Requires the education commissioner to redistribute increases in ECS and special education grants received by certain school districts over the past fiscal year among districts that received a grant decrease

For each school district that receives a combined ECS and special education grant increase in FY 18 of less than \$1,550,000 more than its FY 17 allocation, the act requires the education commissioner to withhold an amount equal to that increase and deposit it in an "education funding reallocation account." School districts that receive a combined increase equal to or greater than \$1,550,000 for these fiscal years will not have their increase withheld by the commissioner.

The act requires the commissioner to use these account funds to give grants to each school district that receives less ECS and special education grant money in FY 18 than in FY 17. The grants must be equal to the amount of each district's reduction in funding.

EFFECTIVE DATE: Upon passage

§§ 138 & 139 — SPECIAL EDUCATION FUNDING

Eliminates and creates various special education cost grants, including those for state agency-placed students receiving special education services

Grants for State-Agency Placed Students (§§ 138 & 139)

The act requires boards of education to cover all special education costs in their entirety for children placed in their district by the Department of Children and Families and other state agencies, rather than the lesser of the (1) full costs or (2) average per pupil expenditure. It correspondingly eliminates the requirement that the State Board of Education pay the difference between the above costs and the board of education's average per pupil expenditure.

Excess Cost and Supplemental Grants (§ 139)

The act eliminates special education excess cost grants to boards of education for all students (both agency-placed and non-agency-placed). Under prior law, school districts received the grant for students receiving special education services whose costs exceeded 4.5 times the per pupil cost for a board to education a student.

The act also eliminates a supplemental special education grant that is no longer funded in practice.

New Special Education Grant (§ 139)

The act creates a new special education grant to reimburse boards of education for a percentage of net special education costs and allows the state to reduce this new grant proportionally when grant amounts exceed appropriations (i.e., it creates a grant cap). It establishes two different formulas for determining the reimbursement percentage: one for local boards of education and another for regional boards.

Local Board Formula. To calculate a local board's reimbursement percentage, towns are ranked highest to lowest by their adjusted equalized net grand list per capita. Based on these rankings, each town is placed on a continuous scale and given a percentage reimbursement of at least 2.5% and at most 52%.

Regional Board Formula. To calculate a regional board's reimbursement percentage, boards are ranked according to a multi-step formula. First, the total population of each member town in the regional school district is multiplied by each town's ranking in the above town rankings by adjusted equalized net grand list per capita. Then, the product for each town is added together and subsequently divided by the combined population of all member towns in the regional district. The quotient is rounded to the next higher whole number. Lastly, the rounded number is compared with the local board rankings for reimbursement percentages, and the regional board is assigned the same reimbursement percentage as the town that has that same rank.

Application and Disbursement Processes. The act allows local and regional boards of education to apply for this reimbursement grant on or before September 1 for costs from the prior fiscal year as reported to the education commissioner. Additional audited data must be submitted to the commissioner on or before December 31.

Under the act, for each estimated total grant of \$500,000 or more, 50% of the grant must be paid in October based on the costs submitted for September 1. The adjusted balance must be paid in April based on the audited data submitted for December 31. For each estimated grant of less than \$500,000, a single payment is made in April based on audited data submitted for December 31.

EFFECTIVE DATE: Upon passage

§ 140 — GRANTS TO BOARDS OF EDUCATION FOR STATE AGENCY PLACEMENTS IN RESIDENTIAL AND JUVENILE DETENTION FACILITIES

Eliminates grants for boards of education for students placed by state agencies in residential facilities and juvenile detention facilities

When a student is placed by a state agency in a residential facility, the act requires boards of education to cover reasonable education costs in their entirety (excluding special education costs), rather than the lesser of (1) the full costs or (2) the prior year's average per pupil expenditure, as required under prior law. When a student is detained in a juvenile detention facility, the act requires boards of education to cover education costs in their entirety (including special education costs), rather than an amount equal to the prior year's average per pupil expenditure, as required under prior law.

According to existing law, unchanged by the act, for either placement type, the board of education that would otherwise be responsible for educating the student is responsible for the costs. If a student is detained in a juvenile detention facility and the board cannot be identified, however, then the school district where the facility is located is responsible for the costs.

The act correspondingly eliminates the requirement that the State Board of Education pay the difference between actual costs and the responsible board of education's portion.

EFFECTIVE DATE: Upon passage

§ 141 — UCONN PROFESSORS' COURSE LOAD

Requires the UConn board of trustees to increase each full-time professor's course load by one course during a school year

The act requires the UConn board of trustees, by January 1, 2018, to increase each full-time professor's course load during a school year by one course.

EFFECTIVE DATE: Upon passage

§ 142 — SUPERINTENDENTS FOR SMALL TOWNS

Allows local boards of education that meet certain "small town" criteria to receive direction from another board of education's superintendent, rather than employ their own local superintendent

For local boards of education whose towns have fewer than (1) 10,000 residents, (2) 2,000 resident students, or (3) three public schools, the act gives them the option to either employ a local superintendent or receive direction from another board of education's superintendent. The other board of education must authorize the use of its superintendent.

The act limits the requirement to employ a superintendent to (1) local boards of education that do not meet the above criteria and (2) regional boards of education. Existing law, unchanged by the act, allows boards of education to jointly employ a superintendent.

EFFECTIVE DATE: Upon passage

§ 143 — SUPERINTENDENTS FOR MULTIPLE TOWNS

Allows boards of education that share a superintendent to adjust the frequency and format of their board meetings

The act allows boards of education that jointly employ the same superintendent to reduce the number of board meetings they hold, or to hold joint meetings at least quarterly, to reduce expenses and align their provision of education. This authority overrides any conflicting provisions in special acts, municipal charters, home rule ordinances or other ordinances, or state statutes governing boards of education or town management.

EFFECTIVE DATE: Upon passage

§§ 144 & 145 — BOARD OF EDUCATION COOPERATIVE ARRANGEMENTS

Allows for cooperative arrangements to provide administrative and central office duties

The act allows two or more boards of education, or a municipality and its own board of education, to enter into cooperative arrangements for administrative and central office duties.

EFFECTIVE DATE: Upon passage

§ 146 — MINIMUM BUDGET REQUIREMENT (MBR) FOR ALLIANCE DISTRICTS

For FYs 18 and 19, extends the MBR only for alliance districts

The act renews, for FYs 18 and 19, the MBR for alliance districts (i.e., school districts with the lowest accountability index scores), thus requiring these districts to at least maintain their budgeted education appropriation at the same level as the previous year, plus any equalization grant increase provided in FY 17. Accountability index scores measure school district performance based on standardized tests, graduation rates, chronic absenteeism, and other factors.

The act does not renew the MBR for other non-alliance districts (the MBR expired for all districts at the end of FY 17). It also removes obsolete language.

EFFECTIVE DATE: Upon passage

§ 147 — BOARD OF EDUCATION ADMINISTRATIVE PERSONNEL HIRING

Requires municipal legislative bodies to approve the hiring of administrative personnel by local boards of education absent a budgeted appropriation

The act prohibits local boards of education from hiring administrative personnel without approval from their respective municipal legislative body if the education budget does not provide funding for the position.

EFFECTIVE DATE: Upon passage

§ 148 — REGIONAL SCHOOL DISTRICT FINANCE COMMITTEE

Allows a regional board of education to establish a finance committee

The act allows a regional board of education to establish a finance committee for the regional school district to (1) inform the board about member towns' local budget issues and (2) help prepare the district's budget proposal upon request. Member towns' legislative bodies must each appoint two representatives to the committee.

EFFECTIVE DATE: Upon passage

§§ 149 & 150 — CHARTER SCHOOL GRANT PAYMENTS

Disburses state grants to charter schools directly to a charter school's fiscal authority and requires proportional grant reductions if the grant total exceeds the appropriated amount

The act requires the state to send per-pupil grants for local charter schools and state charter schools directly to the respective charter schools' fiscal authorities, rather than to the towns where the schools are located. Under prior law, the payments went first to the towns which then sent them to the schools' fiscal authorities. The act eliminates the related language that set a timeline for the towns to send the grant funds to the charter schools.

The act also requires, for FYs 18 and 19, that per-pupil charter school grants be reduced proportionately if the grant total exceeds the appropriated amount.

It also makes various conforming changes.

EFFECTIVE DATE: Upon passage

§ 151 — ROBERTA B. WILLIS SCHOLARSHIP

Closes the scholarship to new applicants but allows previously issued awards to be renewable

The act prohibits the Office of Higher Education from making new Roberta B. Willis scholarship awards to students. It allows awards made in FY 17 to be renewable for the life of the original award, however, if the student continues to meet need and academic standards.

The Willis Scholarship is the state's financial aid program for Connecticut residents who attend a public or independent higher education institution in the state.

EFFECTIVE DATE: Upon passage

§ 152 — UCONN AND UCONN HEALTH CENTER (UHC) EMPLOYEE COMPENSATION

Requires UConn and UHC to fund a portion of certain employees' compensation with funds from outside the General Fund

The act requires UCONN and UHC to use funds that are not appropriated from the General Fund to pay for the portion of any of their employees' salaries that exceeds \$100,000 (excluding fringe benefits), and the cost of any fringe benefits associated with that portion.

EFFECTIVE DATE: Upon passage

§§ 153 & 154 — TEACHER CONTRIBUTIONS TO THE TEACHERS RETIREMENT SYSTEM (TRS)

Increases teachers' contributions to TRS and requires funds from the increase to be credited to the General Fund

The act increases teachers' "regular contributions" to TRS from 6% to 7% of their annual salary between January 1, 2018 and June 30, 2018 and from 7% to 8% on and after July 1, 2018. By law, teachers' mandatory contributions to TRS consist of their regular contributions plus a 1.25% health contribution.

For FY 18, the act requires 1% of the teachers' regular contributions withheld between January 1, 2018 and June 30, 2018 to be credited to the General Fund. And for FY 19, it requires 2% of their regular contributions withheld during the fiscal year to be credited to the General Fund.

EFFECTIVE DATE: Upon passage

§ 155 — NON-UNION STATE EMPLOYEE CONTRIBUTION TO RETIREE HEALTH INSURANCE

Requires 5% of non-union employees' base salary to be withheld from their base pay

Starting July 1, 2017, the act requires 5% of base salary to be withheld from the compensation of any non-union state employee who is a member of a state-sponsored retirement system. Under the act, 3% of the withholding must constitute the employee's share of the costs of providing state-retiree health insurance and 2% of the withholding must be deposited in the General Fund to offset the state's share of providing state-retiree health insurance.

(To the extent the act's requirement is applied retroactively to July 1, 2017, it could be subject to litigation brought by employees claiming wage theft under CGS § 31-71b and violations of the U.S. Constitution's Takings Clause, which prohibits state governments from taking private property for public use without just compensation.)

EFFECTIVE DATE: Upon passage

§ 156 — TRANSFERS FROM NONAPPROPRIATED ACCOUNTS

Allows the OPM secretary to transfer funds from certain nonappropriated accounts to the General Fund

For FY 19, the act allows the OPM secretary to transfer up to \$20 million to the General Fund from the fund's nonappropriated accounts that do not receive (1) gifts, grants, or donations from public or private sources or (2) other revenues from individuals to support a particular interest or purpose.

EFFECTIVE DATE: Upon passage

§ 157 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE CONTRACTS AND ARBITRATION AWARDS

Requires the legislature to affirmatively vote to approve state employee union contracts and arbitration awards; revises the process that occurs if the legislature rejects an agreement or award

The act requires the legislature to affirmatively vote to approve state employee union contracts and arbitration awards. Under prior law, such contracts and awards were deemed approved if the legislature failed to vote to approve or reject them within a specified time frame. Under the act, they will instead be deemed rejected if the legislature fails to vote to approve or reject them within the same time frame.

The act also revises the process that occurs after the legislature rejects a contract or arbitration award. Under prior law, when a contract or award was rejected, the matter was returned to the parties for further negotiating. The act instead establishes separate processes for rejected contracts and awards. Rejected arbitration awards must return to arbitration with the award from this subsequent arbitration automatically deemed approved by the legislature. Rejected contracts must go to arbitration under the state employee arbitration law and the subsequent arbitration award must be submitted to the legislature for approval. If the legislature rejects this award, the matter must return for further arbitration with any subsequent award from the further arbitration deemed approved by the legislature.

(The above provisions are repeated in § 316.)

EFFECTIVE DATE: Upon passage

§ 158 — APPLYING SEBAC 2017 TO NON-UNION STATE EMPLOYEES

Requires terms comparable to those in the 2017 SEBAC Agreement to be implemented for non-union state employees by October 1, 2017

The act requires the DAS commissioner and OPM secretary to apply terms comparable to those in the 2017 SEBAC Agreement to all non-union state employees. However, terms concerning wages for legislative employees must be applied by the Legislative Management Committee. SEBAC is the coalition of state employee unions that, by law, negotiates with the state over state employee pension and health insurance benefits. Among other things, the 2017 agreement (1) made numerous changes to state employee health and pension benefits, such as increasing employee contributions toward their pensions and healthcare, and (2) imposed various wage provisions, such as wage freezes and furlough day requirements in FYs 17 and 18.

The act requires the OPM secretary, by September 30, 2017, to submit a plan to the Appropriations Committee detailing how the SEBAC agreement's terms will apply to the non-union classified and unclassified employees. By the same date, the chief court administrator and the legislative management executive director must each also submit plans to the Appropriations Committee detailing how the SEBAC contract's terms will apply to non-union classified and unclassified officers and employees of the Judicial Department and legislative branch, respectively.

Wages

The act requires, by October 1, 2017, the DAS commissioner and OPM secretary, chief court administrator or Supreme Court judges, and Legislative Management Committee to consider and implement wage changes for non-union and unclassified officers and employees of the executive branch, constituent units of higher education, and Board of Regents; judicial department; and legislative branch, respectively, that are comparable to the SEBAC agreement's wage payment provisions. It specifies that the requirement to implement wage changes does not apply to judicial branch officers or employees whose wages are set in statute (e.g., judges, family support magistrates, and workers' compensation commissioners) or legislators.

EFFECTIVE DATE: Upon passage

§§ 159-161 — 2027 CHANGES TO THE STATE EMPLOYEES RETIREMENT SYSTEM (SERS)

Starting July 1, 2027, increases employee contributions to SERS and limits SEBAC agreements to four-year terms; changes pension calculations and limits cost of living adjustments (COLAs) for those who retire on or after that date

Starting July 1, 2027, the act requires a 7% salary contribution to SERS from all state employees in the executive branch, constituent units of higher education, Board of Regents for Higher Education, judicial branch, and legislative

branch. Starting on June 30, 2027, it also prohibits any SEBAC agreement or arbitration award from having a term of more than four years (this provision is repeated in § 318).

Furthermore, the act changes pension calculations and limits COLAs for those who retire on or after July 1, 2027, regardless of their hiring date. Specifically, it (1) requires their overtime contribution to their final average pay to be computed under the same terms that apply to Tier IV state employees under the 2017 SEBAC Agreement (i.e., 25-year overtime averaging); (2) prohibits them from receiving a COLA until SERS is 80% funded; and (3) requires their pension payments to be computed without a breakpoint (generally, a variable in the pension formula that boosts pensions for those with salaries that exceed the salary limit for Social Security tax).

Lastly, the act prohibits any SEBAC agreements negotiated after the act's effective date from including any provisions that conflict with or supersede § 2 of the act (presumably, this refers to the above 2027 changes in SERS, § 159, and not to § 2's appropriations from the Special Transportation Fund).

EFFECTIVE DATE: Upon passage

§ 162 — CRIMINAL JUSTICE DIVISION'S COLD CASE UNIT AND SHOOTING TASK FORCE APPROPRIATIONS

Prohibits the Division of Criminal Justice from commingling funds appropriated to the Cold Case Unit with those appropriated to the Shooting Task Force

The act requires the Division of Criminal Justice to (1) maintain the Cold Case Unit's appropriated funds separately from those of the Shooting Task Force and (2) spend the funds only for the purposes appropriated.

EFFECTIVE DATE: Upon passage

§ 163 — REOPENING MUNICIPAL EMPLOYEE UNION CONTRACTS

For new contracts, establishes a process by which towns may (1) ask unions to reopen a union contract to negotiate revisions related to regionalization and (2) require unions to vote on a proposed contract revision

The act establishes a multi-step process by which municipalities may ask their employees' unions to reopen a contract to negotiate revisions related to regionalization. It allows municipalities, for any employee contract negotiated on or after the act's effective date, to present a proposed contract revision to enact regional consolidation or shared service agreements to the union and ask it to reopen the negotiation process. The union is deemed to have denied the request if it does not respond within five days.

If the union denies the request, the act requires the State Board of Labor Relations (SBLR), through its agent, to convene a meeting of the bargaining unit's membership within 30 days after the denial. The municipality must present its proposed revision at the meeting and the membership must vote on the proposal within five days after the meeting. SBLR must schedule the vote and post a notice of its date, time, and location.

If the union agrees to negotiate the municipality's proposal, the act gives the parties 14 days to negotiate, with an additional 14-day extension allowed if both parties agree. If the parties reach a contract agreement, it must be ratified according to the bargaining unit's ratification procedure. If the parties fail to reach an agreement, the municipality's last best offer on the proposal must be submitted to the bargaining unit's membership for a vote within five days after negotiations end. The union must schedule the vote and the municipality must have an opportunity to present its revisions to the members before the vote.

For all of the above bargaining unit membership votes, the act (1) requires an affirmative vote by a majority of the bargaining unit's membership for approval and (2) makes the vote the final action on a proposed revision. A failure to achieve an affirmative vote is a final rejection of the proposal and is not subject to further dispute resolution, leaving the existing contract in effect.

The act also specifies that the above requirements are not prohibited labor practices under the Municipal Employees Relations Act or the School Board Teacher Negotiations Act.

EFFECTIVE DATE: Upon passage

§ 164 — MUNICIPAL EMPLOYEE BINDING ARBITRATION

Requires random appointment of neutral arbitrators in municipal binding arbitration cases; gives arbitrators more time to issue decisions; requires parties to meet certain procedural deadlines (which may be mutually waived) within one year

Prior law required municipal employee contract arbitration cases to be heard by a three-arbitrator panel, with the parties each choosing one arbitrator and then mutually agreeing on a third, neutral arbitrator. The act allows the parties to mutually agree to have their case heard by a single neutral arbitrator rather than a three-arbitrator panel. If the parties opt for a single arbitrator, (1) the parties must provide written notice to the State Board of Mediation and Arbitration within 10 days after receiving the board's notice that arbitration has been imposed, and (2) the board must randomly appoint a neutral arbitrator from the panel of neutral arbitrators within five days of the notice.

If the parties opt to have their case heard by a three-arbitrator panel, the act requires the board to randomly appoint the panel's neutral arbitrator from the panel of neutral arbitrators, rather than allowing the parties to mutually agree on a neutral arbitrator. The board must make the appointment within five days after the parties appoint the other two panel members. By law, unchanged by the act, if the parties fail to appoint their panel members, the board must appoint the members needed to complete the panel. The act requires the board to also do this if the parties fail to provide notice of their intent to have their case heard by a single, neutral arbitrator.

The act also requires (1) the parties to file their last best offer statements and briefs on unresolved issues (two procedural steps in the arbitration process) within one year after either party requested the board's arbitration services or the board imposed arbitration on them and (2) arbitrators to issue their decisions within 60, rather than 20, days after the parties file their briefs on unresolved issues.

The law, unchanged by the act, allows the parties to mutually agree to modify, defer, or waive any of the above requirements and deadlines.

EFFECTIVE DATE: Upon passage

§ 165 — EDUCATION ADMINISTRATIVE PERSONNEL CONTRACTS

Requires boards of education to file administrative personnel contracts with town clerks, who must then post them online

The act requires local boards of education to immediately file with their town clerks a signed copy of any contract for administrative personnel. It also requires regional boards of education to file copies of such contracts with the town clerk in each member town. In both instances, the clerk must post a copy of the contracts on the town's website.

EFFECTIVE DATE: Upon passage

§ 166 — MUNICIPAL BUDGET RESERVES IN ARBITRATION

Establishes an irrebuttable presumption that a portion of a municipality's budget reserve cannot be used to pay for arbitration awards

The act establishes an irrebuttable presumption that a municipality's budget reserve of 15% or less is not available to pay the costs of any item subject to municipal contract arbitration.

Under the municipal employee arbitration law, arbitrators must prioritize the public interest and the municipal employer's financial capacity, including other financial demands on the employer, when considering a union contract case. In effect, the act requires the panel to ignore a budget reserve of up to 15% (presumably of the municipality's budget) when considering the municipal employer's financial capacity. Under prior law, any budget reserve could be considered as part of that capacity. The act does not change the other factors a panel must consider (e.g., changes in the cost of living).

EFFECTIVE DATE: Upon passage

§§ 167 & 168 — PREVAILING WAGE

Increases prevailing wage thresholds for public works projects; exempts municipal elevator or roof work from prevailing wage requirements; temporarily exempts certain projects in New Haven County from prevailing wage requirements; and applies prevailing wage requirements to certain DECD-funded projects

The act makes several changes to the state's prevailing wage law. First, it increases the public works prevailing wage threshold from \$400,000 to \$1 million for new construction projects and from \$100,000 to \$500,000 for renovation projects (i.e., remodeling, refinishing, refurbishing, rehabilitation, alterations, or repairs). By law, employers on public works projects for the state or its political subdivisions whose total costs exceed the thresholds must pay their construction workers the prevailing wage (i.e., wages and benefits equal to those that are customary or prevailing for the same work, in the same trade or occupation, in the same town).

The act also exempts from the prevailing wage requirements any elevator or roof work for a political subdivision's public works project. It also temporarily exempts, from when the act is enacted until July 1, 2019, any public works projects that are (1) for a New Haven County municipality with a population between 12,000 and 13,000, as determined by the most recent DPH estimate, and (2) funded in whole or in part by a private bequest of between \$9 million and \$12 million.

The act also extends prevailing wage requirements to any new construction project by a business that receives a total of at least \$1 million in financial assistance from the Department of Economic and Community Development (DECD) for the project on or after January 1, 2019 ("covered projects"). Financial assistance for a project includes loans, cash payments, credit extensions, guarantees, equity investments, tax abatements, or any other state financing.

Prevailing Wage for DECD-assisted Projects

Under the public works prevailing wage law, contracts with contractors and subcontractors on covered public works projects must provide that the contractors and subcontractors pay their construction workers the prevailing wage. Contractors who do not provide benefits at the same rate required under the prevailing wage must make up the difference in hourly wages.

The act requires a business that receives at least \$1 million in DECD financial assistance on or after January 1, 2019 to include the same prevailing wage provision in its contracts for covered projects. DECD must impose this requirement as a condition of receiving assistance.

As under the public works prevailing wage law, the labor commissioner must determine the prevailing wage for each trade or occupation and location (in practice, the commissioner uses rates established by the U.S. Department of Labor). Unlike the public works prevailing wage law, the act does not require:

1. DECD to certify the total dollar amount of work to be done on the project,
2. the business to (a) obtain the applicable prevailing wage rates from the labor commissioner before advertising for the contracts or (b) include the prevailing wage rates in proposals for the contracts, or
3. contractors, upon award of a contract, to certify the pay scale they and their subcontractors will use on it.

Enforcement. Similar to the public works prevailing wage law, the act allows for fines of between \$2,500 and \$5,000 per offense for contractors or subcontractors on the business's covered project who knowingly or willfully fail to pay their employees the prevailing wage. In addition, a first-time violator must fully repay back wages and cannot bid on other covered projects until six months after it has done so. A contractor or subcontractor with subsequent violations must fully repay back wages and cannot bid on other covered projects until two years after it has done so.

Similar to the public works prevailing wage law, if a business finds that a contractor or subcontractor on its covered project is not paying the prevailing wages, the business can (1) by written or electronic notice terminate the contractor's right to continue working on the project and hold the contractor or its sureties liable for any excess costs to complete the work or (2) withhold payments to the contractor or subcontractor. If the business takes either of these steps it must notify the labor commissioner, within two days, of the contractor's or subcontractor's name, the project and its location, the violations involved, the date the contract was terminated, if applicable, and steps taken to collect the required wages. The labor commissioner may file a complaint about violations with the proper prosecuting authority.

Record Keeping Requirements. The act expands the public works prevailing wage law's record keeping requirements to include covered projects. Among other things, this requires contractors and subcontractors on a project to submit monthly certified payroll records to DECD. The records must contain the same information required under the public works prevailing wage law, including:

1. detailed payroll records for each employee; and
2. a signed statement that, among other things, (a) the records are correct, (b) the employer met the prevailing wage law's requirements, and (c) the employer understands the penalties for knowingly filing false payroll records.

The penalties for failing to comply with the certified payroll records requirement or knowingly filing false payroll records are the same as under the public works prevailing wage law (class D felonies, see Table on Penalties).

EFFECTIVE DATE: October 1, 2017

§ 169 — MEDICAID WAIVER AND AMENDMENT NOTIFICATION

Requires DSS to report annually on potential Medicaid waivers and changes to the Medicaid state plan that may result in cost savings, and narrows a legislative notification requirement

The act requires the DSS commissioner, annually by December 15, to notify the Appropriations and Human Services committees of potential Medicaid waivers and amendments to the Medicaid state plan that may result in state cost

savings. Under prior law, the commissioner had to notify the Appropriations and Human Services committees if, in developing the next fiscal year's budget, the commissioner considered applying for a federal waiver for any assistance program or submitting a proposed Medicaid state plan amendment to the federal government. Existing law, unchanged by the act, requires the commissioner to submit applications for waivers and waiver renewals to the Appropriations and Human Services committees for approval before submitting them to the federal government.

EFFECTIVE DATE: Upon passage

§ 170 — SPECIAL TRANSPORTATION FUND (STF)

Removes the requirement that remaining STF funds, after first being used for other specified obligations, pay for DSS' transportation to work program

By law, money in the STF must be used first for debt service on special tax obligation bonds and to pay for certain transportation projects. The act eliminates a requirement that remaining STF funds pay for DSS' transportation for employment independence program. Existing law, unchanged by the act, requires that such funds also be appropriated to pay for (1) general obligation bonds issued for transportation projects, (2) DOT and DMV budget appropriations, and (3) DEEP boating regulation and enforcement.

EFFECTIVE DATE: Upon passage

§§ 171-173 — BIRTH-TO-THREE

Transfers administration of the Birth-to-Three program from OEC to SDE

The act transfers administration of the Birth-to-Three program, which provides mental health services to children eligible for early intervention services under the federal Individuals with Disabilities Education Act (IDEA), from OEC to SDE.

EFFECTIVE DATE: Upon passage

§ 174 — MEDICARE PART D FOR DUALLY ELIGIBLE RECIPIENTS

Eliminates the requirement that DSS pay any Medicare Part D prescription drug copayments for beneficiaries who are dually eligible for Medicare and Medicaid

The act eliminates the requirement that DSS pay any Medicare Part D prescription drug copayments for Medicare beneficiaries who are also fully eligible for Medicaid. Under prior law, DSS paid any costs that exceeded \$17 for any beneficiary in one month.

EFFECTIVE DATE: Upon passage

§ 175 — MEDICAID PHARMACY REIMBURSEMENT

Eliminates statutory requirements and allows DSS to revise reimbursement methodology and professional dispensing fees

The act eliminates the Medicaid reimbursement methodology for prescription drugs and pharmacist professional fees that prior law required DSS to follow. It instead allows DSS, with OPM approval, to revise the Medicaid reimbursement methodology and dispensing fees for covered outpatient drugs on or after April 1, 2017. The act also eliminates a provision allowing DSS to provide an enhanced dispensing fee to a pharmacy enrolled in the federal Office of Pharmacy Affairs Section 340B drug discount program.

EFFECTIVE DATE: Upon passage

§§ 176-179 — MEDICAID AND SPECIAL EDUCATION

Requires each local and regional board of education to enroll as a Medicaid provider, participate in DSS's Medicaid School Based Child Health Program, and submit billable service information to DSS

The act requires each local and regional board of education, by July 1, 2017, to (1) enroll as a Medicaid provider, (2) participate in DSS' Medicaid School Based Child Health (SBCH) Program, and (3) submit billable service information electronically to DSS or its billing agent. It also makes technical changes.

Third-Party Vendors

The act allows any local or regional board of education to contract with a third-party vendor to comply with its requirements. It permits these agreements to provide that costs for the contracted services be paid from, and contingent on receipt of, sufficient funds from grants DSS makes by law to local and regional boards of education based on Medicaid claims for special education services provided to students in the school district.

SBCH Program

The act requires, rather than allows, local and regional boards of education to determine a child's Medicaid enrollment status. It also requires planning and placement teams to comply with federal parental consent and written notification requirements prior to billing for services under the SBCH Program. In addition, the act requires private schools, hospitals, and other institutions that provide special education instruction under an agreement with a local or regional board of education to submit to the board all documentation required to submit claims to the SBCH Program.

EFFECTIVE DATE: Upon passage

§ 180 — LIMIT ON NONEMERGENCY ADULT DENTAL SERVICES

Caps payment for nonemergency dental services for adults to \$1,000 per fiscal year

The act establishes a cap on DSS' payment for nonemergency dental services for adults at \$1,000 per fiscal year per individual. By law, covered services are only those that are medically necessary.

EFFECTIVE DATE: Upon passage

§§ 181-204 & 975 — CITIZENS' ELECTION PROGRAM

Repeals the CEP; requires that CEF funds be transferred to the General Fund

The act repeals the state's public campaign financing program, known as the Citizens' Election Program (CEP). Under the program, legislative and statewide office candidates who received qualifying contributions ranging from \$5 to \$100, agreed to limit their spending, and complied with other requirements, were eligible to receive state grants to fund their campaigns.

In repealing the CEP, the act subjects all legislative and statewide office candidates to the limits on campaign contributions that previously applied only to candidates who did not participate in the program. It also removes the limits on campaign spending that previously applied only to those who participated.

The act makes numerous technical and conforming changes, including eliminating the State Elections Enforcement Commission's CEP-related duties, as well as references to "participating candidates" and "nonparticipating candidates."

EFFECTIVE DATE: Upon passage

Citizens' Election Fund

The act makes another conforming change by eliminating the Citizens' Election Fund (CEF) from which grant payments to participating candidates were made. It requires that all CEF funds be transferred to the General Fund.

Under prior law, the CEF was funded mostly by proceeds from the sale of abandoned property that escheats (reverts) to the state. If there were not enough proceeds in a fiscal year to cover the required annual deposit, corporation business tax revenues were deposited in the fund to cover the shortfall. The fund also received voluntary contributions, surplus donations from candidate committees, and proceeds from its investment earnings.

§§ 205-213 — CONTRIBUTION LIMITS

Increases the limit on contributions to (1) legislative office candidates from legislative caucus and legislative leadership committees and (2) exploratory committees from various contributors

The act increases various contribution limits. Specifically, it increases the limit on contributions from legislative caucus and legislative leadership committees to candidates for (1) state senator, from \$10,000 to \$20,000, and (2) state representative, from \$5,000 to \$10,000. By law, unchanged by the act, these limits apply separately to primary and general election campaigns.

The act also increases, from \$375 to \$1,000, the limit on contributions to exploratory committees from the following sources:

1. business political committees (known as PACs),
2. labor PACs,
3. party committees (i.e., state central and town committees),
4. PACs organized for ongoing political purposes, and
5. PACs organized for a single primary or election.

Similarly, the act increases, from \$375 to \$1,000, the limit on contributions from individuals to exploratory committees, other than for those for state representative candidates. The act retains the \$250 limit on individual contributions to exploratory committees for state representative candidates.

EFFECTIVE DATE: Upon passage

§§ 214-216 — 7/7 BROWNFIELD AND UNDERUTILIZED PROPERTY REDEVELOPMENT PROGRAM

Authorizes a package of state and local tax incentives available to eligible owners after remediating, redeveloping, and using formerly contaminated, abandoned, or underutilized properties

The act provides a package of tax incentives to property owners after they remediate, redevelop, and use property that was contaminated, abandoned, or underutilized. Owners must apply to DECD for these incentives and provide certain information, including a commitment to hire students to work at the redeveloped property.

The incentives are available in two seven-year stages, with the second stage available only to contaminated and remediated properties (i.e., brownfields).

During the first seven years after an owner redevelops an approved property, the owner qualifies for (1) corporation business or personal income tax credits against the income attributed to business operations at the redeveloped property and (2) a sales and use tax exemption applicable to items purchased for use at the property. Also during this period, the owner may have the redeveloped property's tax assessment frozen for five years at its predevelopment assessed value.

If the property was a brownfield, the owner qualifies for an additional seven-year benefit beginning in the eighth year after the property's redevelopment. The benefit is a business or personal income tax deduction of up to 8.57% of the eligible expenses the owner incurred in remediating the property.

The act requires the DECD commissioner, in consultation with the revenue services commissioner, to adopt regulations implementing the program.

EFFECTIVE DATE: Upon passage and applicable to taxable years and income years beginning on or after January 1, 2017.

Eligibility

The act establishes the "7/7 program" and opens it to any person, firm, limited liability company, nonprofit or for-profit corporation, or other business entity that owns (1) an abandoned or underutilized property (i.e., problem property) or (2) property where actual or potential pollution has discouraged the owner or other parties from redeveloping, reusing, or expanding it (i.e., brownfield).

An abandoned or underutilized property qualifies for 7/7 program benefits if its host municipality certifies that the property has been in that condition for at least 10 years. A brownfield qualifies if its owner (1) is not responsible for pollution or a source of pollution on the property and (2) did not establish, create, or maintain a source that polluted the state's water.

DECD Application

Contents. Eligible property owners seeking 7/7 program tax incentives must submit an application to DECD, providing:

1. a description of the property and its proposed reuse,
2. a written certification that the property is a brownfield or has been abandoned or underutilized for at least 10 years,

3. a plan of anticipated workforce needs and a commitment to hire trained students to work at the redeveloped property (see below),
4. a written certification from the property's host municipality stating that it supports the property's approval for 7/7 program incentives, and
5. any other information the DECD commissioner requests.

Under the act, the owner provides the certification that the property is a brownfield. The host municipality must provide the certification if the property has been abandoned or underutilized for at least 10 years.

The commissioner must approve an owner's application if it includes all of the required information and notify the DRS commissioner when she does so.

Worker Training and Hiring Requirements. A property owner applying to be a 7/7 program participant must include in his or her application a plan outlining anticipated workforce needs and a commitment to hire trained students. An owner must submit the plan to the area's high schools and the regional technical community colleges identifying the (1) types of jobs to be performed at the redeveloped property and (2) training requirements for the jobs so that the schools and colleges can prepare students for them. The owner must also commit to hiring at least 30% of the workers at the property from among the enrollees of the educational programs developed to train workers for jobs at the redeveloped property.

7/7 Program Incentives: Timing

The owners of brownfields approved for 7/7 incentives qualify for them only after they remediate the property, file the necessary documents verifying remediation, and notify the host municipality and the DRS and DECD commissioners to that effect. Neither owners of a remediated brownfield or a redeveloped problem property approved for 7/7 incentives can claim the incentives until they begin business operations on the property.

Brownfield and problem property owners qualify for the same types of benefits during the first seven years after they begin operations on the property (i.e., Stage 1 incentives). Brownfield owners qualify for an additional incentive over the next seven years (i.e., Stage 2 incentives).

Table 21 summarizes the schedule of 7/7 Program incentives.

Table 21: 7/7 Program Incentive Schedule

<i>Stage</i>	<i>Eligible Property</i>	<i>Time Period</i>	<i>Incentives</i>
1	Remediated and redeveloped former brownfields Redeveloped and reused previously abandoned and underutilized property	First seven years after business operations begin at redeveloped property	Personal income or corporation business tax credit equal to 100% of the taxes attributable to business operations at the redeveloped property Sales and use tax exemption for items purchased for use at redeveloped property Five-year property tax assessment freeze
2	Remediated and redeveloped former brownfields	Years eight to 14 after business operations begin at redeveloped property	Maximum 8.57% deduction against personal income or corporation business taxes for eligible remediation expenses

7/7 Program Incentives: Stage One Incentives

Business and Personal Income Tax Credits. Brownfield and problem property owners are eligible for a tax credit for seven years against their annual personal income or corporation business taxes equal to 100% of the taxes attributable to business operations at the property during the taxable year, after deducting any other available credits.

The credit against the personal income tax is available to owners organized as "S" corporations, limited liability partnerships, or limited liability companies. These business entities do not pay corporation business taxes, but the owners and partners pay personal income taxes on the income they derive from the entity. (These entities are commonly referred to as "pass-through entities," meaning that the income flows from the business to the owner where it is taxed as personal

income.) Consequently, the act allows these members, shareholders, and partners to claim a credit equal to their share of the taxes attributable to the property's operation during the taxable year.

Sales and Use Tax Exemptions. Brownfield and problem property owners qualify for sales and use tax exemptions for any item they purchase and use at the redeveloped property in the ordinary course of business. Like the personal and corporation business tax credit, the sales tax exemption is available for seven calendar years from when business operations start at the property.

Owners may claim this exemption by presenting a certificate indicating that the purchased item is exempt from the tax. The certificate must be substantially in a form the DRS commissioner prescribes and bear the purchaser's name, address, and signature. If the purchaser does not use the item in the ordinary course of business at the property, the purchaser must pay the sales and use tax.

Property Tax Assessment Freeze. Property owners also receive a property tax incentive. Under the act, municipalities must freeze, for five assessment years after the owner receives a building permit to begin construction, the assessed value a property had at the time the DECD commissioner approved it for the program.

7/7 Program Incentives: Stage Two Incentives

Brownfield owners receive an additional incentive, which is available for seven years, beginning in the eighth year after business operations began at a remediated program property. The incentive is a deduction against the personal income or corporation business tax for up to 8.57% of the eligible expenses the owner incurred to remediate the property.

Eligible expenditures are those the owner incurred to investigate and assess the nature and extent of the contamination and to remediate it. They include:

1. investigating soil, groundwater, and infrastructure;
2. assessing the property's condition;
3. remediating soil, sediments, groundwater, or surface water;
4. abating contamination;
5. removing and disposing of hazardous materials or waste;
6. implementing long-term groundwater or natural attenuation monitoring;
7. implementing institutional controls, such as environmental land use restrictions or activity and use limitations;
8. paying reasonable attorneys' fees;
9. retaining planners, engineers, and environmental consultants; and
10. remediating building and structural issues, such as demolishing structures, abating asbestos, and removing PCBs, contaminated wood, or paint.

Expenditures funded under a DECD brownfield cleanup program do not qualify for the exemption.

§§ 217-220 & 282 — JUDICIAL COMPENSATION

Delays by two years a 3% salary increase for judges and certain other judicial officials that took effect July 1, 2017 and requires the comptroller to recover the salary increase received by such officials from July 1, 2017 until the act's passage

The act delays by two years a previously scheduled 3% increase in salaries for judges and family support magistrates and per diem rates for family support referees and judge trial referees. Under the act, the increases take effect July 1, 2019 instead of July 1, 2017.

It similarly delays an increase in the additional compensation that certain judges receive for performing administrative duties. And it delays an increase in the salary or per diem rate of certain officials (such as workers' compensation commissioners) whose compensation, by law, is determined in relation to a Superior Court judge's salary or state referee's per-diem rate.

The act requires the comptroller, in collaboration with the Chief Court Administrator, labor commissioner, and workers' compensation commission chairperson, to take such measures as he deems necessary to recover any salary increase received from July 1, 2017 through the act's passage by a judge, judge trial referee, family support magistrate, family support referee, or workers' compensation commissioner. It prohibits any such salary increase for such officials during that period from being included in the computation of their retirement salary.

EFFECTIVE DATE: Upon passage

Judicial Salaries

Table 22 shows salaries and per diem rates affected by the act.

Table 22: Judicial Salaries

<i>Position</i>	<i>Salary until July 1, 2017 under Prior Law and Current Salary under the Act</i>	<i>Salary Starting July 1, 2017 under Prior Law; Delayed to July 1, 2019 by the Act</i>
Supreme Court chief justice	\$200,599	\$206,617
Chief court administrator (if a judge)	192,763	198,545
Supreme Court associate justice	185,610	191,178
Appellate Court chief judge	183,556	189,063
Appellate Court judge	174,323	179,552
Deputy chief court administrator (if a Superior Court judge)	171,143	176,277
Superior Court judge	167,634	172,663
Chief family support magistrate	145,936	150,314
Family support magistrate	138,893	143,060
Family support referee	217/ day*	223/ day*
Judge trial referee	251/ day*	259/ day*

*Plus expenses, mileage, and retirement pay

Administrative Judges

In addition to their annual salaries, the law provides extra compensation to judges who take on certain administrative duties. These amounts were previously scheduled to increase from \$1,142 to \$1,177 starting July 1, 2017. The act delays the increase by two years, to July 1, 2019.

The judges who receive this additional amount are (1) the appellate system's administrative judge; (2) each judicial district's administrative judge; and (3) each chief administrative judge for (a) facilities, administrative appeals, the judicial marshal service, or judge trial referees and (b) the Superior Court's Family, Juvenile, Criminal, or Civil divisions.

Related Delayed Increases

The act's provisions also result in two-year delays for salary or rate increases for other officials or judges whose compensation is tied to those of Superior Court judges or judge trial referees. Specifically:

1. the salaries of workers' compensation commissioners vary depending on experience and are tied to those of Superior Court judges (CGS § 31-277);
2. the salaries of probate court judges vary depending on probate district classification, and range from 45% to 75% of a Superior Court judge's salary (CGS § 45a-95a);
3. senior judges receive the same per-diem rates as judge trial referees (CGS §§ 51-47b & 52-434b); and
4. the probate court administrator's salary is the same as that of a Superior Court judge (CGS § 45a-75).

§§ 221-224 – EDUCATION GRANT CAPS

Makes permanent the caps on four education grants to school districts and regional education service centers (RESCs)

The act permanently caps four state education grants to school districts and regional education service centers (RESCs). Grants for the following are affected:

1. health services for private school students (CGS § 10-217a),
2. adult education programs (CGS § 10-71),

3. bilingual education programs (CGS § 10-17g), and
4. RESC operations (CGS § 10-66j).

The act requires that these grants be proportionately reduced if the state budget appropriations do not cover the full amounts required by their statutory formulas. Under prior law, the caps expired on June 30, 2017. (The law, unchanged by the act, only authorizes boards of education to apply for bilingual education program grants for FYs 16 and 17.)

EFFECTIVE DATE: Upon passage

§ 225 — MAGNET SCHOOL GRANTS

Renews the prioritization for per-student grant payments for magnet school enrollment increases and allows RESC-operated magnets outside of the Sheff region to be eligible for a higher per student grant

For FY 17, existing law authorizes SDE to consider a magnet school's enrollment as of October 1, 2013 or October 1, 2015, whichever is lower, as the base enrollment that SDE will fund. For FY 17, the law requires SDE to prioritize funding for additional magnet school seats based on enrollment increases due to (1) certain planned additions of new grade levels or (2) compliance with magnet school law requirements (e.g., racial and economic diversity).

For FYs 18 and 19, the act similarly authorizes SDE to consider a magnet school's enrollment as of October 1, 2013, October 1, 2015, or October 1, 2016, whichever is lower, as the base enrollment that SDE will fund (for FY 19, it is unclear whether enrollment in 2017 must be considered instead of 2016). The act requires SDE to prioritize funding approval, subject to the SDE commissioner's approval, for additional magnet school seats, including increases in enrollment due to planned and approved new grade levels.

It also extends, through FY 19, (1) the *Sheff* region host magnet school per student grant (\$13,054) and (2) an authorization under which magnet school programs operating at less than full-time, but more than half-time, receive 65% of the normal per-student grant.

For FYs 18 and 19 it applies the *Sheff* region RESC magnet school per student grant amount (\$10,443) to any RESC magnet school in the state that enrolls less than 60% of its students from Hartford. It also makes technical changes.

EFFECTIVE DATE: Upon passage

§ 226 — BAN ON SHEFF HOST MAGNET SCHOOLS CHARGING TUITION TO SENDING DISTRICTS

Continues the ban on a Sheff region host magnet school charging tuition

For the school years beginning July 1, 2017 and July 1, 2018, the act prohibits *Sheff* host magnet school operators from charging school districts tuition for their students who attend the magnet school. The ban, which had been in place for years, expired with the end of the school year beginning July 1, 2016.

EFFECTIVE DATE: Upon passage

§ 227 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends daily and other rate adjustments for FYs 18 and 19 for DCF-licensed private residential treatment facilities

The act suspends rate adjustments, including adjustments to allowable daily payments, for DCF-licensed private residential treatment facilities in FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§ 228 — REDUCTIONS FOR MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS

Requires pro rata payment reductions to municipal and district health departments

The act requires the public health commissioner to reduce, on a pro rata basis, payments to municipal and district health departments by a total of \$512,330 for FY 18. It requires the reduced payments to be made on or after October 15, 2017.

To receive state funding, existing law requires that, among other things, (1) a municipality have a full-time health department and a population of at least 50,000 and (2) health districts have a total population of at least 50,000 or serve three or more municipalities, regardless of their combined total population.

EFFECTIVE DATE: Upon passage

§ 229 — FEDERAL REIMBURSEMENT FOR DCF AND DSS PROGRAMS

Allows DSS and DCF, with OPM's approval, to establish receivables for anticipated federal reimbursement

For FYs 18 and 19, the act allows DSS and DCF, with OPM's approval and in compliance with any advanced planning document approved by the federal Department of Health and Human Services, to establish receivables for anticipated reimbursement from approved projects. (A receivable is an amount due from another source or party.) This allows the agencies to make payments (e.g., to contractors) before being reimbursed.

EFFECTIVE DATE: Upon passage

§ 230 — TEMPORARY FAMILY ASSISTANCE (TFA) AND STATE ADMINISTERED GENERAL ASSISTANCE (SAGA) RATES

Extends the TFA and SAGA freeze for an additional two years, FYs 18 and 19

The act extends for the next two fiscal years (FYs 18 and 19) a freeze on payment standards (i.e., benefits) for DSS' TFA and SAGA cash assistance programs at FY 15 rates. The law generally requires the DSS commissioner to raise the payment standards by the increase in the consumer price index for urban consumers (a measure of inflation) but changes to the law have frequently prohibited this increase.

TFA provides temporary cash assistance to families that meet certain income and asset limits. In general, SAGA provides cash assistance to single or married individuals without children, who have very low incomes, do not qualify for any other cash assistance program, and are considered "transitional" or "unemployable."

EFFECTIVE DATE: Upon passage

§ 231 — STATE SUPPLEMENT PROGRAM (SSP)

Freezes SSP rates for an additional two years, FYs 18 and 19

The law generally requires the DSS commissioner to annually increase SSP payment standards based on the consumer price index for urban consumers (a measure of inflation) within certain parameters. The act extends the current freeze on these payment standards for the next two fiscal years (FYs 18 and 19).

Generally, under SSP, DSS provides cash assistance to supplement federal Supplemental Security Income (SSI) payments. (An individual not receiving SSI may still qualify for SSP if his or her monthly Social Security, private pension, or veteran's benefit is low.)

EFFECTIVE DATE: Upon passage

§ 232 — BOARDING HOME RATES

Freezes, with exceptions, rates paid by DSS to certain boarding homes

For FYs 18 and 19, the act generally freezes rates paid by DSS at FY 17 levels for room and board at private residential facilities and similar facilities operated by regional educational service centers that provide vocational or functional services for individuals with certain disabilities (non-ICF-ID boarding homes). Within available appropriations, the act allows these rates to exceed the FY 17 level only for capital improvements made in FY 18 or FY 19 and approved by DDS, in consultation with DSS, for residents' health and safety.

EFFECTIVE DATE: Upon passage

§§ 232-234 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for residential services at certain facilities through FY 19

Under the act, regardless of rate-setting laws or regulations to the contrary, the rates the state pays to residential care homes, community living arrangements, and community companion homes that received the flat rate for residential services in FY 16 remain in effect through FY 19. State regulations permit these facilities to have their rates determined based on a flat rate rather than submitted cost reports.

EFFECTIVE DATE: Upon passage

§ 235 — CAP ON RESIDENTIAL CARE HOME RATES

Caps residential care home rates with certain exceptions

For FYs 18 and 19, the act caps rates for residential care homes at FY 17 and 18 levels, respectively, with an exception for homes that receive certain proportional fair rent increases. The act allows the DSS commissioner to provide such increases within available appropriations to homes with documented fair rent additions (1) placed in service in the cost report years ending September 30, 2016 or September 30, 2017, respectively, and (2) that are not otherwise included in the issued rates.

EFFECTIVE DATE: Upon passage

§§ 236 & 237 — MEDICAID NURSING HOME RATES

Limits nursing home Medicaid rates with certain exceptions, reverses a recent rate decrease for certain homes, and lowers the minimum occupancy for purpose of calculating rates

By law, the DSS commissioner must issue lower rates to facilities that would have been issued a lower rate due to their interim rate status or an agreement with DSS were it not for any rate freeze or other provisions in effect. The act eliminates a provision also requiring lower rates for facilities that experience a change in allowable fair rent.

For FY 18 and effective July 1, 2017, the act also reverses a rate decrease for facilities that received a rate decrease due to a 2015 fair rent asset expiring.

For FY 18, the act requires DSS to determine nursing facility rates based on 2016 cost reports but also limits any change in rates to no higher than, and not more than 2% less than, rates in effect at the end of calendar year 2016.

For FY 19, the act caps rates at FY 18 levels but allows the DSS commissioner to provide higher rates in the form of proportional fair rent increases, which may, at his discretion, include increases for facilities that have had a material change in circumstances related to fair rent additions or moveable equipment placed in service in the cost report year ending September 30, 2017 and not otherwise included in issued rates.

Generally, when DSS computes a facility's rates, it divides the facility's allowable costs by the facility occupancy at 95% of licensed capacity so that homes with more empty beds receive lower rates than higher occupancy homes. The act lowers the licensed capacity used for this calculation from 95 to 90% for FY 14 and succeeding fiscal years. (In practice, DSS has used a 90% occupancy rate since FY 14.)

EFFECTIVE DATE: Upon passage

§ 238 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF-ID)

Freezes FY 18 and FY 19 rates for ICF-IDs, with certain exceptions

For FY 18 and FY 19, the act caps Medicaid rates for ICF-IDs at FY 17 levels, except that the state may pay a higher rate, within available appropriations, to facilities that have made a capital improvement, approved by DDS in consultation with DSS, for residents' health or safety during FY 18 or FY 19. The act also extends through FY 18 and FY 19 a provision allowing the DSS commissioner to provide fair rent increases to facilities that have an approved certificate of need and undergo a material change in circumstances related to fair rent.

EFFECTIVE DATE: Upon passage

§ 239 — PAYMENTS FOR RETIRED TEACHERS HEALTH INSURANCE

Authorizes a reduction in state payments for FYs 18 and 19 to the Teachers' Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education

The act authorizes a reduction, for FYs 18 and 19, in state payments to the Teachers' Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education.

The act supersedes the law that requires the state to pay one-third of the premium for the basic TRB health plan for retired teachers enrolled in Medicare Parts A and B and instead requires the state to pay only the amount appropriated for

FYs 18 and 19. Also, it supersedes the law that requires the state to pay one-third of the subsidy to local boards of education that provide retiree health insurance to those who are not enrolled in Medicare Parts A and B and instead requires the state to pay only the amount appropriated for FYs 18 and 19.

Under the superseded law, the annual premiums for the basic TRB health plan are split equally among the General Fund, the retired teacher, and the retired teachers' health insurance premium account (CGS § 10-183t). As for the plans offered by local boards of education, the superseded law requires the TRB to provide a subsidy to local school boards to offset retired teachers' local plan premiums (for the subsidy, one-third comes from the General Fund and the rest is paid by the retired teachers' health insurance premium account (CGS § 10-183t).

The act requires the retired teachers' health insurance premium account to make up the difference for both of these health plans for FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§§ 240 & 520 —MEDICARE SAVINGS PROGRAM

Reduces income eligibility for the Medicare Savings Program

The act reduces eligibility for each of the Medicare Savings Program (MSP) tiers (see below) by lowering income limits as a percentage of the federal poverty level (FPL), as shown in Table 23. The act also makes a conforming change to require that DSS post regulations on its website and on the eRegulations system rather than in the Connecticut Law Journal.

Table 23: MSP Income Limits

<i>MSP Program Tier</i>	<i>Cost-Sharing Payments Covered</i>	<i>Prior Law</i>		<i>Under the Act</i>	
		<i>Income Limit (% FPL)</i>	<i>Annual Income Limit* (Individual)</i>	<i>Income Limit (% FPL)</i>	<i>Annual Income Limit* (Individual)</i>
Qualified Medicare Beneficiary Program (QMB)	<ul style="list-style-type: none"> Medicare Part B Premium All Medicare deductibles Co-insurance 	Less than 211%	\$25,447	Less than 100%	\$12,060
Specified Low-Income Medicare Beneficiary Program (SLMB)	<ul style="list-style-type: none"> Medicare Part B Premium 	211%-231%	\$27,859	100% to 120%	\$14,472
Qualified Individual (QI)	<ul style="list-style-type: none"> Medicare Part B Premium 	231%-246%	\$29,668	120% to 135%	\$16,281

* Income limit calculations are based on 2017 FPL values. FPL values change annually.

The federal MSP consists of three separate program tiers: the Qualified Medicare Beneficiary (QMB), the Specified Low-Income Medicare Beneficiary (SLMB), and the Qualified Individual (QI). To qualify, individuals must be enrolled in Medicare Part A. Program participants get help from the state's Medicaid program with their Medicare cost sharing, including premiums and deductibles.

EFFECTIVE DATE: January 1, 2018

§ 241 — OFFICE OF STATE BROADBAND

Eliminates the Office of State Broadband

The act eliminates the Office of State Broadband within the Office of Consumer Counsel (OCC). Prior law required the broadband office to (1) work to facilitate the availability of broadband access to every state citizen and increase access to ultra-high-speed gigabit capable broadband networks and (2) include a broadband policy coordinator and other staff as the consumer counsel deemed necessary to perform those duties.

The act also eliminates OCC's specific authority to (1) collaborate with public and nonprofit entities and state agencies and (2) provide advisory assistance, including help to procure grants, to municipalities, local authorities, and private corporations to expand broadband access in the state and foster innovative broadband approaches.

EFFECTIVE DATE: Upon passage

§ 242 — EVALUATING TRANSPORTATION PROJECTS

Exempts from certain evaluation requirements certain projects that the DOT commissioner determines are necessary to maintain the state's infrastructure

PA 17-192 requires the transportation commissioner to develop, and obtain legislative approval for, a method to evaluate "transportation projects," and to use this method to evaluate these projects before seeking funding for them from the legislature.

Under PA 17-192, a transportation project included a transportation planning or capital project, begun by the state on or after July 1, 2018, that (1) is estimated to cost \$150 million or more or (2) expands capacity on a limited access highway, transit or railroad system, or parking facility.

This act specifically excludes from the definition of "transportation project" and therefore from PA 17-192's evaluation requirements, any project begun on or after July 1, 2018 that (1) the transportation commissioner finds necessary to maintain the state's infrastructure in good repair and (2) is estimated to cost less than \$150 million.

EFFECTIVE DATE: Upon passage

§ 243 — DAS CANDIDATE LISTS

Allows DAS to extend candidate lists through the end of 2018

The act allows the Department of Administrative Services (DAS) commissioner to continue or extend, through December 31, 2018, any candidate list scheduled to expire on or after June 7, 2017.

By law, positions in the state employee classified service must be filled from a list of qualified people, known as a candidate list. The lists must generally remain in force for at least three months, but not more than one year, unless the DAS commissioner grants an exception under certain circumstances.

EFFECTIVE DATE: Upon passage

§ 244 — OFFICE OF HEALTH STRATEGY

Establishes an Office of Health Strategy to oversee specified health policy initiatives

The act establishes an Office of Health Strategy, headed by an executive director appointed by the governor with confirmation by the House or Senate. It places the office in DPH for administrative purposes only and makes it the successor to the:

1. Connecticut Health Insurance Exchange's responsibilities related to administering the all-payer claims database and
2. lieutenant governor's office related to (a) consulting with DPH to develop a statewide chronic disease plan; (b) housing, chairing, and staffing the Health Care Cabinet; and (c) appointing the state's health information technology officer and overseeing his or her duties.

Any order or regulation of the above entities in force on July 1, 2018 continues in force and effect until amended, repealed, or superseded by law.

Responsibilities

Under the act, the office is responsible for:

1. developing and implementing a comprehensive and cohesive health care vision for the state, including a coordinated state health care cost containment strategy;

2. directing and overseeing the (a) all-payers claim database program and (b) State Innovation Model Initiative and related successor initiatives;
3. coordinating the state's health information technology initiatives;
4. directing and overseeing the Office of Health Care Access and all of its duties and responsibilities; and
5. convening forums and meetings with state government and external stakeholders, including the Connecticut Health Insurance Exchange, to discuss health care issues designed to develop effective health care cost and quality strategies.

EFFECTIVE DATE: July 1, 2018

§§ 245 & 246 — DEFICIT MITIGATION PLAN THRESHOLD

Lowers the projected deficit threshold, from 1% to 0.5% of total General Fund appropriations, that triggers certain deficit mitigation actions by the governor

By law, the comptroller must issue a cumulative monthly financial statement on the status of the General Fund; if the budget deficit projection contained within the statement exceeds a statutory threshold, it triggers certain actions by the governor. The act lowers this threshold, from 1% to 0.5% of total General Fund appropriations.

By law, when the comptroller's cumulative monthly financial statement projects a current year deficit that exceeds the threshold, the governor (1) must, within 30 days after the issuance, submit a deficit mitigation plan to the Appropriations and Finance, Revenue and Bonding committees and (2) may reduce any allotments.

Similarly, effective July 1, 2019, as part of the required deficit mitigation plan, the act authorizes the governor to direct the treasurer to transfer money in the Restricted Grants Fund (RGF) to the General Fund when the cumulative monthly statement projects a budget deficit of 0.5%, rather than 1%, of General Fund appropriations.

EFFECTIVE DATE: Upon passage, except that the provision on transferring RGF funds is effective July 1, 2019.

§ 247 — MUNICIPAL VOLUNTEERS

Prohibits new municipal collective bargaining agreements from limiting a municipality's ability to have volunteers provide services for it

The act prohibits any municipal employee union contract entered into on or after the act takes effect from limiting the municipality's ability to allow volunteer services for its benefit.

EFFECTIVE DATE: Upon passage

§ 248 — SUPERMAJORITY VOTE REQUIRED FOR CERTAIN MANDATES

Prohibits the legislature from enacting a public act that imposes an unfunded state mandate on a political subdivision unless approved by a supermajority

The act prohibits the legislature from adopting a public act that imposes a mandate on a political subdivision that requires the subdivision to appropriate funds to comply unless the act receives the approval of at least two-thirds of the membership in each chamber.

Based on the principle of legislative entrenchment, it is unclear whether this provision is enforceable against future legislatures.

EFFECTIVE DATE: Upon passage

§ 249 — MUNICIPAL EDUCATION BUDGET REDUCTIONS

Allows a municipality to reduce its noneducational expenses by the same amount as its reduced municipal aid without holding a referendum

The act allows a municipality that has adopted an FY 18 budget to reduce, without holding a referendum, the noneducational expenses component of its education budget by the amount of any reduction in municipal aid it received from all sources in FY 18 compared to FY 17. The act does not define "noneducational expenses."

The authorization applies regardless of any conflicting special act, municipal charter, or home rule ordinance. Under the act, a "municipality" is any town, city, borough, consolidated town and city, or consolidated town and borough.

EFFECTIVE DATE: Upon passage

§ 250 — PURCHASING PROCEDURES APPLICABLE TO LOCAL BOARDS OF EDUCATION

Requires school boards to use, and comply with, any local purchasing procedures

The act requires each local board of education to use, and comply with, all purchasing procedures used by the board's host municipality. This requirement applies regardless of any conflicting special act, municipal charter, or home rule ordinance. It is unclear how this requirement would apply in cases of conflicting state laws (e.g., competitive bidding requirements for school construction).

EFFECTIVE DATE: Upon passage

§ 251 — MUNICIPAL COLLABORATION WITH BOARDS OF EDUCATION

Requires, when possible, local boards of education to collaborate with their municipalities to jointly purchase property, casualty, and workers' compensation insurance

The act requires local boards of education and their host municipalities to consult with each other, when possible, about consolidating to jointly purchase property, casualty, and workers' compensation insurance. For these purposes, municipalities are any town, city, borough, consolidated town and city, or consolidated town and borough.

EFFECTIVE DATE: Upon passage

§ 252 — CONSULTATION CONCERNING SHARED MAINTENANCE RESPONSIBILITY

Requires school boards to consult with their local appropriating authority before authorizing the authority to share responsibility for certain maintenance tasks

The act requires each local board of education to consult with the local appropriating authority (e.g., the board of finance or board of selectmen) before authorizing that authority to share responsibility for the board's maintenance of buildings, grounds, equipment, or information technology. The requirement applies regardless of any conflicting special act, municipal charter, or home rule ordinance.

EFFECTIVE DATE: Upon passage

§ 253 — LOCAL BUDGET AND TAX ADJUSTMENTS

Requires municipalities and regional boards of education to amend adopted budgets and adjust tax levies to reflect inaccurate state aid projections

The act requires municipalities and regional boards of education that adopted a budget or levied taxes for FY 18 before the state adopted its FY 18 budget to change their budgets and levies if the state's budget provides over \$500,000 more in state aid than the board or municipality projected. Specifically:

1. municipalities and boards must amend their budgets in the same manner in which the budget was originally adopted, in an amount not exceeding the increase in state aid to the board or municipality, and
2. by January 1, 2018, municipalities and boards must adjust tax levies and any remaining tax installments.

Additionally, by January 1, 2018, municipalities that collect taxes in a single installment may also issue supplemental bills reflecting the repeal of the motor vehicle mill rate cap (i.e., adjustments reflecting an increased mill rate for motor vehicles and the termination of motor vehicle property tax grants, see §§ 35 & 975).

These provisions apply regardless of conflicting (1) statutes affecting education and boards of education, municipalities, and property tax levy and collection (including the provisions concerning installments); (2) special acts; or (3) municipal charters or home rule ordinances. "Municipalities" covered by the act's authorization are any towns, cities, boroughs, consolidated towns and cities, and consolidated towns and boroughs.

EFFECTIVE DATE: Upon passage

§ 254 — EXECUTIVE BRANCH AGENCY SAVINGS

Requires the governor to achieve savings by (1) eliminating certain agency positions and (2) consolidating all agency human resource functions in DAS

The act requires the governor to achieve General Fund savings of \$19,472,184 in FY 18 and \$24,042,877 in FY 19 by doing the following with respect to executive branch agencies:

1. eliminating agency deputy secretary positions,
2. consolidating human resource functions in DAS,
3. eliminating all filled executive assistant positions, and
4. reducing filled executive secretary communications positions.

EFFECTIVE DATE: Upon passage

§ 255 — RESULTS FIRST PILOT PROGRAM

Requires the OPM secretary to create a pilot program that applies Pew-MacArthur Results First principles to at least 10 state-financed grant programs

The act requires the OPM secretary, by January 1, 2018, to promote cost-effective state policies and programming by creating a pilot program that applies Pew-MacArthur Results First principles (i.e., a cost-benefit analysis approach) to at least 10 state-financed grant programs he selects.

The grant programs must include those that provide services to families, employment programs, and at least one contracting program of a state agency with an annual budget of over \$200 million.

The act also requires the OPM secretary, by April 1, 2018, to report to the Appropriations Committee on which grant programs the secretary included in the pilot program, the program's status, and any recommendations.

EFFECTIVE DATE: Upon passage

§ 256 — UCONN HEALTH CENTER PUBLIC-PRIVATE PARTNERSHIPS

Requires the UConn Health Center to seek to establish public-private partnerships and report to certain legislative committees by April 1, 2018

The act requires the UConn Health Center board of directors to seek to enter into public-private partnerships with hospitals or other private entities the board selects. It requires the board to report, by April 1, 2018, to the Higher Education, Public Health, and Appropriations committees on the status of the partnerships and any recommended legislation.

EFFECTIVE DATE: Upon passage

§§ 257 & 975 — STATE BUILDING ARTWORK

Eliminates the (1) requirement that the state bond commission, when allocating bond proceeds for state building construction, reconstruction, or remodeling, include funds for artwork and (2) state building works of art account within the General Fund and its maintenance subaccount

Prior law required that the state bond commission allocate for the purchase of artwork at least 1% of bond proceeds for building, reconstructing, or remodeling any state building. The act repeals this requirement and several related provisions. Generally, it eliminates the:

1. Department of Economic and Community Development (DECD) authority to select or reimburse artists for artwork or design proposals,
2. DAS responsibility to contract with these artists,
3. state building works of art account within the General Fund and its maintenance subaccount, and
4. requirement that DECD and DAS adopt regulations to implement these provisions.

EFFECTIVE DATE: Upon passage

§ 258 — PRISON HEALTH CARE

Requires the OPM secretary to (1) issue an RFP to provide health care and behavioral health care services to prison inmates and (2) contract with a new provider if he determines doing so would save the state money

The act requires the OPM secretary, by December 1, 2017, to issue a request for proposals to provide health care and behavioral health care services to DOC inmates. It requires any such proposals to be submitted to OPM by February 1, 2018.

Based on the proposals, if the secretary determines that the state would save money by contracting with a new provider, he must do so by July 1, 2018. Currently, UConn's Correctional Managed Health Care division provides these services to inmates, under a memorandum of agreement with DOC.

EFFECTIVE DATE: Upon passage

§§ 259-264 — CONTRACTING EXEMPTIONS FOR UCONN AND UCONN HEALTH CENTER

Exempts UConn and the UConn Health Center from several state contracting requirements

On and after January 1, 2018, the act exempts certain UConn and UConn Health Center (UCHC) contracts from competitive bidding and negotiation requirements, provided they comply with policies and guidelines the act requires. The exemption applies to contracts for (1) personal services; (2) purchasing equipment, supplies, or contractual services; and (3) personal property leases. The act also requires UConn and UCHC to create their own contracting standards and report on them to the legislature, while continuing to abide by UConn 2000 construction contract bidding laws.

The act eliminates public posting requirements for UConn contracting opportunities. It also removes UConn from the State Contracting Standards Board's (SCSB) oversight, the scope of which includes the law on privatizing services.

Lastly, the act makes conforming changes to existing laws that subject UConn and UCHC to competitive bidding and negotiation requirements.

EFFECTIVE DATE: Upon passage, except several sections that (1) make conforming changes to laws that currently subject UConn and UCHC to competitive bidding and negotiation requirements and (2) remove public posting requirements and SCSB jurisdiction are effective January 1, 2018 (§§ 260-263).

Competitive Bidding (§ 259)

Public Act 17-130 exempts UConn purchase contracts from competitive bidding and negotiation requirements as long as the UConn board of trustees adopts policies for entering into or amending such contracts. Under this act, the board must establish more detailed policies, as described below.

Specifically, this act requires the UConn board of trustees and UCHC board of directors ("the boards") to establish, by January 1, 2018, contracting policies and guidelines that establish (1) alternative competitive bidding and negotiation processes and (2) a cost-benefit analysis and contracting process that eliminates or transfers institutional activities to government or private entities. The act also requires the boards, when establishing the policies and guidelines, to consider the following: (1) anticipated contract value, (2) number and nature of potential sources, and (3) contract processes' time and cost. The boards must report to the Higher Education and Employment Advancement and Appropriations committees, by January 1, 2019, and annually thereafter, on the contracting policies and guidelines created and the resulting revenues and expenditures.

The act also specifies the following:

1. the policies and guidelines are not regulations but are subject to public comment and a petitioner's right to seek a declaratory judgment to determine their validity or applicability,
2. UConn and UCHC are subject to audit by the state auditors in accordance with these policies and guidelines (although it is unclear how this provision interacts with the auditors' existing authority to audit the books and accounts of all state agencies (CGS § 2-90)),
3. the attorney general's authority is not affected by these provisions, and
4. the boards must still comply with the law that governs public bidding for UConn 2000 construction contracts.

State Contracting Portal (§ 262)

The act eliminates a requirement that UConn post, on the State Contracting Portal, all of its bids, requests for proposals, and resulting contracts and agreements. As a conforming change, it also removes the requirement that DAS report to the governor and SCSB on UConn's progress toward electronically communicating with the portal.

State Contracting Standards Board's Jurisdiction and Regulations (§§ 259 & 263)

The act removes UConn from SCSB's jurisdiction as of January 1, 2018. Under prior law, the board had jurisdiction over UConn with respect to the law on privatizing services, which, among other things, requires state contracting agencies to develop a cost-benefit analysis and a business case before privatizing a state service.

Additionally, the act eliminates a requirement that SCSB adopt regulations applying the provisions of certain SCSB-related statutes to UConn. (In practice, SCSB has not yet developed these regulations.) Prior law required that any internal contracting policies adopted by UConn's board of trustees supersede SCSB regulations.

The act also extends the deadline by which SCSB must adopt regulations applicable to the Connecticut State College and Universities from January 1, 2011 to January 1, 2018.

§§ 265 & 266 — EDUCATION LEASING AND PURCHASING CONSULTATIONS

Requires local boards of education to consult with their legislative bodies before leasing or purchasing certain items

The act requires a local board of education to consult with its municipality's legislative body before:

1. leasing portable classrooms; motor vehicles; or equipment, including telephone systems, computers, and copiers; or
2. purchasing payroll processing or accounts payable software systems, to determine whether they may be purchased or shared regionally.

EFFECTIVE DATE: October 1, 2017

§ 267 — JUDGE SALARY WITHHOLDING

Increases, from 5% to 8%, the amount that must be withheld from judges', family support magistrates', and compensation commissioners' salaries and deposited in the Judge's Retirement Fund

The act increases, from 5% to 8%, the amount deducted and withheld from salaries of judges, family support magistrates who elect to be covered by the judicial retirement system, and compensation commissioners. As under existing law, the deducted funds must be deposited in the Judge's Retirement Fund.

EFFECTIVE DATE: Upon passage

§ 268 — STATE AGENCY AFFIRMATIVE ACTION PLANS

Allows agencies to use an alternative method to comply with affirmative action plan requirements

Existing law requires each state agency, department, board, and commission (i.e., "state agency") with 25 or more full-time employees to submit an affirmative action plan to the Commission on Human Rights and Opportunities (CHRO).

Under prior law, agencies had to develop and implement a plan in cooperation with CHRO and pursuant to its regulations. As an alternative, the act allows agencies that are required to maintain a federal affirmative action or equal employment opportunity plan to submit the plan or report to CHRO to satisfy the state affirmative action plan requirement. Upon receiving the federal plan or report from the agency, CHRO must deem the plan or report approved for as long as it complies with the requirements of the federal agency that monitors the state agency's compliance.

The act also allows an agency to satisfy the state affirmative action plan requirement by submitting to CHRO an affirmative action plan that complies with, and uses a form prescribed by, federal regulations for federal affirmative action or equal employment plans submitted by certain federal goods and services contractors (41 C.F.R. § 60-2). Such a plan's compliance with federal regulations is subject to the same CHRO review and approval procedure for affirmative action plans under existing law.

The act requires the CHRO executive director to establish a schedule for agencies to file their plans or reports, which

must not be more frequent than the federal government requires. The executive director must take into account how often the agencies must submit their reports to the respective federal agencies.

EFFECTIVE DATE: Upon passage

§§ 269-276 & 278-280 — CRUMBLING CONCRETE FOUNDATIONS

Creates a framework to assist homeowners with crumbling concrete foundations

Among other things, the act (1) creates the Crumbling Foundations Assistance program to help owners of residential buildings (i.e., one- to four-family dwellings with a certificate of occupancy issued on or after January 1, 1983) with concrete foundations damaged by the presence of pyrrhotite (“crumbling concrete foundations”) and (2) establishes the Office of the Executive Administrator of the Crumbling Foundations Assistance program to administer it. Under the act, insurers who donate money to the program (through a fund the act creates) are indemnified against homeowners’ claims related to crumbling concrete foundations up to the amount of the donation.

Among other things, the act also:

1. creates the Collapsing Foundations Interest Rate Reduction program to provide interest rate subsidies to homeowners who have difficulty obtaining loans to fix crumbling concrete foundations,
2. waives certain permit fees for repairing or replacing crumbling concrete foundations,
3. establishes an income tax deduction for individuals donating to the Voluntary Assistance Fund, and
4. prohibits the use of recycled concrete that contains pyrrhotite in new construction.

EFFECTIVE DATE: Upon passage

Crumbling Foundations Assistance Program (§ 269)

The act creates the Crumbling Foundations Assistance program to provide grants to owners of residential buildings to repair or replace crumbling concrete foundations. The act also establishes within the governor’s office the Office of the Executive Administrator of the Crumbling Foundations Assistance program (“Office”) to administer the program and two funds the program uses: the Crumbling Foundations Assistance Fund (“Assistance Fund”) and the Crumbling Foundations Voluntary Assistance Fund (“Voluntary Assistance Fund”).

Office of the Executive Administrator of the Crumbling Foundations Assistance Program. The Office must provide grants to owners of residential buildings to repair or replace crumbling concrete foundations. In doing so, the office must (1) create grant eligibility requirements and (2) contract with independent adjusters to adjudicate claims for the grant amount. Before receiving a grant, an owner must obtain a written evaluation from a licensed professional engineer indicating that the foundation is collapsing due to pyrrhotite. If the evaluation indicates pyrrhotite is the cause of the collapsing foundation, the evaluation’s cost is reimbursed by the program. The act allows the Office to change the evaluation requirements if it identifies a more cost-effective way to determine if foundations are damaged by pyrrhotite. The act requires the Planning and Development committee to consider and approve or reject the eligibility requirements within 90 days of the Office’s executive administrator taking office, and semi-annually thereafter. (It is unclear whether the Housing Committee must also consider and approve or reject the eligibility requirements).

The act also allows the Office to contract with the Connecticut Housing Finance Authority (CHFA) or any other lending institution to implement a long-term low-interest loan program to help homeowners obtain financing to repair or replace crumbling concrete foundations.

Under the act, the Office’s operational costs, including payroll expenses and employee benefits, must be paid by the Assistance Fund.

Crumbling Foundations Assistance Fund and the Crumbling Foundations Voluntary Assistance Fund. These funds are established as separate, nonlapsing accounts in the General Fund.

The Assistance Fund must contain any money required by law to be deposited in it and any money that may be available from federal, state, or other sources, excluding the Federal Emergency Management Agency (FEMA). Money must be used by the Office to fund the Crumbling Foundations Assistance Program and the Collapsing Foundations Interest Rate Reduction Program (see below).

The Voluntary Assistance Fund may only be used for the Crumbling Foundations Assistance Program and must contain any money required by law to be deposited in it and any voluntary contributions.

Indemnification of Insurers. Under the act, a residential building owner who receives money from the Voluntary Assistance Fund to repair or replace a crumbling concrete foundation must indemnify and hold harmless any insurer that annually contributes to that fund. The act requires the owner to indemnify such an insurer in an amount equal to or greater than the total contribution made by the insurer to the Voluntary Assistance Fund.

Effect of Insurance Payouts. The act specifically allows owners of residential buildings with crumbling concrete foundations to receive financial assistance pursuant to a homeowners insurance policy, but requires any grant the owner receives from the Crumbling Foundations Assistance Program to be reduced by the amount of such financial assistance.

Income Tax Exemption for Grants. Under the act, grants from the Crumbling Foundations Assistance Program are not income for state income tax purposes.

Privacy Protections (§ 269)

The act prohibits, with certain exceptions, owners of residential buildings with crumbling concrete foundations who provided information to the Crumbling Foundations Assistance Program and employees of public agencies (including executive, administrative, and legislative offices and political subdivisions) from soliciting, disclosing, using, or participating in the use of any information (including lists of names) concerning individuals applying for or receiving assistance from the act's programs. The prohibition applies to information (1) directly or indirectly derived from the records, papers, files, or communications of the state or any political subdivision or agency or (2) acquired while performing official state or public duties.

The act exempts from this ban any use of the information (1) directly connected with the administration of Department of Housing (DOH) programs and in accordance with DOH regulations and (2) for research or investigatory purposes authorized by the housing commissioner or General Assembly that does not directly or indirectly identify individual program applicants or participants.

Collapsing Foundations Interest Rate Reduction Program (§ 270)

The act creates the Collapsing Foundations Interest Rate Reduction program, administered by the Department of Consumer Protection (DCP), which provides interest rate subsidies for homeowners who have difficulty obtaining loans to fix crumbling concrete foundations due to the repair or replacement cost, the loan's underwriting criteria, the home's decreased market value, or other personal financial circumstances.

Under the act, to be an eligible borrower, one must own a residential building with a crumbling concrete foundation and:

1. (a) use the building as one's primary residence and have obtained an engineer's written evaluation under the Crumbling Concrete Foundation Assistance Program provisions or (b) for those who do not use the building as their primary residence, obtain two written evaluations from licensed professional structural engineers indicating the building is unsafe for human habitation and
2. complete and file a consumer statement regarding the concrete foundation with DCP. (The act does not define "consumer statement.")

Under the act, the DCP commissioner must seek the participation of depository banks and credit unions to offer below market rate loans to eligible borrowers and, at least 30 days before the program is made available to borrowers, develop additional terms for the loans in consultation with the lieutenant governor and representatives from the banking and credit union industries. The commissioner must publish the terms, and any subsequent amendments, on DCP's website at least 15 days before the program is available to borrowers. Lenders may subject loans to additional underwriting standards.

(The act's definition of "residential building" does not apply to this section and as a result the scope of the program is unclear.)

Collapsing Foundations Interest Rate Reduction Account. The act establishes this account as a separate nonlapsing account in the General Fund and requires it to contain any money required by law to be deposited in it. DCP must use the account to provide interest rate subsidies for qualifying loans (i.e., loans made under the Collapsing Foundations Interest Rate Program).

Report on Determining Acceptable Pyrrhotite Levels (§ 271)

The act requires the Department of Energy and Environmental Protection (DEEP) commissioner to report, by January 1, 2018, to the Planning and Development Committee on any methods used by government entities, including foreign entities, to determine acceptable pyrrhotite levels in natural aggregate used in residential concrete foundations.

Permit Fee Waivers for Repairing or Replacing Crumbling Concrete Foundations (§§ 272 & 273)

Under the act, a municipality must waive any building permit application fee to repair or replace a crumbling

concrete foundation if the owner of a residential building submits a licensed professional engineer's written evaluation indicating that the foundation is crumbling due to pyrrhotite.

If the municipality waives the fee, the act requires the State Building Inspector to also waive the education fee on any building permit application to repair or replace a crumbling concrete foundation. (By law, the state-required education fee is used for building and fire code training and education programs for state and local officials and individuals in the construction industry (CGS § 29-251c)).

Contractor Training Program (§ 274)

The act requires the Office of the Executive Administrator of the Crumbling Foundations Assistance program, in consultation with the labor commissioner and within available appropriations, to establish a training program for contractors repairing or replacing crumbling concrete foundations.

Residential Disclosure Report (§ 275)

Generally, individuals offering a one- to four-family residential property for sale, exchange, or lease with the option to buy must provide the prospective purchaser with a residential property condition disclosure report. The act requires the DCP commissioner to include in the residential property condition disclosure report the following:

1. a recommendation that the prospective purchaser have any foundation inspected by a state licensed professional engineer for deterioration and the presence of pyrrhotite and
2. a question on whether the seller knows of any testing or repairs performed on or related to the property's foundation.

Existing law requires the report to recommend that the prospective purchaser have the property inspected by a licensed home inspector. And under existing regulations, sellers must disclose in the report any known foundation, slab, or settling problems (Conn. Agencies Regs. § 20-327b-1).

Notification of Insurance Policy Changes (§ 276)

The act requires the insurance commissioner to adopt regulations requiring insurers, when issuing, renewing, amending, or endorsing a homeowners insurance policy, to provide a copy of the policy and all amendments, endorsements, and riders to a mortgage holder, if any.

Personal Income Tax Deduction (§ 278)

The act allows taxpayers to reduce their Connecticut adjusted gross income by the amount of any contribution to the Crumbling Foundation Voluntary Assistance Fund in the taxable year in which the contribution is made.

Prohibition on Using Recycled Material Containing Pyrrhotite (§ 279)

The act prohibits the use of recycled material known to contain pyrrhotite to produce structural concrete for residential or commercial construction. Under the act, doing so is an unfair or deceptive act or practice under the Connecticut Unfair Trade Practices Act.

Quarry Quality Control Working Group (§ 280)

The act requires the DCP commissioner to establish a working group to develop a model quality control plan for quarries. The group must include representatives from the homebuilder and construction industries and submit its plan to the Planning and Development Committee by February 1, 2018.

§ 277 — TOLLING OF CONTRACTUAL LIMITATIONS PERIOD FOR CERTAIN INSURANCE POLICIES

Extends the period of time for an insured to sue his or her homeowners insurer

By law, a person who wants to sue a homeowners insurer over a claim denial has 24 months from the inception of loss to file suit (CGS § 38a-307). The act tolls (i.e., pauses) the contractual limitations period between the time an insurance claim is made and the time written denial is received for purposes of determining the deadline by which the

insured may sue a personal risk or master policy (e.g., condominium) insurer. The act also requires insurers to include in the denial notice the specific date on which the limitation period expires or a reference to the relevant policy provisions. These provisions apply regardless of whether the claim concerns crumbling concrete foundations. Under the act, “personal risk insurance” means homeowners, tenants, mobile home, and other property and casualty insurance for personal, family, or household needs, excluding workers’ compensation insurance. The new tolling requirement applies to policies issued, renewed, amended, or endorsed after the act’s effective date.

EFFECTIVE DATE: Upon passage

§ 281 — PUBLIC HEARINGS ON AUDITS

Requires legislative committees to hold public hearings on auditor reports of agencies under their cognizance

The act generally requires each legislative joint standing committee with cognizance over a state agency that is subject to a state auditors’ report to hold a joint public hearing with the General Administration and Elections Committee on the report within 180 days after the auditors submit it to the legislature.

But committee chairpersons may choose not to hold a hearing if (1) the report contains no statutory or regulatory violations by the agency, (2) the report has only minor or technical recommendations, or (3) they determine the report does not otherwise need a hearing.

EFFECTIVE DATE: October 1, 2017

§§ 283-285 — PASSPORT TO THE STATE PARKS AND FORESTS

Establishes a supplemental fee on motor vehicle registrations to pay for DEEP’s staff expenses to manage and operate state parks and forests and exempts individuals who pay this fee from paying to park at state parks

The act establishes an additional fee on certain motor vehicle registrations, the revenue of which must be used by DEEP for personal service expenditures to manage and operate state parks and forests. It exempts individuals who pay the fee from paying for parking at Connecticut state parks.

Under the act, the motor vehicles commissioner must transfer the new fees to the revenue services commissioner for deposit in the “passport to the state parks and forests” account, which is a separate, nonlapsing General Fund account the act establishes. The act also requires certain revenue to be deposited to the new account, instead of to the General Fund, as under prior law. Specifically, it shifts the revenue derived from the following:

1. parking, admission, boat launching, and other uses of state parks, forests, boat launches, and other state recreational facilities;
2. services at the parks, forests, and facilities; and
3. entering into contracts with concession operators.

Additional Fee

The act requires the motor vehicles commissioner to collect the fee from the individual registering the vehicle. It sets the fee at \$10 for a biennial registration and \$5 for an annual one.

Under the act, the new fee applies to new registrations; registration renewals or transfers; supplemental or combination registrations; antique, rare, or special interest registrations; and modified antique registrations. It applies to passenger motor vehicles, motor homes, motorcycles, trucks, and passenger vans.

EFFECTIVE DATE: Upon passage

§§ 286-310 — MUNICIPAL ACCOUNTABILITY REVIEW BOARD

Provides an alternative process by which financially distressed municipalities may use statutory methods to issue deficit bonds if they submit to state fiscal oversight by the Municipal Accountability Review Board established by the act.

The act provides an alternative process by which financially distressed municipalities can access certain statutory methods to issue and secure deficit-financing bonds in return for submitting to state fiscal oversight and control. These methods include backing the bonds with a state-supported special capital reserve fund (SCRF), which provides more assurance to bondholders that they will be repaid on time.

The state fiscal oversight and control the act requires must be exercised by the Municipal Accountability Review Board (MARB), which the act creates. The board must have an equal number of municipal union representatives and state and local officials, but the act does not specify who appoints the members.

The act also makes technical changes to delete a misplaced statutory reference.
 EFFECTIVE DATE: Upon passage

Certified and Designated Municipalities

Certified Municipalities. The act adds an alternative to the existing process by which financially distressed municipalities can access certain deficit-financing methods to secure their bonds. A municipality may access these methods based on statutory criteria that classify municipalities into two tiers, which the act labels “certified tier I” and “certified tier II.” As Table 24 shows, the certification criteria reflect a municipality's bond rating, and each tier subjects a municipality's finances to the Municipal Finance Advisory Commission's oversight (see *Background*).

Table 24: Criteria for Certified Tier I and Tier II Municipalities

<i>Tier I</i>	<i>Tier II</i>
Has a long-term investment grade or higher bond rating	Has a long-term investment grade or higher bond rating
Unable to obtain bond insurance on reasonable terms and conditions	Unable to obtain bond insurance on reasonable terms and conditions
Meets other OPM standards	Has not issued a deficit obligation within the last five years
	Has no outstanding deficit obligations
	Meets other standards established by OPM

The act eliminates the requirement that the OPM secretary establish other standards for tier I and II certification in regulations and instead requires him to do so only in writing and to post the standards on OPM's website.

Certified tier II municipalities are subject to more state fiscal oversight and control than certified tier I municipalities. The oversight and control is exercised by the Municipal Finance Advisory Commission, a state body authorized to oversee the finances and administration of financially distressed municipalities.

Designated Municipalities. The act's alternative process allows municipalities to request classification as a designated tier I, II, III, or IV municipality based on criteria the act establishes. Designated tier I municipalities, like certified tier I and certified tier II municipalities, are subject to oversight by the Municipal Finance Advisory Commission. Designated tier II, III, and IV municipalities are subject to increasingly greater degrees of state fiscal oversight and control as exercised by MARB. The increase in state oversight and control corresponds to a municipality's overall fiscal condition, as reflected in the designation criteria. The criteria include the capacity to issue based on standard industry ratings, the degree to which a municipality depends on state aid to fund its budget (i.e., state aid as a percentage of total revenue), the ability to operate efficiently and generate fund balances, the percentage of year-to-year revenue increases, and equalized mill rate.

As explained below, municipalities initiate the designation process by asking the OPM secretary to designate them as a tier I, II, III, or IV municipality. There are other circumstances in which the secretary must assign them a specified, designated tier. For example, he must designate any municipality that issues a bond to finance a general fund balance as a designated tier III municipality.

Designated Tier I Municipalities (§ 297)

Designation Criteria. Under the act, a municipality's chief executive official (CEO) may apply to the secretary to have the municipality designated as a tier I municipality if it meets one of the three sets of criteria shown in Table 25.

Table 25: Tier I Designation Criteria

<i>Designation Criterion</i>	<i>Set 1</i>	<i>Set 2</i>	<i>Set 3</i>
Bond Rating	No rating or its highest rating is A or above, as long as all ratings are investment grade	No rating or its highest rating is A, as long as all ratings are investment grade	Highest bond rating is AA, as long as all ratings are investment grade
State aid as percentage of current year general fund budget	Less than 30%	Less than 30%	30% or more of current year general fund
Fund balance	Positive	Positive fund balance of less than 5%	Positive
FY 18 municipal revenue increase as a percentage of revenue	At least 2%	Not applicable	At least 2%
Mill Rate	Not applicable	Not applicable	Equalized mill rate less than 30 mills

State Oversight and Control. The OPM secretary must refer any municipality that requests a tier I designation to the Municipal Finance Advisory Commission, and the municipality must prepare and present a three-year financial plan to the commission for its review and approval.

The designation also places the municipality on the same footing as those the secretary refers to the commission under existing law. Thus, among other things, the commission can make recommendations to improve the municipality's financial conditions, and the CEO must submit a report on the status of those recommendations or any other remedial measures to improve those conditions. If the CEO fails to provide information or submit the report within 30 days, the commission may impose a civil penalty of between \$1,000 and \$10,000 on the municipality. At the CEO's request, the OPM secretary may waive some or all of the penalty if he determines the CEO had reasonable cause not to comply with the commission's request (CGS § 7-394b).

Designated Tier II Municipalities (§ 300)

Designation Criteria. Under the act, a municipality's CEO may apply to the OPM secretary to have the municipality designated as a tier II municipality if it meets one of the five sets of designation criteria shown in Table 26.

Table 26: Tier II Designation Criteria

<i>Designation Criterion</i>	<i>Set 1</i>	<i>Set 2</i>	<i>Set 3</i>	<i>Set 4</i>	<i>Set 5</i>
Bond Rating	No rating from a bond rating agency or its highest rating is A or above, as long as all of its ratings are investment grade	No rating from a bond rating agency or its highest rating is A, as long as all of its ratings are investment grade	Highest bond rating is AA or higher, as long as all ratings are investment grade	Highest bond rating is AA or higher, as long as all ratings are investment grade	Highest rating is Baa or BBB, as long as all of its ratings are investment grade

Table 26 (Continued)

<i>Designation Criterion</i>	<i>Set 1</i>	<i>Set 2</i>	<i>Set 3</i>	<i>Set 4</i>	<i>Set 5</i>
State aid as percent of current year general fund budget	30% or more	30% or more	30% or more	Not applicable	Not applicable
Fund balance	Positive fund balance of at least 5%	Positive fund balance of less than 5%	Not applicable	Negative	Positive
FY 18 municipal revenue increase as a percentage of revenue	At least 2%	Not applicable	Not applicable	Not applicable	Not applicable
Equalized Mill Rate	Less than 30 mills	Less than 30 mills	30 or more mills	Not applicable	Less than 30 mills

State Oversight and Control. The OPM secretary must refer any municipality that requests a tier II designation to MARB.

The tier II designation imposes certain conditions and restraints on the municipality's fiscal practices. In preparing and adopting its budget, the municipality must include only those assumptions about state and property tax revenue that the board approved. The board must approve or disapprove any multi-year SCRF-backed bond to fund an existing deficit, but may only approve it if, in the board's judgment, it will improve the municipality's financial condition.

Tier I & II Designation Changes (§ 306)

Under the act, a municipality designated as tier I or II must generally retain such designation regardless of any positive changes in the factors that led to its current designation for at least two fiscal years after the most current designation.

Such a municipality's designation may change if:

1. there have been no annual operating budget deficits in the municipality's general fund for two consecutive fiscal years;
2. the municipality's bond rating has either improved or remained unchanged since its most recent designation;
3. the municipality has presented, and the Municipal Finance Advisory Commission for designated tier I or MARB for designated tier II has approved, a financial plan that projects a positive unreserved fund for the three succeeding consecutive fiscal years; and
4. the municipality's audits for such consecutive fiscal years have been completed and contain no general fund deficit.

Under the act, a municipality whose designation was removed must remain undesignated unless circumstances change that require it to be designated in a higher tier than its most recent designation.

Designated Tier III Municipalities (§ 303)

Designation. Under the act, a municipality's CEO may apply to the OPM secretary to designate the municipality as a tier III municipality if it meets one of the following criteria:

1. the municipality has at least one bond rating from a bond rating agency that is below investment grade;
2. the municipality has no bond rating from a bond rating agency, or, its highest bond rating is A, Baa, or BBB, as

long as all of its ratings are investment grade, and it has either (a) a negative fund balance percentage, or (b) an equalized mill rate of 30 or more and it receives 30% or more of its current fiscal year general fund budget revenues in state municipal aid;

3. the municipality issues a deficit obligation when it applies for the designation or has issued a deficit obligation in the five years since July 1, 2012; or
4. the OPM secretary, based on reports and findings of the Municipal Finance Advisory Commission, finds that the fiscal condition of the municipality warrants a tier III designation.

State Oversight and Control. The OPM secretary must refer any municipality designated as tier III to MARB.

Designated Tier IV Municipalities (§ 305)

Under the act, the CEO of a designated tier III municipality may apply to the secretary to request designation as a tier IV municipality. The act allows the secretary to approve the request if the secretary determines that (1) the designation is necessary to ensure the municipality's fiscal sustainability and (2) it is in the state's best interest. If approved, the municipality must retain the tier IV designation after it issues a deficit obligation.

The act also allows MARB to designate a tier III municipality as a tier IV municipality if (1) at least two-thirds of the board members approve and (2) the board finds that the municipality's fiscal condition warrants it. This designation requires the governor's approval.

Municipal Accountability Review Board (MARB) (§ 304)

Membership. The act establishes MARB within OPM for administrative purposes only. The board is composed of an equal number of (1) members or representatives of municipal employee collective bargaining units and (2) state and local government officials. (The act does not designate an appointing authority or specify the members' terms.) Board members do not receive compensation but are reimbursed for expenses related to performing their duties.

Operations. The board may charge tier III or IV municipalities for expenses it incurs related to working with the municipalities, including for staff and consultants. The board must consult with the municipalities before charging them, and the municipalities may pay the expenses with deficit obligation or debt restructuring bond proceeds.

Municipality Requirements. Under the act, any municipality referred to the board must supply it with any financial reports, data, audits, statements, and any other records or documentation the board needs to exercise its powers and perform its duties and functions. These reports may include:

1. proposed budgets,
2. monthly reports of the municipality's financial condition,
3. the status of the municipality's current annual budget and progress under its financial plan for the current fiscal year,
4. estimates of the operating results for all funds or accounts to the end of the fiscal year,
5. pension plan and debt projections,
6. statements and projections of general fund cash flow reserves,
7. the number of employees on the municipal payroll, and
8. debt service requirements on all of the municipality's bonds and notes for the following month.

The board must establish written procedures it deems necessary to carry out its responsibilities and meet the act's purposes.

MARB Powers with Respect to Designated Tier III Municipalities (§ 304)

Under the act, each tier III municipality must work with the board and report to it as provided below. In overseeing these municipalities, the board has the same powers that it has with respect to designated or certified tier II municipalities (although the act gives MARB no oversight authority over certified tier II municipalities). MARB also has the budgetary power to:

1. review and comment on the municipality's annual budget before the municipality's legislative body adopts it,
2. monitor compliance with the municipality's three-year financial plan and annual budget and recommend that the municipality make any changes necessary to ensure budgetary balance, and
3. obtain information on the municipality's financial conditions and needs.

Under the act, when preparing their annual budgets, designated tier III municipalities may only include assumptions regarding state and property tax revenue and a mill rate the board approves.

With respect to debt obligations, MARB must:

1. for a municipality that is eligible to issue certain bonds (those with a term of more than one year supported by a SCRF, including general obligation bonds to fund a deficit), approve or disapprove any such obligation and only approve it if, in its judgment, the obligation will improve the municipality's financial condition and
2. review and comment on other proposed debt obligations.

With respect to collective bargaining agreements, MARB must review and comment on the impact on the municipality's financial plan and fiscal sustainability of any municipal employee collective bargaining agreement or arbitration awards before the municipality's or school district's legislative body, as applicable, acts on the proposed agreement or award.

The act also authorizes the MARB to:

1. recommend appropriate steps that the municipality can take related to the efficiency and productivity of its operations and management to reduce costs, improve services, and advance the act's purposes;
2. approve or disapprove any municipal contract over \$200,000;
3. in consultation with the municipality, retain staff and hire consultants experienced in municipal finance and law, governmental operation and administration, or governmental accounting, as it deems necessary or desirable to accomplish its purposes; and
4. impose reasonable requirements necessary for the municipality to receive a budgeted increase in state assistance.

Municipal Accountability Review Board's Powers With Respect To Designated Tier IV Municipalities (§ 305)

Under the act, with respect to a designated tier IV municipality, the board has the same powers and responsibilities as it has with respect to designated tier III municipalities. It also has additional or superseding authority and responsibility to:

1. review and approve or disapprove the municipality's annual budget, certain funds and fees (see below), bond ordinances, and bond resolutions;
2. monitor compliance with the municipality's three-year financial plan and annual budget and require the municipality to make any changes necessary to ensure balance in the plan and budget;
3. approve or reject certain collective bargaining agreements to be entered into by the municipality or any of its agencies or administrative units (see below);
4. serve as the binding arbitration panel for the collective bargaining agreements in, or subject to, binding arbitration (see below);
5. require its approval of proposed transfers of a municipality's appropriations above \$50,000;
6. review, approve, disapprove, or modify the budget, on a line-item basis, for the municipality's board of education and require the board of education to submit to any budget transfers;
7. appoint the municipality's financial manager (see below); and
8. approve and authorize the issuance of general obligations and bonds by certain municipalities, including a designated tier IV municipality otherwise ineligible to issue such obligations.

Municipality's Annual Budget. The board has the authority and responsibility to review and approve or disapprove the municipality's annual budget, including the general fund, other governmental funds, enterprise funds, and internal service funds. A municipality's annual budget, annual tax levy, or user fee does not become operative until the board approves it.

If the board disapproves any annual budget, it must adopt an interim budget and establish a tax rate and user fees. The interim budget must take effect at the beginning of the fiscal year and remains in effect until the municipality submits, and the board approves, a modified budget.

Collective Bargaining Agreements. Regarding a municipality or any of its agencies or administrative units, including the board of education, the board may approve or reject (1) all proposed collective bargaining agreements for a new term and (2) modifications, amendments, or re-openings of existing agreements. The board may also indicate the total cost impact or savings that are acceptable in a new agreement or in an amendment to an existing agreement. If the board rejects an agreement or amendment, the board must indicate the specific provisions of the proposed agreement or amendment which caused the rejection, as well as its rationale for rejecting it.

Following any rejection of a proposed collective bargaining agreement or amendment, the parties to the agreement have 10 days from the date of the board's rejection to consider the board's concerns and propose a modified agreement. After the 10-day period, the board must approve or reject any modified agreement or amendment. If the parties have been unable to reach an agreement or the board rejects the modified agreement, the board must detail the terms of the agreement or amendment, which must be binding on the parties. But its authority with respect to an amendment is strictly limited to its purpose.

In establishing the terms of an agreement or an amendment, as well as in making a determination to reject a proposed agreement or amendment, the board must give the parties an opportunity to make a presentation. For the terms of a new agreement, the board may consider or include matters not raised or negotiated by the parties. However, for the terms of an amendment to an existing agreement, the board is limited to the subject of the proposed amendment.

Binding Arbitration. The board may serve as the binding arbitration panel regarding collective bargaining agreements that are in, or are subject to, binding arbitration. The board has the power to (1) impose binding arbitration on the parties any time after the 75th day after negotiations begin or (2) reject any arbitration award pending potential municipal or board of education legislative action. If, on the date of a municipality's designation as a tier IV municipality, the parties are in binding arbitration, the board must immediately replace any established binding arbitration panel.

The board may reduce, by one-half, the binding arbitration time limits in any applicable provisions of the general statutes or any public or special acts. Regarding the terms of the collective bargaining agreement, the board must not be limited to consideration and inclusion of the last best offers or the matters raised or negotiated by the parties.

Municipality's Financial Manager. The board may appoint a financial manager and delegate to him or her, in writing, certain review, comment, and investigatory powers it deems necessary or appropriate to manage the municipality's financial and administrative affairs during the time that the municipality is subject to the board's powers, but may override any action he or she takes at any time.

The board may specifically delegate to the manager the power to monitor compliance with the municipality's three-year financial plan and annual budget and require the municipality to make any changes necessary to ensure balance in the plan and budget. But it may not delegate any of the other powers or superseding authority it has with respect to designated tier IV municipalities. The act also prohibits the board from delegating to a financial manager certain powers and responsibilities it has with respect to designated tier III municipalities, even though the act does not authorize the board to designate financial managers for designated tier III municipalities. Specifically, the board may delegate the power or responsibility to:

1. review and comment on the municipality's annual budget prior to its adoption by the legislative body,
2. review and comment on proposed multi-year debt obligations that are not backed by a SCRF prior to their issuance,
3. monitor a municipality's compliance with the three-year financial plan and annual budget and recommend that the municipality make such changes as are necessary to ensure balance in the plan and budget,
4. recommend that the municipality implement efficiency and productivity measures, and
5. obtain information on the municipality's financial condition and needs.

Issuance of Obligations and Bonds. The board may approve and authorize the issuance of obligations, including, with regard to a designated tier IV municipality otherwise ineligible to issue such obligations, for deficit financing, addressing pension liabilities, debt restructuring, and other statutorily authorized purposes.

The board may authorize a designated tier IV municipality to issue refunding bonds regardless of existing law's limitations on the forms of municipal bonds and any statutory net present value savings requirement. The board must approve the issue of such refunding bonds only if it determines that, in its judgment, the bonds will improve the municipality's financial condition.

The board may authorize a designated tier IV municipality to issue bonds for which the last installment of any series of such bonds must mature, or the last sinking fund payment for such series of bonds must be due, within 30 years after the issuance of such bonds. The board must approve the issuance of such bonds only if it determines that the bond will improve the municipality's financial condition.

Retaining Tier III or Tier IV Designation (§ 307)

Under the act, a municipality designated as a tier III municipality or tier IV municipality retains its designation for a minimum of the three fiscal years after its most current designation, regardless of any positive changes in the factors leading to its current designation, or until:

1. there have been no annual operating budget deficits in the municipality's general fund for three consecutive fiscal years;
2. the municipality's bond rating has either improved or remained unchanged since its most current designation, provided it has no bond ratings that are below investment grade;
3. the municipality has presented and the board has approved a financial plan that projects a positive unreserved fund balance for the three succeeding consecutive fiscal years covered by the financial plan; and
4. the audits for such consecutive fiscal years have been completed and contain no general fund deficit.

A municipality must remain undesignated unless it (1) has an annual operating budget deficit in its general fund equal to 1% or more of its most recently completed annual general fund budget, (2) experiences an annual operating budget deficit in its general fund in consecutive years, and (3) has one or more bond ratings that are below investment grade.

Court Action (§ 308)

The act authorizes the attorney general to apply for a writ of mandamus on the board's behalf for the same reasons existing law allows him to do so on the Municipal Finance Advisory Commission's behalf. These include requiring a (1) municipal official or agent to implement the board's orders and (2) municipality to repay the state any funds it paid into the municipality's SCRF (see below) or comply with the terms of any agreement or indenture pertaining to the SCRF and other methods the law provides for securing bonds.

It also authorizes the Hartford judicial district, upon the board's application, to enforce the board's statutory powers, an authorization that currently applies to the OPM secretary, Municipal Finance Advisory Commission, and attorney general with respect to the municipal deficit financing statutes.

Deficit Financing (§§ 292-296, 298, 299, 301 & 302)

As discussed below, the law authorizes several methods certified tier I and tier II municipalities may use to secure bonds issued to finance deficits. The act extends this authorization to designated tier I-IV municipalities.

Deficit Financing (§ 292)

Existing law provides a process any municipality may use to issue bonds to finance general fund deficits. The act requires the OPM secretary to designate any municipality that uses such process a designated tier III municipality, subject to the state oversight and control described above. It also requires him to impose the designation on any municipality that issued a deficit financing bond between July 1, 2012 and June 30, 2017.

By law, the process is available only to a municipality that has not issued a deficit-funding bond within the previous five years and has no outstanding debt obligations. Before the municipality can issue the bond, it must notify the OPM secretary of its intent to do so, provide the documents he requires, and establish a procedure to intercept and deposit property tax payments in a fund dedicated only to repay the bond (i.e., property intercept procedure (CGS § 7-561)).

The act eliminates the requirement that the secretary refer the municipality to the Municipal Finance Advisory Commission.

SCRF (§§ 293-296, 298, 299, 301 & 302)

A SCRF is a fiscal tool designed to ensure that funds are available when necessary to repay bondholders. Prior law allowed only certified tier I and tier II municipalities to issue bonds to capitalize an SCRF established to cover the cost of issuing these bonds and fund the outstanding bonds. The act also allows designated tier I – IV municipalities to issue bonds supported by an SCRF.

Local Approvals. Under the act, designated tier I – IV municipalities must follow the same local approval process certified tier I and II municipalities must follow if they issue additional bonds to capitalize a SCRF. That process supersedes all other state and local laws pertaining to bond issuances, including those for holding public hearings and referenda and sale of bonds. A majority of the members of a municipality's legislative body must approve a resolution authorizing these SCRF capitalization bonds. The state treasurer determines the terms and conditions under which the bonds are sold (CGS § 7-570).

State Supported SCRF. SCRFs may be backed by the state, but if they are, the municipality must first comply with specific statutory requirements, including the treasurer's approval of the indenture agreement creating the SCRF (CGS § 7-571). The act allows designated tier I-IV municipalities to establish SCRFs under the same procedural rules that apply to certified tier I and II municipalities.

Designated tier I-IV municipalities must also comply with the statutory requirements for establishing and maintaining SCRFs. By law, an SCRF must contain the greatest amount of principal and interest payments due in any succeeding fiscal year, excluding sinking fund installments payable in the preceding fiscal year. Every December 1, the state must, if necessary, pay into the fund enough to ensure that the succeeding fiscal year's total debt service can be paid from it.

By law, that amount must be certified by the CEO of a certified municipality to the OPM secretary, treasurer, and Municipal Finance Advisory Commission. The act requires (1) the CEO of a designated tier I municipality to certify the

amount to these officials and the commission and (2) MARB to certify the amounts for designated tier II, III, and IV municipalities. By law, the municipalities establishing state-backed SCRFs must repay the state as soon as possible.

As she must by law for certified municipalities, the treasurer, under the act, must approve the agreement created between a designated municipality and the bondholders' trustee (i.e. indenture of trust) for any SCRF that is backed by the state (§ 293). Among other things, she must base her approval on whether:

1. the municipality is current on its bond repayments,
2. it has funded or made arrangements to fund the SCRF,
3. the bonds issued to fund the SCRF are in the public interest, and
4. she and the OPM secretary approved the municipality's property tax intercept procedure.

Under prior law, she also had to base her approval on whether the OPM secretary certified the municipality and the Municipal Finance Advisory Commission approved the bond. The act changes these requirements to reflect its tier designation. Consequently, the treasurer must base her approval on whether the municipality requested the OPM secretary to classify it as a designated tier I, II, or III municipality, or whether he classified it as a designated tier III or IV municipality when the act requires him to do so.

The treasurer must also base her approval on whether the bond authorization was approved by the (1) Municipal Finance Advisory Commission for a designated tier I or certified tier I or II municipality and (2) MARB for a designated tier III or IV municipality.

Limitations on Designated Tier I Municipalities. The act allows designated tier I municipalities to issue SCRF-backed general obligation bonds under some of the conditions that currently apply to certified tier I municipalities. Specifically, the municipality must (1) have a long-term investment grade or higher bond rating, (2) be unable to obtain bond insurance on reasonable terms and conditions, and (3) meet the secretary's other standards. As under existing law, a designated tier I municipality may not issue these bonds to finance a projected budget deficit.

Before issuing a SCRF-backed bond, a municipality must notify the OPM secretary that it intends to issue bonds, provide him with any documentation the law requires to issue such bonds, establish a property tax intercept procedure and debt service payment plan, and comply with the laws for issuing SCRF-backed deficit-financing bonds.

Limitations on Designated Tier II, III, and IV Municipalities. The act allows designated tier II, III, and IV municipalities to issue SCRF-backed bonds, including bonds issued to fund a deficit, if they meet the eligibility criteria for certified tier II municipalities. The term of these bonds can be for more than one year, except for those issued to finance a projected fiscal year deficit.

Under the act, designated tier II, III, and IV municipalities may issue SCRF-backed bonds if they:

1. have a long-term bond rating that is investment grade or higher,
2. are unable to obtain bond insurance,
3. have not issued a deficit obligation bond within the past five years,
4. have no outstanding deficit obligations, and
5. meet other standards the OPM secretary prescribes.

A designated tier IV municipality that does not meet these criteria may also issue the bond if MARB approves the issuance.

Designated tier II, III, and IV municipalities that meet these criteria and plan to issue SCRF-backed bonds must first consult with the treasurer and, before issuing the bonds, complete the following tasks:

1. notify the OPM secretary that they intend to issue bonds and provide him with any documentation they must, by law prepare;
2. establish a property intercept procedure and debt service payment plan; and
3. comply with the laws for issuing SCRF-backed bonds.

The act automatically designates as tier III a tier II or IV municipality that issues these bonds.

Background

Municipal Finance Advisory Commission. The Municipal Finance Advisory Commission oversees the two-tier certification system that predates the act's four-tier designation system (CGS § 7-394b). As under prior law, it oversees certified tier I and II municipalities. Under the act, it also oversees designated tier I municipalities.

The commission's oversight is tied to the OPM secretary's statutory duty to review municipal audit reports. By law, he must refer any municipality to the commission if the audit report was not prepared as the statute requires or contains evidence of unsound or irregular practices based on commonly accepted municipal finance standards. He must also refer certified tier I and II municipalities.

The commission's powers apply to all referred municipalities. It may require a municipality's CEO to report on the status of any remedial actions it recommended and assess a civil penalty if the municipality fails to comply.

Certified tier II municipalities must prepare a three-year financial plan and monthly financial reports for the commission's approval. These municipalities must use the commission's assumptions about state and local tax revenue when they prepare and adopt their budgets. The commission must also approve all of the municipality's bond issuances, but only if it determines that they will improve the municipality's fiscal condition.

§ 311 — MUNICIPAL APPROVAL OF COLLECTIVE BARGAINING AGREEMENTS AND ARBITRATION AWARDS

Requires municipal legislative bodies to affirmatively approve municipal employee union contracts; revises the process that occurs after a municipality rejects a contract

The act requires municipal legislative bodies to affirmatively vote to approve requests for (1) the funds needed to implement municipal employee collective bargaining agreements and (2) approval of any provisions in the agreements that conflict with charters, special acts, ordinances, municipal rules or regulations, or certain state statutes (e.g., those regulating the work hours of police or firefighters). By law, the legislative bodies may reject these requests by a majority vote of those present and voting on the matter, but under prior law, the requests were deemed approved if the legislative body failed to timely approve or reject them.

If a legislative body rejects a request, the act requires the matter to be returned to the parties for arbitration, rather than for further negotiations as under prior law. Under the act, the resulting arbitration award may be submitted to the municipality for approval and if the legislative body rejects this award, the matter must be returned to the parties for further arbitration. Any award issued through such arbitration is automatically deemed approved by the legislative body.

The act also specifies that when a legislative body rejects arbitration awards issued through other procedures (e.g., contract negotiations that proceed to arbitration after the parties reach an impasse in negotiations) the matter must be returned to the parties for further arbitration. Any award issued from this further arbitration is automatically deemed approved by the legislative body. (This provision overlaps with a similar, but more detailed, process in existing law, unchanged by the act (CGS § 7-473c).)

EFFECTIVE DATE: October 1, 2017

§ 312 — TAX REVENUE FOR MUNICIPAL SERVICES TASK FORCE

Creates a task force to study spending tax revenue for municipal governments' services

The act creates a 14-member task force to study the spending of tax revenue to provide local services by municipal governments. The task force members include (1) the Finance, Revenue and Bonding and Planning and Development committee chairpersons and ranking members, or their designees, and (2) six legislative appointees, as shown in Table 27.

Table 27: Legislative Appointments to Task Force

<i>Appointing Authority</i>	<i>Qualifications of Appointee</i>
House speaker	Connecticut Council of Small Towns representative
Senate president pro tempore	Connecticut Conference of Municipalities representative
House majority leader	Economics expert
Senate majority leader	Municipal official
House minority leader	Economics expert
Senate minority leader	Municipal official

The members appointed by the majority or minority leaders, and members serving as designees of the committee chairpersons or ranking members, may be legislators. All task force appointments must be made within 30 days after the act's passage. The appointing authority must fill any vacancy.

The act requires the House speaker and Senate president pro tempore to select the task force chairpersons from among its members. The chairpersons must schedule the first meeting of the task force, to be held within 60 days after the act's passage.

The act requires the Planning and Development Committee's administrative staff to serve in that capacity for the task force.

By April 1, 2018, the task force must report its findings and recommendations to the Planning and Development and Finance, Revenue and Bonding committees. The task force terminates on the date that it submits the report or April 1, 2018, whichever is later.

EFFECTIVE DATE: Upon passage

§ 313 — SEPARATION OF PURA FROM DEEP

Establishes the Department of Environmental Protection and the Public Utilities Regulatory Authority as separate agencies

The act renames the Department of Energy and Environmental Protection (DEEP) as the Department of Environmental Protection (DEP) and establishes the Public Utilities Regulatory Authority (PURA) as its own agency separate from DEP. Under current law, PURA is part of DEEP.

The act assigns DEEP's energy policy goals to PURA. These include:

1. reducing rates and decreasing costs for Connecticut ratepayers,
2. ensuring the reliability and safety of the state's energy supply,
3. increasing the use of clean energy and technologies that support its use, and
4. developing the state's energy-related economy.

Under the act, DEP retains DEEP's jurisdiction over preserving and protecting the state's air, water, and other natural resources. The act also appears to preserve some of DEP's regulatory authority in the fields of energy and telecommunications advancement.

The act makes the DEEP commissioner the DEP commissioner and the chairperson of PURA under DEEP the head of the separate PURA. It also authorizes the legislative commissioners' office to make any conforming, technical, grammatical, and punctuation changes necessary to carry out the agency separation during codification.

EFFECTIVE DATE: Upon passage

§ 314 — IMPAIRMENT OF STATE CONTRACTS

Specifies the circumstances in which state legislation may impair state contracts

The act specifies that the state, through legislation, may modify a contract to which it is a party if (1) any impairment to the contract is not substantial or (2) if the impairment to the contract is substantial, the legislation serves a legitimate public purpose, such as remedying a general social or economic problem, and the means to accomplish the purpose are reasonable and necessary.

The act further specifies that an impairment may be considered reasonable and necessary if (1) the state considered it along with other policy alternatives, (2) the state reasonably determined that it could not serve its purposes equally well with an evident and more moderate course of action, and (3) the state's action is not unreasonable in light of the surrounding circumstances.

(It appears that the above provisions have no legal effect. Although they generally codify federal court decisions regarding when a state may enact laws impairing its contracts, these decisions are the federal courts' interpretations of the U.S. Constitution's Contracts Clause, and state laws cannot dictate how courts must interpret the Constitution.)

EFFECTIVE DATE: Upon passage

§ 315 — STATE EMPLOYEE ARBITRATION

Defines the state's "ability to pay" in arbitration proceedings

The law requires arbitrators in state employee contract arbitration proceedings to consider various factors, such as the state's ability to pay, changes in the cost of living, and prevailing fringe benefit and working conditions in the labor market. The act requires arbitrators, when determining the state's ability to pay, to consider the state's:

1. fiscal health;

2. Budget Reserve Fund balance;
3. long- and short-term liabilities, including its ability to meet minimum funding levels required by law, contract, or court order;
4. initial budgeted revenue compared to actual revenue received for the previous five fiscal years;
5. revenue projections for the fiscal years during the term of the proposed collective bargaining agreement;
6. economic outlook; and
7. access to capital markets.

The act specifies that the state's financial capability does not include its ability to raise revenue through new or increased taxes.

It also specifies that (1) the above provisions preempt any conflicting provisions in state employee collective bargaining agreements or arbitration awards and (2) if this preemption requires any agreement or award to be returned to the parties for further bargaining, only the provisions that have changed from those previously approved by the legislature must be resubmitted for legislative approval.

The act requires a two-thirds majority vote of each legislative chamber to modify the above provisions. (It is unclear whether this requirement is enforceable on future legislatures under the concept of "legislative entrenchment.") It also specifies that such a vote is not needed to modify any provision of any such agreement or award.

EFFECTIVE DATE: Upon passage and applicable to negotiations then in progress.

§ 316 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE CONTRACTS AND ARBITRATION AWARDS

Requires the legislature to affirmatively vote to approve state employee union contracts and arbitration awards; revises the process that occurs if the legislature rejects an agreement or award

The act requires the legislature to affirmatively vote to approve state employee union contracts and arbitration awards. Under prior law, such contracts and awards were deemed approved if the legislature failed to vote to approve or reject them within a certain time frame. Under the act, they will instead be deemed rejected if the legislature fails to vote to approve or reject them within the same time frame. The act requires a two-thirds majority vote of each legislative chamber to modify the above provision. (It is unclear whether this requirement is enforceable against future legislatures under the concept of "legislative entrenchment.")

The act also revises the process that occurs after the legislature rejects a contract or arbitration award. Under prior law, when a contract or award was rejected the matter was returned to the parties for further negotiations. The act instead establishes separate procedures for rejected contracts and awards. Rejected arbitration awards must return to arbitration with the award from this subsequent arbitration automatically deemed approved by the legislature. Rejected contracts must go to arbitration under the state employee arbitration law and the subsequent arbitration award must be submitted to the legislature for approval. If the legislature rejects this award, the matter must return for further arbitration with any subsequent award from the further arbitration deemed approved by the legislature.

(The above provisions, except for the two-thirds vote requirement, are repeated in § 157.)

EFFECTIVE DATE: Upon passage

§§ 317-321 — LIMITS ON FUTURE SEBAC CONTRACTS

Limits certain provisions of future SEBAC Agreements and requires the Retirement Commission to conduct an actuarial valuation to reflect the changes

Starting on June 30, 2027, the act prohibits SEBAC agreements and state employee arbitration awards from (1) lasting for more than four years (this provision is repeated in § 161), (2) including any provisions for cost of living adjustments to state employee pensions, or (3) including any provisions that include overtime pay in the calculation of an employee's pension. The act requires a two-thirds majority vote of each legislative chamber to modify the above provisions. (It is unclear whether this requirement is enforceable on future legislatures under the concept of "legislative entrenchment.")

It also specifies that, starting June 30, 2027, (1) the above provisions preempt any conflicting state employee collective bargaining agreement or arbitration award and (2) if this preemption requires any agreement or award to be returned to the parties for further bargaining, only the provisions that have changed from those previously approved by the legislature must be resubmitted for legislative approval.

The act requires the Retirement Commission, by November 1, 2017, to prepare an actuarial valuation of the State Employees Retirement System's assets and liabilities that reflects, to the greatest extent possible, the immediate effect of

(presumably) the above provisions. Based on the valuation, the commission must (1) re-determine the system's normal contribution rate and, until it is amortized, the unfunded past service liability and (2) include the valuation's results when it must certify to the legislature, by December 1, 2017, the amount needed to maintain the pension system.

The act also makes conforming changes.

EFFECTIVE DATE: Upon passage

§ 322 — TEACHERS' RETIREMENT SYSTEM (TRS) VIABILITY COMMISSION

Establishes a commission and requires the state to contract with a consulting firm to develop and implement a plan to maintain TRS' financial viability

The act establishes the TRS Viability Commission, consisting of Teachers' Retirement Board members and a global consulting firm with significant experience and expertise in human resources, talent development, and health and retirement benefits and investments.

The commission must develop and implement a plan to maintain TRS' financial viability. In developing the plan, the commission must hold at least one public hearing and solicit the input of TRS members (i.e., participating Connecticut teachers). It must also consider the state's financial capability, including the state's:

1. fiscal health;
2. Budget Reserve Fund balance;
3. long- and short-term liabilities, including its ability to meet minimum funding levels required by law, contract, or court order;
4. initial budgeted revenue compared to actual revenue received for the previous five fiscal years;
5. revenue projections for the fiscal years during the proposed plan's term;
6. economic outlook; and
7. access to capital markets.

The act specifies that the state's financial capability does not include its ability to raise revenue through new or increased taxes.

The commission must submit the plan and any proposed legislation for implementing it to the Education and Appropriations committees within 90 days after contracting with a consulting firm (see below). The commission must terminate within one year after it submits the plan.

Contracting with a Consulting Firm

The act establishes a process for selecting and contracting with a consulting firm for the commission. Within 60 days after the act becomes effective, the OPM secretary must, within available appropriations, contract with a global consulting firm with significant experience and expertise in human resources, talent development, and health and retirement benefits and investments. If he does not do so within 60 days, then the Office of Legislative Management (OLM) must do so.

The OPM secretary or OLM executive director, as applicable, must identify candidates with significant experience to undertake the act's required duties through the solicitation of qualifications and any other factors that may bear on the ability to perform the duties. Each solicitation and response must be written. The secretary or executive director must select a contractor from at least four eligible candidates (the act does not specify what happens if fewer than four contractors respond to the solicitation). Under the act, any resulting contract (1) is not subject to the state law on state consultants and personal services agreements and (2) is not subject to state purchasing laws or laws under the State Contracting Standards Board's jurisdiction.

If the OPM secretary contracts with a firm, the act requires the governor, with the Finance Advisory Committee's approval, to transfer to OPM any funds appropriated to OLM for the contract. If OLM contracts with a firm, then OLM must retain the funds appropriated for the contract. The act also allows the state to accept gifts, grants, and donations for purposes of contracting with the consulting firm. However, it may not accept these from any candidate that also submits a bid for the contract.

EFFECTIVE DATE: Upon passage

§ 323 — TEACHERS' RETIREMENT SYSTEM (TRS) ACTUARIAL VALUATION

Requires an annual, rather than biennial, TRS actuarial valuation

The act requires the Teachers' Retirement Board to arrange for an actuarial valuation of the TRS's assets and

liabilities to be conducted once the act takes effect, and annually, rather than biennially, after that.

EFFECTIVE DATE: Upon passage

§ 324 — STATE SUSTAINABILITY PLAN

Requires OPM or OLM to contract with a professional services advisor to develop and implement a state Sustainability Plan

The act requires the OPM secretary, within available appropriations, to contract with an independent financial and operational global professional services advisor to help (1) him develop and implement a long-term fiscal and operational plan for the state (the “Sustainability Plan”) and (2) the legislature develop guidelines for authorizing budget expenditures, which may include recommendations for legislation. The secretary must contract with the advisor in consultation with the House speaker and minority leader and the Senate president pro tempore and Republican president pro tempore. If the secretary fails to do so within 60 days after the act takes effect, OLM’s executive director must contract with the advisor, within available appropriations, but the advisor must be under the secretary’s direction.

Contracting with an Advisor

The act requires the OPM secretary or OLM executive director, as applicable, to identify candidates with significant experience and expertise in restructuring and turnaround work in the private and public sectors by soliciting qualifications and any other factors that may show the ability to perform the advisor’s duties under the act. Each solicitation and response must be written. The secretary or executive director must select the advisor from at least four eligible candidates. Under the act, any resulting contract is not (1) a personal service agreement under the state law for state consultants and (2) subject to state purchasing laws or laws under the State Contracting Standards Board’s jurisdiction.

If the OPM secretary contracts with the advisor, the act requires the governor, with the Finance Advisory Committee’s approval, to transfer to OPM any funds appropriated to OLM for the contract. OLM keeps the appropriated funds if it contracts with the advisor. The act also allows the state to accept gifts, grants, and donations for purposes of contracting with the advisor. However, it prohibits accepting them from a candidate that bids on the contract.

Plan Goals and Requirements

Under the act, the goals of the Sustainability Plan and legislative guidelines are to (1) ensure the state’s continued ability to provide essential services, (2) promote economic growth, and (3) meet long-term obligations. The plan must be based on five-year projections of state revenues and expenses under existing law and contractual commitments, including collective bargaining agreements. It must include a comprehensive capital budget based on an inventory of all capital assets owned by the state or any state agency, department, authority, or instrumentality.

Regardless of any other state laws, the plan may include establishing a public-private partnership to (1) ensure the financial viability of John Dempsey Hospital and the UConn Health Center (UCHC) and (2) address identified concerns to ensure that UCHC’s clinical operations are self-sustaining assets. The act specifies that it does not prohibit UCHC from developing and implementing such a plan on its own.

Legislative Approval

The act requires the advisor, within 90 days after it contracts for the task, to complete the plan and file a written copy with the House and Senate clerks. Within 30 days after the plan is filed, the legislature may approve it as a whole by a majority vote of each chamber, or reject it by a majority vote of either chamber. If the legislature fails to act within the 30 days, the plan is deemed approved. If the legislature rejects the plan, the advisor must develop a revised plan and file the revision with the House and Senate clerks within the next 30 days. The legislature has 30 days after the revision is filed to vote to approve or reject the revised plan under the same procedure as above.

Once the legislature approves a plan, the act requires the OPM secretary to submit quarterly reports to the Appropriations and Finance, Revenue and Bonding committees on (1) the status of implementing it and (2) any recommendations for legislation or necessary funding. The committees must hold joint meetings when the first two reports are submitted to update the public on implementing the plan.

EFFECTIVE DATE: Upon passage

§ 325 — BOND ALLOCATION CAP

Establishes a \$2 billion GO bond allocation cap starting July 1, 2017

Beginning July 1, 2017, the act imposes a \$2 billion cap on the amount of state general obligation (GO) bonds the State Bond Commission may authorize to be issued (i.e., allocate) each fiscal year. (Sections 92 & 515 of the act establish a similar bond allocation cap, but on a calendar year basis.)

EFFECTIVE DATE: Upon passage

§ 326 — COMPTROLLER REPORTS ON SEBAC SAVINGS

Requires the (1) comptroller to determine the savings realized through the 2017 SEBAC Agreement and its related contracts and (2) governor to take action if budgeted savings are unrealized

The act requires the comptroller to determine the amount of labor-management savings realized by the state for each fiscal year from 2018 through 2027 under:

1. the 2017 SEBAC Agreement, including all of its attachments and appended agreements and any agreement reached through negotiations between the state and SEBAC on wages, hours, and other conditions of employment;
2. any other agreements between the state and the individual state employee collective bargaining units to achieve labor-management savings specified in the state budget act for FYs 18 & 19;
3. adjustments or revisions made to the budget act for FY 19; and
4. each successive state budget act thereafter and any even-numbered year adjustments or revisions made to them, through FYs 26 and 27.

Starting by December 1, 2018, and by each December 1 after that through 2027, the comptroller must report to the governor and the legislature the amount of labor-management savings realized for the previous fiscal year under the above agreements. If the comptroller's reported amount of savings is less than the labor-management savings specified in the state budget or any even-numbered year adjustments to it, the act requires the governor to immediately act to recover the unrealized savings and ensure that savings specified in the budget act are realized in the second year of the biennium, if applicable. By January 1 each year, the governor must report to the Appropriations Committee on any actions he took or will take.

EFFECTIVE DATE: Upon passage

§ 327 — LITCHFIELD COUNTY COURTHOUSE

Allows the state to retain use of the old Litchfield County Courthouse land and building unless certain conditions are met

The act allows the state to retain use of the old Litchfield County Courthouse and associated land, unless the holder of the reversionary interest (i.e., heir of the lease holders) preserved that interest by recording certain documents in the Litchfield land records within the last 40 years. The act specifies that the reversionary interest is terminated unless the holder recorded a notice, deed, probate certificate, or other instrument of conveyance describing the interest within that time frame.

Previously, because the land is not being used as a courthouse, ownership of the property would revert to the holder of the reversionary interest (based on deeds from the early 19th century).

EFFECTIVE DATE: Upon passage

§§ 328 & 329 — BRIDGE RENAMING

Renames "Detective Bruce Boisland Memorial Bridge" as "Detective Bruce Boislard Memorial Bridge" and the "Veterans of Foreign Wars Memorial Bridge" as the "American Legion Bridge"

Detective Bruce Boislard Memorial Bridge (§ 328)

The act renames the "Detective Bruce Boisland Memorial Bridge" as the "Detective Bruce Boislard Memorial Bridge" (PA 17-230 designated the bridge on Route 229 in Southington, passing over I-84, as the "Detective Bruce Boisland Memorial Bridge").

American Legion Bridge (§ 329)

The act renames the “Veterans of Foreign Wars Memorial Bridge” as the “American Legion Bridge” (PA 17-230 designated bridge number 01592, carrying Maple Street over the Naugatuck River in Ansonia, the “Veterans of Foreign Wars Memorial Bridge”).

EFFECTIVE DATE: Upon passage

§ 330 — SPENDING CAP DEFINITIONS

Modifies definitions used to calculate the state’s statutory spending cap

The state's statutory spending cap bars the legislature from authorizing an increase in “general budget expenditures” for any fiscal year that exceeds the greater of the percentage “increase in personal income” or “increase in inflation,” unless (1) the governor declares an emergency or the existence of extraordinary circumstances and (2) at least three-fifths of each house of the legislature approves the extra expenditure for those purposes (CGS § 2-33a).

Increase in Personal Income

By law, the “increase in personal income” is the state's average annual increase in personal income for the preceding five years, based on U. S. Bureau of Economic Analysis data. The act requires this average annual increase to be calculated on a calendar year basis, as existing law required for FY 15 through 17.

Increase in Inflation

The act modifies the definition of “increase in inflation” by excluding food and energy items from the consumer price index for urban consumers (CPI-U) used to calculate the increase and requiring the increase to be calculated on a December over December basis.

General Budget Expenditures

The act expands the types of “general budget expenditures” included under the spending cap to include:

1. any expenditure authorized by a public or special act of the legislature for a program or purpose that, in the preceding fiscal year, was made from an appropriated fund, regardless of how it was previously identified, if the program or purpose is (a) essentially the same as the one funded in the previous fiscal year and (b) being funded by state bonding, a revenue intercept, or a non-appropriated account, and
2. statutory grants to distressed municipalities if the grants were in effect on July 1, 1991.

It also expands the types of expenditures excluded from the cap to include expenditures of federal funds granted to the state or its agencies.

EFFECTIVE DATE: Upon passage

§§ 331-497, 976 & 977 — BOND AUTHORIZATIONS, ADJUSTMENTS, AND CANCELLATIONS

Authorizes up to \$1.172 billion for FY 18 and \$1.457 billion for FY 19 in new GO bonds for state projects and grant programs; authorizes up to \$809.9 million in FY 18 and up to \$745.1 million in FY 19 in new STO bonds for DOT projects; cancels, reduces, or restores bond authorizations for various projects and grants; adjusts the annual bond caps under the CSCU 2020 program and UConn 2000 programs, and extends both programs (but see §§ 96-99); makes permanent the school security infrastructure grant program; allocates no LoCIP funds in 2017 and \$55 million in 2018; and authorizes certain transportation funding agreements with the federal government, and the issuance of “federal transportation bonds”

The act authorizes up to \$1.172 billion for FY 18 and \$1.457 billion for FY 19 in state general obligation (GO) bonds for state capital projects and grant programs, including school construction, economic development, municipal capital improvement grants, and housing development and rehabilitation programs. It cancels or reduces approximately \$305.4 million in GO bond authorizations. And it restores \$24 million in bonds cancelled or reduced in the 2016 bond act (PA 16-4, May Special Session).

The act authorizes \$809.9 million for FY 18 and \$745.1 million for FY 19 in special tax obligation (STO) bonds for

transportation projects, including \$482.3 million over the two years for bus and rail facilities and equipment.

The act also makes various other changes, including (1) adjusting the annual bond caps under the CSCU 2020 and UConn 2000 infrastructure programs and extending the programs, by one and three years respectively; (2) expanding the purposes of funds in the Bioscience Innovation Fund to include funding regenerative medicine research; (3) making the school security infrastructure competitive grant program permanent; and (4) authorizing the state to enter into loan or other credit agreements with the federal government to help finance transportation-related construction projects and the issuance of “federal transportation bonds”.

EFFECTIVE DATE: Upon passage for FY 18 bond authorizations and July 1, 2018 for FY 19 authorizations, except that one STO bonding provision for FY 19 is effective upon passage (§ 374); other sections are effective upon passage unless otherwise noted below.

New Bond Authorizations for State Agency Projects and Grants (§§ 331-367 & 384)

The act authorizes new GO bonds in amounts up to \$426.2 million in FY 18 and \$459.9 million in FY 19 for the state projects and grant programs listed in Table 28. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency (except OPM) include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purpose within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table 28: GO Bond Authorizations for State Projects and Grant Programs for FYs 18 and 19

§§	Agency	Purpose	FY 18	FY 19
<i>State Projects and Programs</i>				
332(a), 350(a)	Office of Policy and Management (OPM)	Transit-oriented development and predevelopment activities	\$4,000,000	\$4,000,000
		Information technology capital investment program	10,000,000	20,000,000
		Assisting owners of residential buildings who have qualified test results indicating that the building’s foundation is deteriorating due to pyrrhotite	20,000,000	20,000,000
332(b), 350(b)	Department of Administrative Services (DAS)	Alterations and improvements in compliance with the Americans with Disabilities Act (ADA)	1,000,000	1,000,000
		Infrastructure repairs and improvements, including (1) fire, safety, and ADA compliance; (2) improvements to state-owned buildings and grounds, including energy conservation and off-site improvements; and (3) preservation of unoccupied buildings and grounds, including office development, acquisition, renovations for additional parking, and security	10,000,000	10,000,000
		Removing or encapsulating asbestos and hazardous material in state buildings	5,000,000	5,000,000
		Upgrading and replacing technology infrastructure for the Connecticut Education Network	1,500,000	1,500,000
		Acquiring property for development of readiness centers in Litchfield county	0	2,000,000
350(c)	Military Department	Acquiring property for development of readiness centers in Litchfield county	0	2,000,000

Table 28 (Continued)

§§	Agency	Purpose	FY 18	FY 19
State Projects and Programs				
332(c), 350(d)	Department of Energy and Environmental Protection (DEEP)	Dam repairs, including for state-owned dams	4,000,000	0
		Energy services projects in state buildings resulting in increased efficiency measures or renewable energy or combined heat and power projects	20,000,000	20,000,000
332(d), 350(e)	Department of Developmental Services (DDS)	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities	2,500,000	2,500,000
332(e), 350(f)	Department of Mental Health and Addiction Services (DMHAS)	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities	2,000,000	2,000,000
332(f), 350(g)	Connecticut State Colleges and Universities (CSCU)	All colleges and universities: system telecommunications infrastructure upgrades, improvements, and expansions	2,000,000	2,000,000
		All colleges and universities: advanced manufacturing and emerging technology programs	2,750,000	2,875,000
		All colleges and universities: security improvements	3,000,000	5,000,000
		All community colleges: deferred maintenance, code compliance, and infrastructure improvements	20,000,000	30,000,000
		All universities: deferred maintenance, code compliance, and infrastructure improvements	12,500,000	7,000,000
		Naugatuck Valley Community College (NVCC): upgrades to mechanical systems	6,000,000	0
		NVCC: ADA alterations and improvements	5,000,000	5,000,000
332(g)	Department of Children and Families (DCF)	Alterations, renovations, and improvements to buildings and grounds, including new or revised juvenile justice facilities	5,000,000	0
332(h), 350(h)	Judicial Department	Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities	5,000,000	5,000,000
		Implementation of the Technology Strategic Plan Project	0	3,000,000
		Exterior renovations and improvements at New Haven Superior Courthouse	0	2,000,000

Table 28 (Continued)

§§	Agency	Purpose	FY 18	FY 19
State Projects and Programs				
350(i)	Department of Corrections (DOC)	Renovations and improvements to state-owned buildings for inmate housing, programming, staff training space, and additional inmate capacity; support facilities; and off-site improvements	0	10,000,000
338-340	None	None	100,000,000	0
356	Department of Housing (DOH)	Housing development and rehabilitation for various kinds of state-assisted affordable housing and housing-related financial assistance programs; authorizes DOH to use up to \$30 million to revitalize moderate rental housing units in the Connecticut Housing Finance Authority's state housing portfolio	0	100,000,000
Grants				
342(a), 361(a), 384	OPM	Responsible Growth Incentive Fund	2,000,000	2,000,000
		Grants to municipalities for municipal purposes and projects	60,000,000	60,000,000
342(b)	DEEP	Program to establish energy microgrids to support critical municipal infrastructure	5,000,000	0
		Grants to municipalities to improve incinerators and landfills, including bulky waste landfills	1,450,000	0
		Grants for containment, removal, or mitigation of identified hazardous waste disposal sites	2,500,000	0
361(b)	DOH	Grants to private nonprofits for supportive housing for individuals with intellectual disabilities, autism spectrum disorder, or both	0	10,000,000
342(c), 361(c)	Connecticut Innovations, Inc. (CI)	Recapitalizing CI's statutory programs	7,000,000	23,000,000
342(d), 361(d)	Capital Region Development Authority (CRDA)	Encouraging development according to CRDA's statutory purposes	40,000,000	40,000,000
342(e), 361(e)	State Department of Education (SDE)	Grants to assist targeted local and regional school districts for alterations, repairs, improvements, technology, and equipment in low-performing schools	2,000,000	20,000,000
342(f), 361(f)	Department of Transportation (DOT)	Grants to municipalities for the Town-Aid-Road program	30,000,000	30,000,000
342(g), 361(g)	DAS	Grants to municipalities for a regional school district incentive grant	5,000,000	5,000,000
342(h), 361(h)	Department of Economic and Community Development (DECD)	Targeted brownfield remediation	30,000,000	10,000,000

Transportation Bonds (§§ 368-379)

The act authorizes up to \$809.9 million in new STO bonds in FY 18 and up to \$745.1 million in FY 19 for DOT projects, as shown in Table 29.

Table 29: STO Bond Authorizations for DOT Projects

<i>Authorized Program Areas</i>	<i>FY 18</i>	<i>FY 19</i>
<i>Bureau of Engineering and Highway Operations</i>		
Interstate highway program	\$13,000,000	\$13,000,000
Urban systems projects	14,776,250	16,217,392
Intrastate highway program	44,000,000	44,000,000
Environmental compliance, soil and groundwater remediation, hazardous material abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or near state-owned properties or related to DOT operations	17,660,000	15,000,000
State bridge improvement, rehabilitation, and replacement	33,000,000	33,000,000
Capital resurfacing and related reconstruction	75,000,000	75,000,000
Fix-it-First bridge repair program (up to \$10.9 million must be used in FY 18 for the Stratford Bridge carrying US 1 over the Metro North Rail Line)	111,115,000	88,850,000
Fix-it-First road repair program	55,000,000	55,000,000
Local transportation capital program	62,000,000	64,000,000
Grants to municipalities for the Town Aid Road program	30,000,000	30,000,000
Local bridge program	0	10,000,000
<i>Bureau of Public Transportation</i>		
Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects (In FYs 18 and 19, up to \$10 million each year must be used for service and equipment improvements to the Danbury Rail Line. In FY 18 only, up to \$250,000 must be used for a feasibility study to explore possibilities for a new passenger rail station at the Wall Street location on the Danbury Rail Line in Norwalk.)	236,250,000	246,000,000
<i>Bureau of Administration</i>		
Department facilities	63,132,500	0
STO bonds: cost of issuance and debt service reserve	55,000,000	55,000,000

Bond Authorizations for Statutory Programs and Grants (§§ 380, 382-383, 385-387 & 398-399)

The act increases bond authorization limits for various statutory grants and purposes and allocates new bonds for these purposes for FYs 18 and 19, as shown in Table 30.

Table 30: Statutory Bond Authorizations for FYs 18 and 19

<i>§</i>	<i>Agency</i>	<i>Purpose/Fund</i>	<i>FY 18</i>	<i>FY 19</i>
380	OPM	Urban Action (economic and community development project grants)	\$30,000,000	\$30,000,000
382	OPM	Capital Equipment Purchase Fund	15,000,000	15,000,000
383	OPM	Local Capital Improvement Program (LoCIP)	90,000,000	35,000,000
385	DOH	Housing Trust Fund	0	30,000,000
386	DAS	School construction projects	450,000,000	450,000,000
387	SDE	School construction interest subsidy grants	3,000,000	2,100,000
398	DEEP	Clean Water Fund grants	0	85,000,000
399	DEEP	Clean Water Fund loans (revenue bonds)	158,200,000	350,300,000

GO Bond Cancellations and Reductions (§§ 381, 388, 396-397, 400, 409-441, 443-461, 463-470, 472-476, 478-482, 484-492, 497 & 976-977)

The act cancels or reduces, by a total of approximately \$245.4 million, all or part of prior bond authorizations for the projects and grants shown in Table 31. Authorizations are listed alphabetically by agency. Except where noted in the table, the act also makes conforming changes to the bond supertotals that correspond to these authorizations.

Table 31: Cancellations and Reductions in GO Bond Authorizations

<i>§§</i>	<i>Purpose</i>	<i>Prior Authorization</i>	<i>Amount Cancelled</i>
<i>Board of Regents for Higher Education</i>			
427	Establish or expand manufacturing technology programs at four community colleges	\$17,800,000	\$970,500
444	Quinebaug Valley Community College (QVCC): parking and site improvements	2,189,622	225,275
445	QVCC: heating, ventilating, and air conditioning system improvements	1,750,000	145,000
456	Housatonic Community College: parking garage improvements	3,907,258	233,281
457	Middlesex Community College: new academic building planning, design, and construction	35,200,000	35,200,000
473	Capital Community College: alterations, renovations, and improvements to optimize space utilizations	5,000,000	5,000,000
<i>Capital Region Development Authority</i>			
453	Alterations, renovations, and improvements to the Connecticut Convention Center and Rentschler Field	3,727,500	18,500
<i>Connecticut Green Bank</i>			
397	Energy Conservation Loan Fund and Green Connecticut Loan Guaranty Fund (also eliminates a requirement that \$5 million authorized for FY 11 be used for the guaranty fund)	5,000,000	4,000,000
<i>Connecticut Port Authority</i>			
487	Grants for port, harbor, and marina improvements, including dredging and navigational improvements	13,500,000	6,750,000
<i>Department of Agriculture</i>			
448	Farm Reinvestment Program	500,000	500,000
460	Farm Reinvestment Program	500,000	500,000
<i>Department of Children and Families</i>			
433*	Grants for construction, alteration, repairs, and improvements to residential facilities, group homes, shelters, and permanent family residences	5,000,000	2,839,842
441	Grants to private, nonprofit mental health clinics for fire, safety, and environmental improvements, including expansion	1,000,000	460,550

Table 31 (Continued)

§§	Purpose	Prior Authorization	Amount Cancelled
Department of Developmental Services			
435	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities, including improvements in compliance with current codes and (2) site improvements, handicapped access improvements, utilities, roof repair or replacement, air conditioning, and other building renovations and additions at all state-owned facilities	5,000,000	428,000
454	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities, including improvements in compliance with current codes and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities	5,000,000	253,248
Department of Economic and Community Development (DECD)			
413, 977	Killingworth: Old Town Hall restoration and renovations	250,000	250,000
416, 976, 977	University of New Haven: establish and build Henry Lee Institute	1,500,000	1,500,000
Department of Emergency Services and Public Protection (DESPP)			
400	Buy-out program for storm-damaged properties	2,800,000	800,000
421, 976	Upgrades to the statewide telecommunications system, including site development and related equipment	2,200,000	2,200,000
437	Design and construction of a firearms training facility and vehicle operations training center, including land acquisition	6,576,000	3,000,000
472	Alterations, renovations, and improvements to the Forensic Science Laboratory in Meriden	2,500,000	2,500,000
Department of Energy and Environmental Protection (DEEP)			
412	East Lyme: purchase Oswegatchie Hills for open space	2,000,000	1,800,000
415, 977	Stamford: Holly Pond Tidal Restoration project	500,000	500,000
418, 976	Norwalk: flood control system improvements	500,000	500,000
419	Fairfield: Rooster River flood control project	2,030,000	2,000,000
449	Grants to municipalities for open space acquisition and development for conservation or recreational purposes	10,000,000	10,000,000
452	Recreation and Natural Heritage Trust Program for recreation, open space, resource protection, and resource management	8,000,000	8,000,000
475	Long Island Sound stewardship and resiliency program to protect coastal marshes and other natural buffer areas and for grants to increase the resiliency of wastewater treatment facilities	15,000,000	15,000,000
476	Grants to municipalities, in consultation with OPM, to encourage low-impact design of green municipal infrastructure to reduce nonpoint source pollution	10,000,000	10,000,000

Table 31 (Continued)

§§	Purpose	Prior Authorization	Amount Cancelled
<i>Department of Housing</i>			
478	Main Street Investment Fund	5,000,000	5,000,000
485	Main Street Investment Fund	3,000,000	3,000,000
<i>Department of Mental Health and Addiction Services (DMHAS)</i>			
410	Alterations, renovations, additions, and improvements, including new construction, in accordance with the DMHAS master campus plan	886,593	722,090
432*	Grants to nonprofits for community-based residential and outpatient facilities for purchases, repairs, alterations, and improvements	5,000,000	1,043,836
<i>Department of Public Health</i>			
431*	Grants to community health centers, primary care organizations, and municipalities for the purchase of equipment, renovations, improvements, and expansion of facilities	2,000,000	1,750,000
<i>Department of Rehabilitation Services (DORS)</i>			
468	Grants for programs providing home modifications and assistive technology devices related to aging in place, which may be run by a nonprofit under contract with DORS	6,000,000	6,000,000
<i>Department of Transportation</i>			
396	Commercial rail freight line competitive grant program	10,000,000	2,500,000
<i>Department of Veterans Affairs</i>			
465	Planning and feasibility study for additional veterans' housing at the Rocky Hill campus, including vacant building demolition	500,000	500,000
<i>Judicial Department</i>			
429	Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities	5,000,000	223,817
438	Development of a juvenile court building in Meriden or Middletown	1,000,000	1,000,000
446	Development of a juvenile court building in Meriden or Middletown	2,000,000	2,000,000
458	Development of a juvenile court building in Meriden or Middletown	9,000,000	9,000,000
<i>Multiple Agencies</i>			
423	Bridgeport economic development projects (for DECD or DEEP, as designated by the Bond Commission)	2,200,000	950,000
425	Hartford infrastructure projects and programs (for DECD, DEEP, DESPP, or the Department of Social Services (DSS), as designated by the Bond Commission)	10,600,000	6,100,000
426	Bridgeport infrastructure projects and programs (for DECD, DEEP, DESPP, or DSS, as designated by the Bond Commission)	12,700,000	7,500,000
<i>Office of Early Childhood</i>			
450	Grants to towns and tax-exempt organizations for facility improvements and minor capital repairs to school readiness programs and state-funded day care centers	11,500,000	5,641,832

Table 31 (Continued)

§§	Purpose	Prior Authorization	Amount Cancelled
Office of Early Childhood			
461	Grants to towns and nonprofits for facility improvements and minor capital repairs to facilities that house school readiness programs and state-funded day care centers	5,000,000	5,000,000
Office of Governmental Accountability			
482	Information technology improvements	500,000	500,000
Office of Legislative Management			
464	Production and studio equipment for the Connecticut Network	3,230,000	2,230,000
Office of Policy and Management			
381	Intertown Capital Equipment Purchase Incentive Program	5,000,000	62,851
488	Regional dog pound grant program	10,000,000	10,000,000
490	West Hartford: improvements to the Trout Brook Canal area	1,200,000	700,000
492	Waterbury: property acquisition, construction, reconstruction, renovation, or improvements for an urban development project	7,000,000	7,000,000
492	West Hartford: wireless fidelity and broadband network initiative for West Hartford Center	500,000	500,000
497	Small Town Economic Assistance Program (STEAP)	280,000,000	19,000,000
State Comptroller			
467	Connecticut Public Broadcasting Network: transmission, broadcast, production, and information technology equipment	1,300,000	1,300,000
State Department of Education			
440	Grants for expanding the availability of high-quality school models and assisting in implementing common CORE state standards and assessments: alteration, repair, improvements, technology, equipment, acquisition, and capital start-up costs	24,888,946	6,334,200
455	Technical high school system: alterations, renovations, and improvements to buildings and grounds, including equipment, tools, and supplies necessary to update curricula, vehicles, and technology	15,500,000	11,000,000
479	Grants for Sheff magnet school program capital start-up costs	20,000,000	5,000,000
480	American School for the Deaf: alterations, renovations, and improvements to buildings and grounds	5,000,000	2,507,950
486	Grants for Sheff magnet school program capital start-up costs	5,750,000	5,750,000

*The aggregate cancellation for these authorizations is \$5.63 million, but the act reduces the corresponding bond super total in PA 11-57 by only \$3.63 million.

Smart Start Competitive Grant Program (§ 388). The act cancels \$28,480,851 in GO bonds authorized for FYs 17 through 19 (\$8,480,851 in FY 17 and \$10 million each in FYs 18 and 19) for the Smart Start competitive grant program, which provides grants to local and regional boards of education for establishing or expanding preschool programs.

Technical High School Pilot Program (§ 469). The act reduces, by \$3,066,000, funding for the technical high school system's pilot program to provide expanded educational opportunities for academic enrichment and trades training for secondary and adult learners by extending hours at technical high schools in Hamden, Hartford, New Britain, and Waterbury. Prior law assigned \$3.5 million for this purpose; the act provides \$434,000. (The act does not correspondingly

reduce the bond allocation super total related to this funding.)

Changes to CSCU 2020 Bond Program (§§ 389 & 390)

The act adjusts the annual bond caps under the CSCU 2020 program, as shown in Table 32, by cancelling \$110 million in bonds for FY 18 and reallocating them to FY 20. The act correspondingly extends Phase III of the program by one year, from FY 19 to FY 20.

Table 32: CSCU 2020 Annual Bond Limits (millions)

<i>FY</i>	<i>Prior Limit</i>	<i>Act's Limit</i>	<i>Change</i>
18	\$150	\$40	(\$110)
19	95	95	0
20	0	110	110

These provisions conflict with §§ 96 & 97 of the act, which also extend the CSCU program to FY 20, but defer \$55 million in bonds from FY 18 to FY 20, authorize an additional \$11.7 million in bonds for FY 20, and add a new \$11.7 million project to the program.

UConn 2000 (§§ 391-395)

Bond Schedule. The act extends the UConn 2000 program by three years, from 2024 to 2027. It cancels \$55.1 million in bonds previously authorized for FY 18; reallocates them among FYs 19 and 24 to 27; and adjusts the annual bond caps for the program, as shown in Table 33. It results in a net bond cancellation of \$0.5 million. (These provisions conflict with §§ 98 & 99, which extend the program by two years and reduce total authorizations by \$99.1 million.)

Table 33: UConn 2000 Annual Bond Limits (millions)

<i>FY</i>	<i>Prior Limit</i>	<i>Act's Limit</i>	<i>Change</i>
18	\$295.5	\$240.4	(\$55.1)
19	251.0	265.9	14.9
20	269.0	269.0	0
21	191.5	191.5	0
22	144.0	144.0	0
23	112.0	112.0	0
24	73.5	73.5	0
25	0	20.0	20.0
26	0	10.0	10.0
27	0	9.7	9.7

Project Authorizations. The act expands two existing Phase III projects for deferred maintenance and other infrastructure improvements at the university and health center, respectively, to include utility, infrastructure, administrative, and support facilities. Under the act, utility, infrastructure, administrative, and support facilities include any eligible UConn 2000 project at the Storrs or regional campuses or health center, including any building or structure that is essential, necessary, or useful for such facilities. It includes (1) new construction, expansion, extension, addition, renovation, restoration, replacement, repair, and deferred maintenance of such facilities; (2) accessories and facilities located on, above, or underground used in connection with the facilities; and (3) anything else that relates to or supports the facilities. The act also makes a conforming change.

Connecticut Bioscience Innovation and Regenerative Medicine Funds (§§ 401-404)

Bond Authorizations. Prior law authorized \$200 million in bonds over 11 years, from FY 13 to FY 23, for the Connecticut Bioscience Innovation Fund (CBIF). The act:

1. extends the program by one year to FY 24;
2. cancels \$25 million in bonds authorized for FYs 18 and 19, deferring \$24 million of them to FY 24 (see Table

- 34); and
- 3. reduces the aggregate authorization for the program by \$1 million.

Table 34: CBIF Authorizations (millions)

<i>Fiscal Year</i>	<i>Prior Authorization</i>	<i>Act's Authorization</i>	<i>Change</i>
18	\$25	\$10	(\$15)
19	25	15	(10)
20	25	25	0
21	25	25	0
22	25	25	0
23	25	25	0
24	0	24	24

The act also cancels \$30 million in bonds authorized for FYs 17 through 19 for the Regenerative Medicine Research Fund (REGEN) and eliminates, beginning October 1, 2017, the requirement that at least \$10 million be available each year until FY 19 to provide financial assistance to conduct regenerative medicine research.

CBIF's Purposes. The act allows CBIF resources to provide financial assistance to institutions eligible for funding under the existing REGEN program (CGS §§ 32-41jj to 32-41mm). Such assistance must be provided pursuant to existing REGEN requirements. (Because the CBIF and REGEN programs are overseen by different committees and are awarded through different processes, it is unclear how this change will be applied in practice.)

Regenerative medicine research involves examining the process for creating living, functional tissue to repair or replace tissue or organ function lost due to aging, disease, damage, or congenital defects. The Bioscience Innovation Fund finances projects to improve health care delivery, lower health care costs, and create bioscience jobs.

Adjustments and Technical Corrections to 2016 Bond Act (§§ 405-408, 462, 471, 477, 483 & 493-494)

The act restores several GO bond authorizations cancelled or reduced in the 2016 Bond Act (PA 16-4, May Special Session), as shown in Table 35. It also makes various technical corrections related to provisions in the 2016 act (§§ 405-406, 483 & 493-494).

Table 35: Restored Bond Authorizations

<i>§</i>	<i>Agency</i>	<i>For</i>	<i>Prior Authorization</i>	<i>Amount Cancelled in PA 16-4</i>	<i>Act's Authorization</i>
408	SDE	American School for the Deaf: alteration, renovation, and improvements to buildings and grounds, including new construction	\$4,405,709	\$5,000,000	\$9,405,709
462	CI	Regenerative Medicine Research Fund	0	10,000,000	10,000,000
471	DAS	Removal or encapsulation of asbestos and hazardous material in state-owned buildings	5,000,000	5,000,000	10,000,000
477	DECD	Brownfield Remediation and Revitalization program	16,000,000	4,000,000	20,000,000

School Security Infrastructure Competitive Grant Program (§ 442)

The act makes permanent the school security infrastructure competitive grant program, which under prior law ended in FY 17. The program is jointly administered by DESPP, DAS, and SDE and provides grants to develop or improve security infrastructure in schools, based on the results of school building security assessments conducted under the supervision of local law enforcement agencies.

By law, if there is not enough money to reimburse every applicant for its full grant amount in FYs 15 through 17, first priority is given to applicants with schools that have the greatest need for security infrastructure. The act does not extend these priority requirements beyond FY 17.

Local Capital Improvement Program (LOCIP) (§ 495)

Existing law requires the OPM secretary to allocate LoCIP funds to municipalities on February 1 of each year, up to the amount the legislature authorized for the fiscal year. For 2017 and 2018, the act instead requires the OPM secretary to allocate no LoCIP funds on February 1, 2017 and \$55 million to municipalities on February 1, 2018.

Under LoCIP, the OPM secretary allocates a share of available state funds to each municipality based on miles of road, population density, and population factors, and credits the amount to each town's LoCIP account. A town may use its LoCIP credits to reimburse local spending for approved qualified projects.

Federal Transportation Loan Program Assistance and STO Bonds (§ 496)

Federal Loan Program Agreements. The act authorizes the state treasurer, OPM secretary, and DOT commissioner (i.e., "state officials") to enter into loan agreements or other credit agreements with the U.S. Department of Transportation (U.S. DOT), including agreements under the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF) programs. It allows such loan agreements to be backed by STO bonds (see below).

Under the act, the state officials:

1. may execute and deliver any documents, certificates, and instruments related to the agreements and obligations issued under them;
2. must determine the agreements' terms, conditions, covenants, and other provisions in the state's best interest; and
3. may take all other actions necessary to enter into these agreements or receive other financial assistance under any U.S. DOT program, including preparing, executing, and submitting applications.

Securing Federal Loans with STO Bonds. The act authorizes the issuance of "federal transportation bonds," which are state STO bonds issued to evidence and secure U.S. DOT loans or other financial assistance made to the state under federal programs, including TIFIA and RRIF. Federal law generally requires that U.S. DOT loans be backed by revenue sources, such as tolls, user fees, or other dedicated revenue sources that secure the financed project's other obligations (23 U.S.C. § 602 (a)(6); 45 U.S.C. § 822 (f)(3)). TIFIA and RRIF loans have longer repayment periods (35 years) than STO bonds (20 years) and flexible repayment schedules (e.g., repayment does not have to begin until five years after completion of the financed project).

Under the act, federal transportation bonds are generally subject to the requirements, covenants, and conditions that apply to STO bonds issued under the transportation STO bond program, and they may be secured by a trust indenture between the state and a corporate trustee under the same provisions that apply to the STO bond program under existing law. Regardless of STO program provisions regarding tax exemption, the act allows federal transportation bonds to be issued as taxable bonds.

The act provides that the bonds' debt service requirements and other obligations must be secured by a lien on "pledged revenues," which is the revenue credited to the Special Transportation Fund (STF) in any year. The lien is subordinate and junior to every lien securing bonds issued under the STO bond program.

Whenever the General Assembly authorizes STO bonds, those authorizations are deemed to have authorized federal transportation bonds, including STO bond authorizations that are already in effect.

TIFIA and RRIF. Under federal law, the TIFIA program provides credit assistance, including direct loans, loan guarantees, and standby lines of credit, for qualified transportation projects of regional and national significance. In general, states may receive federal credit assistance in amounts of up to 33% of total reasonably anticipated eligible project costs (23 U.S.C. § 601 et seq.).

The RRIF program provides direct loans and loan guarantees to finance development of railroad infrastructure. Under the program, states can receive direct loans to fund up to 100% of a railroad project with repayment periods of up to 35 years (45 U.S.C. § 821 et seq.).

§ 518 — BOND LISTS

Requires the (1) treasurer to provide the governor with an annual list of unissued bonds and (2) governor to provide the treasurer with an annual list of GO bond expenditures that can be made in the next fiscal year

Beginning by January 1, 2018, the act requires the state treasurer to annually provide the governor with a list of allocated but unissued bonds (i.e., bonds authorized by the legislature and allocated by the State Bond Commission, but not yet issued by the treasurer).

Beginning by April 1, 2018, the act requires the governor to annually provide the treasurer with a list of GO bond expenditures of up to \$2 million total that can be made on the following July 1.

EFFECTIVE DATE: Upon passage

§§ 521-944, 978-981 — AGENCY CONSOLIDATIONS AND ELIMINATION OF COMMISSIONS

Consolidates the Department of Housing within the Department of Economic and Community Development, the Office of Early Childhood within the state Department of Education, and the state Department on Aging within the Department of Social Services; eliminates the state's two legislative commissions

The act consolidates three state agencies and eliminates the state's two legislative commissions. Specifically, it:

1. consolidates the state Department on Aging (SDA) in the Department of Social Services (DSS);
2. consolidates the Department of Housing (DOH) in the Department of Economic and Community Development (DECD);
3. consolidates the Office of Early Childhood (OEC) in the State Department of Education (SDE);
4. eliminates the Commission on Women, Children, and Seniors and moves the Trafficking in Persons Council from the commission to OPM for administrative purposes only; and
5. eliminates the Commission on Equity and Opportunity.

The act revises the membership of numerous boards and commissions to conform to these legislative changes, principally removing the DOH, OEC, and SDA commissioners, or their designees, and legislative commission members from their positions on these bodies.

In general, under the act, any order or regulation in force on October 1, 2017 remains in effect until amended, repealed, or superseded by law.

Additionally, the act authorizes the Legislative Commissioners' Office to make technical changes to codify these changes in statute.

EFFECTIVE DATE: October 1, 2017, except for certain conforming changes (§§ 522 & 788), which are effective July 1, 2019.

State Department on Aging

The act consolidates SDA within DSS and authorizes the governor, with the Finance Advisory Committee's approval, to transfer funds between the departments. Additionally, the act transfers to DSS all SDA functions, powers, duties, and personnel. Specifically, it transfers to DSS authority over the following functions, among others:

1. serving as the designated "state unit on aging" under the federal Older Americans Act (OAA) and administering related programs;
2. allocating OAA funding to the state's five area agencies on aging;
3. overseeing municipal agents for the elderly;
4. awarding state grants for elderly community services and programs and using up to 5% of funds appropriated for these grants for related administrative expenses;
5. establishing and overseeing a fall prevention program, within available appropriations;
6. operating the CHOICES Medicare counseling, Statewide Respite, Community Choices, and elderly nutrition programs;
7. establishing an outreach program to educate consumers on long-term care, including financing, asset protection, and insurance;
8. providing information to help people choose appropriate long-term care insurance; and
9. housing the Long-Term Care Ombudsman Office.

Department of Housing

The act consolidates DOH within DECD, generally transferring responsibility for DOH programs to DECD. These include programs concerning affordable housing development and financing, individual and group housing, rent subsidies, eviction and foreclosure prevention, shelter provision and transitional living, and home ownership. Among other things, the act transfers to DECD, DOH's responsibilities concerning:

1. working with and providing financial assistance to the Connecticut Housing Finance Authority to achieve the state's housing and community development goals;
2. the state supplier diversity programs (formerly called the set-aside program);

3. the affordable housing land use appeals procedure, including maintenance of the assisted housing inventory;
4. the state's consolidated plan for housing and community development;
5. congregate housing for the elderly;
6. independent living for low- and moderate-income individuals with disabilities;
7. the federal Housing Choice Voucher and Section 8 programs;
8. the community housing land bank and land trust programs;
9. the Main Street Investment Fund;
10. the Housing for Economic Growth Program (i.e., incentive housing zone program);
11. the Rental Assistance Program, including transitional and emergency rental assistance programs; and
12. homelessness prevention programs, including emergency shelter services, transitional housing services, and on-site social services.

The act directs the interagency council on affordable housing to (1) meet on or by July 1, 2018 to develop recommendations for DECD on housing matters and (2) report to the governor and certain legislative committees by January 15, 2019.

Additionally, the act designates the Department of Children and Families (DCF) the successor agency to itself for purposes of administering the state's homeless youth program (presumably, it designates DCF as the successor to DOH for this purpose) (§ 757).

Office of Early Childhood Education

The act consolidates OEC in SDE and designates the department as the lead agency for providing early childhood services and education. It makes SDE responsible for administering the early childhood programs previously administered by OEC, including, among others:

1. school readiness;
2. the Head Start grant program;
3. the Nurturing Families Network;
4. Connecticut Charts-a-Course;
5. state- and federally-funded child day care subsidies;
6. child day care services management, evaluation, and professional development;
7. the Connecticut Smart Start Competitive Grant Program;
8. the Even Start Literacy Program;
9. the Birth-to-Three Program;
10. child day care facilities licensing, inspection, and regulation; and
11. youth camp licensing and oversight.

The act moves the Early Childhood Cabinet from OEC to SDE for administrative purposes only. It also directs SDE, beginning by July 1, 2018, to annually develop report cards containing the indicators and performance measures identified in the early childhood accountability plan previously developed by OEC.

Elimination of Legislative Commissions

The act eliminates the Commission on Equity and Opportunity and the Commission on Women, Children, and Seniors. Under prior law, the former focused on issues affecting the following underrepresented and underserved populations: African-Americans, Asian Pacific Americans, and Latinos and Puerto Ricans. The latter focused on issues affecting women, children, families, and older adults. Among other things, the commissions advised the General Assembly on coordinating and administering state programs affecting their constituencies, reviewed and commented on proposed state legislation, and conducted educational and outreach activities to raise awareness of and address critical issues for their constituencies.

Additionally, the act moves the Trafficking in Persons Council from the Commission on Women, Children, and Seniors to OPM for administrative purposes only. The OPM secretary or his designee replaces the commission's chairperson on the council.

The act also eliminates training programs on human trafficking, which the commission developed under prior law with the Police Officer Standards and Training Council.

Lastly, the act requires the Commission on Women, Children, and Seniors, by October 1, 2017, to electronically transfer to DSS training resources and materials that help financial institutions and financial agents detect potential fraud, exploitation, and financial abuse. DSS must post this information on its website by November 1, 2017.

§ 945 — TECHNICAL CHANGES BY THE LEGISLATIVE COMMISSIONERS' OFFICE (LCO)

Requires that LCO, as part of its codification, make necessary technical, grammatical, and punctuation changes in the act's text

The act requires LCO, when codifying the act's provisions, to make the technical, grammatical, and punctuation changes necessary to carry out the act's purposes. Among other things, these changes may include correcting inaccurate internal references.

EFFECTIVE DATE: Upon passage

§§ 946-962 — HEALTH CARE PROVIDER TAX

Beginning July 1, 2017, sunsets the taxes on hospitals and ambulatory surgical centers and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities and reestablishes the taxes and fees as part of a comprehensive and uniform health provider tax system

Beginning July 1, 2017, the act sunsets the taxes on hospitals and ambulatory surgical centers (ASCs) and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities (ICF-IDs) and reestablishes the taxes and fees as part of a comprehensive and uniform health provider tax system. It establishes administrative, record keeping, and penalty provisions for the provider taxes and fees that generally parallel those in existing law for other taxes.

Tax on ASC and Hospital Services

Overview. Prior law imposed separate taxes on hospital net revenue and ASC gross receipts. The hospital tax was based on a hospital's net patient revenue (defined as the amount of accrued payments earned by a hospital for the provision of inpatient and outpatient services) for a base year determined by the DSS commissioner in accordance with the state budget. The ASC tax was based on an ASC's gross receipts for each quarter, excluding the first \$1 million in the applicable fiscal year and any portion of a center's gross receipts that constituted net patient revenue of a hospital subject to the hospital tax. Under prior law, the ASC tax rate was 6% and the hospital tax rate was set up to the maximum allowed by federal law (6% as of October 1, 2011) and in conformance with the state budget.

Beginning July 1, 2017, the act sunsets these two taxes and instead imposes a net revenue tax on both hospitals and ASCs as part of a comprehensive health provider tax system. The new tax is based on the total net revenue (see "*Definition of Net Revenue*," below) that hospitals and ASCs receive for providing inpatient and outpatient hospital services and ASC services. The tax on inpatient and outpatient hospital services is based on the net revenue received for FY 16, while the tax on ASC services is based on the total net revenue ASCs receive each calendar quarter for such services, excluding revenue from Medicaid payments.

For ASC services, the act sets the rate at 6%. For inpatient and outpatient hospital services, the act establishes a formula for calculating the tax rate. The formula's numerator is a specified amount (effectively the amount of revenue to be generated by the tax for the fiscal year) and the denominator is the total "*FY 16 Audited Net Revenue*," as described below, for all health care providers subject to the tax. The numerator is \$900 million in FYs 18 and 19 and \$384 million in FY 20 and thereafter.

Payment Requirements for Tax on Hospital Services. For each fiscal year, beginning with FY 18, each health care provider required to pay tax on inpatient and outpatient hospital services must calculate the amount of tax due, on forms prescribed by the DRS commissioner, by multiplying the applicable rate described above by the its audited net revenue (described below) for FY 16. With the exception of FY 18, providers must pay the total amount due in four quarterly payments according to the standard filing and payment requirements the act establishes (described further below).

For FY 18, the act requires health care providers to make an estimated tax payment on October 31, 2017 that equals 133% of the tax that was due for FY 17 under the prior hospital tax. If a provider was not required to pay the tax on either inpatient or outpatient hospital services, it must make its estimated payment based on its unaudited net patient revenue. Providers must pay the remaining balance due for FY 18 in two equal payments, due April 30, 2018, and July 31, 2018, respectively.

The act requires health care providers to make these required payments according to procedures established by the commissioner, on forms he provides.

Hospitals and ASCs Subject to the Tax. Under prior law, the hospital tax applied to all short-term general hospitals except children's hospitals and hospitals operated exclusively by the state, other than those the state operates as a receiver

(i.e., Connecticut Children's Medical Center and John Dempsey Hospital). Under the act, the tax applies to the net revenue tax of any health care facility that (1) is licensed by DPH as a short-term general hospital; (2) is maintained primarily for the care and treatment of patients with disorders other than mental diseases; (3) meets the requirements for participation in Medicare as a hospital; and (4) has a utilization review plan in effect, applicable to all Medicaid patients, that meets federal requirements, or has been granted a federal waiver.

Under prior law, the ASC gross receipts tax applied to DPH-licensed outpatient surgical facilities and Medicare-certified ASCs that are included in the federal definition of an ASC (i.e., a distinct entity that operates exclusively to provide surgical services to patients not requiring hospitalization, where the services are not expected to take more than 24 hours). The act applies the net revenue tax to ASCs that (1) meet the federal definition described above and (2) have an agreement with the Centers for Medicare and Medicaid Services (CMS) to participate in Medicare as an ASC and meet federal requirements to do so.

Request for Federal Waiver to Exempt Certain Hospitals. The act requires the DSS commissioner to seek CMS approval to exempt from the tax (1) specialty hospitals; (2) children's general hospitals; and (3) hospitals operated exclusively by the state, other than those the state operates as a receiver. (However, specialty hospitals do not appear to be subject to the tax since they are not licensed by DPH as short-term general hospitals.) It requires health care providers, upon request, to provide the DSS commissioner with information he needs to make any necessary calculations to seek approval for this exemption. (The same exemption applied against the hospital tax under prior law.)

The act similarly requires the commissioner, before January 1, 2018 and every three years thereafter, to seek CMS approval to exempt financially distressed hospitals from the tax on outpatient hospital services. It defines a "financially distressed hospital" as one that has experienced, over a five-year period, an average net loss of more than 1% of aggregate revenue if the loss is reflected in the five most recent years of financial reports made available by the Office of Healthcare Access for such hospital as of July 1 of the year in which the waiver is requested. (The same exemption applied against the hospital tax under prior law.)

Under the act, any health care provider or hospital for which CMS grants an exemption is exempt from the net revenue tax and any provider or hospital denied an exemption must pay the tax.

The act exempts these waivers from the statutes requiring the DSS commissioner to submit notice of any proposed amendment to the Medicaid state plan to the Human Services and Appropriations committees before submitting it to the federal government.

Definition of Net Revenue. The act defines net revenue as "gross receipts" minus "payer discounts," "charity care," and bad debts on which the taxpayer previously paid the tax. Under the act, "gross receipts" means the amount "received" from patients, third-party payers, and others (cash or in-kind) for taxable health care items or services the taxpayer provides in the state. It includes retroactive adjustments under reimbursement agreements with third-party payers, with no deduction for expenses. Under the act, "received" means received or accrued according to the taxpayer's customary accounting method.

"Payer discounts" is the difference between a provider's published charges and the actual payments it received under negotiated agreements with health care payers for a different or discounted rate or payment method. It excludes charity care and bad debts.

"Charity care" is free or discounted health care services provided to individuals who cannot afford to pay, including care to the uninsured patient or patients who are not expected to pay all or part of a provider's bill based on income guidelines and other financial criteria established in statute or in a provider's charity care policies on file at the provider's office. It does not include bad debts and payer discounts.

FY 16 Audited Net Revenue. As discussed above, the tax on inpatient and outpatient hospital services is based on the provider's FY 16 audited net revenue. The act defines "FY 16 audited net revenue" as the amount of revenue the DRS commissioner determines, in accordance with federal law, that a health care provider received for providing inpatient and outpatient hospital services during federal FY 2016, based on information provided by each health care provider subject to the tax. Under the act, the total FY 16 audited net revenue is the sum of FY 16 audited net revenue for each health care provider subject to the tax.

The act requires hospitals to submit to the commissioner any information he determines is required to calculate the FY 16 audited net revenue for all hospitals. They must provide this information by January 1, 2018. The commissioner may request additional information he needs to audit each hospital's net revenue. Once he has completed his examination, the commissioner must, by February 28, 2018, notify each hospital of its FY 16 audited net revenue.

Hospitals that fail to provide the requested information before January 1, 2018, or fail to comply with a request for additional information, are subject to a penalty of \$1,000 per day for each day the hospital fails to provide the requested or additional information. The act allows the commissioner to engage an independent auditor to assist him with these duties and responsibilities.

Taxable Services. The tax applies to the revenues a health care provider receives for providing inpatient and outpatient hospital services. Under the act, “inpatient hospital services” are all services (1) ordinarily furnished in a hospital for the care and treatment of inpatients, (2) furnished under the direction of a physician or dentist, and (3) furnished in a hospital. They exclude skilled nursing facility and intermediate care facility services furnished by a hospital with swing bed approval. An “inpatient” is a patient admitted to a medical institution as an inpatient on a physician’s or dentist’s recommendation and who (1) receives room, board, and professional services in the institution for at least a 24-hour period or (2) is expected to do so by the institution, even if the patient does not actually stay for 24 hours.

The act defines “outpatient hospital services” as preventive, diagnostic, therapeutic, rehabilitative, or palliative services (1) furnished to outpatients, (2) furnished by or under the direction of a physician or dentist, and (3) furnished by a hospital. An “outpatient” is a patient of an organized medical facility, or a distinct part of such facility, who is expected by the facility to receive, and does receive, professional services for less than a 24-hour period, regardless of (1) when the patient is admitted, (2) whether a bed is used, or (3) whether the patient remains in the facility past midnight.

Under the act, “ASC services” are those services furnished in connection with covered surgical procedures performed in an ASC for which payment for the procedure is allowable under federal law. They include only facility services and exclude surgical procedures.

Hospital-Owned ASCs. Under the act, net revenue derived from furnishing a health care item or service to a patient must be taxed only once. Net revenue from each hospital-owned ASC must be (1) considered net revenue of the hospital and (2) reported as net revenue from inpatient or outpatient hospital services as applicable.

Under the act, a hospital-owned ASC includes only those ASCs that (1) are considered departments of the owner-hospital and (2) have provider-based status according to federal law. (Provider-based status is a Medicare payment designation that allows qualifying health care facilities to bill Medicare as a hospital outpatient department and thereby receive higher payments.) If an ASC is owned by a hospital but is not considered to be a hospital department or does not have provider-based status, its net revenue must not be considered the owner-hospital’s net revenue; rather, it must file and pay tax for any net revenue it receives from providing ASC services.

DRS Guidance. The act requires the DRS commissioner to issue guidance on the administration of the tax on inpatient and outpatient hospital services after completing a study of the applicable federal law governing the administration of health care provider taxes. The commissioner must conduct the study in collaboration with the DSS commissioner, the OPM secretary, the Connecticut Hospital Association, and the hospitals subject to the tax.

Nursing Home and ICF-ID User Fees

Facilities Subject to the Fees. The act imposes quarterly resident day user fees on nursing homes and ICF-IDs that are generally the same as those imposed under prior law. The act imposes the nursing home fee on all nursing homes (i.e., any licensed chronic and convalescent nursing home or rest home with nursing supervision) and requires the DSS commissioner to seek a federal Medicaid waiver to exempt continuing care retirement communities (CCRCs) from the fee (described further below). CCRCs were similarly exempt from the nursing home fee under prior law.

The act imposes the ICF-ID user fee on the same facilities subject to the fee under prior law (i.e., residential facilities for people with intellectual disabilities that are certified to meet federal requirements and, in the case of private facilities, state-licensed).

Fee Calculation. Under prior law, DSS was required to calculate the fees every two years based on the facilities’ net revenue (i.e., the amount billed for all services provided, less contractual allowances, payer discounts, charity care, and bad debt) and a percentage set by the OPM secretary up to the maximum amount federal law allows (6%). The act instead establishes the fees as the product of each facility’s total resident days during the quarter multiplied by (1) \$21.02 for nursing homes and (2) \$27.26 for ICF-IDs, which generally equal the current user fees set by DSS. (The nursing home resident user fee was previously \$16.13 per resident day for municipally owned nursing homes and homes licensed for more than 230 beds.)

Under the act, a nursing home or ICF-ID resident day is the same as under prior law, that is, a day a nursing home or ICF-ID provides residential care to an individual, and includes a day (1) a resident is admitted, (2) for which the facility is eligible for payment for reserving the resident’s bed due to hospitalization or temporary leave, or (3) a resident dies. As under prior law, a resident day does not include the day a resident is discharged or, in the case of nursing homes, a Medicare day (i.e., days of nursing home care service provided to someone eligible for Medicare payments).

Waiver and Fee Reduction. The act requires the DSS commissioner to seek federal approval from CMS to (1) exempt CCRCs from the nursing home fee and (2) impose a lower fee of \$16.13 for municipally-owned homes and those homes licensed for more than 230 beds. Under the act, the exemption and lower fee apply if CMS grants approval; if CMS denies the exemption or lower fee, the nursing home fee or higher user fee applies (i.e., CCRCs pay the nursing home fee or the higher fee applies to larger or municipally-owned homes).

As with the hospital waivers discussed above, the act exempts the nursing home and ICF-ID user fee waivers from the statutes requiring the DSS commissioner to submit notice of any proposed amendment to the Medicaid state plan to the Human Services and Appropriations committees before submitting it to the federal government.

Tax Credits

The act prohibits health care providers from using tax credits to reduce their health provider tax liabilities. Under prior law, hospitals and ambulatory surgical centers could apply urban and industrial site reinvestment tax (UISR) credits against their hospital or ASC taxes.

Under the act, any provider assigned UISR tax credits to apply against the prior hospital or ASC tax may further assign the credits once to another taxpayer or taxpayers, but these taxpayers may (1) claim the credits only for the tax year for which the provider would have been eligible to claim them and (2) not further assign the credits. The assigning health care provider must file with the DRS commissioner information the commissioner requests on such assignments, including the current credit holders as of the end of the preceding calendar year.

Tax and Fee Administration

Filing Returns and Remitting Taxes and Fees. Under the act, taxpayers doing business in this state (i.e., health care providers subject to the tax or fee) must file quarterly returns, and remit the tax and fee payments to the DRS commissioner by the last day of January, April, July, and October of each year on DRS-prescribed forms. The returns must be signed by one of the taxpayer's principal officers and state the (1) taxpayer's name and location, (2) amount of its net patient revenue or resident days during the respective quarter, and (3) other information the commissioner deems necessary to properly administer the health provider taxes and the state's Medicaid program.

Taxpayers must file the returns electronically and remit their payments by electronic funds transfer, regardless of whether they would have otherwise been required to do so electronically under existing law.

Failure to Pay Tax or Fee. Taxpayers that fail to pay the tax or fee they owe on time are subject to a penalty of 10% of the unpaid tax or fee or \$50, whichever is greater, plus 1% interest for each full or partial month that the tax or fee remains unpaid.

If a taxpayer does not file a return within one month of its due date, the DRS commissioner may make the return based on the best information available and according to the prescribed form. In addition to the tax or fee due, the taxpayer must pay a penalty of 10% of the tax or fee due or \$50, whichever is greater. Interest of 1% on the tax due accrues for each full or partial month that it remains unpaid.

The DRS commissioner must notify the DSS commissioner of any delinquent amount. Once the DSS commissioner receives the notice, he must deduct and withhold the amount due from any amount DSS would otherwise pay the taxpayer.

Penalty Waivers. The DRS commissioner may waive all or part of any penalty if the taxpayer proves that his failure to pay the tax or fee was for reasonable cause and was not intentional or due to neglect. By law, the Penalty Review Committee must approve penalty waivers of more than \$1,000.

Willfully Failing to Pay the Taxes or Fees or Supplying False Information. In addition to other penalties provided by law, taxpayers that willfully fail to pay the taxes or fees, file returns, keep records, or supply information within the time allowed under the act are subject to a fine of up to \$1,000, one year in prison, or both. The act allows DRS to prosecute taxpayers for these violations within three years after they were committed. (The act appears to incorrectly refer to violations committed on or after July 1, 1997.)

The act also provides that anyone who willfully delivers or discloses to the commissioner or his authorized agent any list, return, account, statement, or other document known to be fraudulent or false in any material matter is, in addition to any other penalties provided by law, guilty of a class D felony (see Table on Penalties). Taxpayers may not be charged with these two offenses (willfully failing to pay the taxes or fees or supplying fraudulent or false information) for the same tax period, but they may be charged and prosecuted for both such offenses based on the same information.

Examination of Records and Deficiency Assessments. The act authorizes the DRS commissioner to examine the records of any taxpayer subject to the taxes or fees as he deems necessary. If he determines there is a deficiency, he must assess the deficiency, give notice of the deficiency assessment to the taxpayer, and make demand for payment. Interest of 1% per month on the amount due accrues from the date when the original tax or fee was due. An additional penalty of (1) 10% of the deficiency or \$50, whichever is greater, applies when it appears that the deficiency is due to negligence or intentional disregard for the act or regulations and (2) 25% of the deficiency applies when it appears that the deficiency is due to fraud or intent to evade the act or regulations. A taxpayer cannot be subject to more than one penalty in relation to the same tax period. Taxpayers must pay the tax, penalty, and interest due within 30 days after the notice's mailing.

The commissioner must mail notice of a deficiency assessment to the taxpayer within three years after the return is filed or was originally due, whichever is later. But there is no time limit when a willfully false or fraudulent return is filed with intent to evade the tax or fee. In cases where the taxpayer consents, in writing, to an extension of the period for assessing an additional tax or fee, the amount of the additional tax due may be determined at any time within the extended period. The extended period may be further extended by additional written consents before the period expires.

The DRS commissioner may require taxpayers to (1) keep certain prescribed records and (2) produce books, papers, documents, and other data to provide or secure information relevant to the determination of the taxes or fees and their enforcement and collection. The commissioner, or any person he authorizes, may examine such books, papers, records, and equipment and may investigate the business's character to verify the accuracy of a tax return or determine the amount due.

Agreements with the DSS Commissioner. The act authorizes the DRS commissioner to enter into an agreement with the DSS commissioner delegating to the latter the authority to examine health provider taxpayer records and returns and determine whether the correct amount of tax has been paid. These examinations and determinations have the same effect as those made by DRS.

The act also authorizes the DRS commissioner to enter into an agreement with the DSS commissioner to facilitate the exchange of returns or return information necessary for the DSS commissioner to perform his responsibilities and ensure compliance with the state's Medicaid program.

The DSS commissioner may engage an independent auditor to assist him in performing these duties and responsibilities. Any reports the independent auditor generates must be provided simultaneously to DRS and DSS.

Regulations. The DRS commissioner may adopt regulations to implement the health provider taxes and fees.

Claims for Overpayment. A taxpayer who has overpaid has three years from the date the tax or fee was due to file a written claim for a refund stating the specific grounds for the claim. Within a reasonable time, as the commissioner determines, the commissioner must decide the claim's validity and, if valid, have the comptroller provide a refund. Failure to file a claim within the three-year period constitutes a waiver of the right to an overpayment refund. If the commissioner disallows the claim, notice must be mailed to the taxpayer briefly setting forth his factual findings and the reasons for the disallowance. His action becomes final 60 days after being mailed, unless the taxpayer has filed a written protest with the commissioner, as described below.

Written Protest. Within 60 days after the mailing of a proposed disallowance for an overpayment claim, the taxpayer may file a written protest with the commissioner against the proposed disallowance indicating the grounds on which the protest is based. The commissioner must reconsider the proposed disallowance and may grant a hearing if the taxpayer, or its authorized representative, requests one. Notice of the commissioner's determination must be mailed to the taxpayer and must briefly indicate the commissioner's findings and the basis of his decision. The commissioner's decision on the protest is considered final one month from the date he mails the notice unless the taxpayer appeals to court during this period as described below.

Appeals of Commissioner's Decisions. The act allows a taxpayer aggrieved by the DRS or DSS commissioner's action, or that of an authorized agent, in setting the amount of any health provider tax, penalty, interest, or fee to apply, in writing, for a hearing and correction to the DRS commissioner within 60 days after notice of the action. The application must indicate the reasons why the hearing should be granted and the amount by which the tax, penalty, interest, or fee should be reduced. The commissioner must promptly consider the application and may grant or deny the hearing request. He must immediately notify the taxpayer if the hearing is denied. If the hearing is granted, he must notify the applicant of the hearing's date, time, and place. After the hearing, the commissioner may issue an order that appears just and lawful and provide a copy to the taxpayer. DRS may order a hearing on its own initiative and require the taxpayer or any individual it believes has relevant information to appear, with any specified documents, for examination under oath.

Court Appeal. Any taxpayer aggrieved by an order, decision, determination, or disallowance of the commissioner can appeal for relief to the Superior Court for the judicial district of New Britain. The appeal must be made within one month after notice is served of the commissioner's action. It must be accompanied by a citation for the commissioner to appear in court. The citation and appeal must be handled like other civil actions, and the authority filing the appeal must provide a

bond to assure prosecution of the appeal and compliance with court orders. These appeals become preferred cases, which must be heard at the first court session unless there is cause to do otherwise.

The court is authorized to grant equitable relief. If the tax or charge has already been paid, relief may include interest at a rate of 0.67% per month. If the taxpayer has appealed without probable cause, the court may charge double or triple costs, and when an appeal is denied, the court can impose costs against the taxpayer bringing the appeal. But, the court cannot charge costs against the state.

Enforcement. The act authorizes the DRS commissioner, and any duly authorized agent, to conduct inquiries, investigations, or hearings as the act provides, and administer oaths and take testimony under oath related to the matter being investigated. At any hearing the commissioner orders, he or his agent may subpoena witnesses and books, papers, and documents. Individuals subject to subpoena cannot use the self-incrimination protection of the Constitution to refuse subpoenas, but information gathered through these processes cannot be used in criminal proceedings. When a person refuses to respond to the commissioner's subpoena, the commissioner can ask the Superior Court to enforce it and, in the face of continued lack of cooperation, the court can order the recalcitrant party imprisoned for up to 60 days. In such cases the commissioner is authorized to continue the investigation. Officers who serve subpoenas are entitled to compensation and fees at the same rates as officers and witnesses in state courts.

Collection. Taxes, including penalties, interest, and fees, due and unpaid, may be collected through existing statutory procedures. The interest must be at least 1.25% per month. The commissioner or his authorized agent can sign a tax warrant, which must include an itemized bill of the amount due, to be served on the taxpayer. The amount of unpaid tax, penalty, interest, and fees is a lien against all of the taxpayer's Connecticut real estate and may be filed with the town clerk where the property is located. Such a lien is not effective against a mortgage holder or a bona fide purchaser of the property who does not know of the lien. When the tax has been paid, the commissioner, on the request of any interested party, must issue a certificate discharging the lien. Any foreclosure action on the lien must be brought by the attorney general in the judicial district where the property is located. The court may limit the time for redemption of the lien, order sale of the property, or issue some other decree it deems equitable. Fees must be treated as a tax for purposes of withholding state payments due a taxpayer to offset delinquent taxes and related penalties.

Revenue

Beginning in FY 18, the act authorizes the comptroller, at the close of each fiscal year, to record as revenue the amount of health provider taxes and fees received by the DRS commissioner within five business days after the July 31 following the end of the fiscal year.

§§ 963-965 — HOSPITAL SUPPLEMENTAL PAYMENTS

Requires DSS to distribute supplemental hospital payments based on criteria developed in consultation with the Connecticut Hospital Association; establishes a schedule for payments; allows DSS to advance payments for distressed hospitals; and prohibits the governor from reducing any allotment to the supplemental payment account

Prior law allowed DSS to establish, within available appropriations, a supplemental inpatient pool for certain hospitals. The act instead requires DSS to establish one or more supplemental pools for certain hospitals. Generally, supplemental pools refer to hospitals grouped for purposes of receiving supplemental Medicaid payments.

For FYs 18 and 19, the act requires DSS to distribute supplemental Medicaid payments to applicable hospitals based on criteria it determines in consultation with the Connecticut Hospital Association (CHA), including utilization and proportion of total Medicaid expenditures. Under the act, the consultation (1) requires DSS to send proposed distribution criteria in writing to CHA at least 30 days before making any payments based on the criteria and (2) must provide an opportunity to discuss the criteria before making any payments based on them, with an exception for supplemental payments for the quarter ending September 30, 2017. For those payments, DSS must send the distribution criteria at least seven days before making payments.

For FYs 18 and 19, the act also requires DSS to pay the total amount of hospital supplemental payments to applicable hospitals in accordance with the total amount for payments included in the approved state budget, subject to DSS' determination that the payments comply with federal law.

The act establishes a payment schedule for supplemental payments for FYs 18 and 19, as shown in Table 36.

Table 36: Supplemental Payment Schedule

<i>For the Quarter Ending</i>	<i>Payment Due On</i>
September 30, 2017	The later of the act’s effective date or September 30, 2017
December 31, 2017	December 31, 2017, except that DSS may delay the payment until 14 days after receiving federal approval for necessary changes to the Medicaid state plan for such payments
March 31, 2018 and subsequent quarters through June 30, 2019	The last day of each calendar quarter

The act also eliminates an obsolete provision pertaining to blended inpatient hospital case rates.

Payment Advances for Distressed Hospitals

For FY 18, the act allows the DSS commissioner to advance all or a portion of the quarterly supplemental payment to a distressed hospital in accordance with the act’s provisions. Under the act, a distressed hospital is a short-term acute care hospital licensed by DPH that (1) DSS determines is financially distressed in accordance with criteria DSS develops and (2) is independent and not affiliated with any other hospital or system that includes two or more hospitals, as documented through the certificate of need process administered by DPH’s Office of Health Care Access.

Such a hospital must request the advance in writing with an explanation of how the hospital complies with conditions established under the act. The hospital must provide the DSS commissioner with all requested financial information, including annual audited financial statements, quarterly internal financial statements, and accounts payable records.

The DSS commissioner may impose conditions he determines necessary to make an advance, including financial reporting, a schedule for repayment, and adjustments to future payments.

Governor’s Rescission Authority

For FYs 18 and 19, the act prohibits the governor from reducing any allotment requisition or allotment in force for DSS’ Hospital Supplemental Payments account.

EFFECTIVE DATE: Upon passage

§§ 966-974 — REVENUE ESTIMATES

Adopts revenue estimates for FYs 18 and 19 for appropriated state funds

The act adopts revenue estimates for FYs 18 and 19 for appropriated state funds, as shown in Table 37.

Table 37: Revenue Estimates for FYs 18 and 19

<i>Fund</i>	<i>FY 18</i>	<i>FY 19</i>
General Fund	\$18,554,500,000	\$18,637,000,000
Special Transportation Fund	1,588,500,000	1,628,100,000
Mashantucket Pequot and Mohegan Fund	58,100,000	58,100,000
Regional Market Operation Fund	1,100,000	1,100,000
Banking Fund	30,000,000	30,200,000
Insurance Fund	90,000,000	91,400,000
Consumer Counsel and Public Utility Control Fund	27,000,000	27,300,000
Workers’ Compensation Fund	24,867,000	28,122,000
Criminal Injuries Compensation Fund	3,000,000	3,000,000

EFFECTIVE DATE: Upon passage

§ 975 — UCONN HEALTH CENTER (UHC) FRINGE BENEFIT COST DIFFERENTIAL FUNDING

Repeals a requirement for the comptroller to fund the fringe benefit cost differential of UHC employees (CGS § 3-123i)

The act eliminates a law that required the comptroller to fund the “fringe benefit cost differential” of UHC employees with up to \$13.5 million in resources appropriated for state comptroller fringe benefits. The fringe benefit cost differential is the difference between the average fringe benefit rate for employees of acute-care hospitals and the fringe benefit rate for UHC employees.

EFFECTIVE DATE: Upon passage

§ 982 — KIRKLYN M. KERR GRANT PROGRAM

Repeals the program, which provides grants to veterinary medicine students

The act repeals the Kirklyn M. Kerr grant program, which provides grants to state residents pursuing degrees in veterinary medicine at an accredited veterinary graduate school. UConn administers the program and students attend Iowa State University at in-state rates.

EFFECTIVE DATE: July 1, 2018

PA 17-2, June 2017 Special Session—SB 1502

Emergency Certification

AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2019, MAKING APPROPRIATIONS THEREFOR, AUTHORIZING AND ADJUSTING BONDS OF THE STATE AND IMPLEMENTING PROVISIONS OF THE BUDGET

TABLE OF CONTENTS:

§§ 1-10 — FY 18 AND FY 19 APPROPRIATIONS

Appropriates money for state agency operations and programs for FYs 18 and 19

§§ 11 & 557 — PASSPORT TO PARKS ACCOUNT TRANSFERS

Earmarks funds from the account for specified environmental purposes

§§ 12-16 & 28 — SPENDING REDUCTIONS AND BUDGETED LAPSES

Authorizes the Office of Policy and Management (OPM) secretary to reduce allotments for state agencies and funds in order to achieve specified savings and budgeted lapses

§ 17 — APPROPRIATIONS FOR NONFUNCTIONAL – CHANGE TO ACCRUALS

Prohibits the OPM secretary from allotting funds to such line item accounts

§ 18 — AUTHORITY TO TRANSFER FUNDS TO AND FROM THE RESERVE FOR SALARY ADJUSTMENTS ACCOUNT

Allows the OPM secretary to transfer specified funds to implement and account for adjustments to various personal services expenses

§ 19 — COLLECTIVE BARGAINING AGREEMENT COSTS

Carries forward the unexpended portion of appropriated funds that relate to collective bargaining agreements and related costs and requires the funds to be used for the same purposes in FYs 18 and 19

§§ 20 & 21 — APPROPRIATION TRANSFERS AND ADJUSTMENTS TO MAXIMIZE FEDERAL MATCHING FUNDS

Authorizes the governor, subject to specified conditions, to transfer or adjust agency appropriations to maximize federal matching funds

§§ 22 & 24 — TRANSFERS TO MEDICAID ACCOUNT

Authorizes the OPM secretary to transfer certain funds to the Department of Social Services' Medicaid account to maximize federal reimbursement

§ 23 — DSS PAYMENTS TO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) HOSPITALS

Specifies how (1) DSS must spend appropriations for certain DMHAS hospital payments and (2) DMHAS hospitals must use the funds they receive from DMHAS

§ 25 — BIRTH-TO-THREE PROGRAM

Requires SDE to transfer certain federal special education funds to OEC for the Birth-to-Three Program

§ 26 — DEPARTMENT OF CHILDREN AND FAMILIES (DCF)-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends rate adjustments for DCF-licensed private residential treatment facilities

§ 27 — DDS AND DMHAS COST SETTLEMENTS WITH PRIVATE AND NONPROFIT PROVIDERS

Requires certain private and nonprofit providers to reimburse these agencies for the difference between actual costs and the amount received from the agencies

§ 29 — XL CENTER REQUEST FOR PROPOSALS (RFP)

Requires Hartford to issue an RFP for the purchase of the XL Center

§§ 30 & 31 — TOBACCO HEALTH AND TRUST FUND (THTF) TRANSFERS

Transfers funds from the THTF for various purposes

§ 32 — EVEN START AND TWO-GENERATIONAL INITIATIVE

Specifies that it is intended that Even Start be integrated into OEC's two-generational initiative

§ 33 — FAMILY RESOURCE CENTERS

Requires certain municipalities to close one family resource center and provides grants to those centers existing on January 1, 2018

§§ 34 & 35 — MUNICIPAL GAMING ACCOUNT AND GRANTS TO MUNICIPALITIES

Increases the amount of gaming revenue that must be deposited into the municipal gaming account and provides grants from the account to four additional towns

§ 36 — INFORMATION ON APPROPRIATIONS FOR VARIOUS IMMUNIZATION-RELATED PURPOSES

Extends by two months the date by which the OPM secretary must provide certain information to the insurance commissioner

§ 37 — RECONCILE APPROPRIATIONS WITH EXECUTIVE ORDER

Authorizes OPM to transfer funds to reconcile this act's appropriations with those in the governor's executive order

§ 38 — FEDERAL REIMBURSEMENT FOR DSS, DCF, AND JUDICIAL BRANCH PROGRAMS

Allows DSS, DCF, and the Judicial Branch to establish receivables for anticipated reimbursement from approved projects in certain circumstances

§ 39 — OUTPATIENT CLINIC LICENSE RENEWAL

Increases the frequency of outpatient clinic license renewal and makes a conforming change

§ 40 — TEMPORARY FAMILY ASSISTANCE (TFA) AND STATE ADMINISTERED GENERAL ASSISTANCE (SAGA) RATES

Extends the TFA and SAGA freeze for an additional two years, FYs 18 and 19

§ 41 — BOARDING HOME RATES

Freezes, with exceptions, rates paid by DSS to certain boarding homes

§§ 41, 42 & 43 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for residential services at certain facilities through FY 19

§ 44 — CAP ON RESIDENTIAL CARE HOME RATES

Caps residential care home rates with certain exceptions

§§ 45 & 46 — MEDICAID NURSING HOME RATES

Limits nursing home Medicaid rates with certain exceptions, reverses a recent rate decrease for certain homes, and lowers the minimum occupancy for purpose of calculating rates

§ 47 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF-ID)

Freezes FY 18 and FY 19 rates for ICF-IDs, with certain exceptions

§ 48 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends daily and other rate adjustments for FYs 18 and 19 for DCF-licensed private residential treatment facilities

§ 49 — LIMIT ON NONEMERGENCY ADULT DENTAL SERVICES

Caps payment for nonemergency dental services for adults at \$1,000 per calendar year

§ 50 — MEDICARE SAVINGS PROGRAM

Reduces income eligibility for the Medicare Savings Program

§§ 51-54 — MEDICAID AND SPECIAL EDUCATION

Requires boards of education to enroll as Medicaid providers, participate in DSS's Medicaid School Based Child Health Program, and submit billable service information to DSS

§ 55 — SPECIAL TRANSPORTATION FUND (STF)

Removes the requirement that remaining STF funds, after first being used for other specified obligations, pay for DSS's transportation to work program

§ 56 — DAS CANDIDATE LISTS

Allows DAS to extend candidate lists through the end of 2018

§ 57 — TECHNICAL CHANGES BY THE LEGISLATIVE COMMISSIONERS' OFFICE (LCO)

Requires that LCO, as part of its codification, make necessary technical, grammatical, and punctuation changes in the act's text

§ 58 — EVALUATING TRANSPORTATION PROJECTS

Exempts from certain evaluation requirements certain projects that the DOT commissioner determines are necessary to maintain the state's infrastructure

§ 59 — TEACHERS' RETIREMENT SYSTEM (TRS) VIABILITY COMMISSION

Establishes a commission and requires the state to contract with a consulting firm to develop and implement a plan to maintain TRS's financial viability

§ 60 — UCONN HEALTH CENTER PUBLIC-PRIVATE PARTNERSHIPS

Requires the UConn Health Center to seek to establish public-private partnerships and report to certain legislative committees by April 1, 2018

§ 61 — BAN ON SHEFF HOST MAGNET SCHOOLS CHARGING TUITION TO SENDING DISTRICTS

Continues the ban on a Sheff region host magnet school charging tuition

§§ 62-67, 83, 236 — CHANGES TO THE SCHOOL CONSTRUCTION PROGRAM

Makes numerous changes to the school construction grant program, including altering how reimbursement rates are determined, requiring additional application information, expanding the types of projects eligible for emergency grants, and increasing the amount the state must withhold pending a final audit

§ 68 — TEACHERS' RETIREMENT BOARD (TRB) MEMBERSHIP

Requires one member of the TRB to be a municipal chief elected official

§ 69 — YOUTH SERVICE BUREAU (YSB) GRANTS

Expands youth service bureau grant eligibility to those bureaus that applied in FY 17 and met town contribution requirements

§ 70 — SPECIAL EDUCATION COST MODEL TASK FORCE AND FEASIBILITY STUDY

Creates a task force to study the feasibility of forming a special education predictable cost cooperative or other model to minimize the volatility in municipal special education spending

§ 71 — ACHIEVEMENT AND RESOURCE EQUITY IN SCHOOLS COMMISSION

Creates a 16-member commission to report recommendations on education funding to the Appropriations and Education committees, governor, and OPM secretary

§§ 72-82 — TECHNICAL EDUCATION AND CAREER SYSTEM

Makes changes to the current process that transitions the technical education and career system into an independent agency

§ 84 — FREQUENCY OF FACILITY, AIR QUALITY, AND GREEN CLEANING REPORTS

Reduces frequency of certain required reports

§ 85 — BODY-WORN RECORDING EQUIPMENT TASK FORCE

Specifies that the body-worn recording equipment task force is within the legislative branch

§§ 86-99 & 731 — DDS AS SUCCESSOR TO OPA'S INVESTIGATION OF ABUSE AND NEGLECT COMPLAINTS

Transfers to DDS, rather than the Department of Rehabilitation Services (DORS), oversight over claims of abuse or neglect of individuals with intellectual disability or clients of DSS's Division of Autism Spectrum Disorder Services and makes related changes

§§ 100-105 — CRIMINAL JUSTICE INFORMATION SYSTEM (CJIS) GOVERNING BOARD

Transfers the board from OPM to the Department of Emergency Services and Public Protection (DESPP) for administrative purposes; requires DESPP to staff and supply the board and to provide certain information to people who request it

§§ 106 & 107 — ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS (ACIR) REPORT DEADLINES

Delays certain deadlines by which ACIR must submit reports on state mandates to the General Assembly

§ 108 — DEPARTMENT OF REVENUE SERVICES (DRS) TAX INCIDENCE REPORT

Pushes back the deadline by which DRS must submit the first biennial tax incidence report to the Finance, Revenue and Bonding Committee

§ 109 — RETIREMENT SYSTEMS STRESS TEST REPORT

Requires OPM to annually report stress test analyses for the teachers' and state employees' retirement systems

§ 110 — AUTHORIZATION TO SHARE TAX ASSESSORS

Allows a regional council of government (COG) or two or more municipalities to appoint shared tax assessors

§ 111 — LOCAL OPTION ADMISSIONS SURCHARGE

Exempts motion pictures from the surcharge

§§ 112-125, 165 & 732 — HEALTH INFORMATION TECHNOLOGY OFFICER

Transfers responsibilities for the all-payer claims (APCD) database and consumer health information website from Access Health CT to the health information technology officer and makes related changes

§ 126 — HEALTH CARE PROVIDERS WITHOUT ELECTRONIC HEALTH RECORD SYSTEMS

Requires certain health care providers to be capable of transmitting secure messages that comply with national specifications published by the National Coordinator for Health Information Technology

§§ 127 & 732 — STATE HEALTH INFORMATION TECHNOLOGY ADVISORY COUNCIL

Increases the State Health Information Technology Advisory Council's membership; expands the council's chairpersons' authority; changes who may appoint members to the All-Payer Claims Database Advisory Group and allows its members who are public officials to appoint designees

§ 128 — STATE-WIDE HEALTH INFORMATION EXCHANGE

Requires the state to establish a program to expedite the development of the State-Wide Health Information Exchange

§ 129 — STATE EMPLOYEE BACKGROUND CHECKS

Adds criminal background check requirements for current and prospective state employees in positions involving exposure to federal tax information

§ 130 — STAMFORD WOMEN'S BUSINESS DEVELOPMENT COUNCIL GRANT

Provides an annual \$350,000 grant to the Women's Business Development Council in Stamford in FYs 18 and 19

§ 131 — CHRONIC GAMBLERS TREATMENT AND REHABILITATION ACCOUNT

Requires MMCT to contribute \$300,000 to the chronic gamblers treatment and rehabilitation account instead of the Connecticut Council on Problem Gambling

§ 132 — MICROBIOME WORKING GROUP

Establishes a 16-member working group to devise a roadmap to make Connecticut a national leader in developing and commercializing microbiome-based treatments, products, and services

§ 133 — UCONN CONSTRUCTION ASSURANCE OFFICE DIRECTOR

Removes the requirement that the director be a full-time position

§ 134 — HIGHER EDUCATION ENTREPRENEURSHIP ADVISORY COMMITTEE MEMBERS

Deems members of the advisory committee to be members of an advisory board under the state Code of Ethics

§§ 135-137 — REMOVAL OF REQUIREMENT TO ADOPT DSS REGULATIONS

Removes requirement that the DSS commissioner adopt regulations on long-term care facility audits, nursing home temporary managers, and state-appropriated weatherization assistance

§§ 138 & 139 — HUSKY A DECREASE

Lowers the income limit for HUSKY A parents and caretakers from 150% to 133% of the federal poverty level (FPL) and requires DSS to review eligibility for those affected by the act

§ 140 — NONPROFIT COLLABORATION INCENTIVE GRANT PROGRAM

Eliminates annual solicitation requirements for nonprofit grant program

§§ 141 & 568 — TWO-GENERATIONAL INITIATIVE

Makes the two-generational pilot program a permanent statewide initiative, including integration with a family literacy program

§ 142 — OPM REPORT ON CHILD RECIDIVISM

Requires OPM to begin annually reporting child recidivism information to the Judiciary Committee

§§ 143 & 144 — DCF MENTAL, EMOTIONAL, AND BEHAVIORAL HEALTH PLAN AND ADVISORY BOARD

Expands who DCF must consult when developing the children's mental, emotional, and behavioral health plan; requires DCF to submit recommendations to legislative committees addressing children's unmet mental health needs due to increased risk of juvenile and criminal justice system involvement; and modifies advisory board membership

§§ 145, 146, 148 & 593 — FAMILY WITH SERVICE NEEDS (FWSN) PETITIONS

As of July 1, 2019, eliminates provisions that allow certain parties to file a FWSN petition with the court and makes conforming changes

§§ 147 & 149 — DETENTION SCREENING INFORMATION

Modifies the purposes for which information obtained during a detention risk screening may be used

§§ 150 & 151 — PILOT PROGRAM PROVIDING LEGAL REPRESENTATION TO INDIGENT INDIVIDUALS IN CERTAIN CIVIL PROCEEDINGS

Establishes a one-year pilot program to provide legal representation to certain indigent individuals in civil restraining order proceedings

§ 152 — SUPERINTENDENTS FOR SMALL TOWNS

Allows local boards of education that meet certain “small town” criteria to receive direction from another board of education’s superintendent, rather than employ their own local superintendent

§§ 153 & 154 — COOPERATIVE AGREEMENTS AND ARRANGEMENTS

Allows for cooperative agreements and arrangements for the provision of administrative and central office duties for boards of education and municipalities

§ 155 — BOARD OF EDUCATION ADMINISTRATIVE PERSONNEL HIRING

Requires a local board of education to notify the local legislative body upon the hiring of certain administrative personnel

§ 156 — REGIONAL SCHOOL DISTRICT FINANCE COMMITTEE

Allows a regional board of education to establish a finance committee

§ 157 — EDUCATION ADMINISTRATIVE PERSONNEL CONTRACTS

Requires boards of education to file administrative personnel contracts with town clerks, who must then post them online

§ 158 — MUNICIPAL BUDGET RESERVES IN ARBITRATION

Establishes an irrebuttable presumption that 15% of a municipality’s budget reserve cannot be used to pay for arbitration awards

§ 159 — MEDICAID WAIVER AND AMENDMENT NOTIFICATION

Requires DSS to report annually on potential Medicaid waivers and changes to the Medicaid state plan that may result in cost savings, and narrows a legislative notification requirement

§ 160 — MUNICIPAL CONSULTATION WITH BOARDS OF EDUCATION FOR PURCHASING INSURANCE

Requires municipalities, when possible, to consult with local boards of education about jointly purchasing property, casualty, and workers’ compensation insurance

§ 161 — CONTRACTING PROCEDURES FOR LOCAL BOARDS OF EDUCATION

Requires a local board of education to consult with its municipal legislative body to consider cooperative agreements for goods or services

§ 162 — REGIONAL SHARING OF PAYROLL OR ACCOUNTS PAYABLE SOFTWARE

Requires a local board of education to consult with its municipal legislative body before purchasing payroll or accounts payable software systems

§ 163 — BRIDGE RENAMING

Renames the “Detective Bruce Boisland Memorial Bridge” as the “Detective Bruce Boislard Memorial Bridge”

§ 164 — OFFICE OF HEALTH STRATEGY

Establishes an Office of Health Strategy

§ 166 — BIRTH-TO-THREE PROVIDER AUDITS

Temporarily prohibits DSS from extrapolating overpayments or assessing penalties against Birth-to-Three early intervention providers

§ 167 — CRIMINAL JUSTICE DIVISION'S COLD CASE UNIT AND SHOOTING TASK FORCE APPROPRIATIONS

Prohibits the Division of Criminal Justice from comingling funds appropriated to the Cold Case Unit with those appropriated to the Shooting Task Force

§§ 168 & 169 — 7/7 BROWNFIELD AND UNDERUTILIZED PROPERTY REDEVELOPMENT PROGRAM

Authorizes a package of state and local tax incentives available to eligible owners after remediating, redeveloping, and using formerly contaminated, abandoned, or underutilized properties

§§ 170-173 — CERTAIN EDUCATIONAL GRANTS WITHIN AVAILABLE APPROPRIATIONS

Makes certain educational grants within available appropriations

§§ 174-177 — BACKGROUND CHECKS FOR CHILD CARE PROVIDERS AND EMPLOYEES

Requires the Office of Early Childhood (OEC) commissioner to require, within available appropriations, comprehensive background checks of all prospective employees of child care centers, group child care homes, family child care homes, and Care 4 Kids providers

§ 178 — PARKING ON STATE PROPERTY

Allows the DAS commissioner to delegate the authority to establish and enforce policies and procedures for parking on certain state property

§ 179 — WORKERS' COMPENSATION COSTS

Requires OPM and DAS to recommend ways to reduce workers' compensation costs

§ 180 — PENSION SUSTAINABILITY COMMISSION

Creates the Connecticut Pension Sustainability Commission to study placing state capital assets in a trust for the state pension system's benefit

§ 181 — ANNUAL REPORTING FOR HOSPITALS AND CERTAIN GROUP PRACTICES

Extends deadline for the start of certain annual reporting requirements for hospitals and physician group practices

§ 184 — NURSING HOME BED MORATORIUM

Modifies exemptions to DSS' moratorium on accepting or approving CONs to add new nursing home beds and allows, rather than requires, the commissioner to adopt certain regulations

§§ 185 & 186 — BURIAL EXPENSES FOR PUBLIC ASSISTANCE RECIPIENTS AND INDIGENT INDIVIDUALS

Requires that life insurance deducted from DSS burial payments name the funeral home, cemetery, or crematory as a beneficiary and allows DSS to disclose information to such service providers in certain cases

§§ 187-199 — BEHAVIOR ANALYST LICENSURE

Requires behavior analysts to be licensed by DPH and establishes a General Fund account to contain such licensing fee revenue to cover the costs of collecting the fees

§ 200 — MEDICAID REIMBURSEMENT FOR HEMOPHILIA DRUGS

Applies Medicaid reimbursement formula for Factor VIII hemophilia drugs to Factor VII, IX, and X drugs and eliminates DSS's authority to designate Factor VIII drug suppliers dispensing pharmacies must order from

§ 201 — HUSKY A COST-SHARING

Prohibits DSS from imposing cost-sharing requirements for preferred prescription drugs and medically necessary non-preferred drugs for HUSKY A parents and caretaker relatives; establishes notification requirements for cost-sharing imposed for other Medicaid services for this group

§§ 202 & 203 — INSURANCE COVERAGE FOR MENTAL OR NERVOUS CONDITIONS

Repeals the requirement that health insurance policies cover specified services related to mental and nervous conditions

§ 204 — CLASS NO. 3 BAZAAR PERMITS

Increases the number of days a “Class No. 3” permit holder can operate a bazaar

§ 205 — PROHIBITION ON REQUIRING CASH-ONLY BAIL

Bars courts from requiring cash-only bail for all crimes, not just certain crimes as under prior law

§ 206 — ELDERLY CIRCUIT BREAKER PROGRAM

With specified exceptions, authorizes OPM to reduce reimbursements to municipalities under the Elderly Circuit Breaker Program by up to 100%

§ 207 — WAIVER OF PAYMENTS DUE FROM CERTAIN HOUSING AUTHORITIES

Extends by one year the requirement that certain municipalities waive payments due from certain state-financed housing authorities

§ 208 — YOUTH SERVICES GRANTS

Specifies how funds appropriated in FYs 18 and 19 to the Judicial Branch for youth services grants must be distributed

§ 209 — ARBITRATOR FEES

Increases the fee a state arbitrator receives for writing a panel decision from \$175 to \$500

§ 210 — LITCHFIELD COUNTY COURTHOUSE

Allows the state to retain use of the old Litchfield County Courthouse land and building unless certain conditions are met

§ 211 — REGIONAL REVENUE SHARING AGREEMENTS

Authorizes COGs to enter into regional revenue sharing agreements with other COGs

§ 212 — PERFORMANCE-INFORMED BUDGETING

Requires the governor and the legislature, in developing each biennial budget, to consider performance-informed analyses submitted by selected budgeted agencies

§ 213 — MEDICAID AND FAMILY PLANNING

Allows DSS, with legislative approval, to offset any reduction in federal funding for family planning services

§ 214 — ARTWORK IN STATE BUILDINGS

Prohibits, for two years, the State Bond Commission from allocating a portion of bond proceeds for artwork in state building projects

§ 215 — COMPTROLLER REPORTS ON STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC) SAVINGS

Requires the comptroller to annually determine and report on the savings realized through the 2017 SEBAC Agreement and its related contracts

§ 216 — PUBLIC HEARINGS ON AUDITS

Requires legislative committees to hold public hearings on auditor reports of agencies under their cognizance

§ 217 — JUDGE SALARY WITHHOLDINGS

Increases, from 5% to 6%, the amount withheld from the salaries of judges, family support magistrates, and compensation commissioners appointed on or after January 1, 2018, for deposit in the Judge's Retirement Fund

§ 218 — FOUR-YEAR TERM LIMIT ON FUTURE SEBAC AGREEMENTS

Limits future SEBAC agreements to four-year terms

§§ 219 & 220 — FIREFIGHTERS' CANCER RELIEF PROGRAM FUNDING

Eliminates a requirement for the Firefighters' Cancer Relief Program to be funded through E 9-1-1 charges

§ 221 — IMPAIRMENT OF STATE CONTRACTS

Specifies the circumstances under which state legislation may impair state contracts

§ 222 — INTELLECTUAL DISABILITY PARTNERSHIP

Requires the Intellectual Disability Partnership to form an advisory committee and makes related changes

§ 223 — PROTOTYPE SCHOOL DESIGN STUDY

Requires the School Building Projects Advisory Council to study prototype school designs

§ 224 — ALLIANCE DISTRICT DESIGNATION

Requires the education commissioner to designate 33 school districts as alliance districts for a period of five years (designation expired under prior law)

§§ 225-230 — REVISIONS TO EDUCATION COST SHARING (ECS) FORMULA

Revises the ECS formula, the largest form of state aid to towns, by changing several major formula components including the base aid ratio and the weighting for need students; includes a phase-in for aid increases and decreases until FY 28

§§ 231-233 — NURSING HOME AND RESIDENTIAL CARE HOME CITATIONS

Makes changes to the process for certain citations issued against nursing home facilities or residential care homes, such as modifying various deadlines

§§ 234 & 235 — CIVIL PENALTIES FOR NURSING AND RESIDENTIAL CARE HOMES

Increases the maximum civil penalty that may be imposed on nursing homes that violate statutory or regulatory requirements and expands the definition of a class B violation for nursing homes and RCHs

§§ 237-246 — SCHOOL CONSTRUCTION GRANT AUTHORIZATIONS

Authorizes 50 new school construction projects totaling \$517.9 million in grants, reauthorizes three previous projects due to cost or scope changes, and makes changes affecting six other projects

§ 247 — AGENCY PROGRAM INVENTORIES AND RESULTS FIRST PILOT PROGRAM

Makes several changes to program inventories required of certain agencies and requires the OPM secretary to create a pilot program that applies Pew-MacArthur Results First principles to at least eight state-finance grant programs

§ 248 — PRISON HEALTH CARE RFI PROGRESS REPORT

Requires DOC and OPM to submit a progress report to the legislature on a request for information to develop options for providing medical services to inmates

§ 249 — REDUCTIONS FOR MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS

Requires DPH to reduce payments to municipal and district health departments in FY 19

§ 250 — FISCAL STABILITY AND ECONOMIC GROWTH COMMISSION

Establishes a 14-member commission to develop and recommend policies to achieve state government fiscal stability and promote economic growth and competitiveness within the state

§ 251 — YOUTH EMPLOYMENT PROGRAM FUNDS

Allocates Youth Employment Program funds

§ 252 — MINIMUM BUDGET REQUIREMENT

Extends the current minimum budget requirement through FY 19, along with reduction allowances and exemptions

§ 253 — CALCULATIONS FOR EDUCATION COST SHARING (ECS) GRANT INCREASES AND DECREASES

Revises the method for determining ECS increases and decreases for towns in FYs 18 and 19

 §§ 254-257 — JUDICIAL COMPENSATION

Rolls back a 3% salary increase for judges and certain other judicial officials that took effect July 1, 2017, and reinstitutes the increase on July 1, 2019

§ 258 — MATERIALS INNOVATION AND RECYCLING AUTHORITY PAYMENT TO HARTFORD

Requires MIRA to make a \$1 million payment in lieu of taxes to Hartford by December 1, 2017

 §§ 259 & 260 — GRANTS TO REGIONAL COUNCILS OF GOVERNMENT (COGS)

Establishes, beginning in FY 18, a new type of annual grant for COGs

 §§ 261 & 262 — TORRINGTON DSS PILOT PROJECT

Allows DSS, in partnership with Torrington's community action agency, to establish a 12-month pilot project to streamline social services to eligible, low-income individuals

§ 263 — UNLOADING AND INSPECTING ALCOHOL SHIPMENTS

Generally codifies an existing regulatory requirement that alcohol manufacturers and wholesalers inventory and unload alcohol; gives DCP oversight to ensure compliance; and deems any violation a CUTPA violation

§ 264 — DISTRICT HEATING SYSTEM

Requires an electric company to conduct a procurement for a combined heat and power system owned by a thermal energy transportation company and compatible with a district heating system; requires the company to recover costs of the procurement from ratepayers

§ 265 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO DECREASED AID

Allows municipalities to amend adopted budgets and adjust tax levies if they receive less state aid than projected

§ 266 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID

Authorizes municipalities and regional boards of education to amend adopted budgets and adjust tax levies if they receive more state aid than projected

§ 267 — SUPERINTENDENTS FOR MULTIPLE TOWNS

Allows boards of education that share a superintendent to hold regular joint meetings at least once every two months

 §§ 268-273 & 276 — CITIZENS' ELECTION PROGRAM (CEP)

Makes changes to the CEP, including establishing a grant reduction schedule; increasing the maximum individual qualifying contribution (QC) amount; and adjusting QCs for inflation

§ 274 — SEEC

Revises SEEC's process for reviewing complaints

§ 275 — POST-ELECTION AUDIT

Changes the formula SEEC must use to audit legislative candidate committees following a primary or election

§ 277 — TEACHERS' RETIREMENT FUND ACTUARIAL ASSUMPTIONS STUDY

Requires the Teachers' Retirement Board to (1) study the impact of potential changes in actuarial assumptions used in the Teachers' Retirement Fund's valuation and (2) report its findings and recommendations to the legislature

§§ 278-319 & 732 — STATE DEPARTMENT ON AGING CONSOLIDATION

Consolidates the state Department on Aging (SDA) within the Department of Social Services (DSS); transfers the Long-Term Care Ombudsman Program from SDA to OPM

§ 320 — PAYMENTS FOR RETIRED TEACHERS HEALTH INSURANCE

Authorizes a reduction in state payments for FYs 18 and 19 to the Teachers' Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education

§§ 321-323 – DELINQUENCY COMMITMENTS AND JUVENILE JUSTICE SERVICES

Starting July 1, 2018, prohibits courts from committing children adjudicated delinquent to DCF; establishes transition period during which the Judicial Branch may place such a child in DCF congregate care or order DCF services; allows court-ordered facility placement for delinquent child probationary sentences; and requires the Judicial Branch to expand its juvenile justice services

§ 324 — TWEED-NEW HAVEN AIRPORT

Earmarks funds in FYs 18 and 19 to operate Tweed-New Haven Airport

§§ 325-331 — PASSPORT TO THE PARKS

Establishes a fee on motor vehicle registrations to support a new passport to the parks account, which must be used for (1) operating state parks and campgrounds; (2) funding soil and water conservation districts and environmental review teams; and (3) beginning with FY 19, paying the expenses of the Council on Environmental Quality; exempts Connecticut motor vehicles from parking fees at state parks, forests, and recreational facilities

§ 332 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE COLLECTIVE BARGAINING AGREEMENTS

Requires the legislature to affirmatively vote in order to approve state employee collective bargaining agreements and arbitration awards; establishes caps on the time allowed to debate approval; revises the process that occurs after the legislature rejects an agreement or award

§ 333 — FISCAL ACCOUNTABILITY REPORTS

Exempts OPM and OFA from submitting annual fiscal accountability reports in November 2017

§§ 334-348 — CRUMBLING CONCRETE FOUNDATIONS

Creates a framework to assist homeowners with crumbling concrete foundations

§§ 349-376 — MUNICIPAL ACCOUNTABILITY REVIEW BOARD

Establishes a process through which financially distressed municipalities may issue deficit financing bonds and obtain state financial assistance if they submit to state fiscal oversight by the Municipal Accountability Review Board, also established by the act

§§ 377-553 — BOND AUTHORIZATIONS, ADJUSTMENTS, AND CANCELLATIONS

Authorizes up to \$1.723 billion for FY 18 and \$1.621 billion for FY 19 in new GO bonds for state projects and grant programs; authorizes up to \$200 million for FYs 18 to 22 in new GO bonds for hospital improvements and crumbling foundations; authorizes up to \$820.3 million in FY 18 and up to \$824.6 million in FY 19 in new STO bonds for DOT projects; restores, reduces, or cancels bond authorizations for various projects and grants; adjusts the annual bond caps under the CSCU 2020 program and UConn 2000 programs and extends both programs; expands the purposes of funds in the Bioscience Innovation Fund; makes permanent the school security infrastructure grant program; allocates no LoCIP funds in 2017 and \$55 million in 2018; and authorizes certain transportation funding agreements with the federal government and the issuance of “federal transportation bonds”

§ 554 — INTERRUPTIBLE GAS SERVICE FOR CERTAIN MANUFACTURING FACILITIES

Requires gas companies to propose a new rate for certain manufacturers that do not qualify for interruptible service rates

§ 555 — CONSUMER DATA PRIVACY WORKING GROUP

Establishes an eight-member working group on consumer data privacy and requires the group to report its findings and recommendations to the legislature by January 15, 2018

§ 556 — TAXES OWED ON MOTOR VEHICLES REGISTERED OUT OF STATE

Establishes a procedure by which local tax assessors receive information about motor vehicles registered in other states in order to add such vehicles to grand lists

§§ 558 & 572 — HOME HEALTH CARE ADD-ON PAYMENTS

Allows DSS to eliminate home health care add-on payments for FYs 18 and 19, conforming to current practice

§§ 559, 586 & 587 — TEACHER CONTRIBUTIONS TO THE TEACHERS’ RETIREMENT SYSTEM (TRS)

Starting in 2018, increases teachers’ regular contribution rate to TRS from 6% to 7%; requires the Teachers’ Retirement Board (TRB) to recalculate the amount the state must contribute to TRS in FYs 18 and 19 due to this increase but assume the 6% contribution rate starting in FY 20

§§ 560-562 — 90-DAY TURNAROUND FOR CERTAIN PERMITS

Deems certain state agency permit applications approved if the relevant agency does not make a determination on them within 90 days after receiving them

§§ 563-565 — RENTERS’ REBATE PROGRAM

Makes municipalities, instead of the state, responsible for grants under the Renters’ Rebate Program

§§ 566 & 567 — PREVAILING WAGE

Increases prevailing wage thresholds for new public works projects; temporarily exempts certain projects in New Haven County from prevailing wage requirements; and applies prevailing wage requirements to certain DECD-funded projects

§ 569 — STATE SUPPLEMENT PROGRAM (SSP)

Extends freeze on SSP rates and eliminates unearned income disregard for SSI COLAs

§§ 570 & 571 — MEDICAID PRESCRIPTION DRUG REIMBURSEMENT

Eliminates statutory requirements for calculating drug and fee payments; requires DSS to revise reimbursement methodology and professional dispensing fees; requires DSS to submit proposed revisions to legislative committees

§ 573 — PRIORITY SCHOOL DISTRICT (PSD) GRANTS

Distributes PSD grants for FYs 18 and 19

§ 574 — EDUCATION GRANT EARMARKS

Earmarks up to \$1.6 million of SDE appropriations in FYs 18 & 19 for various education-related grants

§§ 575-582 — EDUCATION GRANT CAPS

Reinstates prior law's caps on certain education grants to school districts and regional education service centers through FY 19

§§ 583 & 584 — CHARTER SCHOOL GRANTS

Increases the per pupil grants for state charter schools by \$250 beginning in FY 19 and requires state and local charter school grants to be paid directly to the schools' fiscal authorities, rather than the towns

§ 585 — MAGNET SCHOOL GRANTS

Renews the prioritization for per-student grant payments for magnet school enrollment increases and allows RESC-operated magnets outside of the Sheff region to be eligible for a higher per-student grant

§ 588 — MASHANTUCKET PEQUOT AND MOHEGAN FUND GRANTS

Allocates the total grant amounts paid to municipalities from the Mashantucket Pequot and Mohegan Fund for FYs 18 and 19

§ 589 — MUNICIPAL STABILIZATION GRANTS

Establishes a new municipal stabilization grant for FYs 18 and 19

§ 590 — MUNICIPAL REVENUE SHARING GRANTS

Eliminates the municipal revenue sharing grants for all but five municipalities and specifies their amounts for FYs 18 and 19

§§ 591 & 592 — PAYMENT IN LIEU OF TAXES (PILOT) GRANTS

Allocates supplemental PILOT grant amounts for FYs 18 and 19

§§ 601-617 — HOSPITAL PROVIDER TAX AND USER FEES ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES

Beginning July 1, 2017, sunsets the prior tax on hospitals and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities and reestablishes them as a new tax and fee structure

§§ 618, 620 & 621 — HOSPITAL SUPPLEMENTAL PAYMENTS

Establishes various supplemental pools for hospital Medicaid payments and a payment schedule; requires payments in the aggregate to be approximately \$598 million in FY 18 and \$496 million in FY 19; allows DSS to make advance payments to certain hospitals; and limits the governor's rescission authority for supplemental payments in FYs 18 and 19

§ 619 — MEDICAID RATES FOR HOSPITALS

Requires DSS to (1) increase hospital Medicaid rates such that affected hospitals receive \$140.1 million more for inpatient services and \$35 million more for outpatient services and (2) establish the increased rates as a lower limit for FY 19 and subsequent years

§§ 622-625 — INSURANCE PREMIUMS TAX

Reduces, from 1.75% to 1.5%, the insurance premiums tax rate and makes the tax credit cap for insurance premiums taxpayers permanent

§ 626 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDITS

Permanently bars the issuance of film and digital media tax credits to certain motion pictures; allows the credits to be used against the gross receipts tax on cable, satellite, and competitive video services

§ 627 — ADMISSIONS TAX

Eliminates certain admissions tax exemptions

§§ 628-630 — CIGARETTE TAX

Increases the cigarette tax from \$3.90 to \$4.35 per pack; reduces, by 50%, the cigarette tax on “modified risk tobacco products;” imposes a per pack \$0.45 floor tax on unsold inventory

§ 631 — TOBACCO PRODUCTS TAX

Increases the tax on snuff tobacco products from \$1 to \$3 per ounce; lowers, by 50%, the tobacco products tax on “modified risk tobacco products”

§§ 632-636 — ESTATE AND GIFT TAX

Increases the estate and gift tax threshold over three years; modifies the rate schedule for estates and gifts over \$5.1 million; lowers, from \$20 million to \$15 million, the cap on the maximum estate and gift tax imposed; makes minor and technical changes to the estate tax

§§ 637 & 638 — REGIONAL PLANNING INCENTIVE ACCOUNT

Suspends the revenue diversion to the Regional Planning Incentive Account for FYs 18 and 19

§§ 637 & 638 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DIVERSION

Suspends the sales tax revenue diversion to MRSA for FYs 18 and 19

§§ 637 & 638 — SALES AND USE TAX REVENUE DIVERSION FROM CERTAIN MOTOR VEHICLE SALES

Beginning in FY 21, phases in, over five years, a revenue diversion to the STF of sales and use tax revenue from motor vehicle sales

§§ 637 & 639 — TOURISM FUND

Transfers 10% of room occupancy tax revenue to a new Tourism Fund

§ 640 — SALES AND USE TAX ON SERVICES RENDERED BETWEEN PARENT COMPANIES AND SUBSIDIARIES

Expands the number of affiliated businesses that qualify for the sales and use tax exemption on sales of services between affiliates

§§ 641 & 642 — INCOME TAX DEDUCTIONS

Increases the income thresholds for the Social Security income tax exemption; delays, by two years, the scheduled increase in the teacher pension income tax exemption; phases out, from 2019 through 2025, the income tax on pension and annuity income for taxpayers with incomes below a specified threshold; establishes a deduction of up to \$10,000 for expenses related to donating an organ for transplants occurring on or after January 1, 2017

§ 643 — STATE EMPLOYEE PAID LEAVE AFTER ORGAN DONATION

Allows state employees to take, in addition to other authorized leave, (1) seven days of paid leave for donating bone marrow and (2) 15 days of paid leave for certain organ donations

§ 644 — PROPERTY TAX CREDIT

Limits eligibility for the property tax credit against the personal income tax to seniors and taxpayers with dependents

§ 645 — EARNED INCOME TAX CREDIT

Reduces the earned income tax credit (EITC) from 30% to 23%

§ 646 — REDUCTION OF THE ANNUAL AMOUNT OF TAX CREDITS AVAILABLE UNDER THE NEIGHBORHOOD ASSISTANCE ACT (NAA) PROGRAM

Reduces, from \$10 million to \$5 million, the annual cap on NAA tax credits

§ 647 — GREEN BUILDING TAX CREDIT

Eliminates the green building tax credit beginning December 1, 2017

§ 648 — STEM GRADUATE TAX CREDIT

Creates a refundable personal income tax credit for qualifying college graduates in STEM fields that live and work in Connecticut

§§ 649-652 — FANTASY CONTESTS

Specifically legalizes, once certain conditions are met, fantasy contests; requires fantasy contest operators to provide certain consumer protections to players and pay up to a \$15,000 registration fee and 10.5% tax on fantasy games

§ 653 — SURCHARGE AND FEES ON CAR AND TRUCK RENTALS

Eliminates the 3% rental surcharge on car and truck rentals and instead authorizes rental companies to charge lessees individually itemized charges or fees as part of a rental agreement

§ 654 — TRANSPORTATION NETWORK COMPANY (TNC) FEE

Requires TNCs to pay a 25-cent fee on each ride originating in Connecticut

§ 655 — MMCT LOAN

Requires MMCT to provide a \$30 million advance to the state, which will be credited against required future casino payments

§ 656 — FRESH START PROGRAM

Authorizes the Department of Revenue Services (DRS) commissioner to establish a fresh start program for qualified taxpayers who owe Connecticut state taxes

§ 657 — TRANSFERS FROM NONAPPROPRIATED ACCOUNTS

Allows OPM to transfer funds from certain nonappropriated accounts to the General Fund for FY 19

§ 658 — TAX EXPENDITURE EVALUATION

Requires the OPM secretary to examine and report on state tax expenditures

§ 659 — STATE AGENCIES TO REVIEW FEES

Requires (1) agency heads to determine whether the fees their agencies charge cover program administration costs and (2) OPM to recommend fee increases to the legislature

§ 660 — REDUCING CONNECTICUT LOTTERY CORPORATION (CLC) EXPENSES

Requires CLC to reduce its expenses for the next two fiscal years

§ 661 — CORPORATION INCOME TAX DEDUCTION FOR CERTAIN PUBLICLY-TRADED COMPANIES (FAS 109 DEDUCTION)

Extends, from seven to 30 years, the period over which certain publicly traded companies may claim the FAS 109 deduction

§ 662 — CONNECTICUT TELEVISION NETWORK (CT-N) REDUCTION

Reduces by half the amount of specified tax revenue that must be reserved for CT-N

§§ 663 & 664 — TOBACCO SETTLEMENT FUND DISBURSEMENTS

Suspends, for FYs 18 and 19, disbursements from the Tobacco Settlement Fund to the Tobacco and Health Trust Fund and the Smart Start competitive operating grant account

§ 665 — DOCUMENT RECORDING FEE

Increases, from \$3 to \$10, the document recording fee charged to generate revenue for preserving historic documents and modifies the fee revenue distribution

§ 666 — RECORD CHECK FEE INCREASES

Increases, by \$25, fees for certain record searches

§ 667 — MOTOR VEHICLE TRADE-IN FEE

Requires the DMV commissioner to charge new and used car dealers \$35 for each motor vehicle they accept as a trade-in

§§ 668-670 — REGISTRATION FEE INCREASES FOR BROKER-DEALERS AND INVESTMENT ADVISERS

Increases, by \$25 each, specified registration fees for broker-dealers, investment advisers, and their agents

§ 671 — EMISSIONS ENTERPRISE FUND

Reduces, by \$250,000, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund

§ 672 — DIVERSION OF AVIATION FUEL TAX REVENUE

Diverts a portion of revenue from the petroleum products gross earnings tax (PGET) on aviation fuel to a new "Connecticut airport and aviation account" to be used for airport-related purposes

§ 673 — HIGHWAY RIGHT-OF-WAY ENCROACHMENT PERMIT FEES

Requires the DOT commissioner, by January 1, 2018, to set fees for certain applications for highway right-of-way encroachment permits to mirror the fees the Massachusetts DOT charges for similar permits; eliminates the commissioner's authority to adopt regulations setting fees for other highway right-of-way encroachment permit applications

§§ 674 & 675 — URGENT CARE CENTERS AND OUTPATIENT CLINICS

Requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018 and authorizes DSS to establish payment rates for these centers; requires outpatient clinics to renew their license every three years instead of every four years

§ 676 — SAFE DRINKING WATER PRIMACY ASSESSMENT FOR FY 19

Requires water companies that own community public water systems or non-transient non-community public water systems to pay a safe drinking water primacy assessment in FY 19

§ 677 — SAFE DRINKING WATER PRIMACY ASSESSMENT METHODOLOGY

Requires DPH to develop a methodology for a safe drinking water primacy assessment on community water systems and transient and non-transient non-community water systems

§§ 678 & 728 — NEWBORN SCREENING ACCOUNT

Eliminates, on July 1, 2018, the newborn screening account and transfers any money from it into the General Fund for DPH to use for newborn health screening services in FY 18

§ 679 — MUNICIPAL VIDEO COMPETITION TRUST ACCOUNT

Beginning in FY 18, increases by \$2 million the annual transfer from the municipal video competition trust account to the General Fund

§ 680 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT

Beginning in FY 18, requires \$3.5 million to be transferred to the General Fund each fiscal year from the Public, Educational, and Governmental Programming and Education Technology Investment Account (PEGPETIA)

§§ 681-698 — TRANSFERS TO GENERAL FUND

Transfers funds from various sources to the General Fund for FYs 18 and 19

§§ 699 & 700 — MOTOR VEHICLE MILL RATE CAP AND PROPERTY TAX APPEALS

Increases the cap on motor vehicle mill rates and allows municipalities that previously set their motor vehicle mill rate for the 2016 assessment year to change it; requires boards to hear car tax appeals before December 15, 2017

§§ 701-703 — STRANDED TAX CREDITS

Requires DECD to administer programs to allow businesses to use stranded R&D tax credits in exchange for undertaking certain capital projects or making certain venture capital investments

§§ 704, 707, 708 & 729 — BUDGET RESERVE FUND (BRF)

Diverts specified income tax revenue exceeding a \$3.15 billion threshold to the BRF; increases the BRF's maximum balance, from 10% to 15% of net General Fund appropriations and expands its allowable uses; and repeals provisions, previously scheduled to take effect July 1, 2019, establishing a mechanism for diverting to the BRF projected surpluses in certain revenue

§ 705 — CAP ON GENERAL FUND AND SPECIAL TRANSPORTATION FUND (STF) APPROPRIATIONS

Beginning FY 20, imposes a new cap on General Fund and STF appropriations but allows the General Assembly to exceed it under certain circumstances

§ 706 — BOND COVENANT TIED TO BRF, SPENDING CAP, AND GO BOND CAP LAWS

Requires certain state bonds to include a pledge to bondholders that the state will comply with the BRF law, spending caps, and GO and credit revenue bond caps, except under limited circumstances

§ 709 — SPENDING CAP CALCULATION

Modifies definitions used to calculate the state's spending cap and requires a base adjustment under certain circumstances

§§ 710-712 — CAP ON GENERAL OBLIGATION (GO) AND CREDIT REVENUE BOND ALLOCATIONS, ISSUANCES, AND SPENDING

Imposes caps on GO and credit revenue bond allocations, issuances, and spending, with certain exclusions

§ 713 — COMPTROLLER'S ANALYSIS OF OPM MONTHLY STATEMENTS

Requires the comptroller to analyze OPM's monthly revenue and expenditure statements

§§ 714-716 — CREDIT REVENUE BOND PROGRAM

Authorizes the state treasurer to issue credit revenue bonds in place of GO bonds and directs the savings from the new bonding program to the Budget Reserve Fund; requires bond premiums to be used to fund previously authorized capital projects

§§ 717-726 — REVENUE ESTIMATES

Adopts revenue estimates for FYs 18 and 19 for appropriated state funds

§ 727 — PROBATE COURT ADMINISTRATION FUND

Requires that the fund's balance at the end of FY 17 remain in the fund

§ 730 — REPEALING A BRIDGE NAME

Repeals a provision of PA 17-230 naming bridge number 01592 in Ansonia the “Veterans of Foreign Wars Memorial Bridge”

§§ 1-10 — FY 18 AND FY 19 APPROPRIATIONS

Appropriates money for state agency operations and programs for FYs 18 and 19

The act appropriates money for state agency operations and programs in FYs 18 and 19. Table 1 shows the net annual appropriations for each year from each appropriated fund.

Table 1: FY 18 and FY 19 Net Appropriations by Fund

§	Fund	Net Appropriation	
		FY 18	FY 19
1	General Fund*	\$18,738,791,590	\$18,907,409,174
2	Special Transportation Fund (STF)	1,510,906,625	1,628,068,939
3	Mashantucket Pequot and Mohegan Fund	57,649,850	49,942,796
4	Regional Market Operation Fund	1,067,306	1,067,306
5	Banking Fund	27,413,284	27,386,848
6	Insurance Fund**	87,299,099	92,100,163
7	Consumer Counsel and Public Utility Control Fund	25,571,954	25,571,954
8	Workers' Compensation Fund	24,652,430	24,940,502
9	Criminal Injuries Compensation Fund	2,934,088	2,934,088
10	Tourism Fund***	--	12,644,988

*PA 17-4, JSS (§ 16) reduces total General Fund appropriations to \$18,690,090,670 in FY 18 and \$18,790,627,454 in FY 19.

**PA 17-4, JSS (§ 17) increases total Insurance Fund appropriations to \$90,234,868 in FY 18 and \$95,035,932 in FY 19.

***Section 639 of this act establishes the Tourism Fund.

EFFECTIVE DATE: Upon passage

§§ 11 & 557 — PASSPORT TO PARKS ACCOUNT TRANSFERS

Earmarks funds from the account for specified environmental purposes

For FYs 18 and 19, the act earmarks, from the Passport to the Parks account (established in § 331), \$400,000 for soil and water conservation districts and \$253,000 for environmental review teams. (Section 557 contains an identical provision.)

EFFECTIVE DATE: Upon passage

§§ 12-16 & 28 — SPENDING REDUCTIONS AND BUDGETED LAPSES

Authorizes the Office of Policy and Management (OPM) secretary to reduce allotments for state agencies and funds in order to achieve specified savings and budgeted lapses

Labor-Management Savings (§ 12)

The act requires a General Fund lapse in each year of the biennium for achieved labor concessions (\$700 million in FY 18 and \$867.6 million in FY 19) (see § 1). In order to achieve these savings, the act allows the OPM secretary to reduce allotments in any budgeted state agency and fund to reduce labor-management spending by these same amounts. In doing so, the act supersedes laws that, among other things:

1. require the state budget act to specify budgeted reductions by branch of government (CGS § 2-35);
2. require OPM, when preparing the governor's budget recommendations for submission to the legislature, to include the expenditure estimates for the legislative branch, Judicial Department, and Public Defenders Services Division submitted by each respective agency (§ 4-73); and

3. authorize the higher education constituent units to establish and administer operating funds (§§ 10a-77, 10a-99, 10a-105, and 10a-143).

Under the act, any allotment reductions applied to the Connecticut State Colleges and Universities, UConn, or the UConn Health Center must be credited to the General Fund.

Unallocated Budgeted Lapses by Branch (§ 13)

For FYs 18 and 19, the act authorizes the OPM secretary to reduce allotments for each branch of government in order to achieve unallocated lapses in the General Fund (see Table 2). Under the act, the legislative reductions must be determined by the top six legislative leaders, and judicial reductions must be determined by the chief justice and chief public defender.

Table 2: FY 18 and FY 19 General Fund Spending Reductions by Branch

<i>Branch</i>	<i>FY 18</i>	<i>FY 19</i>
Executive	\$ 42,250,000	\$ 45,000,000*
Judicial	3,000,000	8,000,000
Legislative	1,000,000	1,000,000

* The act includes an unallocated lapse of \$51,765,570 in executive branch expenditures for FY 19 (see § 1), but only authorizes \$45 million in corresponding allotment reductions.

Budgeted Savings (§§ 14 & 28)

The act authorizes the OPM secretary to reduce spending in any budgeted state agency to achieve targeted budget savings in the General Fund. These amounts correspond to budgeted lapses designated as “Targeted Savings” and “Statewide Hiring Reduction” in § 1 (see Table 3).

Table 3: FY 18 and FY 19 Budgeted Savings

<i>§</i>	<i>Lapse</i>	<i>FY 18</i>	<i>FY 19</i>
14	Targeted Savings	\$111,814,090	\$150,878,179
28	Hiring Reduction	6,500,000	7,000,000

Budget Savings to Reflect Delays in Policy Implementation (§ 15)

The act authorizes the OPM secretary to reduce allotments in any budgeted agency to achieve \$7.5 million in General Fund budget savings in FY 18. Under the act, any such reductions must be due to savings (1) achieved between July 1, 2017 and September 30, 2017 or (2) that result from the delay in implementing newly funded programs.

STF Unallocated Lapse (§ 16)

For FYs 18 and 19, the act allows the OPM secretary to reduce allotments in any budgeted state agency to achieve STF savings of \$12 million in each year.

EFFECTIVE DATE: Upon passage

§ 17 — APPROPRIATIONS FOR NONFUNCTIONAL – CHANGE TO ACCRUALS

Prohibits the OPM secretary from allotting funds to such line item accounts

The act bars the OPM secretary from allotting funds for the Nonfunctional – Change to Accruals line item accounts in each of the state’s 10 appropriated funds, regardless of the law requiring the governor, through OPM, to allot appropriations before they can be spent. These line items represent the change to accruals in agency budgets due to the conversion to generally accepted accounting principles (GAAP)-based budgeting.

EFFECTIVE DATE: Upon passage

§ 18 — AUTHORITY TO TRANSFER FUNDS TO AND FROM THE RESERVE FOR SALARY ADJUSTMENTS ACCOUNT

Allows the OPM secretary to transfer specified funds to implement and account for adjustments to various personal services expenses

The act authorizes the OPM secretary to transfer:

1. personal services appropriations in any appropriated fund from agencies to the Reserve for Salary Adjustments account to reflect more accurately collective bargaining and related costs and
2. General Fund appropriations for Reserve for Salary Adjustments to any agency in any appropriated fund to implement salary increases; other employee benefits; agency costs related to staff reductions, including accrual payments; or any other authorized personal service adjustment.

EFFECTIVE DATE: Upon passage

§ 19 — COLLECTIVE BARGAINING AGREEMENT COSTS

Carries forward the unexpended portion of appropriated funds that relate to collective bargaining agreements and related costs and requires the funds to be used for the same purposes in FYs 18 and 19

The act carries forward the unexpended funds appropriated for FY 17 that relate to collective bargaining agreements and related costs, as determined by the OPM secretary, and requires the funds to be used for the same purpose in FYs 18 and 19. It also carries forward the same unexpended funds appropriated for FY 18 and requires the funds to be used for the same purpose in FY 19.

EFFECTIVE DATE: Upon passage

§§ 20 & 21 — APPROPRIATION TRANSFERS AND ADJUSTMENTS TO MAXIMIZE FEDERAL MATCHING FUNDS

Authorizes the governor, subject to specified conditions, to transfer or adjust agency appropriations to maximize federal matching funds

The act allows the governor, with the Finance Advisory Committee's (FAC) approval, to transfer all or part of an agency's appropriation at the agency's request to another agency to take advantage of federal matching funds. Under the act, both agencies must certify that the receiving agency will spend the transferred appropriation for its original purpose. Federal funds generated from such transfers can be used to reimburse General Fund spending, expand services, or both, as the governor, with FAC approval, determines.

The act also allows the governor, with FAC approval, to adjust agency appropriations to maximize federal funding to the state. The governor must report on any adjustment to the Appropriations and Finance, Revenue and Bonding committees.

EFFECTIVE DATE: Upon passage

§§ 22 & 24 — TRANSFERS TO MEDICAID ACCOUNT

Authorizes the OPM secretary to transfer certain funds to the Department of Social Services' Medicaid account to maximize federal reimbursement

The act allows the OPM secretary to transfer all or part of any General Fund appropriation for the UConn Health Center or the Department of Veterans Affairs to DSS's Medicaid account to maximize federal reimbursement.

EFFECTIVE DATE: Upon passage

§ 23 — DSS PAYMENTS TO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) HOSPITALS

Specifies how (1) DSS must spend appropriations for certain DMHAS hospital payments and (2) DMHAS hospitals must use the funds they receive from DMHAS

The act requires DSS to (1) spend money appropriated to it for FYs 18 and 19 for DMHAS – Disproportionate Share payments when and in the amounts OPM specifies and (2) make disproportionate share payments to DMHAS hospitals for operating expenses and related fringe benefits. It requires the hospitals to (1) use the funds they receive from DMHAS for fringe benefits to reimburse the comptroller and (2) deposit the other DMHAS funds they receive into “grants – other than federal accounts.” Unspent disproportionate share funds in these accounts lapse at the end of each fiscal year.
EFFECTIVE DATE: Upon passage

§ 25 — BIRTH-TO-THREE PROGRAM

Requires SDE to transfer certain federal special education funds to OEC for the Birth-to-Three Program

For FYs 18 and 19, the act requires SDE to transfer \$1 million of the federal special education funds it receives each year to the Office of Early Childhood for the Birth-To-Three Program to carry out federally required special education responsibilities.
EFFECTIVE DATE: Upon passage

§ 26 — DEPARTMENT OF CHILDREN AND FAMILIES (DCF)-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends rate adjustments for DCF-licensed private residential treatment facilities

For FYs 18 and 19, the act suspends per diem and other rate adjustments for private residential treatment facilities licensed by DCF.
EFFECTIVE DATE: Upon passage

§ 27 — DDS AND DMHAS COST SETTLEMENTS WITH PRIVATE AND NONPROFIT PROVIDERS

Requires certain private and nonprofit providers to reimburse these agencies for the difference between actual costs and the amount received from the agencies

During FYs 18 and 19, the act requires private and nonprofit organizations providing services under contract with the Department of Developmental Services (DDS) or DMHAS to reimburse these agencies at 100%, or an alternate amount identified by the DDS or DMHAS commissioners and approved by the OPM secretary, of the difference between the actual expenses incurred and the amount the organization received from these agencies under the contract.
EFFECTIVE DATE: Upon passage

§ 29 — XL CENTER REQUEST FOR PROPOSALS (RFP)

Requires Hartford to issue an RFP for the purchase of the XL Center

By June 30, 2019, the act requires Hartford to issue an RFP for the purchase of the civic center and coliseum complex (i.e., XL Center) in Hartford.
EFFECTIVE DATE: Upon passage

§§ 30 & 31 — TOBACCO HEALTH AND TRUST FUND (THTF) TRANSFERS

Transfers funds from the THTF for various purposes

The act transfers \$750,000 in each of FY 18 and FY 19 from the THTF to DSS to implement recommendations from a study on enhancements and improvements to supports and services for individuals with autism and their families. It also transfers \$1 million in each of FY 18 and FY 19 from the THTF to UConn to support the Connecticut Institute for Clinical and Translational Science.
EFFECTIVE DATE: Upon passage

§ 32 — EVEN START AND TWO-GENERATIONAL INITIATIVE

Specifies that it is intended that Even Start be integrated into OEC's two-generational initiative

The act specifies that it is intended that Even Start be integrated into the coordinated state planning and implementation of the Office of Early Childhood's (OEC) statewide, two-generational initiative.

EFFECTIVE DATE: Upon passage

§ 33 — FAMILY RESOURCE CENTERS

Requires certain municipalities to close one family resource center and provides grants to those centers existing on January 1, 2018

Closing Centers in Certain Municipalities

By December 31, 2017, the act requires any municipality with more than one family resource center in its public schools established under the state's family resource center program to close one of the centers.

Grants

Under the act, each center existing on January 1, 2018 must receive a \$100,000 grant in each of FY 18 and FY 19 from the appropriation to SDE for family resource centers. The act establishes the "family resource center grant account" as a separate, nonlapsing General Fund account and requires the account to contain all funds required by law to be deposited into it.

Under the act, any amount remaining from SDE's family resource center appropriation after distributing grants to centers must be deposited into the account. SDE must use the account funds in FYs 18 and 19 to establish a competitive grant program for family resource centers. Under the act, centers may apply for a grant from the program in the manner and at a time determined by the education commissioner.

EFFECTIVE DATE: Upon passage

§§ 34 & 35 — MUNICIPAL GAMING ACCOUNT AND GRANTS TO MUNICIPALITIES

Increases the amount of gaming revenue that must be deposited into the municipal gaming account and provides grants from the account to four additional towns

PA 17-89 establishes conditions under which MMCT Venture, LLC may operate an off-reservation commercial casino gaming facility in the state and requires it to pay the state 25% of the gross gaming revenue from video facsimile games once the casino is operational. The act increases, from \$4.5 million to \$7.5 million, the amount of such revenue that must be annually deposited in the municipal gaming account. The act also adds four towns, Bridgeport, New Haven, Norwalk, and Waterbury, to the list of towns receiving annual \$750,000 grants from the account. PA 17-89 provides grants from the account to East Hartford, Ellington, Enfield, Hartford, South Windsor, and Windsor Locks. By law, the grants are reduced proportionately in any fiscal year that the total grant amount exceeds the available funds.

EFFECTIVE DATE: Upon passage

§ 36 — INFORMATION ON APPROPRIATIONS FOR VARIOUS IMMUNIZATION-RELATED PURPOSES

Extends by two months the date by which the OPM secretary must provide certain information to the insurance commissioner

For FY 18, the act extends, from September 1, 2018, to November 1, 2018, the date by which the OPM secretary must inform the insurance commissioner of the amounts appropriated for various immunization-related purposes. The commissioner uses the information to determine the health and welfare fee insurers must pay each year.

EFFECTIVE DATE: Upon passage

§ 37 — RECONCILE APPROPRIATIONS WITH EXECUTIVE ORDER

Authorizes OPM to transfer funds to reconcile this act's appropriations with those in the governor's executive order

The act allows the OPM secretary, with FAC approval, to transfer appropriations between budgeted agencies in FY 18 in order to reconcile the act's appropriations with those made in Governor Malloy's Executive Order 58.

EFFECTIVE DATE: Upon passage

§ 38 — FEDERAL REIMBURSEMENT FOR DSS, DCF, AND JUDICIAL BRANCH PROGRAMS

Allows DSS, DCF, and the Judicial Branch to establish receivables for anticipated reimbursement from approved projects in certain circumstances

For FYs 18 and 19, the act allows DSS, DCF, and the Judicial Branch to establish receivables for anticipated reimbursement from approved projects, as long as they do so (1) with OPM's approval and (2) in compliance with any U.S. Department of Health and Human Services-approved advanced planning document. Generally, establishing receivables (i.e., an amount due from another source) allows the agencies to make payments before receiving the federal reimbursement.

EFFECTIVE DATE: Upon passage

§ 39 — OUTPATIENT CLINIC LICENSE RENEWAL

Increases the frequency of outpatient clinic license renewal and makes a conforming change

The act increases the frequency of license renewal for outpatient clinics from every four years to every three years. It specifies that the fee applies to outpatient clinics that provide urgent care services, conforming to another provision (§ 674) that requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018. (Section 675 contains the same provisions as section 39, effective December 1, 2017.)

As under prior law, there is a \$1,000 licensing fee for outpatient clinics except those operated by municipal health departments or districts or licensed nonprofit nursing or community health agencies.

EFFECTIVE DATE: Upon passage

§ 40 — TEMPORARY FAMILY ASSISTANCE (TFA) AND STATE ADMINISTERED GENERAL ASSISTANCE (SAGA) RATES

Extends the TFA and SAGA freeze for an additional two years, FYs 18 and 19

The act extends for the next two fiscal years (FYs 18 and 19) a freeze on payment standards (i.e., benefits) for DSS's TFA and SAGA cash assistance programs at FY 15 rates. The law generally requires the DSS commissioner to raise the payment standards by the increase in the consumer price index for urban consumers (a measure of inflation) but changes to the law have frequently prohibited this increase.

TFA provides temporary cash assistance to families that meet certain income and asset limits. In general, SAGA provides cash assistance to single or married individuals without children, who have very low incomes, do not qualify for any other cash assistance program, and are considered "transitional" or "unemployable."

EFFECTIVE DATE: Upon passage

§ 41 — BOARDING HOME RATES

Freezes, with exceptions, rates paid by DSS to certain boarding homes

For FYs 18 and 19, the act generally freezes rates paid by DSS at FY 17 levels for room and board at private residential facilities and similar facilities operated by regional educational service centers that provide vocational or functional services for individuals with certain disabilities (non-ICF-ID boarding homes). Within available appropriations, the act allows these rates to exceed the FY 17 level only for capital improvements made in FY 18 or FY 19 and approved by DDS, in consultation with DSS, for residents' health and safety.

EFFECTIVE DATE: Upon passage

§§ 41, 42 & 43 — RESIDENTIAL CARE HOMES, COMMUNITY LIVING ARRANGEMENTS, AND COMMUNITY COMPANION HOMES

Freezes rates for residential services at certain facilities through FY 19

Under the act, regardless of rate-setting laws or regulations to the contrary, the rates the state pays to residential care homes, community living arrangements, and community companion homes that received the flat rate for residential services in FY 16 remain in effect through FY 19. State regulations permit these facilities to have their rates determined based on a flat rate rather than submitted cost reports.

EFFECTIVE DATE: Upon passage

§ 44 — CAP ON RESIDENTIAL CARE HOME RATES

Caps residential care home rates with certain exceptions

For FYs 18 and 19, the act caps rates for residential care homes at FY 17 and 18 levels, respectively, with an exception for homes that receive certain proportional fair rent increases. The act allows the DSS commissioner to provide such increases within available appropriations to homes with documented fair rent additions (1) placed in service in the cost report years ending September 30, 2016 or September 30, 2017, respectively, and (2) that are not otherwise included in the issued rates.

EFFECTIVE DATE: Upon passage

§§ 45 & 46 — MEDICAID NURSING HOME RATES

Limits nursing home Medicaid rates with certain exceptions, reverses a recent rate decrease for certain homes, and lowers the minimum occupancy for purpose of calculating rates

By law, the DSS commissioner must issue lower rates to facilities that would have been issued a lower rate due to their interim rate status or an agreement with DSS were it not for any rate freeze or other provisions in effect. The act eliminates a provision also requiring lower rates for facilities that experience a change in allowable fair rent.

For FY 18 and effective July 1, 2017, the act also reverses a rate decrease for facilities that received a rate decrease due to a 2015 fair rent asset expiring.

For FY 18, the act requires DSS to determine nursing facility rates based on 2016 cost reports but also limits any change in rates to no higher than, and not more than 2% less than, rates in effect at the end of calendar year 2016.

For FY 19, the act caps rates at FY 18 levels but allows the DSS commissioner to provide higher rates in the form of proportional fair rent increases, which may, at his discretion, include increases for facilities that have had a material change in circumstances related to fair rent additions or moveable equipment placed in service in the cost report year ending September 30, 2017 and not otherwise included in issued rates.

Generally, when DSS computes a facility's rates, it divides the facility's allowable costs by the facility occupancy at 95% of licensed capacity so that homes with more empty beds receive lower rates than higher occupancy homes. The act lowers the licensed capacity used for this calculation from 95 to 90% for FY 14 and succeeding fiscal years. (In practice, DSS has used a 90% occupancy rate since FY 14.)

EFFECTIVE DATE: Upon passage

§ 47 — INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF-ID)

Freezes FY 18 and FY 19 rates for ICF-IDs, with certain exceptions

For FY 18 and FY 19, the act caps Medicaid rates for ICF-IDs at FY 17 levels, except that the state may pay a higher rate, within available appropriations, to facilities that have made a capital improvement, approved by DDS in consultation with DSS, for residents' health or safety during FY 18 or FY 19. The act also extends through FY 18 and FY 19 a provision allowing the DSS commissioner to provide fair rent increases to facilities that have an approved certificate of need and undergo a material change in circumstances related to fair rent.

EFFECTIVE DATE: Upon passage

§ 48 — DCF-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

Suspends daily and other rate adjustments for FYs 18 and 19 for DCF-licensed private residential treatment facilities

The act suspends rate adjustments, including adjustments to allowable daily payments, for DCF-licensed private residential treatment facilities in FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§ 49 — LIMIT ON NONEMERGENCY ADULT DENTAL SERVICES

Caps payment for nonemergency dental services for adults at \$1,000 per calendar year

The act caps DSS’s Medicaid payments for nonemergency adult dental services at \$1,000 per calendar year per individual, but excludes from this cap medically necessary services, including dentures.

EFFECTIVE DATE: January 1, 2018

§ 50 — MEDICARE SAVINGS PROGRAM

Reduces income eligibility for the Medicare Savings Program

The act reduces eligibility for each of the Medicare Savings Program (MSP) tiers (see below) by lowering income limits as a percentage of the federal poverty level (FPL)(see Table 4). The act also makes a conforming change to require that DSS post regulations on its website and on the eRegulations system rather than in the Connecticut Law Journal.

Table 4: MSP Income Limits

<i>MSP Program Tier</i>	<i>Cost-Sharing Payments Covered</i>	<i>Prior Law</i>		<i>Under the Act</i>	
		<i>Income Limit (% FPL)</i>	<i>Annual Income Limit* (Individual)</i>	<i>Income Limit (% FPL)</i>	<i>Annual Income Limit* (Individual)</i>
Qualified Medicare Beneficiary Program (QMB)	<ul style="list-style-type: none"> Medicare Part B Premium All Medicare deductibles Co-insurance 	Less than 211%	\$25,447	Less than 100%	\$12,060
Specified Low-Income Medicare Beneficiary Program (SLMB)	<ul style="list-style-type: none"> Medicare Part B Premium 	211%-231%	27,859	100%-120%	14,472
Qualified Individual (QI)	<ul style="list-style-type: none"> Medicare Part B Premium 	231%-246%	29,668	120%-135%	16,281

* Income limit calculations are based on 2017 FPL values. FPL values change annually.

The federal MSP consists of three separate program tiers: the Qualified Medicare Beneficiary (QMB), the Specified Low-Income Medicare Beneficiary (SLMB), and the Qualified Individual (QI). To qualify, individuals must be enrolled in Medicare Part A. Program participants get help from the state’s Medicaid program with their Medicare cost sharing, including premiums and deductibles.

EFFECTIVE DATE: January 1, 2018

§§ 51-54 — MEDICAID AND SPECIAL EDUCATION

Requires boards of education to enroll as Medicaid providers, participate in DSS's Medicaid School Based Child Health Program, and submit billable service information to DSS

The act requires each local and regional board of education, by December 1, 2017, to (1) enroll as a Medicaid provider, (2) participate in DSS's Medicaid School Based Child Health Program (SBCH), and (3) submit billable service information electronically to DSS or its billing agent. It also makes technical changes.

Third-Party Agreement

The act allows any local or regional board of education to contract with a third-party vendor or other local or regional board of education to comply with the above requirements. The contracts may require costs for the contracted services to be paid from, and contingent on sufficient receipt of, the grants DSS makes by law to boards of education based on their Medicaid claims for certain special education services.

The act prohibits DSS, in a Medicaid audit, from assessing or extrapolating overpayments to a third-party service provider that contracts with the local or regional board of education to provide Medicaid services if DSS determines the error is caused by (1) clerical error, (2) information the board of education provides, or (3) another third party vendor in the submission of billable service information.

SBCH Program

In Connecticut, the SBCH Program is the mechanism by which a school district may seek federal Medicaid reimbursement for many of the covered special education services (e.g. assessment and occupational therapy) that are provided to an eligible student with disabilities pursuant to his or her individualized education plan. The act requires, rather than allows, local and regional boards of education to determine a child's Medicaid enrollment status. It also requires planning and placement teams to comply with federal requirements (34 C.F.R. 300.154) (e.g., parental consent and written notification) prior to billing for services under the SBCH Program. In addition, the act requires private schools, hospitals, and other institutions that provide special education instruction under an agreement with a local or regional board of education to submit to the board all documentation required to submit claims to the SBCH Program.

EFFECTIVE DATE: Upon passage

§ 55 — SPECIAL TRANSPORTATION FUND (STF)

Removes the requirement that remaining STF funds, after first being used for other specified obligations, pay for DSS's transportation to work program

By law, money in the STF must be used first for debt service on special tax obligation bonds and to pay for certain transportation projects. The act eliminates a requirement that remaining STF funds pay for DSS's transportation for employment independence program. Existing law, unchanged by the act, requires that such funds also be appropriated to pay for (1) general obligation bonds issued for transportation projects, (2) Department of Transportation (DOT) and Department of Motor Vehicles (DMV) budget appropriations, and (3) Department of Energy and Environmental Protection (DEEP) boating regulation and enforcement.

EFFECTIVE DATE: Upon passage

§ 56 — DAS CANDIDATE LISTS

Allows DAS to extend candidate lists through the end of 2018

The act allows the Department of Administrative Services (DAS) commissioner to continue or extend, through December 31, 2018, any candidate list scheduled to expire on or after June 7, 2017.

By law, positions in the state employee classified service must be filled from a list of qualified people, known as a candidate list. The lists must generally remain in force for at least three months, but not more than one year, unless the commissioner grants an exception under certain circumstances.

EFFECTIVE DATE: Upon passage

§ 57 — TECHNICAL CHANGES BY THE LEGISLATIVE COMMISSIONERS' OFFICE (LCO)

Requires that LCO, as part of its codification, make necessary technical, grammatical, and punctuation changes in the act's text

The act requires LCO, when codifying the act's provisions, to make the technical, grammatical, and punctuation changes necessary to carry out the act's purposes. Among other things, these changes may include correcting inaccurate internal references.

EFFECTIVE DATE: Upon passage

§ 58 — EVALUATING TRANSPORTATION PROJECTS

Exempts from certain evaluation requirements certain projects that the DOT commissioner determines are necessary to maintain the state's infrastructure

PA 17-192 requires the transportation commissioner to develop, and obtain legislative approval for, a method to evaluate "transportation projects" and use this method to evaluate these projects before seeking funding from the legislature for them.

Under PA 17-192, a transportation project included a transportation planning or capital project, begun by the state on or after July 1, 2018, that (1) is estimated to cost \$150 million or more or (2) expands capacity on a limited access highway, transit or railroad system, or parking facility.

This act specifically excludes from the definition of "transportation project" and therefore from PA 17-192's evaluation requirements, any project begun on or after July 1, 2018 that (1) the commissioner finds necessary to maintain the state's infrastructure in good repair and (2) is estimated to cost less than \$150 million.

EFFECTIVE DATE: Upon passage

§ 59 — TEACHERS' RETIREMENT SYSTEM (TRS) VIABILITY COMMISSION

Establishes a commission and requires the state to contract with a consulting firm to develop and implement a plan to maintain TRS's financial viability

The act establishes the TRS Viability Commission, consisting of Teachers' Retirement Board members and a global consulting firm with significant experience and expertise in human resources, talent development, and health and retirement benefits and investments.

The commission must develop and implement a plan to maintain TRS's financial viability. In developing the plan, the commission must hold at least one public hearing and solicit the input of TRS members (i.e., participating Connecticut teachers). It must also consider the state's financial capability, including the state's:

1. fiscal health;
2. Budget Reserve Fund balance;
3. long- and short-term liabilities, including its ability to meet minimum funding levels required by law, contract, or court order;
4. initial budgeted revenue compared to actual revenue received for the previous five fiscal years;
5. revenue projections for the fiscal years during the proposed plan's term;
6. economic outlook; and
7. access to capital markets.

The act specifies that the state's financial capability does not include its ability to raise revenue through new or increased taxes.

The commission must submit the plan and any proposed legislation for implementing it to the Education and Appropriations committees within 90 days after contracting with a consulting firm (see below). The commission must terminate within one year after it submits the plan.

Contracting with a Consulting Firm

The act establishes a process for selecting and contracting with a consulting firm for the commission. Within 60 days after the act takes effect, the OPM secretary must, within available appropriations, contract with a global consulting firm

with significant experience and expertise in human resources, talent development, and health and retirement benefits and investments. If he does not do so within 60 days, then the Office of Legislative Management (OLM) must do so.

The OPM secretary or OLM executive director, as applicable, must identify candidates with significant experience to undertake the act's required duties through the solicitation of qualifications and any other factors that may bear on the ability to perform the duties. Each solicitation and response must be written. The secretary or executive director must select a contractor from at least four eligible candidates. (The act does not specify what happens if fewer than four contractors respond to the solicitation.) Under the act, any resulting contract is not subject to (1) the state law on state consultants and personal services agreements and (2) state purchasing laws or laws under the State Contracting Standards Board's jurisdiction.

If the OPM secretary contracts with a firm, the act requires the governor, with the Finance Advisory Committee's approval, to transfer to OPM any funds appropriated to OLM for the contract. If OLM contracts with a firm, OLM must retain the funds appropriated for the contract. The act also allows the state to accept gifts, grants, and donations for purposes of contracting with the consulting firm. However, it may not accept these from any candidate that also submits a bid for the contract.

EFFECTIVE DATE: Upon passage

§ 60 — UCONN HEALTH CENTER PUBLIC-PRIVATE PARTNERSHIPS

Requires the UConn Health Center to seek to establish public-private partnerships and report to certain legislative committees by April 1, 2018

The act requires the UConn Health Center board of directors to seek to enter into public-private partnerships with hospitals or other private entities the board selects. It requires the board to report, by April 1, 2018, to the Appropriations, Higher Education, and Public Health committees on the status of the partnerships and any recommended legislation.

EFFECTIVE DATE: Upon passage

§ 61 — BAN ON SHEFF HOST MAGNET SCHOOLS CHARGING TUITION TO SENDING DISTRICTS

Continues the ban on a Sheff region host magnet school charging tuition

For the school years beginning July 1, 2017 and July 1, 2018, the act prohibits *Sheff* host magnet school operators from charging school districts tuition for their students who attend the magnet school. The ban, which had been in place for years, expired at the end of the school year beginning July 1, 2016.

EFFECTIVE DATE: Upon passage

§§ 62-67, 83, 236 — CHANGES TO THE SCHOOL CONSTRUCTION PROGRAM

Makes numerous changes to the school construction grant program, including altering how reimbursement rates are determined, requiring additional application information, expanding the types of projects eligible for emergency grants, and increasing the amount the state must withhold pending a final audit

The act makes numerous changes to the school construction grant program. This includes altering how school construction reimbursement rates are determined, requiring additional information with each application, expanding the types of projects eligible for emergency grants, increasing the amount of money the state must withhold pending a final audit, and changing the definition of a renovation project.

EFFECTIVE DATE: Upon passage

Three-Year Average for Determining School Construction Reimbursement Rates (§ 83)

The act requires the DAS commissioner to use three years, rather than one, of adjusted equalized net grand list (AENGL) per capita when ranking all of the state's towns for school construction reimbursement rates. She must do this for grant applications made on or after July 1, 2017. AENGL per capita is a measure of property wealth in a town.

School Construction Applications and DAS Report to the Legislature (§ 236)

The act expands the information that must be provided to the legislature in the school construction project approval process. Under prior law, the DAS commissioner had to provide a review of the student enrollment projections for each project on the school construction priority list she submits to the legislature, governor, and OPM secretary every December. The act requires her to include the following more extensive information for each project instead:

1. a substantiation of the estimated total project costs;
2. the readiness of the project to begin construction;
3. an enrollment projection and school capacity;
4. efforts made by the board of education to redistrict, reconfigure, merge, or close schools under the board's jurisdiction before submitting the school construction application;
5. enrollment and capacity information for all of the board's schools for the five years prior to application and an enrollment projection and capacity information for all of the board's schools for the eight years following the application; and
6. the state's education priorities relating to reducing racial and economic isolation for the school district.

Emergency Construction Grants (§ 62)

The act expands the types of projects eligible for emergency construction grants and requires school districts to follow certain procedures in order to receive the grants. (Unlike priority list projects, these do not require legislative approval.)

Project Types. By law, emergency grants can be made for certain reasons, such as to correct safety, health, and other code violations; replace roofs; and make repairs due to fire damage or other catastrophe. The act broadens the roof replacement provision to include replacement or installation of skylights. It also allows such grants for (1) installation of exterior wall and attic insulation and (2) limited-use or limited-access elevators, windows, photovoltaic panels, wind-generation systems, building management systems, and public school administrative or service facilities.

Procedures. Under the act, a superintendent must notify DAS in writing of the need for an emergency grant within seven calendar days of discovering a condition that could qualify for an emergency grant in order for the project to be eligible. The superintendent must submit a full application within six months of the notification in order to receive a grant.

Conforming and Technical Changes to the School Construction Program (§§ 63 & 66)

The act makes conforming and technical changes in these sections.

Increased Grant Withholding Percentage (§ 64)

The act increases, from 5% to 11%, the amount of a project's reimbursement grant that DAS must withhold pending the completion of a final audit.

Regional Boards of Education and School Construction Obligations (§ 65)

The act specifies that when a regional board of education dissolves, or a town withdraws from such a regional district, the local boards of education or towns that participated in the regional board are not absolved from any school construction responsibilities or related financial obligations incurred while part of the regional board. Under law, unchanged by the act, a town or district withdrawing from a regional district is not absolved from any indebtedness issued prior to the dissolution.

Further, the act specifies that any agreements reached as part of the dissolution or withdrawal cannot relieve a withdrawing town from its financial obligations related to a school building project.

Changes to Renovation Projects (§ 67)

The act changes the definition of a renovation project by requiring the renovation cover at least 55% of the square footage of the completed project and removing the requirement for "total" refurbishment. It also removes the language that permitted a school district to submit an independent architect's feasibility study and project cost analysis to show that

the renovation would cost less than new construction.

Under prior law, to qualify as a renovation, at least 75% of a facility being renovated had to be at least 30 years old. The act lowers this facility age requirement to 20 years. But the completed project must still have a useful life comparable to that of new construction, and the total project costs of the renovation must still be less than for new construction.

§ 68 — TEACHERS' RETIREMENT BOARD (TRB) MEMBERSHIP

Requires one member of the TRB to be a municipal chief elected official

The act requires one of the governor's five appointees to the TRB to be a municipal mayor, first selectman, or chief elected official. The governor must fill the next vacancy among his five appointments with such an individual.

By law, the board administers the Teachers' Retirement System and consists of four active teacher members; two retired teacher members; five gubernatorial appointees; and the education commissioner, state treasurer, and OPM secretary, or their designees.

EFFECTIVE DATE: Upon passage and applicable to appointments made on and after that date.

§ 69 — YOUTH SERVICE BUREAU (YSB) GRANTS

Expands youth service bureau grant eligibility to those bureaus that applied in FY 17 and met town contribution requirements

The act extends YSB grant eligibility to those YSBs that applied for a state grant during FY 17, if the town approves its required contribution before making its application. By law, a town must contribute an amount equal to the state grant amount. YSBs are multipurpose youth-serving organizations that provide prevention and intervention programs for delinquent, pre-delinquent, pregnant, parenting, and troubled youths.

The act also specifies that the state grant amount of \$14,000 is awarded to eligible YSBs within available appropriations, and it removes obsolete language from prior law.

EFFECTIVE DATE: Upon passage

§ 70 — SPECIAL EDUCATION COST MODEL TASK FORCE AND FEASIBILITY STUDY

Creates a task force to study the feasibility of forming a special education predictable cost cooperative or other model to minimize the volatility in municipal special education spending

The act establishes a 12-member task force to conduct a feasibility study of alternative methods of funding special education and addressing the factors impacting the increasing cost and predictability of special education services. The study must examine a state special education predictable cost cooperative model and other alternative funding models used in other states. The task force must submit the study and any legislative recommendations to the Education and Appropriations committees by January 1, 2019.

Cooperative Definition

The act defines "special education predictable cost cooperative" as a special education funding model that:

1. aggregates special education costs at the state level to compensate for local level volatility by (a) providing predictability in special education costs to local and regional boards of education, (b) maintaining current state special education funding, (c) differentiating funding based on student needs, (d) equitably distributing special education funding, (e) providing boards with flexibility and encouraging innovation, and (f) limiting local financial responsibility for students with extraordinary needs;
2. is funded by (a) a community contribution from each school district, calculated based on the number of special education students enrolled in the district and the district's previous special education costs, with each town's community contribution reduced by an equity adjustment based on the town's ability to pay, and (b) the state contribution, which is a reallocation of the special education portion of the education cost-sharing grant and the excess cost grant;
3. ensures that a school district's community contribution will be lower than its actual per pupil special education cost;
4. provides all school districts with some state support for special education services; and

5. reimburses school districts for 100% of their actual special education costs for each fiscal year.

Study Requirements

The act requires the study to, at a minimum, address a number of specific areas including:

1. an actuarial analysis of the cooperative model and other alternative models;
2. state and municipal funding for the cooperative model and other alternative models, including how towns contribute to the cooperative, how they are compensated for special education costs by the cooperative, and how such compensation would affect their contribution in the next fiscal year;
3. the possible legal status of the cooperative model and other alternative models (i.e., state agency, quasi-public agency, nonprofit organization, or private entity);
4. governance structure, including a process for nominating and selecting members for the board of directors, qualifications for an executive administrator, and the accountability of the board and administrator to the participating towns and boards of education, including a complaint process;
5. staffing levels and funding sources for hiring and employing necessary staff;
6. a funding sources analysis for necessary initial capital costs, including the impact on state special education funding if \$50 million in state special education funding is used;
7. an implementation timeline, including prerequisites such as the number of voluntarily participating towns necessary for the cooperative model and other alternative models to function or whether participation should be mandatory;
8. a legal analysis, including whether it is allowed under state law and the federal Individuals With Disabilities Education Act and the cooperative or alternative model's accountability to the General Assembly.

When conducting the study, the task force cannot cause any state agency to incur costs of more than \$1,000, exclusive of costs associated with reimbursing any agency staff person for mileage expenses. The task force may also receive funds from any nonprofit organization or accept pro bono services from any public or private entity to conduct the feasibility study. The Office of Legislative Management must help the task force administer any funds or services it receives or seeks pursuant to the act.

Task Force Membership

The act requires the task force to include the OPM secretary and the education commissioner, or their respective designees, plus one representative from each of the following entities:

1. Connecticut Association of School Business Officials,
2. Connecticut Association of Public School Superintendents,
3. Connecticut Council of Administrators of Special Education,
4. Connecticut Association of Boards of Education,
5. Connecticut Captive Insurance Association,
6. Connecticut Association of Schools,
7. Connecticut Parent Advocacy Center,
8. Connecticut Conference of Municipalities,
9. RESC (Regional Educational Service Centers) Alliance, and
10. UConn Actuarial Science Program faculty.

The task force must hold its first meeting within 30 days after the act's effective date. It must elect one of its members as chairperson of the task force.

The task force terminates on January 1, 2019.

EFFECTIVE DATE: Upon passage

§ 71 — ACHIEVEMENT AND RESOURCE EQUITY IN SCHOOLS COMMISSION

Creates a 16-member commission to report recommendations on education funding to the Appropriations and Education committees, governor, and OPM secretary

The act establishes the 16-member Connecticut Achievement and Resource Equity in Schools Commission to provide analysis and recommendations on state funding for education and resources needed to ensure that all public school students have an opportunity to succeed. The commission must report its findings and recommendations by April 1, 2018 to the Appropriations and Education committees, governor, and OPM secretary.

Plan and Recommendations

The act requires the commission to develop a strategic plan that includes recommendations for implementing a system for distributing state public education funding that:

1. includes a funding formula that (a) uses an appropriate foundation level, (b) addresses the issue of unequal local tax burdens, and reduces the reliance on unequal local property taxation to fund services, (c) increases equity and fairness, and (d) reduces segregation;
2. depends on a stable, fair, reliable, and identifiable funding source;
3. addresses students' educational needs from preschool through grade 12; and
4. provides predictability and sustainability in grant allocations to towns and school districts.

Commission Members

The commission members must reflect the state's geographic, population, socio-economic, racial, and ethnic diversity. Table 5 lists the appointing authorities and member qualifications.

Table 5: Appointing Authorities and Commission Appointments

<i>Appointing Authority</i>	<i>Number of Appointments</i>	<i>Member Qualifications</i>
House speaker	Two	One representative of the Connecticut Association of Boards of Education One representative of the Connecticut Education Association
Senate president pro tem	Two	One representative of the Regional Educational Service Centers Alliance One economist with expertise in poverty measures
Senate Republican president pro tem	Two	One representative of the Connecticut Federation of School Administrators One representative of a regional agricultural science and technology education center
House majority leader	Two	One representative of the Connecticut Association of Public School Superintendents One representative of the American Federation of Teachers-Connecticut
Senate majority leader	Two	One representative of the Connecticut Conference of Municipalities One representative of the Connecticut Council of Administrators of Special Education
Senate deputy Republican president pro tem	Two	One employee of SDE's School Choice Bureau One representative of the Connecticut PTA
House minority leader	Two	One representative of the Connecticut Association of Schools One representative of the Connecticut Administrators of Programs for English Language Learners

Table 5 (Continued)

<i>Appointing Authority</i>	<i>Number of Appointments</i>	<i>Member Qualifications</i>
Joint appointment by the House speaker and minority leader	One	One representative of the Connecticut Association of School Business Officials
Joint appointment by the Senate president pro tem and the Republican Senate president pro tem	One	One representative of the State Education Resource Center

Appointments must be made by 30 days after the act takes effect. Vacancies must be filled by the appointing authorities, except for Senate chairpersons as described below.

Chairpersons and First Meeting

Under the act, the commission has two chairpersons, appointed as follows: (1) the House speaker selects a chairperson from among the members and (2) the Senate president pro tempore and the Senate Republican president pro tempore must jointly select the other chairperson from among the members.

If the chairperson appointed by the Senate president pro tempore vacates the position, the Senate president pro tempore and the Senate Republican president pro tempore, or the Senate president pro tempore, as the case may be, must fill the vacancy.

The chairpersons must schedule the first commission meeting to be held no more than 60 days after the act’s effective date.

EFFECTIVE DATE: Upon passage

§§ 72-82 — TECHNICAL EDUCATION AND CAREER SYSTEM

Makes changes to the current process that transitions the technical education and career system into an independent agency

The act makes various changes to the three-year process outlined in existing law for the technical education and career system (hereinafter “the system”) to transition into an independent state agency. It also makes several technical and conforming changes, including § 82 in its entirety.

EFFECTIVE DATE: Upon passage, except provisions concerning the system’s educational offerings (§ 73) and executive director (§ 74) take effect July 1, 2019.

System Educational Offerings (§§ 72 & 73)

By law, the system must offer full-time programs in vocational, technical, technological, and postsecondary education and training and may offer these programs on a part-time or evening basis. The act specifies that the full-time programs must be comprehensive secondary education programs, but it does not define “comprehensive secondary education.”

Gifts, Grants, and Donations (§§ 72 & 74)

The act prohibits system employees from accepting any gift, grant, or donation as an individual, or on the system’s behalf, for personal use. It requires any gifts, grants, and donations accepted on the system’s behalf to be subject to the State Code of Ethics for Public Officials (CGS §§ 1-79 to 1-90). The act also requires both the system board and its executive director to report quarterly to OPM about all gifts, grants, and donations received.

System Executive Director (§ 74)

The act requires anyone appointed by the governor to serve as the system's executive director to have experience with education systems.

System Admissions Policy (§ 75)

The act requires the State Department of Education (SDE) to review all system admissions policies, rather than just those policies on enrollment of students with disabilities and students receiving special education services. Under prior law, the review had to include consideration of (1) applicable principles of state and federal law, (2) the system's purposes and public character, and (3) enrollment data on students receiving special education and related services compared to statewide and district averages. Under the act, the broader review must also include consideration of the following:

1. the use of placement tests and wait lists;
2. the admissions policies relating to the enrollment of students with disabilities, students receiving or eligible to receive special education and related services, and students who are English language learners; and
3. diversity standards for the inclusion of minority students.

The act requires SDE to consult with the system's administrative and professional staff for the review and any subsequent revisions to the admissions policy.

Career Technical Education Standards and Curriculum (§§ 76 & 77)

Existing law requires (1) SDE to develop and update as necessary, beginning with the 2018-19 school year, uniform standards and curricula for all career technical education programs offered by local or regional boards of education and (2) the standards and curriculum to be aligned with professional certification requirements. The act specifies that these standards and curriculum must be aligned with relevant professional certification requirements.

Existing law also requires SDE to evaluate, within available appropriations, any existing standards relating to career technical education used by the system and examine whether the standards are aligned with professional certification requirements and uniform across the system. The act specifies that this evaluation must examine whether the standards are aligned with professional certification requirements already in existence.

Partnerships (§ 78)

Existing law requires the system superintendent to consult with the community colleges and certain local or regional school boards to establish partnerships, reduce redundancies, and consolidate programmatic offerings. The act additionally requires him or her to do so to fulfill state workforce needs.

System Consultant (§ 79)

The law requires the State Board of Education (SBE) to hire a consultant for FY 18 to help the system board develop a transition plan to become an independent agency. The act requires the consultant to consult with the system's administrative and professional staff when (1) assisting the system's board with developing a transitional plan and (2) providing recommendations about services that the system could provide more efficiently in conjunction with another board of education, municipality, or state agency.

It also requires the consultant to identify deficiencies, best practices, and cost savings in procurement, in addition to the above tasks.

SBE Inventory Account (§ 80)

As a state agency, SBE is required by law to establish and keep an inventory account of real and personal state property with a value of \$1,000 or more; secure the inventory to prevent theft or loss; and establish controls over the disposal of such inventory. The act specifies that this account must be an inventory of all property owned by and in the custody of SDE.

SBE Representation (§ 81)

The act resolves an ambiguity in prior law about the system's representation on SBE by requiring the system board chairperson to serve as an ex-officio, nonvoting member of SBE. Under prior law, both the system superintendent and the system board chairperson served simultaneously on SBE in the same seat (PA 17-237, §§ 1 & 37).

§ 84 — FREQUENCY OF FACILITY, AIR QUALITY, AND GREEN CLEANING REPORTS

Reduces frequency of certain required reports

The act postpones the deadline for, and reduces the frequency of, reports local and regional boards of education must submit to the DAS commissioner on the following required programs: (1) facilities and long-term building, (2) air quality, and (3) green cleaning. Under prior law, the boards had to submit these reports triennially, beginning July 1, 2011. The act instead requires them to submit the reports once every five years and sets July 1, 2021 as the first reporting deadline.

It also makes the conforming change that the commissioner use the boards' reports once every five years, rather than once every three, to prepare a report on the same topics and submit them to the Education Committee.

EFFECTIVE DATE: Upon passage

§ 85 — BODY-WORN RECORDING EQUIPMENT TASK FORCE

Specifies that the body-worn recording equipment task force is within the legislative branch

PA 17-225 established a task force to examine the use of body-worn recording equipment by state and municipal police. The act specifies that the task force is within the legislative branch.

EFFECTIVE DATE: Upon passage

§§ 86-99 & 731 — DDS AS SUCCESSOR TO OPA'S INVESTIGATION OF ABUSE AND NEGLECT COMPLAINTS

Transfers to DDS, rather than the Department of Rehabilitation Services (DORS), oversight over claims of abuse or neglect of individuals with intellectual disability or clients of DSS's Division of Autism Spectrum Disorder Services and makes related changes

PA 16-66 eliminated the Office of Protection and Advocacy (OPA) and the Board of Advocacy and Protection for Persons with Disabilities, effective July 1, 2017. It instead established a nonprofit entity (Disability Rights Connecticut, Inc. (DRCT)) to serve as the state's protection and advocacy system and client assistance program for people with disabilities.

The act transfers to the Department of Developmental Services (DDS) OPA's investigatory responsibilities for alleged abuse or neglect of individuals (1) with intellectual disability or (2) who receive funding or services under DSS's Division of Autism Spectrum Disorder Services. Under prior law, these responsibilities were transferred to DORS. In practice, DDS has been performing them since March 2017 under a memorandum of understanding with DORS.

The act requires the DDS commissioner to receive and investigate complaints from such individuals, their legal representatives, or other interested persons. The act makes various other conforming changes to the existing laws on such abuse investigations to effectuate the transfer of these responsibilities to DDS.

The act allows the subject of such an investigation, his or her legal representatives, or other interested parties to contact DRCT with any concerns about the conduct of the investigation. It prohibits the DDS commissioner from taking, or threatening to take, any action, against any such person who contacts DRCT with such concerns.

Under existing law, if an investigation determines that a person with intellectual disability was abused, the matter must be referred to a prosecutor and in some cases, immediately to the police. The act extends these provisions to investigations of persons receiving services under DSS's Division of Autism Spectrum Disorder services and requires the DDS commissioner to notify the DSS commissioner of any such referral involving a division client.

The act makes other changes to the laws on such abuse investigations. For example, it replaces various references to "guardian" with "legal representative" and defines this term to include conservators as well as guardians.

Prior law required the OPA director to maintain a statewide registry of the complaint reports and associated evaluations, findings, and recommended actions. The act requires the DDS commissioner to keep electronic copies of such documents (evaluation reports) but eliminates the reference to a statewide registry. Under the act, an "evaluation

report” is the written documentation of an investigation of abuse or neglect conducted by DDS’s Abuse Investigation Division and includes allegations of abuse or neglect, evaluations, findings, and recommended actions.

The act also makes related minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage, except a technical change is effective July 1, 2018.

§§ 100-105 — CRIMINAL JUSTICE INFORMATION SYSTEM (CJIS) GOVERNING BOARD

Transfers the board from OPM to the Department of Emergency Services and Public Protection (DESPP) for administrative purposes; requires DESPP to staff and supply the board and to provide certain information to people who request it

The act transfers the CJIS Governing Board, which oversees criminal justice information systems, from OPM to DESPP for administrative purposes only.

It also requires DESPP, rather than OPM, to provide office space and such staff, supplies, and services as required by the board’s executive director to perform his duties, such as overseeing the design and implementation of a comprehensive statewide information system to share criminal justice information according to law.

Additionally, it requires the DESPP commissioner, rather than the OPM secretary, to provide anyone who submits a Freedom of Information Act (FOIA) request for data from criminal justice agency information systems with the name and address of the agency where the data originated. (Under existing law, the originating agency is responsible for providing requested data that is available to the public under FOIA.)

The act also makes technical changes to the CJIS laws.

EFFECTIVE DATE: Upon passage

§§ 106 & 107 — ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS (ACIR) REPORT DEADLINES

Delays certain deadlines by which ACIR must submit reports on state mandates to the General Assembly

The act delays the date by which the ACIR must submit its quadrennial report to the legislature from the second Wednesday after the 2018 regular session convenes to October 1, 2019, and every four years thereafter. By law, the report must analyze, among other things, the cost that each state mandate imposes on local governments.

The act also suspends, until January 1, 2019, a requirement for the ACIR to submit to the legislative leaders a list of each state mandate enacted during a regular or special session. By law, the ACIR must otherwise submit this list within 90 days after the regular or special session adjourns or by September 1 immediately following the regular session adjournment, whichever is sooner.

EFFECTIVE DATE: Upon passage

§ 108 — DEPARTMENT OF REVENUE SERVICES (DRS) TAX INCIDENCE REPORT

Pushes back the deadline by which DRS must submit the first biennial tax incidence report to the Finance, Revenue and Bonding Committee

The act pushes back the deadline by two years, from February 15, 2018, to February 15, 2020, by which DRS must submit the first biennial tax incidence report to the Finance, Revenue and Bonding Committee and post it on the department’s website. By law, the report must indicate the extent to which groups of people and types of businesses bear the burden of different taxes.

EFFECTIVE DATE: Upon passage

§ 109 — RETIREMENT SYSTEMS STRESS TEST REPORT

Requires OPM to annually report stress test analyses for the teachers’ and state employees’ retirement systems

The act requires the OPM secretary to develop sensitivity and stress test analyses for the Teachers’ Retirement System and the State Employees’ Retirement System and annually report on them to the Appropriations Committee. The report must include projections of benefit levels, pension costs, liabilities, and debt reduction under various economic and investment scenarios. The secretary must post and update the report on OPM’s website at least annually.

EFFECTIVE DATE: Upon passage

§ 110 — AUTHORIZATION TO SHARE TAX ASSESSORS

Allows a regional council of government (COG) or two or more municipalities to appoint shared tax assessors

The act specifies that (1) a COG or (2) two or more municipalities acting jointly, may appoint one or more tax assessors. Under the act, municipalities must make the joint appointments in the same manner as other tax assessor appointments: the town meeting or legislative body must vote to appoint the assessor.

This authorization applies regardless of any conflicting special act, municipal charter, or ordinance. “Municipalities” are towns, consolidated cities and towns, and consolidated towns and boroughs.

The act also (1) eliminates prior law’s cap on the number of assessors (five) a municipality may appoint and (2) makes conforming changes.

EFFECTIVE DATE: Upon passage

§ 111 — LOCAL OPTION ADMISSIONS SURCHARGE

Exempts motion pictures from the surcharge

The act exempts motion picture shows from the local option admissions surcharge. By law, municipalities may impose the surcharge (generally up to 5%) on the admission charge for events held at a range of amusement, entertainment, or recreation facilities.

EFFECTIVE DATE: Upon passage

§§ 112-125, 165 & 732 — HEALTH INFORMATION TECHNOLOGY OFFICER

Transfers responsibilities for the all-payer claims (APCD) database and consumer health information website from Access Health CT to the health information technology officer and makes related changes

The act transfers responsibilities for the APCD and consumer health information website from the Connecticut Health Insurance Exchange (“Access Health CT”) to the state’s health information technology officer. It also eliminates the APCD Database Advisory Group.

Additionally, the act makes certain changes to reporting requirements related to the consumer health information website. It also makes various minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage

All-payer Claims Database

Prior law required Access Health CT to seek funding for and oversee the planning, implementation, and development of policies and procedures for administering the APCD. The act transfers these functions and other related responsibilities from Access Health CT to the health information technology officer. For example, it requires the officer, in consultation with the Health Information Technology Advisory Council, to maintain written procedures for implementing and administering the APCD program.

Similar to prior law, the act requires the DSS commissioner to submit Medicaid data to the officer for inclusion in the APCD only for purposes of administering the state Medicaid plan. The act makes a corresponding change by allowing the officer to enter into a contract or take necessary action to obtain such data. For this purpose, Medicaid data includes Medicaid provider registry, health claims data, and Medicaid recipient data maintained by DSS.

The act also provides that, unless expressly specified, its APCD provisions, and the health information technology officer’s actions under such provisions, do not supersede or otherwise affect the insurance commissioner’s authority to regulate the insurance industry in the state.

The act also requires the officer to designate and post on its website a list of systems, technologies, programs, and entities that constitute Access Health CT.

Consumer Health Information Website

Prior law required Access Health CT, within available resources, to establish and maintain a consumer health

information website designed to help consumers make informed decisions about health care and their choice of health care providers. The act transfers oversight of the website from Access Health CT to the health information technology officer.

Prior law required the insurance and DPH commissioners to annually report to Access Health CT and make available on their departments' websites the following information on health procedures in the state, to the extent it was available:

1. the 50 most frequently occurring inpatient diagnoses and procedures,
2. the 50 most frequent outpatient procedures, and
3. the 25 most frequent surgical and imaging procedures.

The act instead requires the health information technology officer to make the following information annually available on the consumer health information website, to the extent it is available:

1. the 50 most frequently (a) occurring inpatient services or procedures and (b) provided outpatient services or procedures,
2. the 25 most frequent imaging and surgical services or procedures, and
3. the 25 most frequently used pharmaceutical products and medical devices.

The consumer website must contain comparative price and cost information for the items on these lists.

The lists may be:

1. based upon those services and procedures most commonly performed by volume or representing the greatest percentage of related health care expenditures or
2. designed to include those services and procedures most likely to result in out-of-pocket costs to consumers.

As under existing law, the lists may include additional admissions and procedures.

With regard to the required reporting related to the consumer website, the act:

1. removes the requirement that health carriers annually report to Access Health CT on (a) the billed and allowed amounts for procedures on the prior lists and (b) out of pocket costs for items on those lists and
2. requires the health information technology officer, to the extent practicable, to annually report such information for the lists required under the act.

§ 126 — HEALTH CARE PROVIDERS WITHOUT ELECTRONIC HEALTH RECORD SYSTEMS

Requires certain health care providers to be capable of transmitting secure messages that comply with national specifications published by the National Coordinator for Health Information Technology

Existing law requires each health care provider with an electronic health record system capable of connecting to and participating in the Statewide Health Information exchange to begin doing so no later than two years after the exchange begins operating.

The act requires, by the same deadline, health care providers without an electronic health record system capable of connecting to and participating in the exchange to be capable of sending and receiving secure messages that comply with the Direct Project specifications published by the federal Office of the National Coordinator for Health Information Technology. (The Direct Project was created to specify a simple, secure way to send authenticated, encrypted health information directly to known, trusted recipients over the internet.)

By law, an "electronic health record system" is a computer-based information system used to create, collect, store, manipulate, share, exchange, or make available electronic health records for the delivery of patient care.

EFFECTIVE DATE: Upon passage

§§ 127 & 732 — STATE HEALTH INFORMATION TECHNOLOGY ADVISORY COUNCIL

Increases the State Health Information Technology Advisory Council's membership; expands the council's chairpersons' authority; changes who may appoint members to the All-Payer Claims Database Advisory Group and allows its members who are public officials to appoint designees

The act increases the membership of the State Health Information Technology Advisory Council by (1) adding the comptroller or his designee and (2) authorizing its chairpersons to appoint up to four members who must serve at the chairpersons' pleasure. By law, the council is charged with, among other things, developing priorities and policy recommendations for advancing the state's health information technology and health information exchange efforts and goals.

The act also authorizes the council's chairpersons to (1) establish subcommittees and working groups and (2) appoint individuals who are not council members to serve as members of the subcommittees or working groups.

All-Payer Claims Database Advisory Group

The act places the All-Payer Claims Database Advisory Group under the State Health Information Technology Advisory Council. The health information technology officer, in consultation with the council, must maintain written procedures for implementing and administering an all-payer claims database program established by the act (§§ 112 & 113). The act allows the members of the advisory group who are public officials to each appoint a designee. The advisory group's statutory purpose is, among other things, to develop a plan to implement a statewide multipayer data initiative to enhance the state's use of health care data.

The act also allows the health information technology officer, instead of the Connecticut Health Insurance Exchange's chief executive officer, to appoint additional members to the advisory group.

EFFECTIVE DATE: Upon passage

§ 128 — STATE-WIDE HEALTH INFORMATION EXCHANGE

Requires the state to establish a program to expedite the development of the State-Wide Health Information Exchange

The act requires the state, acting by and through the OPM secretary, in collaboration with the health information technology officer, and the lieutenant governor, to establish a program to expedite the development of the State-wide Health Information Exchange. The program must:

1. assist the state, health care providers, insurance carriers, physicians, and all stakeholders in empowering consumers to make effective health care decisions;
2. promote patient-centered care;
3. improve the quality, safety, and value of health care;
4. reduce waste and duplication of services;
5. support clinical decision-making;
6. keep confidential health information secure; and
7. make progress toward the state's public health goals.

Program Purpose

The program's purpose is to:

1. help the State-wide Health Information Exchange establish and maintain itself as a neutral and trusted entity that serves the public good for the benefit of all state residents, including Connecticut health care consumers, providers, and carriers;
2. perform, on behalf of the state, the role of intermediary between public and private stakeholders and customers of the State-wide Health Information Exchange; and
3. fulfill the responsibilities of the Office of Health Strategy.

Program Implementation

The health information technology officer must design, and the OPM secretary, in collaboration with the officer, may establish or incorporate, an entity to implement the program. The entity may be organized as a nonprofit entity and must be owned and governed, in whole or in part, by a party or parties other than the state.

Entity's Board Membership and Appointments

Under the act, any entity established or incorporated to implement the program must have its powers vested in and exercised by a board of directors. The board of directors must consist of the following members who must each serve for a term of two years:

1. one with expertise as an advocate for consumers of health care, appointed by the Governor;
2. one with expertise as a clinical medical doctor, appointed by the Senate president pro tempore;
3. one with expertise in hospital administration, appointed by the House speaker;
4. one with expertise in corporate law or finance, appointed by the Senate minority leader;
5. one with expertise in group health insurance coverage, appointed by the House minority leader; and
6. the chief information officer, the OPM secretary, and the health information technology officer, or their designees, who serve as ex-officio, voting members of the board.

The health information technology officer, or his or her designee, must serve as chairperson of the board.

All initial appointments must be made by February 1, 2018 and any vacancy must be filled by the appointing authority for the remainder of the unexpired term. If an appointing authority fails to make an initial appointment within 60 days after the entity is established, or fails to fill a vacancy in an appointment with 60 days after the date of the vacancy, the governor must make the appointment or fill the vacancy.

Entity's Authority

The act authorizes the entity to:

1. employ staff and fix their duties, qualifications, and compensation;
2. solicit, receive, and accept aid or contributions, including money, property, labor, and other things of value from any source;
3. receive, and manage on behalf of the state, funding from the federal government and other public sources or private sources to cover costs associated with planning, implementing, and administering the State-wide Health Information Exchange;
4. collect and remit fees set by the health information technology officer and charged to persons or entities for access to, or interaction with, the State-wide Health Information Exchange;
5. retain outside consultants and technical experts;
6. maintain an office in the state at a place or places the entity designates;
7. procure insurance against loss in connection with the entity's property and other assets in amounts and from insurers as the entity deems desirable;
8. sue and be sued and plead and be impleaded;
9. borrow money to obtain working capital; and
10. do all acts and things necessary and convenient to carry out the act's purposes subject to the powers, purposes, and restrictions of the uniform information and technology standards and regulations, the State-wide Health Information Exchange, the State Health Information Technology Advisory Council, and the health information technology officer.

EFFECTIVE DATE: Upon passage

§ 129 — STATE EMPLOYEE BACKGROUND CHECKS

Adds criminal background check requirements for current and prospective state employees in positions involving exposure to federal tax information

The act adds criminal background check requirements for current and prospective state employees in positions involving exposure to federal tax information. The act requires the employing agency to require each applicant for, each employee applying for transfer to, and, at least every 10 years, each current employee of such position to:

1. state in writing whether he or she has been convicted of a crime or has currently pending criminal charges and, if so, to identify the charges and the court in which the charges are pending and
2. be fingerprinted and submit to state and national criminal history records checks.

By law, state agencies requesting criminal history record checks (1) must reimburse DESPP for the cost and are permitted to charge the applicant or employee a fee equal to the amount charged for the check (CGS § 29-17a). Under existing law, employers are prohibited from (1) basing employment decisions on erased criminal records and (2) asking about criminal history, unless required to do so by law (CGS § 31-51i).

EFFECTIVE DATE: Upon passage

§ 130 — STAMFORD WOMEN'S BUSINESS DEVELOPMENT COUNCIL GRANT

Provides an annual \$350,000 grant to the Women's Business Development Council in Stamford in FYs 18 and 19

The act requires Connecticut Innovations, Inc. (CI) to provide an annual \$350,000 grant to the Women's Business Development Council in Stamford in FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§ 131 — CHRONIC GAMBLERS TREATMENT AND REHABILITATION ACCOUNT

Requires MMCT to contribute \$300,000 to the chronic gamblers treatment and rehabilitation account instead of the Connecticut Council on Problem Gambling

PA 17-89 gave MMCT Venture LLC, a company jointly owned and operated by the Mashantucket Pequot and Mohegan tribes, the right to conduct authorized games at a new off-reservation commercial casino once certain conditions are met (e.g., amendment of gaming agreements and the state legislature’s and federal Department of the Interior’s approval of such amendments). Under PA 17-89, once the casino gaming facility is operational and annually thereafter, MMCT must contribute \$300,000 to the Connecticut Council on Problem Gambling. The act instead requires MMCT to contribute this money to the chronic gamblers treatment and rehabilitation account.

EFFECTIVE DATE: Upon passage

§ 132 — MICROBIOME WORKING GROUP

Establishes a 16-member working group to devise a roadmap to make Connecticut a national leader in developing and commercializing microbiome-based treatments, products, and services

The act establishes a 16-member working group to devise a roadmap to make Connecticut a national leader in developing and commercializing microbiome-based treatments, products, and services. Microbiome refers to the DNA record of all the microbes that inhabit our bodies and support many of their functions, including digesting food and fighting disease. Microbiome research and commercialization seeks to improve these functions by understanding and manipulating the microbes’ DNA. (SA 17-16 also creates a microbiome working group with identical members and reporting requirements, but different charges.)

Membership and Operations

The act specifies the task force’s membership, which consists of state officials, leaders of state higher education institutions, and gubernatorially appointed academic, bioscience, and venture capital industry representatives (see Table 6).

Table 6: Microbiome Working Group Membership

<i>State Officials</i>	<i>Leaders of State Institutions of Higher Education</i>	<i>Governor Appointments</i>	
		<i>Representative of State’s Independent Institutions of Higher Education</i>	<i>Representatives of Connecticut Based Businesses and Hospitals</i>
Commissioners of the following departments or their designees: <ul style="list-style-type: none"> • Economic and community development • Public health • Revenue services Chairperson of CTNext’s board of directors, or his designee (CTNext is a subsidiary of the quasi-public Connecticut Innovations, Inc.)	Leaders of the following state higher education institutions or their designees: <ul style="list-style-type: none"> • UConn president • UConn School of Medicine dean • Board of Regents for Higher Education president 	<ul style="list-style-type: none"> • Independent institution of higher education • Independent medical school • Yale University or Yale University School of Medicine 	<ul style="list-style-type: none"> • Two from a bioscience company in business for at least five years • Two from a bioscience company in business for less than five years • One from a venture capital firm • One from a hospital

The governor must select the group's chairperson from among the group's members, and the chairperson must call the group's first meeting by December 30, 2017. The members are not reimbursed for mileage or given an allowance to cover their costs of traveling to and from a meeting. The Finance, Revenue and Bonding Committee's administrative staff must provide administrative support to the group.

The act allows the group to consult with others it deems necessary or appropriate to learn about the microbiome sector. It specifically allows the working group to consult with industry stakeholders, microbiome company representatives, experts in the medical application of microbiome-based products and services, and representatives of educational and research institutions focused on the microbiome sector.

Working Group's Charge

In addition to devising a roadmap for establishing Connecticut as a national leader in the microbiome industry, the working group must examine specific factors that affect whether the state can achieve that goal. It must examine the relative importance of and interrelationship between pure microbiome research and commercialization activity and the best practices that stimulate both activities and assess the state's ability to develop and sustain that activity.

The working group must determine the type of workforce needed to develop and sustain a leading microbiome industry sector. It must determine (1) the talent pool and skills the sector needs, (2) the educational curricula and training levels necessary to meet those needs, and (3) whether the state's public and independent higher education institutions are reaching those levels.

The group must assess the current capacity of these institutions to support microbiome research. It must examine their strength and level of expertise in this field, including the extent to which their expertise is aligned with the working group's roadmap. In making this determination, the working group must consider the institutions' plans to grow and deepen their microbiome expertise and faculty efforts to commercialize microbiome technology.

The group must also determine the steps the state must take to develop microbiome talent and skills. It must (1) identify the types of skills and the number of skilled workers needed to make the state a national leader in the microbiome industry and (2) recommend how to strengthen the microbiome-related academic and practical training provided at the state's public and independent higher education institutions.

The group must also look beyond Connecticut, identifying and examining the best microbiome-related practices of nationally recognized states and institutions, including, without limitation, the UC San Diego's Center for Microbiome Innovation and its associated initiatives, partners, business networks, and connections. It must also assess the state's capacity to attract people outside the state with microbiome talent and skills.

Lastly, the working group must determine if it would be in the state's best interest to develop one or more specializations within the human, animal, or environmental microbiome fields or any of their subfields.

Reporting

By January 1, 2018, the working group must submit a report on the roadmap to the Commerce; Finance, Revenue and Bonding; and Public Health committees. The report must include recommendations for legislative and programmatic changes needed to implement the roadmap and, for each recommendation, a range of funding options, measurable and achievable goals, and a timeline for completing the recommended change. By February 1, 2018, the working group must present its report to the governor and at a joint meeting of these committees.

EFFECTIVE DATE: Upon passage

§ 133 — UCONN CONSTRUCTION ASSURANCE OFFICE DIRECTOR

Removes the requirement that the director be a full-time position

The act removes the requirement that the position of director of UConn's construction assurance office be a full-time position. Under existing law, the director is responsible for reviewing the construction performance of the UConn 2000 infrastructure improvement program and reporting at least quarterly to (1) UConn's president and (2) the construction management oversight committee established by law to review and approve policies and procedures developed for UConn 2000.

EFFECTIVE DATE: Upon passage

§ 134 — HIGHER EDUCATION ENTREPRENEURSHIP ADVISORY COMMITTEE MEMBERS

Deems members of the advisory committee to be members of an advisory board under the state Code of Ethics

The act designates members of CTNext’s Higher Education Entrepreneurship Advisory Committee as “members of an advisory board” under the state Code of Ethics rather than “public officials” as prior law provided, thus removing them from the code’s applicability. By law, members of advisory boards are not subject to the code’.

By law, the advisory committee advises CTNext, a subsidiary of Connecticut Innovations, Inc., on applications it receives for entrepreneurial grants from higher education institutions. Under the Code of Ethics, a member of an advisory board is an individual who exercises no state power and receives or expends no state funds.

EFFECTIVE DATE: Upon passage

§§ 135-137 — REMOVAL OF REQUIREMENT TO ADOPT DSS REGULATIONS

Removes requirement that the DSS commissioner adopt regulations on long-term care facility audits, nursing home temporary managers, and state-appropriated weatherization assistance

The act permits, rather than requires, the DSS commissioner to adopt regulations on:

1. audit protocols for long-term care facilities (e.g., nursing homes and residential care homes), including requirements for related facility training, entities conducting the audits on the department’s behalf, and ensuring the fairness of the audit process (§ 135);
2. the selection and qualifications of temporary managers DSS appoints to oversee the operation of nursing homes found to be noncompliant with certain federal laws (§ 136); and
3. implementing and administering the state’s weatherization and fuel assistance programs (§ 137).

EFFECTIVE DATE: Upon passage

§§ 138 & 139 — HUSKY A DECREASE

Lowers the income limit for HUSKY A parents and caretakers from 150% to 133% of the federal poverty level (FPL) and requires DSS to review eligibility for those affected by the act

By law, DSS provides Medicaid coverage to children under age 19 and their parents or caretaker relatives through HUSKY A. Under prior law, the income limit for this program was 150% FPL (e.g., \$30,630 for a family of three for 2017). The act further limits HUSKY A eligibility by lowering the income limit for non-pregnant adults (i.e., parents or caretaker relatives) to 133% FPL (e.g., \$27,158.60 for a family of three for 2017).

However, federal law requires state agencies to include a 5% income disregard when making certain Medicaid eligibility determinations. Thus, under the act and including this disregard, the HUSKY A income limit for parents and caretaker relatives in a family of three is effectively 138% FPL.

The act requires the DSS commissioner to review whether those who lose eligibility under the act qualify for Medicaid coverage under the same coverage group or a different coverage group before terminating their coverage.

EFFECTIVE DATE: January 1, 2018

§ 140 — NONPROFIT COLLABORATION INCENTIVE GRANT PROGRAM

Eliminates annual solicitation requirements for nonprofit grant program

The act eliminates the annual requirement for the OPM secretary to publish a notice of funding availability and solicit proposals for funding under the nonprofit collaboration incentive grant program. By law, the program provides grants to nonprofit organizations for infrastructure costs related to the consolidation of programs and services resulting from the collaborative efforts of two or more such organizations. Eligible nonprofit organizations may apply for such funding at times and in a manner the OPM secretary prescribes.

EFFECTIVE DATE: Upon passage

§§ 141 & 568 — TWO-GENERATIONAL INITIATIVE

Makes the two-generational pilot program a permanent statewide initiative, including integration with a family literacy program

The act replaces the Two-Generational School Readiness and Workforce Development Pilot Program, which expired on June 30, 2017, with a permanent statewide initiative to foster family economic self-sufficiency in low-income households through a comprehensive two-generational service delivery approach. In doing so, it expands the pilot program's scope and replaces oversight by the interagency working group with an advisory council.

The act designates the Office of Early Childhood (OEC) as the initiative's coordinating agency for the executive branch. It also establishes the initiative's components and required reporting.

Objectives

The act requires the initiative to promote systemic change to create conditions across local and state public sector agencies and the private sector to support early childhood care and education, health and workforce readiness, and self-sufficiency across two generations in the same household. Areas the initiative may review and consider, within available appropriations, include the following:

1. improvements to the coordination and delivery of early learning programs, adult education, child care, housing, job training, transportation, and financial literacy, and other related support services;
2. alignment of existing state and local support systems around the household, including how to leverage Temporary Assistance for Needy Families (TANF) block grant funds and services to equip households with the tools and skills needed to overcome obstacles and engage opportunities;
3. development of a long-term plan to coordinate, align, and optimize service delivery of relevant programs statewide, which may include targeted use of TANF funds; state incentives for private entities that develop two-generational programming; streamlined resource, practice, and data sharing; and the development and assessment of two-generational programming outcomes; and
4. partnerships between state and philanthropic organizations, as available, to provide support, technical assistance, guidance, and best practices to participating communities and the initiative's advisory council.

The act also specifies the intention to integrate Even Start, OEC's family literacy program, into the initiative's coordinated state planning and implementation (§ 568).

Components

The expired pilot program required sites to be in Bridgeport; Colchester; Greater Hartford (defined as Hartford, East Hartford, and West Hartford); Meriden; New Haven; and Norwalk. Under the act, the initiative must be implemented in learning communities that include the pilot program's sites, except for Colchester, as well as Enfield, Waterbury, and Windham. As with the pilot program, the initiative must be informed by members of low-income households within these communities and foster a peer-to-peer exchange and technical assistance in best practices that must be shared with the advisory council.

The act does not require the initiative to include a workforce liaison, which was a pilot program requirement; however it requires the staff of the Commission on Women, Children, and Seniors' (CWCS) to serve as the learning communities' organizing and administrative staff.

Advisory Council

The act establishes an advisory council to oversee the initiative and to advise the state on how to foster family economic self-sufficiency in low-income households through a comprehensive two-generational service delivery approach for early care and education and workforce readiness. The council membership must include legislators, executive and judicial branch officials, representatives of the nonprofit and other sectors, and members of low-income households.

Under the act, the council consists of the following members:

1. one legislator appointed by the House speaker, who must serve as co-chairperson;
2. one senator appointed by the Senate president pro tempore, who shall serve as co-chairperson;
3. one member representing the interests of business or trade organizations, appointed by the Senate majority leader;

4. one member with expertise in health and mental health issues, appointed by the House majority leader;
5. one member with expertise on issues concerning children and families, appointed by the Senate minority leader;
6. one legislator, appointed by the House minority leader;
7. a member of a low-income household, selected by CWCS;
8. representatives of nonprofit and philanthropic organizations and scholars who are experts in two-generational programs and policies (the act does not specify how these representatives must be selected or how many there must be); and
9. other business and academic professionals as needed to achieve goals for two-generational systems planning, evaluations, and outcomes, selected by the co-chairpersons.

In addition, the chief court administrator and the commissioners of Correction, Early Childhood, Education, Housing, Labor, Public Health, Social Services, and Transportation, or any of their designees, must serve as *ex-officio* members of the advisory council. CWCS staff must also serve as the council's organizing and administrative staff.

Legislative Report

The act requires the advisory council, by December 31, 2018, to report to the Appropriations, Education, Housing, Human Services, Public Health, and Transportation committees on the following:

1. the challenges and opportunities in working with a parent and child concurrently in a two-generational service delivery model;
2. recommendations to improve systems, policy, culture, program, budget, or communication issues among agencies and service providers at the local and state levels to achieve outcomes; and
3. recommendations on the elimination of barriers to promote two-generational success.

EFFECTIVE DATE: Upon passage

§ 142 — OPM REPORT ON CHILD RECIDIVISM

Requires OPM to begin annually reporting child recidivism information to the Judiciary Committee

By law, the OPM secretary must track and analyze child recidivism rates in the state. Starting in 2018, the act requires him to annually report by August 15 the rates and analysis to the Judiciary Committee.

EFFECTIVE DATE: Upon passage

§§ 143 & 144 — DCF MENTAL, EMOTIONAL, AND BEHAVIORAL HEALTH PLAN AND ADVISORY BOARD

Expands who DCF must consult when developing the children's mental, emotional, and behavioral health plan; requires DCF to submit recommendations to legislative committees addressing children's unmet mental health needs due to increased risk of juvenile and criminal justice system involvement; and modifies advisory board membership

Implementation Plan

By law, DCF must develop a comprehensive implementation plan to meet the mental, emotional, and behavioral health needs of Connecticut's children and prevent or reduce the long-term negative impact of mental, emotional, and behavioral health issues.

The act expands who the department must consult with when developing the plan to include representatives of children at risk of involvement with the juvenile justice system. The law already requires DCF to consult with specified stakeholders, advocates, and providers.

The act also adds to the plan's required strategies those that identify and address any increased risk of involvement in the juvenile and criminal justice system attributable to children's unmet mental, emotional, and behavioral health needs.

Additionally, the act requires DCF, by July 1, 2018, to submit to the Appropriations and Children's committees recommendations for addressing any children's unmet mental, emotional, and behavioral health needs attributable to an increased risk of involvement in the juvenile and criminal justice systems. The department must do this in collaboration with the Children's Mental, Emotional, and Behavioral Health Plan Implementation Advisory Board.

Advisory Board Membership

The act requires that at least one of the DCF commissioner's four appointees to the 34-member Children's Mental,

Emotional, and Behavioral Health Plan Implementation Advisory Board be a service provider to children involved with the juvenile justice system.

EFFECTIVE DATE: Upon passage

§§ 145, 146, 148 & 593 — FAMILY WITH SERVICE NEEDS (FWSN) PETITIONS

As of July 1, 2019, eliminates provisions that allow certain parties to file a FWSN petition with the court and makes conforming changes

Until July 1, 2019, a party (e.g., a parent or police officer) may file a FWSN petition with the juvenile court for a child who (1) commits certain status offenses, such as running away from home, or (2) is out of the control of his or her parent or guardian. It also makes related conforming changes.

Starting July 1, 2019, the act eliminates provisions that allow a party to file a FWSN petition with the court and makes conforming changes.

By law, a court that adjudicates a child as being from a FWSN can take various actions, such as referring the child to DCF for voluntary services or placing the child on probation.

EFFECTIVE DATE: July 1, 2019

§§ 147 & 149 — DETENTION SCREENING INFORMATION

Modifies the purposes for which information obtained during a detention risk screening may be used

The act modifies the use of information obtained about a child during a detention risk screening. It specifies that such information may be used only to determine the child's public safety risk, instead of for planning and treatment purposes and court-ordered evaluation and treatment, as under prior law.

Under prior law, information obtained from a detention screening instrument could only be used to make a recommendation to the court about the child's detention. The act extends this requirement to any information obtained during the screening and the screening results.

As under prior law, information obtained during the screening and the screening results are otherwise confidential and must be retained by the person who performs the screening. But the act allows the information to be disclosed to any attorney of record upon motion and court order. Any material subsequently disclosed must be available to any attorney on the case and is not otherwise subject to subpoena or other court process for use in another proceeding or for another purpose.

The act also makes a technical change.

EFFECTIVE DATE: Upon passage

§§ 150 & 151 — PILOT PROGRAM PROVIDING LEGAL REPRESENTATION TO INDIGENT INDIVIDUALS IN CERTAIN CIVIL PROCEEDINGS

Establishes a one-year pilot program to provide legal representation to certain indigent individuals in civil restraining order proceedings

The act establishes a one-year pilot program to provide indigent individuals with access to legal counsel in civil proceedings on applications for relief from abuse (i.e., civil restraining orders).

Under the pilot program, the Division of Public Defender Services (DPDS) will provide legal counsel to respondents in these proceedings, and nonprofit organizations with which the Judicial Branch contracts will provide such counsel to applicants. The pilot program will operate from July 1, 2018 to June 30, 2019 in one judicial district selected by the chief court administrator.

The act requires the chief court administrator, by January 1, 2019, to report to the Judiciary Committee on (1) the pilot program's status and results and (2) whether a similar, permanent program should be established in the state. The report may also include any legislative recommendations for establishing a permanent program.

EFFECTIVE DATE: January 1, 2018, except the funding provision takes effect upon passage

Program Eligibility

The act limits program eligibility to individuals who (1) have civil restraining order proceedings pending in the participating judicial district and (2) successfully demonstrate indigence to the contracted nonprofit organizations, if an applicant in these proceedings, or DPDS if a respondent. The act establishes the program’s income eligibility requirements (see Table 7).

Table 7: Income Limits for Program Eligibility

<i>Number of Dependents</i>	<i>Income Limit (Annual Gross Income)</i>
0	\$23,760
1	\$32,040
2	\$40,320
3	\$48,600
More than 3	\$48,600 + \$8,320 for each additional dependent

Program Funding

In FYs 18 and 19, the act requires the attorney general to transfer \$200,000 each to the judicial branch and DPDS. The attorney general must obtain the funds from settlements he receives from lawsuits to which the state is a party. If this funding is not made available by July 1, 2018, DPDS and the judicial branch are not required to implement the pilot program.

Under the act, the judicial branch must use these funds to contract with one or more nonprofit legal organizations that principally serve indigent individuals to provide legal counsel to applicants in civil restraining order proceedings. DPDS must use the funds to provide such legal counsel to respondents.

Legal Representation

The legal counsel provided by the program must be limited to (1) the program’s duration and (2) whether the restraining order will be granted or denied.

Before legal counsel is assigned through the program, DPDS and the contracted nonprofit organizations must ensure that attorneys are assigned in a way that avoids conflicts of interest, as defined by the Rules of Professional Conduct.

§ 152 — SUPERINTENDENTS FOR SMALL TOWNS

Allows local boards of education that meet certain “small town” criteria to receive direction from another board of education’s superintendent, rather than employ their own local superintendent

For local boards of education whose towns have fewer than (1) 10,000 residents, (2) 2,000 resident students, or (3) three public schools, the act gives them the option to either employ a local superintendent or receive direction from another board of education’s superintendent. The other board of education must authorize the use of its superintendent.

The act limits the requirement to employ a superintendent to (1) local boards of education that do not meet the above criteria and (2) regional boards of education. Existing law, unchanged by the act, allows boards of education to jointly employ a superintendent.

EFFECTIVE DATE: Upon passage

§§ 153 & 154 — COOPERATIVE AGREEMENTS AND ARRANGEMENTS

Allows for cooperative agreements and arrangements for the provision of administrative and central office duties for boards of education and municipalities

The act allows a municipality and its board of education, upon joint approval, to enter into a cooperative agreement for performing administrative and central office duties.

Similarly, it allows two or more boards of education, upon written agreement, to enter into a cooperative arrangement to provide administrative and central office duties, just as they may already do for certain programs, services, and activities. By law, cooperative arrangements among boards of education may include the establishment of a supervisory committee whose membership is determined by the cooperating boards.

EFFECTIVE DATE: Upon passage

§ 155 — BOARD OF EDUCATION ADMINISTRATIVE PERSONNEL HIRING

Requires a local board of education to notify the local legislative body upon the hiring of certain administrative personnel

The act requires a local board of education to notify the municipal legislative body before the start date of any person hired to fill a central office administrative personnel position (1) with an annual salary of \$100,000 or more and (2) for which the proposed or approved education budget does not provide funding. It also specifies that this requirement does not apply to positions paid for with grants, gifts, or donations to the board.

EFFECTIVE DATE: Upon passage

§ 156 — REGIONAL SCHOOL DISTRICT FINANCE COMMITTEE

Allows a regional board of education to establish a finance committee

The act allows a regional board of education to establish a finance committee for the regional school district to inform the board about member towns' local budget issues and help prepare the district's budget proposal upon request. It requires each member town's local board of education, or the legislative body in a town without a local board, to appoint two representatives to the committee.

EFFECTIVE DATE: Upon passage

§ 157 — EDUCATION ADMINISTRATIVE PERSONNEL CONTRACTS

Requires boards of education to file administrative personnel contracts with town clerks, who must then post them online

The act requires local boards of education to immediately file with their town clerks a signed copy of any contract for administrative personnel. It also requires regional boards of education to file copies of such contracts with the town clerk in each member town. In both instances, the clerk must post a copy of the contracts on the town's website.

EFFECTIVE DATE: Upon passage

§ 158 — MUNICIPAL BUDGET RESERVES IN ARBITRATION

Establishes an irrebuttable presumption that 15% of a municipality's budget reserve cannot be used to pay for arbitration awards

The act establishes an irrebuttable presumption that 15% of a municipality's budget reserve is not available to pay the costs of any item subject to municipal employee contract arbitration.

Under the municipal employee arbitration law, arbitrators must prioritize the public interest and the municipal employer's financial capacity, including other financial demands on the employer, when considering a union contract case. In effect, the act requires the panel to ignore 15% of the municipality's budget reserve when considering the municipal employer's ability to pay an arbitration award (e.g., a town with a \$1 million reserve would be treated as if it had an \$850,000 reserve for arbitration purposes). The act does not change the other factors a panel must also consider (e.g., changes in the cost of living).

EFFECTIVE DATE: Upon passage

§ 159 — MEDICAID WAIVER AND AMENDMENT NOTIFICATION

Requires DSS to report annually on potential Medicaid waivers and changes to the Medicaid state plan that may result in cost savings, and narrows a legislative notification requirement

The act requires the DSS commissioner, annually by December 15, to notify the Appropriations and Human Services committees of potential Medicaid waivers and amendments to the Medicaid state plan that may result in state cost savings. Under prior law, the commissioner had to notify these committees if, in developing the next fiscal year's budget, the commissioner considered applying for a federal waiver for any assistance program or submitting a proposed Medicaid state plan amendment to the federal government. Existing law, unchanged by the act, requires the commissioner to submit applications for waivers and waiver renewals to the committees for approval before submitting them to the federal government.

EFFECTIVE DATE: Upon passage

§ 160 — MUNICIPAL CONSULTATION WITH BOARDS OF EDUCATION FOR PURCHASING INSURANCE

Requires municipalities, when possible, to consult with local boards of education about jointly purchasing property, casualty, and workers' compensation insurance

The act requires municipal legislative bodies to consult with their local boards of education, when possible, about jointly purchasing property, casualty, and workers' compensation insurance. It applies to any town, city, borough, consolidated town and city, or consolidated town and borough.

EFFECTIVE DATE: Upon passage

§ 161 — CONTRACTING PROCEDURES FOR LOCAL BOARDS OF EDUCATION

Requires a local board of education to consult with its municipal legislative body to consider cooperative agreements for goods or services

The act requires a local board of education, after receiving bids for a good or service, to consult with its municipal legislative body to determine whether the municipality provides or uses the good or service. If so, and it is provided equivalently by the municipality or through a municipal contract at a lower cost than the lowest qualified bid received by the board, the act requires the board to consider a cooperative agreement with its host municipality for the good or service.

Under the act, a "good" or "service" includes portable classrooms; motor vehicles; and materials and equipment, such as telephone systems, computers, and copy machines.

EFFECTIVE DATE: Upon passage

§ 162 — REGIONAL SHARING OF PAYROLL OR ACCOUNTS PAYABLE SOFTWARE

Requires a local board of education to consult with its municipal legislative body before purchasing payroll or accounts payable software systems

The act requires a municipality's local board of education to consult with its legislative body before purchasing payroll processing or accounts payable software systems to determine whether they may be purchased or shared regionally.

EFFECTIVE DATE: Upon passage

§ 163 — BRIDGE RENAMING

Renames the "Detective Bruce Boisland Memorial Bridge" as the "Detective Bruce Boisland Memorial Bridge"

The act renames the "Detective Bruce Boisland Memorial Bridge" as the "Detective Bruce Boisland Memorial Bridge." (PA 17-230 designated the bridge on Route 229 in Southington, passing over I-84, as the "Detective Bruce Boisland Memorial Bridge.")

EFFECTIVE DATE: Upon passage

§ 164 — OFFICE OF HEALTH STRATEGY

Establishes an Office of Health Strategy

The act establishes an Office of Health Strategy, headed by an executive director appointed by the governor with confirmation by the House or Senate. It places the office in the Department of Public Health (DPH) for administrative purposes only and makes it the successor to the:

1. Connecticut Health Insurance Exchange for the purpose of administering the all-payer claims database and
2. lieutenant governor's office for purposes of (a) consulting with DPH to develop a statewide chronic disease plan; (b) housing, chairing, and staffing the Health Care Cabinet; and (c) appointing the state's health information technology officer and overseeing the officer's duties.

Any order or regulation of the above entities in force on July 1, 2018 continues in force and effect until amended, repealed, or superseded by law.

Responsibilities

Under the act, starting by July 1, 2018, the office is responsible for:

1. developing and implementing a comprehensive and cohesive health care vision for the state, including a coordinated state health care cost containment strategy;
2. directing and overseeing the (a) all-payers claim database program and (b) State Innovation Model Initiative and related successor initiatives;
3. coordinating the state's health information technology initiatives;
4. directing and overseeing the Office of Health Care Access and all of its duties and responsibilities; and
5. convening forums and meetings with state government and external stakeholders, including the Connecticut Health Insurance Exchange, to discuss health care issues designed to develop effective health care cost and quality strategies.

EFFECTIVE DATE: January 1, 2018

§ 166 — BIRTH-TO-THREE PROVIDER AUDITS

Temporarily prohibits DSS from extrapolating overpayments or assessing penalties against Birth-to-Three early intervention providers

The act prohibits the DSS commissioner from extrapolating overpayments or assessing penalties against providers of Birth-to-Three early intervention services for errors made from November 1, 2017 to April 30, 2018 during the implementation of a fee-for-service payment methodology.

The Birth-to-Three program is a private, provider-based system that provides services to families with infants and toddlers who have developmental delays or disabilities.

EFFECTIVE DATE: Upon passage

§ 167 — CRIMINAL JUSTICE DIVISION'S COLD CASE UNIT AND SHOOTING TASK FORCE APPROPRIATIONS

Prohibits the Division of Criminal Justice from comingling funds appropriated to the Cold Case Unit with those appropriated to the Shooting Task Force

The act requires the Division of Criminal Justice to (1) maintain the Cold Case Unit's appropriated funds separate from those of the Shooting Task Force and (2) spend the funds only for the purposes appropriated.

EFFECTIVE DATE: Upon passage

§§ 168 & 169 — 7/7 BROWNFIELD AND UNDERUTILIZED PROPERTY REDEVELOPMENT PROGRAM

Authorizes a package of state and local tax incentives available to eligible owners after remediating, redeveloping, and using formerly contaminated, abandoned, or underutilized properties

The act provides a package of tax incentives to property owners after they remediate, redevelop, and use property that was contaminated, abandoned, or underutilized. Owners must apply to DECD for these incentives and provide certain information, including a commitment to hire students to work at the redeveloped property.

The incentives are available in two seven-year stages, with the second stage available only to contaminated and remediated properties (i.e., brownfields).

During the first seven years after an owner redevelops an approved property, the owner qualifies for (1) corporation, business, or personal income tax credits against the income attributed to business operations at the redeveloped property and (2) a sales and use tax exemption applicable to items purchased for use at the property. Also during this period, the owner may have the redeveloped property's tax assessment frozen for five years at its predevelopment assessed value.

If the property was a brownfield, the owner qualifies for an additional seven-year benefit beginning in the eighth year after the property's redevelopment. The benefit is a business or personal income tax deduction of up to 8.57% of the eligible expenses the owner incurred in remediating the property.

The act requires the DECD commissioner, in consultation with the DRS commissioner, to adopt regulations to implement the program.

EFFECTIVE DATE: Upon passage and applicable to taxable years and income years beginning on or after January 1, 2017.

Eligibility

The act establishes the "7/7 program" and opens it to any person, firm, limited liability company, nonprofit or for-profit corporation, or other business entity that owns (1) an abandoned or underutilized property (i.e., problem property) or (2) property where actual or potential pollution has discouraged the owner or other parties from redeveloping, reusing, or expanding it (i.e., brownfield).

An abandoned or underutilized property qualifies for 7/7 program benefits if its host municipality certifies that the property has been in that condition for at least 10 years. A brownfield qualifies if its owner (1) is not responsible for pollution or a source of pollution on the property and (2) did not establish, create, or maintain a source that polluted the state's water.

DECD Application

Contents. Eligible property owners seeking 7/7 program tax incentives must submit an application to DECD, providing:

1. a description of the property and its proposed reuse,
2. a written certification that the property is a brownfield or has been abandoned or underutilized for at least 10 years,
3. a plan of anticipated workforce needs and a commitment to hire trained students to work at the redeveloped property (see below),
4. a written certification from the property's host municipality stating that it supports the property's approval for 7/7 program incentives, and
5. any other information the DECD commissioner requests.

Under the act, the owner provides the certification that the property is a brownfield. The host municipality must provide the certification if the property has been abandoned or underutilized for at least 10 years.

The commissioner must approve an owner's application if it includes all of the required information and notify the DRS commissioner when she does so.

Worker Training and Hiring Requirements. A property owner applying to be a 7/7 program participant must include in his or her application a plan outlining anticipated workforce needs and a commitment to hire trained students. The owner must submit the plan to the area's high schools and the regional technical community colleges identifying the (1) types of jobs to be performed at the redeveloped property and (2) training requirements for the jobs so that the schools and colleges can prepare students for them. The owner must also commit to hiring at least 30% of the workers at the property from among the enrollees of the educational programs developed to train workers for jobs at the redeveloped property.

7/7 Program Incentives: Timing

The owners of brownfields approved for 7/7 incentives qualify for them only after they remediate the property, file the necessary documents verifying remediation, and notify the host municipality and the DRS and DECD commissioners to that effect. Neither owners of a remediated brownfield or a redeveloped problem property approved for 7/7 incentives can claim the incentives until they begin business operations on the property.

Brownfield and problem property owners qualify for the same types of benefits during the first seven years after they begin operations on the property (i.e., Stage 1 incentives). Brownfield owners qualify for an additional incentive over the next seven years (i.e., Stage 2 incentives).

Table 8 summarizes the schedule of 7/7 Program incentives.

Table 8: 7/7 Program Incentive Schedule

<i>Stage</i>	<i>Eligible Property</i>	<i>Time Period</i>	<i>Incentives</i>
1	Remediated and redeveloped former brownfields Redeveloped and reused previously abandoned and underutilized property	First seven years after business operations begin at redeveloped property	Personal income or corporation business tax credit equal to 100% of the taxes attributable to business operations at the redeveloped property Sales and use tax exemption for items purchased for use at redeveloped property Five-year property tax assessment freeze
2	Remediated and redeveloped former brownfields	Years eight to 14 after business operations begin at redeveloped property	Maximum 8.57% deduction against personal income or corporation business taxes for eligible remediation expenses

7/7 Program Incentives: Stage One Incentives

Business and Personal Income Tax Credits. Brownfield and problem property owners are eligible for a tax credit for seven years against their annual personal income or corporation business taxes equal to 100% of the taxes attributable to business operations at the property during the taxable year, after deducting any other available credits.

The credit against the personal income tax is available to owners organized as “S” corporations, limited liability partnerships, or limited liability companies. These business entities do not pay corporation business taxes, but the owners and partners pay personal income taxes on the income they derive from the entity. (These entities are commonly referred to as “pass-through entities,” meaning that the income flows from the business to the owner where it is taxed as personal income.) Consequently, the act allows these members, shareholders, and partners to claim a credit equal to their share of the taxes attributable to the property’s operation during the taxable year.

Sales and Use Tax Exemptions. Brownfield and problem property owners qualify for sales and use tax exemptions for any item they purchase and use at the redeveloped property in the ordinary course of business. Like the personal and corporation business tax credit, the sales tax exemption is available for seven calendar years from when business operations start at the property.

Owners may claim this exemption by presenting a certificate indicating that the purchased item is exempt from the tax. The certificate must be substantially in a form the DRS commissioner prescribes and bear the purchaser’s name, address, and signature. If the purchaser does not use the item in the ordinary course of business at the property, the purchaser must pay the sales and use tax.

Property Tax Assessment Freeze. Property owners also receive a property tax incentive. Under the act, municipalities must freeze, for five assessment years after the owner receives a building permit to begin construction, the assessed value a property had at the time the DECD commissioner approved it for the program.

7/7 Program Incentives: Stage Two Incentives

Brownfield owners receive an additional incentive, which is available for seven years, beginning in the eighth year after business operations began at a remediated program property. The incentive is a deduction against the personal income or corporation business tax for up to 8.57% of the eligible expenses the owner incurred to remediate the property.

Eligible expenditures are those the owner incurred to investigate and assess the nature and extent of the contamination and to remediate it. They include:

1. investigating soil, groundwater, and infrastructure;
2. assessing the property’s condition;
3. remediating soil, sediments, groundwater, or surface water;
4. abating contamination;
5. removing and disposing of hazardous material or waste;

6. implementing long-term groundwater or natural attenuation monitoring;
7. implementing institutional controls, such as environmental land use restrictions or activity and use limitations;
8. paying reasonable attorneys' fees;
9. retaining planners, engineers, and environmental consultants; and
10. remediating building and structural issues, such as demolishing structures, abating asbestos, and removing PCBs, contaminated wood, or paint.

Expenditures funded under a DECD brownfield cleanup program do not qualify for the exemption.

§§ 170-173 — CERTAIN EDUCATIONAL GRANTS WITHIN AVAILABLE APPROPRIATIONS

Makes certain educational grants within available appropriations

The act extends the eligibility for boards of education that are required to provide bilingual education programs to apply for grants through FY 19, but it limits the grants to available appropriations. The act also limits certain other State Board of Education grants and aid to available appropriations. These include:

1. grants to boards of education for a percentage of eligible costs for adult education,
2. special education aid in excess of the basic contribution paid by the local or regional board, and
3. aid for public school feeding programs to ensure that nutrition standards are met.

EFFECTIVE DATE: Upon passage

§§ 174-177 — BACKGROUND CHECKS FOR CHILD CARE PROVIDERS AND EMPLOYEES

Requires the Office of Early Childhood (OEC) commissioner to require, within available appropriations, comprehensive background checks of all prospective employees of child care centers, group child care homes, family child care homes, and Care 4 Kids providers

The act requires the OEC commissioner to require, within available appropriations, comprehensive background checks (that include national and state criminal history record checks already required by existing law) of (1) prospective employees of child care centers and group child care homes, (2) initial applicants and prospective employees of family child care homes (including each household member age 16 or older), and (3) Care 4 Kids providers. It specifies that a prospective employee of a child care center or group child care home cannot have unsupervised access to children until the checks are completed and the OEC commissioner approves the hiring.

The act also requires the comprehensive background checks to be done at least once every five years and waived for any applicant who (1) is currently employed, or was employed in the past 180 days, at a Connecticut child care facility and (2) successfully completed such a check in the previous five years. It gives the OEC commissioner the discretion to require a child care facility employee to submit to such a check more frequently than every five years.

Additionally, the act eliminates the criminal history record check exemption for relatives participating in Care 4 Kids (the state's subsidized child care program) and subjects them to the comprehensive background check as well.

EFFECTIVE DATE: Upon passage

§ 178 — PARKING ON STATE PROPERTY

Allows the DAS commissioner to delegate the authority to establish and enforce policies and procedures for parking on certain state property

The act allows the DAS commissioner to delegate, to another executive branch agency commissioner, the authority to establish policies and procedures for using and maintaining order in parking areas on property under that commissioner's supervision. Prior law gave her sole authority to establish the policies and procedures for parking areas on executive branch property, excluding those on community-technical college, state college, and UConn property.

The act also eliminates provisions (1) requiring the policies and procedures to be enforced by special policemen for state property and DAS's buildings and grounds patrol officers and (2) allowing only the special policemen to tow vehicles or have them towed. Instead, it allows the DAS commissioner or her designee, including a third-party contractor, to issue a citation to, or tow the vehicle of, anyone violating the established policies or procedures.

EFFECTIVE DATE: Upon passage

§ 179 — WORKERS' COMPENSATION COSTS

Requires OPM and DAS to recommend ways to reduce workers' compensation costs

The act requires the OPM secretary and DAS commissioner to jointly develop recommendations to reduce workers' compensation costs (presumably of state employees). The recommendations must include:

1. methods to better manage contracts with third-party administrators,
2. guidelines for the administrators to use when informing employees about available benefits and programs,
3. plans for increased light duty work options,
4. recommendations for necessary or appropriate legislation, and
5. any other recommendations to implement workers' compensation cost reductions.

The secretary and commissioner must submit a report of their recommendations to the Labor and Public Employees and Appropriations committees by February 1, 2018.

EFFECTIVE DATE: Upon passage

§ 180 — PENSION SUSTAINABILITY COMMISSION

Creates the Connecticut Pension Sustainability Commission to study placing state capital assets in a trust for the state pension system's benefit

The act establishes the Connecticut Pension Sustainability Commission to study the feasibility of placing state capital assets in a trust and maximizing them for the state pension system's sole benefit. The commission must do the following:

1. perform a preliminary inventory of state capital assets to determine their suitability for inclusion in the trust;
2. study the potential impact that including and maximizing the assets in a trust may have on the pension system's unfunded liability;
3. recommend whether placing state assets in a trust and maximizing them solely to benefit the pension system is appropriate;
4. examine the state facility plan and inventories of state real property; and
5. if appropriate, recommend any legislative or administrative actions needed to create and manage such a trust and identify specific capital assets to include in it.

The commission must report its findings to the Finance, Revenue and Bonding Committee by January 1, 2019, and the committee's administrative staff must serve as the commission's administrative staff. The commission terminates when it submits its report or on January 1, 2019, whichever is later.

Commission Membership

The commission consists of (1) eight appointed members, one each appointed by the governor and seven legislative leaders (including the deputy Senate Republican president pro tempore) and (2) five *ex officio* members (the DAS commissioner, OPM secretary, attorney general, state comptroller, and state treasurer) or their respective designees. The House majority leader's appointee must have experience in banking and private sector financial management; the Senate majority leader's appointee must represent a state employee collective bargaining unit that benefits from the state pension system; and the deputy Senate Republican president pro tempore's appointee must have expertise in private sector real estate development. The act does not specify qualifications for the other appointees, but the House speaker, Senate president pro tempore, House minority leader, and Senate Republican president pro tempore may appoint state legislators. All appointments must be made by November 20, 2017. Any vacancy must be filled by the appointing authority.

The House speaker and Senate president pro tempore must select the commission's chairpersons from among the commission's members. The chairpersons must schedule and hold the commission's first meeting by December 10, 2017.

EFFECTIVE DATE: Upon passage

§ 181 — ANNUAL REPORTING FOR HOSPITALS AND CERTAIN GROUP PRACTICES

Extends deadline for the start of certain annual reporting requirements for hospitals and physician group practices

The act extends, from December 31 to January 15, the deadline by which (1) hospitals and hospital systems with affiliated group practices and (2) unaffiliated group practices of 30 or more physicians must annually report information about the group practices to the attorney general and DPH commissioner. Existing law specifies information the report

must include, such as (1) the name and specialty of each physician practicing within the group practice and (2) a description of services provided at each location.

The act also extends, from December 31 to January 15, the deadline by which hospitals and hospital systems must annually file reports with the attorney general and DPH commissioner describing their affiliation with any other hospital or hospital system.

To conform to current DPH practice, the act limits the above reporting requirements to short-term acute care general hospitals and children's hospitals, including UConn's John Dempsey Hospital.

EFFECTIVE DATE: Upon passage

§§ 182, 183 & 732 — DSS CERTIFICATE OF NEED

Bed Relocations

The act requires nursing homes, residential care homes, and intermediate care facilities for individuals with intellectual disability (hereinafter, "facilities") to obtain a certificate of need (CON) from DSS before relocating any of their licensed beds to a new or replacement facility. It specifies that the department is not required to hold a public hearing on these CON applications, as it must do for applications proposing to terminate or significantly reduce a facility's total bed capacity.

Existing law, unchanged by the act, requires these facilities to obtain a CON when (1) transferring ownership before initial licensure, (2) adding or expanding functions or services, (3) terminating or substantially decreasing their total bed capacity, and (4) making certain capital improvements. (These facilities are exempt from DPH's CON requirements for health care facilities.)

Capital Expenditures

The act eliminates the requirement that facilities obtain a CON from (1) DSS when acquiring major medical equipment that requires a capital expenditure over \$400,000 and (2) both DPH and DSS when acquiring imaging equipment that requires a capital expenditure over \$400,000.

Existing law, unchanged by the act, requires facilities to obtain a CON from DSS for capital expenditures exceeding (1) \$1 million that increase the facility's square footage by the greater of 5% or 5,000 square feet or (2) \$2 million.

Exemption

The act exempts from DSS's CON requirements nursing homes that are associated with a continuing care facility (i.e., continuing care retirement facility) and do not participate in Medicaid.

The act also makes related technical and conforming changes.

Repealer

The act repeals (1) a provision allowing the DSS commissioner to approve Medicaid bed relocations from a nursing home to a continuing care facility if the relocation meets certain criteria (CGS §17b-354b) and (2) an obsolete provision allowing certain nursing homes to convert beds from an intermediate to a nursing level of care under certain conditions (CGS § 17b-354c).

EFFECTIVE DATE: Upon passage

§ 184 — NURSING HOME BED MORATORIUM

Modifies exemptions to DSS' moratorium on accepting or approving CONs to add new nursing home beds and allows, rather than requires, the commissioner to adopt certain regulations

The act modifies exemptions to DSS' moratorium on accepting or approving certificate of need (CON) applications to add new nursing home beds. Prior law exempted from the moratorium Medicaid beds relocated from one licensed facility to another, provided at least one facility is closed in the transaction and the new facility's bed total is at least 10% lower than the number of relocated beds. The act instead exempts Medicaid beds relocated from one nursing facility to a new nursing facility if:

1. no new Medicaid-certified beds are added,

2. at least one licensed facility is closed in the transaction as a result of the relocation,
3. the relocation is done within available appropriations,
4. the facility participates in the federal Money Follows the Person demonstration program, and
5. a CON is obtained for the new facility or facility relocation and associated capital expenditures.

As under prior law, the relocation cannot increase state expenditures or adversely affect bed availability in the area of need. However, the act removes this requirement for the relocation of Medicaid-certified beds relocated from one licensed nursing facility to another to meet a priority need identified in the state's strategic plan to rebalance long-term care services and supports.

The act also specifies that the exemption from the moratorium for non-Medicaid beds associated with a continuing care facility applies only if the ratio of proposed beds to the facility's independent living units is within applicable industry standards.

Lastly, the act allows, rather than requires, the DSS commissioner to adopt CON regulations.

EFFECTIVE DATE: Upon passage

§§ 185 & 186 — BURIAL EXPENSES FOR PUBLIC ASSISTANCE RECIPIENTS AND INDIGENT INDIVIDUALS

Requires that life insurance deducted from DSS burial payments name the funeral home, cemetery, or crematory as a beneficiary and allows DSS to disclose information to such service providers in certain cases

By law, DSS must pay up to \$1,200 toward funeral and burial expenses for State Administered General Assistance, Temporary Family Assistance, or State Supplement Program recipients and certain other indigent individuals. Prior law required DSS to reduce this payment by certain funds from other sources, including any prepaid funeral contract and the face value of any life insurance policy owned by the decedent. The act bars DSS from subtracting the face value of a life insurance policy unless that policy names a funeral home, cemetery, or crematory as a beneficiary.

When the payment is reduced due to liquid assets in the decedent's estate, the act allows the DSS commissioner to disclose information on the liquid assets to the funeral director, cemetery, or crematory providing services for the decedent.

EFFECTIVE DATE: Upon passage

§§ 187-199 — BEHAVIOR ANALYST LICENSURE

Requires behavior analysts to be licensed by DPH and establishes a General Fund account to contain such licensing fee revenue to cover the costs of collecting the fees

Subject to certain exemptions, the act requires behavior analysts to be licensed by DPH. To obtain a license, an applicant must be either certified by the Behavior Analyst Certification Board ("board") or eligible for licensure by endorsement. The act creates a separate General Fund account to contain behavior analyst licensing fees, with the account to be used for covering expenses of collecting the fees.

The act eliminates prior provisions on required qualifications for individuals providing applied behavior analysis as part of special education services for students with autism spectrum disorder. Under the act, such individuals must be licensed or qualify under one of the act's licensure exemptions, just like others providing behavioral analysis.

The act specifies that (1) no new regulatory board is created for behavior analysts (§ 187) and (2) assistant behavior analysts must work under a licensed behavior analyst's supervision (§ 188). (By law, assistant analysts must be board certified.) It also makes technical and conforming changes, such as replacing references to "certified" behavior analysts with "licensed" behavior analysts in certain insurance statutes (§§ 197 & 198).

EFFECTIVE DATE: July 1, 2018

Behavior Analysis Definition (§ 188)

Under the act, "behavior analysis" is the design, implementation, and evaluation of environmental modifications, using behavior stimuli and consequences, to produce socially significant improvement in human behavior. This may include direct observation, measurement, and functional analysis of the relationship between the environment and behavior. The term does not include psychological testing, neuropsychology, cognitive therapy, sex therapy, psychoanalysis, hypnotherapy, cognitive behavioral therapy, psychotherapy, or long-term counseling.

Licensure Requirement and Exemptions (§§ 188 & 189)

Under prior law, it was a class D felony for someone not board certified to represent himself or herself as a board certified behavior analyst. The act removes the criminal penalty and instead generally prohibits anyone without a behavior analyst license from (1) practicing behavior analysis or (2) using the title “behavior analyst” or any title, words, letters, or abbreviations that may reasonably be confused with behavior analyst licensure.

These restrictions do not apply to:

1. individuals who provide behavior analysis or assist in the practice of behavior analysis while acting within the scope of practice of their license or certification and training, as long as they do not hold themselves out to the public as behavior analysts;
2. students enrolled in a board-accredited behavior analysis educational program or a graduate education program in which behavior analysis is an integral part of the course of study if performing behavior analysis or assisting in such analysis under a licensed behavior analyst’s direct supervision;
3. instructors in board-approved courses;
4. assistant behavior analysts working under a licensed behavior analyst’s supervision in accordance with board standards;
5. individuals implementing an intervention based on behavior analysis under a licensee’s supervision; or
6. family members, guardians, or caretakers implementing a behavior analysis treatment plan under a licensee’s direction.

License Applications, Qualifications, and Renewals (§§ 190-192)

The act requires the DPH commissioner to issue a behavior analyst license to any applicant who submits, on a DPH form, satisfactory evidence that he or she is board certified as a behavior analyst.

The act also allows for licensure by endorsement for individuals who are not board certified. Such an applicant must provide DPH with satisfactory evidence that he or she is licensed or certified as a behavior analyst (or as someone entitled to perform similar services under a different title) in another state or jurisdiction. That jurisdiction’s requirements for practicing must be substantially similar to or greater than Connecticut’s, and there must be no pending disciplinary actions or unresolved complaints against the applicant.

The license application fee is \$350, and the annual renewal fee is \$175. To renew, licensees must provide satisfactory evidence that they are board certified.

Enforcement and Disciplinary Action (§ 193)

The act allows the DPH commissioner to take disciplinary action against a licensed behavior analyst for:

1. failing to conform to accepted professional standards;
2. a felony conviction;
3. fraud or deceit in obtaining or seeking reinstatement of a license or in the practice of behavior analysis;
4. negligence, incompetence, or wrongful conduct in professional activities;
5. an inability to conform to professional standards because of a physical, mental, or emotional illness;
6. alcohol or substance abuse; or
7. willfully falsifying entries in any hospital, patient, or other behavior analysis record.

By law, disciplinary actions available to DPH include, among other things, (1) revoking or suspending a license, (2) issuing a letter of reprimand, (3) placing the violator on probation, and (4) imposing a civil penalty of up to \$25,000 (CGS § 19a-17). As under existing law for various other health professions, the act allows the commissioner to order a licensee to undergo a reasonable physical or mental health examination if his or her capacity to practice safely is under investigation.

The act allows the commissioner to petition Hartford Superior Court to enforce such an examination order or any disciplinary action he takes. He must give the person notice and an opportunity to be heard before taking disciplinary action.

Behavior Analysis Services for Students with Autism Spectrum Disorder (§ 195)

By law, unchanged by the act, school districts must provide applied behavior analysis for students with autism spectrum disorder who require the services (1) according to a special education individualized education program or (2) under an educational plan established under Section 504 of the 1973 federal Rehabilitation Act.

Under prior law, to provide these services, a person generally had to either be (1) licensed by DPH or certified by the State Department of Education (SDE) (with the services within the scope of the person's license or certificate) or (2) board-certified as a behavior analyst or assistant behavior analyst. If the SDE commissioner determined that there were not enough such individuals to provide the needed services, prior law allowed her to authorize others with certain educational backgrounds to provide the services, under the supervision of a board-certified analyst.

The act eliminates these provisions and instead requires individuals providing behavior analysis to students with autism spectrum disorder to either be licensed or exempt from licensure as specified above.

Separate Account (§ 199)

The act establishes the "behavior analyst licensing fee expense account" as a separate, nonlapsing General Fund account. The account must contain behavior analyst licensure fees, sufficient to cover costs of any staff and equipment necessary to collect the fees, as determined by the DPH commissioner. DPH must spend the money in the account to fund such staff and equipment.

§ 200 — MEDICAID REIMBURSEMENT FOR HEMOPHILIA DRUGS

Applies Medicaid reimbursement formula for Factor VIII hemophilia drugs to Factor VII, IX, and X drugs and eliminates DSS's authority to designate Factor VIII drug suppliers dispensing pharmacies must order from

Under prior law, the maximum allowable cost Medicaid paid for Factor VIII pharmaceuticals (i.e., hemophilia A drugs) was the actual acquisition cost plus eight percent. The act (1) specifies that the actual acquisition cost is the one reflected on the manufacturer's invoice and (2) adds the outpatient drug professional dispensing fee to the calculation of the maximum allowable cost. The act also applies the maximum allowable cost formula to Factor VII, IX and X products (i.e., drugs that treat hemophilia A, B, and other bleeding disorders).

Additionally, the act eliminates the social services commissioner's authority to (1) designate specific Factor VIII drugs suppliers a dispensing pharmacy must order from and (2) pay the dispensing pharmacy a handling fee of eight percent of the actual acquisition cost for each prescription from a designated supplier.

EFFECTIVE DATE: Upon passage

§ 201 — HUSKY A COST-SHARING

Prohibits DSS from imposing cost-sharing requirements for preferred prescription drugs and medically necessary non-preferred drugs for HUSKY A parents and caretaker relatives; establishes notification requirements for cost-sharing imposed for other Medicaid services for this group

The act prohibits the DSS commissioner from imposing cost-sharing requirements for prescription drugs on the department's preferred drug list on parents or needy caretaker relatives enrolled in HUSKY A.

Under the act, the commissioner may impose cost-sharing requirements for nonpreferred drugs or other Medicaid services if he determines it is necessary and notifies the Human Services Committee and the affected parent or caretaker relative 30 days before imposing them. But he cannot impose such a requirement for a nonpreferred drug that a physician certifies as medically necessary. The act requires the notification to parents and caretaker relatives to specify that they will not be denied Medicaid coverage due to their inability to meet these cost-sharing requirements.

If the commissioner imposes a cost-sharing requirement, the act requires him to submit a quarterly report to the Human Services Committee on:

1. any decrease in the number of Medicaid provider visits by these parents or caretaker relatives compared to the same time period (presumably, quarter) before the cost-sharing requirement began and
2. any difference in the average number of Medicaid provider visits made by parents or caretaker relatives with a cost-sharing requirement compared to other Medicaid recipients of comparable health who are not subject to a cost-sharing requirement.

EFFECTIVE DATE: Upon passage

§§ 202 & 203 — INSURANCE COVERAGE FOR MENTAL OR NERVOUS CONDITIONS

Repeals the requirement that health insurance policies cover specified services related to mental and nervous conditions

The act eliminates the requirement that certain individual and group health insurance policies cover specified services related to mental and nervous conditions and, therefore, the state's requirement to pay for them. These services were new mandates imposed effective January 1, 2017 under PA 15-5, JSS. The state is required to pay for these mandated benefits under the federal Affordable Care Act because they exceed that act's essential health benefit requirements.

Specifically, the act repeals provisions requiring insurers to cover the following benefits:

1. evidence-based maternal, infant, and early childhood home visitation services designed to improve health outcomes for pregnant women, postpartum mothers, and newborns and children, including maternal substance use disorders or depression and relationship-focused interventions for children with mental or nervous conditions or substance use disorders;
2. intensive, family- and community-based treatment programs that focus on addressing environmental systems impacting chronic and violent juvenile offenders;
3. other home-based therapeutic interventions for children;
4. chemical maintenance treatment (i.e., when a person is admitted for the planned use of a substance under medical supervision); and
5. extended day treatment programs for children or youth with emotional disturbance, mental illness, behavior disorders, or multiple disabilities.

The act applies to individual and group health insurance policies issued, delivered, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or hospital or medical services, including those provided through an HMO.

EFFECTIVE DATE: January 1, 2018

§ 204 — CLASS NO. 3 BAZAAR PERMITS

Increases the number of days a "Class No. 3" permit holder can operate a bazaar

The act increases, from 10 consecutive days to 60 individual days, the number of days a "Class No. 3" permittee may operate a bazaar in a six month period following the permit's issuance. By law, a bazaar is a place maintained by a sponsoring organization to award merchandise by means of chance (CGS § 7-170).

EFFECTIVE DATE: Upon passage

§ 205 — PROHIBITION ON REQUIRING CASH-ONLY BAIL

Bars courts from requiring cash-only bail for all crimes, not just certain crimes as under prior law

Under PA 17-145, courts may not prohibit a bond from being posted by surety for certain crimes (thus, courts may not require cash-only bail for such crimes). This provision did not apply to certain serious crimes.

This act extends this provision to all crimes, thus prohibiting courts from requiring cash-only bail.

EFFECTIVE DATE: Upon passage

§ 206 — ELDERLY CIRCUIT BREAKER PROGRAM

With specified exceptions, authorizes OPM to reduce reimbursements to municipalities under the Elderly Circuit Breaker Program by up to 100%

Under the Elderly/Disabled Circuit Breaker Program, municipalities reduce property taxes owed by certain elderly or totally disabled homeowners and may be reimbursed for lost revenue by OPM (CGS § 12-170aa *et seq.*; Conn. Agencies Regs. § 12-170aa-1 *et seq.*). The act, with specified exceptions, allows the OPM secretary to reduce reimbursements to municipalities by up to 100%.

The act prohibits OPM from reducing reimbursements to a municipality that is eligible for a certain payment in lieu of taxes grant for manufacturing facilities because it is (1) a distressed municipality, (2) a targeted investment community (i.e., contains an enterprise zone), or (3) part of an airport development zone. However, it is unclear whether these municipalities will receive reimbursements because:

1. the legislature did not appropriate any money for the Circuit Breaker Program in FYs 18 and 19 and
2. existing law, unchanged by the act, requires OPM to proportionately reduce grants to municipalities if appropriations are insufficient to fully reimburse them.

EFFECTIVE DATE: Upon passage

§ 207 — WAIVER OF PAYMENTS DUE FROM CERTAIN HOUSING AUTHORITIES

Extends by one year the requirement that certain municipalities waive payments due from certain state-financed housing authorities

The act extends by one year, from FY 18 to FY 19, a requirement that certain municipalities waive payments due from certain state-financed housing authorities.

Existing law (1) requires state-financed housing authorities for moderate rental housing projects to make payments to the municipalities in which the project is located instead of paying property taxes, special benefit assessments, and sewer system use charges and (2) authorizes the Department of Housing (DOH) to make payments on the authorities' behalf as part of its Payment in Lieu of Taxes Subsidy Program. Prior law required municipalities to which DOH made a payment on a housing authority's behalf in FY 15 to waive such payments in FYs 16-18. The act extends this requirement by one year, through FY 19.

Under both existing law and the act, no waiver is required if federal funds are made available for the payment.

EFFECTIVE DATE: Upon passage

§ 208 — YOUTH SERVICES GRANTS

Specifies how funds appropriated in FYs 18 and 19 to the Judicial Branch for youth services grants must be distributed

The act appropriates \$3,187,174 in both FYs 18 and 19 to the Judicial Branch for Youth Services Prevention (§ 1). It also specifies the grant amount for certain organizations, totaling \$3,079,996.

EFFECTIVE DATE: Upon passage

§ 209 — ARBITRATOR FEES

Increases the fee a state arbitrator receives for writing a panel decision from \$175 to \$500

By law, members of the State Board of Mediation and Arbitration who preside over an arbitration proceeding as a three-member panel each receive \$325 when the proceeding concludes, and the member who writes the panel's decision receives an additional fee. The act increases the writer's additional fee from \$175 to \$500. Under existing law, unchanged by the act, if the proceeding lasts more than one day, each panel member also receives \$150 for each additional day.

EFFECTIVE DATE: Upon passage

§ 210 — LITCHFIELD COUNTY COURTHOUSE

Allows the state to retain use of the old Litchfield County Courthouse land and building unless certain conditions are met

The act allows the state to retain use of the old Litchfield County Courthouse and associated land, unless the holder of the reversionary interest (i.e., heir of the lease holders) preserved that interest by recording certain documents in the Litchfield land records within the last 40 years. The act specifies that the reversionary interest is terminated unless the holder recorded a notice, deed, probate certificate, or other instrument of conveyance describing the interest within that time frame.

Previously, because the land is not being used as a courthouse, ownership of the property would revert to the holder of the reversionary interest (based on deeds from the early 19th century).

EFFECTIVE DATE: Upon passage

§ 211 — REGIONAL REVENUE SHARING AGREEMENTS

Authorizes COGs to enter into regional revenue sharing agreements with other COGs

The act authorizes any regional council of government (COG) to establish a regional sharing agreement with one or more COGs.

EFFECTIVE DATE: Upon passage

§ 212 — PERFORMANCE-INFORMED BUDGETING

Requires the governor and the legislature, in developing each biennial budget, to consider performance-informed analyses submitted by selected budgeted agencies

The act requires the legislature, starting in the FY 18-19 biennium, to identify for each biennium at least one budgeted agency (see *Background*) to transmit specified information and analyses for a performance-informed budget review for the next biennium. The Office of Fiscal Analysis (OFA) must provide technical support in identifying the agency or agencies.

Under the act, “performance-informed budget review” means that the legislature and governor, when developing a budget, must consider specified information and analyses prepared by the agency for each program it administers. For the purposes of the act, a “program” is a distinguishable service or group of services within budgeted agencies designed to accomplish a specific public goal and result in specific public benefits.

By October 1, 2018, and by October 1 of each even-numbered year afterwards, the administrative head of the selected agency or agencies must transmit the required information and analyses to the (1) OPM secretary; (2) Appropriations Committee (through OFA); (3) Finance, Revenue and Bonding Committee; and (4) relevant committee of cognizance. He or she must do so using the results-based report format developed by the Appropriations Committee’s accountability subcommittee.

The governor and legislature must consider this information and analysis in developing each biennial budget, and a public review of the reports transmitted by each agency must be incorporated in the budget hearing process conducted by the relevant Appropriations Committee subcommittee.

The act also creates a joint bipartisan subcommittee on performance-informed budgeting consisting of seven members each from the Finance and Appropriations committees.

EFFECTIVE DATE: Upon passage

Information and Analyses

The performance-informed budget review must involve a results-oriented approach to planning, budgeting, and performance measurement of programs designed to improve recipients’ quality of life. Specifically, selected agencies must include the following information and analyses for such program they administer:

1. any basis, in statute or otherwise;
2. its history;
3. a description of how it fits within the agency’s strategic plan and goals;
4. an analysis of its quantified objectives;
5. a description of its goals, fiscal and staffing data, the populations served, and levels of funding and staff needed to achieve its goals if these are different than the actual maintenance level;
6. data demonstrating the amount of service it provided, its effectiveness, and the measurable impact it has on recipients’ quality of life;
7. an analysis of factors affecting changes in quality of life outcomes over time;
8. its administrative and other overhead costs;
9. where applicable, the amount of funds or benefits that actually reach the program’s intended recipients; and
10. any recommendations to improve program performance.

Bipartisan Subcommittee

The act creates a 14-member subcommittee on performance-informed budgeting. Under the act, the chairpersons of the Finance and Appropriations committees must each appoint to the subcommittee six members from their respective committees, at least two of whom are members of the minority party. The ranking member of each committee must appoint one member each to the subcommittee.

The Finance and Appropriations chairpersons must each choose one member they appoint to serve as one of the two subcommittee chairpersons.

The initial members of the subcommittee must be appointed by February 1, 2018; their terms end on December 31, 2018. Members appointed on or after January 1, 2019 serve two-year terms, beginning on the date of appointment.

Members continue to serve until a successor is appointed, except that a member’s term expires when he or she no longer serves in the legislature. A vacancy is filled by the appointing authority.

Background

By law, a budgeted agency means:

1. every department, board, council, commission, institution, or other agency of the executive branch, provided each such entity included by law within any given department is deemed a division of that department;
2. every court, council, division, and other agency of the Judicial Branch financed in whole or in part by the state, including those agencies, officers, employees, and services for which, or for the payment of whose salaries, appropriations are spent on the direction, taxation, or approval of any state court or judge, and all such courts, councils, divisions, agencies, officers, employees, and services are one or more budgeted agency or agencies as the OPM secretary may prescribe;
3. every full-time permanent department or agency of the legislative branch; and
4. every public and private institution, organization, association, or other agency receiving financial aid from the state (CGS § 4-69).

§ 213 — MEDICAID AND FAMILY PLANNING

Allows DSS, with legislative approval, to offset any reduction in federal funding for family planning services

The act allows the DSS commissioner, with legislative approval, to offset federal funding reductions for providers or recipients of family planning services otherwise covered by Medicaid. To do so, the legislature must vote to approve such use of funds within 90 days after the commissioner notifies it of a decrease in federal funding for the services. Under the act, eligible services are those otherwise covered by the state's medical assistance program and the providers must otherwise meet DSS participation and enrollment requirements to receive state funding.

EFFECTIVE DATE: Upon passage

§ 214 — ARTWORK IN STATE BUILDINGS

Prohibits, for two years, the State Bond Commission from allocating a portion of bond proceeds for artwork in state building projects

The act prohibits the State Bond Commission, when allocating bond proceeds from January 1, 2018 to January 1, 2020 for constructing, reconstructing, or remodeling of any state building, from allocating any such proceeds for works of art.

The law usually requires the State Bond Commission to allocate, for artwork, at least 1% of the bond proceeds in state building projects (CGS § 4b-53).

EFFECTIVE DATE: Upon passage, but applies to projects commenced on or after January 1, 2018 to January 1, 2020.

§ 215 — COMPTROLLER REPORTS ON STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC) SAVINGS

Requires the comptroller to annually determine and report on the savings realized through the 2017 SEBAC Agreement and its related contracts

The act requires the comptroller, for each fiscal year from 2018 through 2027, to determine the amount of labor-management savings realized by the state under the following:

1. the 2017 SEBAC Agreement, including all of its attachments and appended agreements and any agreement reached through negotiations between the state and SEBAC over wages, hours, and other conditions of employment and
2. any other agreements between the state and the individual state employee collective bargaining units to achieve labor-management savings specified in (a) the state budget act for FYs 18 and 19; (b) adjustments or revisions made to the budget act for FY 19; and (c) each successive state budget act thereafter and any even-numbered year adjustments or revisions made to them, through FYs 26 and 27.

Starting by December 1, 2018, and by each December 1 after that through 2027, the comptroller must report to the governor and the legislature the amount of labor-management savings realized for the previous fiscal year under the above agreements.

EFFECTIVE DATE: Upon passage

§ 216 — PUBLIC HEARINGS ON AUDITS

Requires legislative committees to hold public hearings on auditor reports of agencies under their cognizance

The act generally requires each legislative joint standing committee with cognizance over a state agency that is subject to a state auditors' report to hold a joint public hearing with the Government Administration and Elections Committee on the report within 180 days after the auditors submit it to the legislature.

But committee chairpersons may choose not to hold a hearing if (1) the report contains no statutory or regulatory violations by the agency, (2) the report has only minor or technical recommendations, or (3) they determine the report does not otherwise need a hearing.

EFFECTIVE DATE: Upon passage

§ 217 — JUDGE SALARY WITHHOLDINGS

Increases, from 5% to 6%, the amount withheld from the salaries of judges, family support magistrates, and compensation commissioners appointed on or after January 1, 2018, for deposit in the Judge's Retirement Fund

The act increases, from 5% to 6%, the amount deducted and withheld from salaries of judges, family support magistrates who elect to be covered by the judicial retirement system, and compensation commissioners. The increase applies only to those individuals appointed on or after January 1, 2018.

As under existing law, the deducted funds must be deposited in the Judge's Retirement Fund.

EFFECTIVE DATE: Upon passage

§ 218 — FOUR-YEAR TERM LIMIT ON FUTURE SEBAC AGREEMENTS

Limits future SEBAC agreements to four-year terms

By law, the state must negotiate state employee pension and healthcare benefits with a coalition committee that represents all unionized state employees (i.e., SEBAC). Starting June 30, 2027 (when the current SEBAC agreement expires), the act caps at four years the duration of any agreement negotiated under this requirement.

EFFECTIVE DATE: Upon passage

§§ 219 & 220 — FIREFIGHTERS' CANCER RELIEF PROGRAM FUNDING

Eliminates a requirement for the Firefighters' Cancer Relief Program to be funded through E 9-1-1 charges

The act eliminates a requirement for the Firefighters' Cancer Relief Program to be funded with a portion of the fees used to support the enhanced 9-1-1 (E 9-1-1) program. By law, the E 9-1-1 program is funded through a monthly phone service subscriber fee imposed by the Public Utilities Regulatory Authority (PURA). PA 16-10 established the cancer relief program to provide wage replacement benefits to certain firefighters diagnosed with cancer.

More specifically, the act eliminates requirements for (1) PURA to include the cancer relief program when it annually determines the amount of the E 9-1-1 fee and (2) one cent per access line to be diverted from the E 9-1-1 fee to the cancer relief program each month.

EFFECTIVE DATE: Upon passage

§ 221 — IMPAIRMENT OF STATE CONTRACTS

Specifies the circumstances under which state legislation may impair state contracts

The act specifies that the state may modify its contracts through legislation if the impairment to the contract is not substantial or if the impairment is substantial, the legislation serves a legitimate public purpose, such as remedying a general social or economic problem, and the means to accomplish the purpose are reasonable and necessary. The act further specifies that the impairment may be considered reasonable and necessary if the state did not (1) consider the impairment on par with other policy alternatives, (2) impose a drastic impairment when an evident and more moderate course of action would serve its purpose equally well, and (3) act unreasonably in light of the surrounding circumstances.

Section 22 of PA 17-4, JSS specifies that these provisions do not apply to (1) investments by, or administered by, the state treasurer, or any related contracts, or (2) bonds, notes, evidences of indebtedness, or other direct or contingent state obligations for borrowed money, or any related contracts.

(It appears that the above provisions have no legal effect. Although they broadly codify federal court decisions regarding when a state may enact laws impairing its contracts, these decisions are based on the federal courts' interpretations of the U.S. Constitution's Contracts Clause and state statute cannot dictate how courts must interpret the U.S. Constitution.)

EFFECTIVE DATE: Upon passage

§ 222 — INTELLECTUAL DISABILITY PARTNERSHIP

Requires the Intellectual Disability Partnership to form an advisory committee and makes related changes

PA 17-61 allows the DDS commissioner, in collaboration with the OPM secretary and social services commissioner, to organize and participate in an Intellectual Disability Partnership. The act specifies that the commissioners and secretary may designate others to do so in their place.

The act also requires the partnership to form an advisory committee. It makes corresponding changes by requiring (1) the advisory committee, rather than the partnership, to include broad and diverse representation from families, providers, and advocates and (2) DDS to post online the meetings, agendas, and minutes of the advisory committee rather than the partnership.

EFFECTIVE DATE: Upon passage

§ 223 — PROTOTYPE SCHOOL DESIGN STUDY

Requires the School Building Projects Advisory Council to study prototype school designs

The act requires the School Building Projects Advisory Council to conduct a study on developing and implementing blueprints for prototype school designs for new construction projects and submit it, by January 1, 2019, to the Education and Finance, Revenue and Bonding committees.

The study must analyze:

1. the costs for creating blueprints for elementary, middle, and high schools;
2. the feasibility of boards of education using the blueprints as part of the school building project grant program; and
3. any cost savings from using them.

It must also include recommendations on implementing the blueprints and address whether using them should be related to reimbursement percentages for school building projects.

EFFECTIVE DATE: Upon passage

§ 224 — ALLIANCE DISTRICT DESIGNATION

Requires the education commissioner to designate 33 school districts as alliance districts for a period of five years (designation expired under prior law)

The act reauthorizes the alliance district program by requiring the education commissioner to designate 33 school districts as alliance districts for a period of five years starting with FY 18. Under prior law, the designation expired on June 30, 2017.

Under the act, the new designation applies to the 30 districts with the lowest accountability index scores and any district previously designated as an alliance district when the program began in FY 13 (of which there are three). The accountability index ranks school districts by combining various measures of student performance, primarily standardized assessment scores, into a single score.

As under the program's prior authorization, the act requires the education commissioner to withhold any Education Cost Sharing (ECS) aid increase over an alliance district's FY 12 base amount until she approves the district's plan to improve academic performance. According to the State Department of Education, the alliance districts serve more than 200,000 students in 410 schools.

EFFECTIVE DATE: Upon passage

§§ 225-230 — REVISIONS TO EDUCATION COST SHARING (ECS) FORMULA

Revises the ECS formula, the largest form of state aid to towns, by changing several major formula components including the base aid ratio and the weighting for need students; includes a phase-in for aid increases and decreases until FY 28

The act revises the state education equalization formula, commonly referred to as the ECS formula. (The state has not used the formula since FY 14; instead it has set a specific aid amount in statute for each town.) The act makes changes to key factors in the formula and establishes a method to determine each town's aid amount for FY 18 and the following years. For FY 18, alliance district towns receive the same ECS grant they received in FY 17; non-alliance district towns receive 5% less than they received in FY 17.

EFFECTIVE DATE: Upon passage

Formula Factors

The ECS formula has the following three key factors:

1. the foundation dollar amount (\$11,525);
2. the student count with weightings for high need students, referred to as total need students; and
3. the base aid ratio, which is a measure of town wealth.

Under the formula, the foundation is multiplied by the number of need students, and the result is multiplied by the base aid ratio, to produce the grant amount. A small bonus is added for regional schools (if applicable), and this results in a town's fully-funded grant. For example, under prior law, a school district with no regional bonus and 1,000 need students that has a base aid ratio of .50 would receive a grant of \$5.76 million (1,000 x \$11,525 x .50).

The act modifies the student count and the base aid ratio but leaves the foundation dollar amount unchanged.

Student Count

Beginning with the 2017-18 school year, the act modifies two aspects of student need weightings. Specifically, it:

1. changes the student poverty weighting from 30% of students eligible for free or reduced priced meals or free milk (FRPM) to 30% of FRPM-eligible students plus an additional 5% of any FRPM-eligible students above 75% of the total number of resident students and
2. adds a new 15% weighting for the number of students who are English language learners, as identified by the school district.

Base Aid Ratio

The base aid ratio (also known as the aid percentage) is a measure of a town's property and income wealth in relation to a median town wealth level set in the formula. Poorer towns have higher ratios than wealthier towns. The higher a town's ratio, the closer the town comes to receiving the maximum aid.

Wealth Adjustment Factor. By law, in calculating a town's base aid ratio, town wealth is compared to the wealth adjustment factor (WAF) (formerly called the guaranteed wealth level). The WAF is determined by a three-step process: (1) determining the property and income wealth measures with each expressed in a ratio, (2) applying weights to each, and (3) adding the ratios together.

The act alters the way the WAF is determined by lowering the multiplier from 1.5 to 1.35. By lowering the multiplier, this part of the formula decreases the state's share of total education funding.

The property wealth measure is the ratio of (1) a town's equalized net grand list (ENGL) per capita to (2) the ENGL per capita of the town with the state's median ENGL multiplied by 1.35. The income wealth measure is the ratio of (1) a town's median household income to (2) the state's median town household income multiplied by 1.35.

Balance of Property Wealth and Income Wealth. The act also modifies the proportion of property to income wealth in the WAF. Under prior law, WAF was calculated using 90% property wealth and 10% income wealth. Under the act, it is calculated using 70% property and 30% income, thus increasing the weight for income wealth in the aid ratio part of the formula.

Minimum Aid Ratios. The act maintains the minimum aid ratio for alliance districts at 10% and reduces the minimum aid ratio for all other districts from 2% to 1%. The minimum aid ratio guarantees that wealthier towns receive at least a minimum amount of ECS aid.

New Factor: Base Aid Ratio Adjustment

The act creates the base aid ratio adjustment factor, which is a bonus added to a town's base aid ratio if the town is ranked in the top 19 Connecticut towns based on points awarded through the eligibility index for public investment communities (PIC) (i.e., towns with the lowest relative wealth).

The PIC eligibility index measures towns' relative wealth and need by ranking them in descending order by their cumulative point allocations for five categories: (1) per capita income, (2) adjusted equalized net grand list per capita, (3) equalized mill rate, (4) per capita temporary family assistance, and (5) unemployment rate (CGS § 7-545).

Under the act, the adjustment factor gives towns anywhere from three to six percentage points bonus in their base aid ratio if they rank in the top 19 of all towns in total eligibility index points (see Table 9).

Table 9: Base Aid Ratio Adjustment Factor Bonus

<i>Town Rank Based on PIC Eligibility Index</i>	<i>Bonus % Points Added to Base Aid Ratio</i>
1-5	6
6-10	5
11-15	4
16-19	3

Town Aid Determination for FYs 18 and 19

The act establishes a new "base grant amount" for each town from which future aid is based. The base grant amount is the ECS grant amount a town was entitled to for FY 17 under the 2016 budget act (PA 16-2, May Special Session), minus authorized cuts implemented during FY 17.

For FY 18, the act entitles a town to receive an ECS grant in an amount determined by its alliance district status:

1. an alliance district town receives the same ECS grant amount it received in FY 17 (i.e., the "base grant amount"), and
2. a non-alliance district town receives the ECS amount it received in FY 17, reduced by 5%.

For FY 19, the act compares a town's new base grant amount to its fully funded grant. For some towns the fully funded grant is an amount greater than the aid they had received in the past. For other towns, especially those with declining student enrollments, the fully funded grant may be less than the town is receiving. (This is primarily due to the past practice of keeping ECS aid at least level for all towns, even if student enrollment dropped.)

The act entitles a town to receive, for FY 19, an ECS grant as follows:

1. If a town's fully funded ECS grant is greater than the amount received in FY 17, then the town is entitled to its base grant amount, plus 4.1% of the difference.
2. If a town's fully funded ECS grant is less than the amount received in FY 17, then the town is entitled to its base grant amount, minus 25% of the difference; however, if this town is an alliance district, it is entitled to the amount received in FY 17 with no reduction.

Town Aid Determination for FYs 20 to 27 and Out Years

The act entitles a town to receive, for FYs 20 through 27, an ECS grant in an amount determined by comparing its base grant amount to its fully funded grant, with an exception for alliance districts:

1. If a town's fully funded ECS grant is greater than the base grant amount, then the town is entitled to the prior year's amount, plus 10.66% of the difference.
2. If a town's fully funded ECS grant is less than the base grant amount, then the town is entitled to the prior year's amount, minus 8.33% of the difference; however, if the town is an alliance district, it is entitled to the base grant amount with no reduction.

For FY 28 and all years following, towns will receive their fully funded amount, except alliance districts continue to receive their base grant amount if that is higher than the fully funded grant.

§§ 231-233 — NURSING HOME AND RESIDENTIAL CARE HOME CITATIONS

Makes changes to the process for certain citations issued against nursing home facilities or residential care homes, such as modifying various deadlines

Issuance of Citation

The act allows, rather than requires, the DPH commissioner to immediately issue a citation if a review or an inspection or investigation reveals that a nursing home facility or residential care home (RCH) has violated certain statutes or regulations. This applies to violations classified as Class A violations (an immediate danger of death or serious harm to a patient) and Class B violations (a probability of death or serious harm in the reasonably foreseeable future). (Sections 234 & 235 redefine Class B violations as a potential, rather than a probability, of such harm; see below.)

As under prior law, the citation must provide notice of the nature and scope of the alleged violation. The act also requires the citation to include a notice of noncompliance.

Contesting the Citation

The act extends the time the nursing home or RCH licensee has to contest the citation, from three to five business days after receipt.

Under prior law, if the licensee contested the violation, the DPH commissioner had to hold an informal conference with the licensee within five business days. The act specifies that the commissioner may designate someone to appear in his place at the conference and eliminates the deadline for holding the conference.

The act also requires the commissioner, within five business days after the informal conference concludes, to notify the licensee of his determination, which may include (1) vacating the citation or (2) sustaining the final determination for the citation with or without modification.

Under prior law, if the parties failed to reach an agreement at the conference, the commissioner had to set the matter for a hearing as a contested case under the Uniform Administrative Procedure Act (UAPA). Under the act, this applies only if the licensee requests the hearing within five business days after the commissioner's decision. The act eliminates certain deadlines for such cases in prior law and instead specifies that the commissioner must issue a final order after the hearing in accordance with the UAPA.

Finally, the act allows, rather than requires, the commissioner to file the final order and citation in the Hartford judicial district of the Superior Court.

EFFECTIVE DATE: Upon passage

§§ 234 & 235 — CIVIL PENALTIES FOR NURSING AND RESIDENTIAL CARE HOMES

Increases the maximum civil penalty that may be imposed on nursing homes that violate statutory or regulatory requirements and expands the definition of a class B violation for nursing homes and RCHs

The act increases the maximum civil penalties for nursing home facilities that violate statutory or regulatory requirements from \$5,000 to \$20,000 for a Class A violation and from \$3,000 to \$10,000 for a Class B violation.

The act also changes the definition of Class B violations for nursing homes and residential care homes to actions that present a potential, instead of a probability, for death or serious harm to a patient in the reasonably foreseeable future. By law, unchanged by the act, Class A violations are actions that present an immediate danger of death or serious harm to a patient.

EFFECTIVE DATE: Upon passage

§§ 237-246 — SCHOOL CONSTRUCTION GRANT AUTHORIZATIONS

Authorizes 50 new school construction projects totaling \$517.9 million in grants, reauthorizes three previous projects due to cost or scope changes, and makes changes affecting six other projects

The act authorizes the DAS commissioner to enter into grant commitments totaling \$517.9 million on behalf of the state for 50 new school construction projects.

It also:

1. reauthorizes and changes grant commitments, due to cost or scope changes, for three previously authorized local

- projects with a total increased grant commitment of \$1.1 million and
2. exempts nine school construction projects from various statutory and regulatory requirements (referred to as “notwithstanding” provisions).

New Authorizations and Changes for Previously Authorized Projects (§ 237)

Table 10 shows the new school construction projects the act authorizes. The projects have an aggregate cost of \$846.3 million, a percentage of which is reimbursed by the state school construction grant program with less wealthy towns receiving a higher reimbursement percentage.

Table 10: New School Construction Projects Authorized

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>State Reimbursement %</i>
Branford	Francis Walsh Intermediate School	Extension and alteration	\$85,933,000	\$30,385,909	35.36%
Fairfield	Stratfield School	Alteration	36,793	9,592	26.07
Fairfield	North Stratfield School	Alteration	41,410	10,796	26.07
Fairfield	Riverfield School	Alteration	48,970	12,766	26.07
Fairfield	Jennings School	Alteration	55,639	14,505	26.07
Fairfield	Tomlinson Middle School	Alteration	46,403	12,097	26.07
Fairfield	Fairfield Woods Middle School	Alteration	86,168	22,464	26.07
Fairfield	Sherman School	Alteration	30,394	7,708	25.36
Fairfield	Osborn Hill School	Alteration	72,704	18,438	25.36
Fairfield	Dwight Elementary School	Alteration	62,275	15,793	25.36
Fairfield	McKinley Elementary School	Alteration	69,666	17,667	25.36
Fairfield	Mill Hill School	Alteration	87,550	22,203	25.36
Fairfield	Burr Elementary School	Alteration	133,776	33,926	25.36
Fairfield	Roger Ludlowe Middle School	Alteration	171,640	43,528	25.36

Table 10 (Continued)

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>State Reimbursement %</i>
Greenwich	New Lebanon School	Diversity school, new construction	37,309,000	29,847,200	80
Hamden	West Woods Elementary School	New construction	26,180,000	15,147,748	57.86
Ledyard	Ledyard Middle School	Renovation, extension, and alteration	35,652,092	22,410,905	62.86
New Britain	Smalley Academy	Extension, alteration, and roof replacement	53,000,000	42,023,700	79.29
New Canaan	Saxe Middle School	Extension, alteration, and code violation	18,600,000	3,786,960	20.36
New London	New London High School - South Campus	Magnet school, alteration	49,462,274	39,569,819	80
North Stonington	Wheeler High School	Extension, alteration, and roof replacement	23,820,500	10,974,104	46.07
North Stonington	North Stonington Elementary School	Extension, alteration, and roof replacement	14,207,500	8,879,688	62.50
West Hartford	Hall High School	Extension and alteration	12,800,000	8,120,000	63.44
Regional District 1	Housatonic Valley Regional High School	Alteration and code violation	4,255,856	1,930,456	45.36
Regional District 12	Shepaug Valley Regional Agriscience (STEM)	Vocational agricultural, new construction	29,957,408	23,965,926	80
Groton	Cutler Elementary School (Carl C. Cutler Middle)	Diversity school and roof replacement	45,850,000	36,680,000	80

Table 10 (Continued)

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>State Reimbursement %</i>
Groton	Westside Elementary School (West Side Middle)	Extension, alteration, and roof replacement	48,480,000	27,876,000	57.50
Groton	Consolidated Middle School	New construction and site purchase	90,090,000	42,792,750	47.50
Hamden	Shepherd Glen School	Extension, alteration, and roof replacement	27,665,000	18,773,469	67.86
Killingly	Killingly High School (Vo-Ag)	Vocational agricultural equipment	123,000	98,400	80
Ledyard	Gallup Hill School	Renovation, extension, and alteration	28,612,104	17,985,569	62.86
Manchester	Verplanck School	Extension, alteration, and roof replacement	29,172,000	19,691,100	67.50
Newington	John Wallace Middle School	Alteration	1,300,000	742,820	57.14
Rocky Hill	Rocky Hill Intermediate School	New construction	48,345,097	16,577,534	34.29
Shelton	Long Hill School	Alteration	382,060	150,111	39.29
Shelton	Elizabeth Shelton School	Alteration	280,620	110,256	39.29
Shelton	Mohegan School	Alteration	280,620	110,256	39.29
Simsbury	Henry James Memorial School	Alteration and code violation	2,465,000	818,627	33.21
Waterbury	Wendell L. Cross School	Extension, alteration, and roof replacement	46,213,083	36,309,619	78.57
Regional District 12	Shepaug Valley High School	Alteration and energy conservation	2,914,565	957,726	32.86

Table 10 (Continued)

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>State Reimbursement %</i>
Regional District 14	Nonnewaug High School (Vo-Ag)	Vocational agricultural extension and alteration	662,000	529,600	80
Regional District 14	Nonnewaug High School (Vo-Ag)	Vocational agricultural equipment	587,568	470,054	80
Branford	Central Administration (Francis Walsh Intermediate)	Central administration, extension, and alteration	2,267,000	400,806	17.68
Guilford	A. Baldwin Middle School	Energy conservation	2,351,115	713,799	30.36
Milford	Harborside Middle School	Energy conservation	1,347,745	683,441	50.71
Norwalk	West Rocks Middle School	Energy conservation	1,400,000	455,000	32.50
Waterbury	Gilmartin School	Energy conservation	432,893	340,124	78.57
West Haven	May V. Carrigan Middle School	Energy conservation	3,354,815	2,576,162	76.79
Regional District 14	Region 14 Central Office (Nonnewaug High)	Central administration, alteration, and code violation	1,609,535	385,162	23.93
Hartford	Martin Luther King School	Magnet school, alteration, roof replacement, and code violation	68,000,000	54,400,000	80
Total	50 projects		\$846,306,848	\$517,912,283	

Table 11 lists changes to previously authorized school projects. In the case of Hartford’s West Middle School, the new authorization is sought because of a change in the project scope, but does not result in a higher cost.

Table 11: Previously Authorized School Construction Projects with Substantial Changes in Scope or Cost

<i>District</i>	<i>School</i>	<i>Project</i>	<i>Previous Grant Authorization</i>	<i>Requested Grant Authorization</i>	<i>Change</i>
Fairfield	Fairfield Ludlow High School	Extension, alteration, energy conservation, and roof replacement	\$3,073,994	\$4,106,607	\$1,032,613
Hartford	West Middle School	Extension, alteration, and roof replacement	43,680,000	43,680,000	0
New Fairfield	New Fairfield Middle/High School	Alteration and code violation	132,300	155,274	22,974
Total	Three projects		\$46,886,294	\$47,941,881	\$1,055,587

School Construction Project Exemptions and Modifications (§§ 238-246)

The act exempts nine school construction projects from various statutory and regulatory requirements to allow them to, among other things, qualify for state reimbursement grants or for a higher level of reimbursement grant, as provided in Table 12 below.

Table 12: School Construction Project Exemptions and Modifications

Act §	Municipality/Grantee	School & Project	Exemption, Waiver, or Other Change
238	Groton	Carl Cutler Middle School, extension, alteration, and roof replacement	Changes project designation from extension, alteration, and roof replacement to diversity school and roof replacement, thus triggering a higher state reimbursement level, provided the education commissioner finds the diversity school will assist Groton in addressing the existing racial disparity among students in the district; also explicitly prohibits the Claude Chester School from qualifying as a diversity school as of the act's effective date
239	Hartford	Martin Luther King School, alteration, roof replacement, and code violation	Changes project designation from alteration, roof replacement, and code violation to magnet school, alteration, roof replacement, and code violation, provided the education commissioner approves the school's magnet school plan
240	Brookfield	Brookfield High School, roof replacement	Waives the requirement that construction bid not be let out prior to DAS approval of the plans and specifications

Table 12 (Continued)

Act §	Municipality/ Grantee	School & Project	Exemption, Waiver, or Other Change
241	New London	New London Magnet School for the Visual and Performing Arts, new magnet school construction approved in PA 14-90	Removes requirement that New London school board, the Garde Arts Center board of directors, and the DAS and education commissioners enter into a memorandum of understanding establishing the parameters under which the interdistrict magnet school must operate
242	Region 8 (Regional Hebron, Andover, and Marlborough (RHAM))	RHAM Middle and High School (no project number or specifics yet available)	Waives the project application deadline of June 30, 2017 for eligibility for the priority list considered in the 2018 legislative session and commitment of the local funding share of the project, provided a (1) local funding authorization referendum is held and results are submitted by November 15, 2017 and (2) completed grant application with authorization for the local share of the project is filed by September 30, 2017
243	Norwich	Kelly Middle School, renovation	Waives the standard method of calculating the town's reimbursement rate; provides an 80% reimbursement rate
244	Colchester	William J. Johnston Middle School, extension, alteration, and roof replacement	Waives the state standard space specifications
245	Norwalk	Side by Side Charter School, new construction	Increases the project costs, and consequently the grant amount, from \$2.5 million to \$4.2 million (project has a reimbursement rate of 100% under existing law)
246	New London	C.B. Jennings Elementary School, new construction	Waives rules regarding ineligible costs to allow for up to \$703,653 in additional costs; waives the requirement that an audit be completed before receiving final state reimbursement, provided the (1) town submits documentation proving the expenses; (2) costs do not exceed \$5,255,211; and (3) project meets all other requirements of the school construction program

EFFECTIVE DATE: Upon passage

§ 247 — AGENCY PROGRAM INVENTORIES AND RESULTS FIRST PILOT PROGRAM

Makes several changes to program inventories required of certain agencies and requires the OPM secretary to create a pilot program that applies Pew-MacArthur Results First principles to at least eight state-finance grant programs

Agency Program Inventories

Prior law required the Judicial Branch's Court Support Services Division (CSSD) and the departments of Children and Families, Correction, and Mental Health and Addiction Services, by October 1 biennially beginning in 2018, to each (1) compile complete lists of each of their criminal and juvenile justice programs and (2) categorize them as evidenced-

based, research-based, promising, or lacking any evidence. CSSD and the departments had to submit the program inventories to OPM's Criminal Justice Policy and Planning Division (CJPPD); the Appropriations and Finance, Revenue and Bonding committees; OFA; and the Institute for Municipal and Regional Policy (IMRP) at Central Connecticut State University.

The act makes the following changes to these requirements:

1. extends them to DSS;
2. expands them to include all of the agencies' and division's programs, not just their criminal and juvenile justice programs;
3. makes the compilation and submission of the inventory an annual, rather than biennial, requirement (October 1, 2018 remains the first submission date);
4. requires submission to the OPM secretary, rather than CJPPD; and
5. adds the Human Services Committee as a required recipient.

Additionally, prior law required IMRP to use the program inventory data to annually develop a cost-benefit analysis for each program and submit the report of its analyses to CJPPD; the Appropriations and Finance, Revenue and Bonding committees; and OFA. The act requires submission to the OPM secretary, rather than CJPPD. As under prior law, the report is due annually by November 1.

Results First Pilot Program

The act requires the OPM secretary, by January 1, 2019, to create a pilot program that applies the principles of the Pew-MacArthur Results First cost-benefit analysis model to at least eight state-financed grant programs chosen by the secretary. His selections must include programs that provide services for families in the state, employment programs, and at least one contracting program provided by a state agency with an annual budget of more than \$200 million. The pilot program must have an overall goal of promoting cost-effective state policies and programming.

The act requires the secretary to submit a report to the Appropriations Committee by April 1, 2019. It must include a description of the selected grant programs, the pilot program's status, and any recommendations.

EFFECTIVE DATE: Upon passage

§ 248 — PRISON HEALTH CARE RFI PROGRESS REPORT

Requires DOC and OPM to submit a progress report to the legislature on a request for information to develop options for providing medical services to inmates

PA 15-1, December Special Session (§ 20) required the Department of Correction (DOC) commissioner and the OPM secretary to issue a request for information (RFI) on inmate medical services options available to the state and the associated costs of such services. The act requires DOC and the secretary, by February 1, 2018, to submit a progress report to the legislature on the RFI.

Currently, UConn's Correctional Managed Health Care division provides such services to inmates under a memorandum of agreement with DOC.

EFFECTIVE DATE: Upon passage

§ 249 — REDUCTIONS FOR MUNICIPAL HEALTH DEPARTMENTS AND HEALTH DISTRICTS

Requires DPH to reduce payments to municipal and district health departments in FY 19

The act requires the DPH commissioner to reduce, on a pro rata basis, payments to municipal and district health departments by a total of \$504,218 for FY 19.

To receive state funding, existing law requires that, among other things, (1) municipalities have a full-time health department and a population of at least 50,000 and (2) health districts have a total population of at least 50,000 or serve three or more municipalities, regardless of their combined total population.

EFFECTIVE DATE: Upon passage

§ 250 — FISCAL STABILITY AND ECONOMIC GROWTH COMMISSION

Establishes a 14-member commission to develop and recommend policies to achieve state government fiscal stability and promote economic growth and competitiveness within the state

The act establishes a 14-member Commission on Fiscal Stability and Economic Growth.

Commission's Charge

The commission must (1) develop and recommend policies to achieve state government fiscal stability and promote economic growth and competitiveness within the state and (2) study and make recommendations regarding state revenues, tax structures, spending, debt, administrative and organizational actions, and related activities. Under the act, related activities include relevant municipal activities to (1) achieve consistently balanced and timely budgets that are supportive of the interests of families and businesses and the revitalization of the state's major cities and (2) materially improve the state's attractiveness for existing and future businesses and residents.

Membership and Appointment

The commission must consist of the following 14 appointed members:

1. one appointed by the House speaker,
2. one appointed by the Senate president pro tempore,
3. one appointed by the House majority leader,
4. one appointed by the Senate majority leader,
5. one appointed by the House minority leader,
6. one appointed by the Senate Republican president pro tempore, and
7. eight appointed by the governor.

All appointments must be made within 30 days after the act passes, and any vacancy must be filled by the appointing authority. The act requires the appointing authorities to try to coordinate their appointments to achieve policy balance and diversity, including by appointing members who are representative of the state population's diversity in gender, age, ethnicity, race, and geography.

The governor must select the commission's chairpersons from among its members. The chairpersons must schedule the commission's first meeting, which must be held within 40 days after the act passes.

Members' Expertise, Compensation, and Code of Ethics

The commission members must (1) have expertise in public finance, economic growth and development, job creation, or public administration and (2) not receive compensation for their services.

Current public officials must not serve as members of the commission. Under the act, "public official" means a statewide or municipal elected officer, General Assembly member or member-elect, executive or judicial branch employee or official, or legislative branch employee. The act does not consider an advisory board member to be a public official.

Under the act, it is not a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation, or any individual having a financial interest in a person, firm, or corporation, to serve as a member of the commission, provided such trustee, director, partner, officer, or individual complies with all applicable provisions of the code of ethics for public officials. The act deems all commission members to be public officials for purposes of the code of ethics and requires that they adhere to the provisions of the code of ethics for public officials.

Staff Support

The OPM secretary and the Department of Economic and Community Development commissioner must provide staff support for the commission and must each designate at least one staff member to attend the commission's meetings.

Each of the four caucuses of the legislative branch, the treasurer, the comptroller, and the attorney general must each appoint a staff member to (1) attend the commission meetings upon the commission's request and (2) communicate with the member's agency about the commission's activities.

The commission may request any office, department, board, commission, or other state agency to supply information and assistance necessary or appropriate to carry out its duties and requirements.

Public Comment, Reporting, and Termination

The act requires the commission to solicit public comment by holding one or more public hearings on its proposals. By March 1, 2018, the commission must report its findings and recommendations to the governor, the General Assembly, and the Appropriations; Commerce; Finance, Revenue and Bonding; and Planning and Development committees.

The commission terminates on the date that it submits its report or March 1, 2018, whichever is later.

2018 Regular Session

The act requires the Appropriations; Commerce; Finance, Revenue and Bonding; and Planning and Development committees, by March 30, 2018, to hold either one joint public hearing or individual public hearings on the commission's report. It also requires one or more of the committees mentioned above, during the 2018 regular session, to originate and, following an additional public hearing, report at least one bill with the commission's recommendations relevant to the committee's cognizance. The act also requires the General Assembly to vote on any such bill.

EFFECTIVE DATE: Upon passage

§ 251 — YOUTH EMPLOYMENT PROGRAM FUNDS

Allocates Youth Employment Program funds

For FY 18, the act allocates funds from the Youth Employment Program administered by the Connecticut Department of Labor as follows:

1. \$150,000 to the City of Hartford Department of Families, Children, Youth, and Recreation;
2. \$350,000 to the Capital Region Workforce Investment Board; and
3. \$500,000 to the Wilson-Gray YMCA.

EFFECTIVE DATE: Upon passage

§ 252 — MINIMUM BUDGET REQUIREMENT

Extends the current minimum budget requirement through FY 19, along with reduction allowances and exemptions

The act extends, through FY 19, the prohibition in existing law against a town budgeting less for education than it did in the previous FY unless it can demonstrate specific achievements or changes within its school district. This prohibition is commonly referred to as the minimum budget requirement (MBR).

MBR Reduction Allowances

The act allows a town to reduce its MBR in FYs 18 and 19 if it experiences an ECS decrease during those years. The MBR reduction must be equal to the education cost sharing (ECS) grant decrease as calculated under the act and described below (see § 253 below).

Also, the act extends other MBR reduction allowances in existing law, which are based upon the following factors, through FY 19:

1. experiencing declining enrollment as evidenced by the percentage of students eligible for free and reduced price lunch;
2. paying tuition for students to attend high school out of town due to lack of a local public high school;
3. demonstrating savings through increased efficiencies or regional collaboration; or
4. ceasing school district operations permanently or closing one or more schools through FY 18 due to declining enrollment.

Through FY 19, the act extends the prohibition on an alliance district reducing its MBR.

MBR Exemptions

The act continues exemptions from the MBR through FY 19 for the following entities: (1) any district among the top 10% of districts in the State Department of Education's accountability index and (2) member towns of a newly formed regional school district during the first full FY following its establishment.

EFFECTIVE DATE: Upon passage

§ 253 — CALCULATIONS FOR EDUCATION COST SHARING (ECS) GRANT INCREASES AND DECREASES

Revises the method for determining ECS increases and decreases for towns in FYs 18 and 19

The act calculates towns’ ECS grant increases and decreases for FY 18 as follows:

1. an increase is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 18 and (b) town’s lower “base grant amount” (i.e., the amount to which the town was entitled by law in FY 17 under the 2016 budget act, minus authorized cuts implemented later that year; see § 229 above) and
2. a decrease is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 18 and (b) town’s higher base grant amount.

The act calculates towns’ ECS grant increases and decreases for FY 19 as follows:

1. an increase is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 19 and (b) lower ECS grant amount to which the town was entitled by law in FY 18 and
2. a decrease is the difference between the (a) ECS grant amount to which the town is entitled by law in FY 19 and (b) higher ECS grant amount to which the town was entitled by law in FY 18.

The act removes calculations for FY 17 ECS grant increases and decreases from prior law that were described as follows:

1. an increase is the difference between the (a) ECS grant amount received in FY 17 and (b) lesser ECS grant amount received in FY 16 and
2. a decrease is the difference between the (a) ECS grant amount received in FY 16 and (b) lesser ECS grant amount received in FY 17.

EFFECTIVE DATE: Upon passage

§§ 254-257 — JUDICIAL COMPENSATION

Rolls back a 3% salary increase for judges and certain other judicial officials that took effect July 1, 2017, and reinstates the increase on July 1, 2019

Under prior law, there was a 3% increase on July 1, 2017 in (1) salaries for judges and family support magistrates and (2) per diem rates for family support referees and judge trial referees. Under the act, this increase is rolled back upon the act’s passage and reinstated effective July 1, 2019.

The act similarly rolls back and later reinstates increases in the additional compensation that certain judges receive for performing administrative duties. The act’s changes also affect the salary or per diem rate of certain officials whose compensation, by law, is determined in relation to a Superior Court judge’s salary or state referee’s per diem rate.

EFFECTIVE DATE: Upon passage

Judicial Salaries

Table 13 shows salaries and per diem rates affected by the act.

Table 13: Judicial Salaries and Rates under the Act

<i>Position</i>	<i>Salary from July 1, 2017 until October 30, 2017; starts again effective July 1, 2019</i>	<i>Salary from October 31, 2017 until June 30, 2019</i>
Supreme Court chief justice	\$206,617	\$200,599
Chief court administrator (if a judge)	198,545	192,763
Supreme Court associate justice	191,178	185,610
Appellate Court chief judge	189,063	183,556
Appellate Court judge	179,552	174,323
Deputy chief court administrator (if a Superior Court judge)	176,277	171,143

Table 13 (Continued)

<i>Position</i>	<i>Salary from July 1, 2017 until October 30, 2017; starts again effective July 1, 2019</i>	<i>Salary from October 31, 2017 until June 30, 2019</i>
Superior Court judge	172,663	167,634
Chief family support magistrate	150,314	145,936
Family support magistrate	143,060	138,893
Judge trial referee	259/ day*	251/ day*
Family support referee	223/ day*	217/ day*

*Plus expenses, mileage, and retirement pay

Administrative Judges

The law provides judges extra compensation in addition to their annual salaries for taking on certain administrative duties. Under prior law, these amounts increased from \$1,142 to \$1,177 starting July 1, 2017. The act rolls back this increase on October 31, 2017 and reinstates it effective July 1, 2019.

The judges who receive this additional amount are (1) the appellate system's administrative judge; (2) each judicial district's administrative judge; and (3) each chief administrative judge for (a) facilities, administrative appeals, the judicial marshal service, or judge trial referees and (b) the Superior Court's family, juvenile, criminal, or civil divisions.

Other Compensation Affected

The act's provisions similarly affect the salary or per diem rates for other officials or judges whose compensation is tied to those of Superior Court judges or judge trial referees. Specifically:

1. the salaries of workers' compensation commissioners vary depending on experience and are tied to those of Superior Court judges (CGS § 31-277);
2. the salaries of probate court judges vary depending on probate district classification and range from 45% to 75% of a Superior Court judge's salary (CGS § 45a-95a);
3. senior judges receive the same per diem rates as judge trial referees (CGS §§ 51-47b & 52-434b); and
4. the probate court administrator's salary is the same as that of a Superior Court judge (CGS § 45a-75).

§ 258 — MATERIALS INNOVATION AND RECYCLING AUTHORITY PAYMENT TO HARTFORD

Requires MIRA to make a \$1 million payment in lieu of taxes to Hartford by December 1, 2017

The act requires the Materials Innovation and Recycling Authority (MIRA), by December 1, 2017, to make a \$1 million payment in lieu of taxes to Hartford.

By law, MIRA is a quasi-public agency that plans, designs, builds, and operates solid waste disposal, volume reduction, recycling, intermediate processing, and resource recovery facilities. It operates the Connecticut Solid Waste System, which includes a recycling facility and a resource recovery facility in Hartford.

EFFECTIVE DATE: Upon passage

§§ 259 & 260 — GRANTS TO REGIONAL COUNCILS OF GOVERNMENT (COGS)

Establishes, beginning in FY 18, a new type of annual grant for COGs

Beginning in FY 18 and annually thereafter, the act makes COGs eligible for a "regional services grant." The grant must be:

1. used to achieve efficiencies in delivering municipal services without diminishing the quality of such services,
2. made within available appropriations, and
3. based on a formula the OPM secretary determines.

In order to receive a grant, COGs must annually submit a grant spending plan by July 1 for the OPM secretary to approve. But for FY 18 grants, this plan must be submitted by November 1, 2017.

Under the act, COGs that receive one of the new regional services grants must annually submit a report by October 1 to the OPM secretary and Planning and Development and Finance, Revenue and Bonding committees describing:

1. grant fund expenditures;
2. regional programs, projects, and initiatives provided or planned by such COG;
3. the performance of existing programs, projects, and initiatives relative to their initial goals and objectives;
4. existing services provided by a member municipality or the state that, in the COG's opinion, could be more effectively or efficiently provided on a regional basis; and
5. recommendations for legislative action related to potential impediments to the regionalization of services.

The act also eliminates prior law's requirement that all COGs annually submit by January 1 a report to the OPM secretary and the Planning and Development Committee describing:

1. regional programs, projects, and initiatives provided or planned by such COG;
2. expenditures for programs, projects, and initiatives, including funding source and a cost-benefit analysis for each expenditure;
3. specific annual goals and objectives and quantifiable outcome measures for each program, project, and initiative that the COG administers or provides;
4. the performance of each program, project, and initiative, including any recommendations for legislative action; and
5. existing services provided by a municipality or state that, in the COG's opinion, could be transferred to such COG and any efficiency associated with such transfer.

EFFECTIVE DATE: Upon passage

§§ 261 & 262 — TORRINGTON DSS PILOT PROJECT

Allows DSS, in partnership with Torrington's community action agency, to establish a 12-month pilot project to streamline social services to eligible, low-income individuals

The act allows the Department of Social Services (DSS) commissioner, in partnership with Torrington's community action agency, to establish a 12-month pilot project to provide streamlined social services to assist individuals who qualify for assistance from DSS or a community action agency (i.e., "eligible, low-income individuals") with achieving economic independence. Under the act and existing law, a "community action agency" (CAA) is one that has been designated and authorized to accept funding from the state under the Community Services Block Grant.

EFFECTIVE DATE: Upon passage

Pilot Project Objectives

Under the act, the pilot project must assist eligible, low-income persons with achieving economic independence. The project must also include the transfer of certain DSS staff from the department's Torrington office to the Torrington CAA in order to provide on-site eligibility determinations for DSS-administered assistance programs. In achieving the required transfer, the act prohibits the DSS commissioner from reducing department staff.

Pilot Project Funding

The act appropriates \$100,000 to DSS for FY 18 for rental and overhead expenses associated with relocating DSS staff and for additional costs related to the pilot project. It prohibits the governor from reducing any FY 18 allotment for DSS that results in the early termination of the pilot project.

Case Conference Meetings

The act requires the Torrington CAA to coordinate community-wide case conference meetings of service providers to address systemic barriers to economic independence faced by eligible low-income individuals. In coordinating these meetings, the CAA must consult with service providers that may include the:

1. departments of Children and Families, Correction, Education, Housing, Labor, Mental Health and Addiction Services, Rehabilitation, and Social Services;
2. Torrington Housing Authority;
3. Northwestern Connecticut Transit District;
4. Northwestern Connecticut Community College;

5. Torrington Superior Court;
6. Office of Adult Probation serving Torrington; and
7. regional education service center serving western Connecticut.

Legislative Report

The act requires the DSS commissioner, in consultation with the Torrington CAA, to report to the Human Services Committee by January 1, 2019 on the (1) number of people the pilot project served; (2) services provided; and (3) documented outcomes in jobs, housing, and education obtained.

§ 263 — UNLOADING AND INSPECTING ALCOHOL SHIPMENTS

Generally codifies an existing regulatory requirement that alcohol manufacturers and wholesalers inventory and unload alcohol; gives DCP oversight to ensure compliance; and deems any violation a CUTPA violation

The act generally codifies an existing regulation that prohibits wholesaler and manufacturer permittees from selling or delivering alcoholic liquor unless they first receive, inventory, and unload the product into their warehouse facility before shipping to a retailer (Conn. Agencies Regs., § 30-6-B9). Under the act, the DCP commissioner or her authorized agent may inspect such wholesaler's or manufacturer's permit premises, books, and records to ensure compliance. Violators are deemed to have committed a CUTPA violation.

The act's unloading and inspection requirements do not apply to the sale, delivery, or shipment of wine delivered by an out-of-state (1) shipper's permittee for alcoholic liquors that operates a farm winery or (2) small winery shipper's permittee for wine. By law, such out-of-state permittees must not produce more than 100,000 gallons of wine annually.

EFFECTIVE DATE: Upon passage

§ 264 — DISTRICT HEATING SYSTEM

Requires an electric company to conduct a procurement for a combined heat and power system owned by a thermal energy transportation company and compatible with a district heating system; requires the company to recover costs of the procurement from ratepayers

The act requires an electric distribution company (EDC, e.g., United Illuminating) to conduct a procurement by January 1, 2018, for electricity and renewable energy credits from a combined heat and power (CHP) system located in a distressed municipality with a population over 127,000. The act requires the CHP system to:

1. have a nameplate capacity of no more than 10 megawatts,
2. be compatible for use with a district heating system,
3. be procured and owned by a thermal energy transportation company through a competitive bidding process, and
4. be installed at a location that will maximize the efficient use of thermal energy from the CHP system by a thermal energy transportation company.

The act allows the CHP system to include fuel cells.

Under the act, the procurement is in furtherance of the state's Comprehensive Energy Strategy as it relates to the evaluation of district heating and thermal loops in high-density areas. By law, district heating systems and thermal loops are generally operated by thermal energy transportation companies (CGS § 16-1(a)(44)). CHP systems produce electric power and thermal energy from a single source. Thus, under the act, the EDC procures electric power from a CHP connected to a district heating system that can be fueled by the CHP's heat.

The act allows the EDC to enter into a power purchase agreement (PPA) after reviewing any proposals submitted in response to the procurement. Under the act, the PPA is with the thermal energy distribution company (presumably, a thermal energy transportation company) for the purchase of electricity and renewable energy credits and is for a term of up to 20 years.

The act requires the CHP's thermal energy to be subject to firm customer commitments to subscribe to thermal energy services from the thermal energy transportation company for the PPA's term.

Under the act, the EDC must submit the PPA to the Public Utilities Regulatory Authority (PURA) no later than 15 days after entering into it. The act requires PURA to evaluate the PPA and allows PURA to approve the PPA if it finds that the agreement complies with the act's requirements and serves the long-term interests of ratepayers. The act prohibits PURA from approving a PPA supported in any form of cross subsidization by entities affiliated with the EDC.

The act requires the EDC to recover the net costs of any approved PPA (including the EDC's costs under the PPA and its reasonable costs incurred in connection with it) on a timely basis through a reconciling component of electric rates as determined by PURA that cannot be bypassed when switching electric suppliers. The act prohibits the EDC from recovering from ratepayers more than the PPA's full cost as approved by PURA.

Under the act, the EDC must credit to customers any net revenues from the sales of products purchased in accordance with the PPA through the same rate component used for cost recovery. The EDC must decide whether to sell or retain Class I and Class III renewable energy certificates by determining which option is in the ratepayers' best interest and consistent with the procurement plan for standard service.

EFFECTIVE DATE: Upon passage

§ 265 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO DECREASED AID

Allows municipalities to amend adopted budgets and adjust tax levies if they receive less state aid than projected

For FYs 18 and 19, the act allows municipalities that adopt, adjust, or modify a budget; make budget-related transfers; or levy taxes before the state adopts its FY 18 or FY 19 budget; to amend their budgets and levies if the state's budget provides less in state aid than projected in the municipality's budget.

Amending Education and Noneducation Budgets and Making Transfers

The act allows municipalities to amend their:

1. education budgets in the same manner the budget was originally adopted, adjusted, or modified as long as the amendment does not exceed the educational cost sharing (ECS) grant decrease and
2. noneducation budgets in the same manner the noneducation budget was originally adopted, adjusted, or modified as long as amendment does not exceed the state aid decrease (excluding ECS grant decreases).

The act also authorizes municipalities to make transfers between accounts without following their normal budget processes as long as the transfers are approved by a majority of the legislative body.

The act specifies that budget amendments or account transfers, except those made by an alliance district, will not impact future ECS grant or minimum budget requirement calculations.

Adjusting Levies Following Budget Adjustment

Under the act, by February 1, 2018 for FY 18 and January 1, 2019 for FY 19, municipalities may adjust tax levies and any remaining tax installments or issue supplemental bills.

Applicability

The act's authorization applies regardless of conflicting (1) statutes affecting municipalities, property tax levy and collection, and the minimum budget requirement; (2) special acts; or (3) municipal charters or home rule ordinances.

"Municipalities" covered by the authorization are any towns, cities, boroughs, consolidated towns and cities, and consolidated towns and boroughs. Under the act, "legislative body" means town or city council or board of selectmen, aldermen, directors, representatives, or the warden and burgesses.

EFFECTIVE DATE: Upon passage

§ 266 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID

Authorizes municipalities and regional boards of education to amend adopted budgets and adjust tax levies if they receive more state aid than projected

The act allows municipalities and regional boards of education that adopted a budget or levied taxes for FY 18 before the state adopted its FY 18 budget to change their budgets and levies if the state's budget provides over \$100,000 more in state aid than the board or municipality projected.

PA 17-4, JSS (§§ 20 & 28) repeals this provision and replaces it with a similar authorization. Please see the Public Act summary for PA 17-4 for a summary of these changes.

Budget and Levy Adjustments

Under the act, municipalities and boards may (1) amend their budget in the same manner that it was originally adopted, in an amount not exceeding the increase in state aid to the board or municipality, and (2) by January 1, 2018, adjust tax levies and any remaining tax installments.

Under the act, municipalities that collect taxes in a single installment may issue supplemental bills reflecting the repeal of the motor vehicle mill rate cap (the act does not repeal the cap).

Applicability

The act's provisions apply regardless of conflicting (1) statutes affecting education and boards of education, municipalities, and property tax levy and collection (including the provisions concerning installments); (2) special acts; or (3) municipal charters or home rule ordinances. "Municipalities" covered by the act's authorization are any towns, cities, boroughs, consolidated towns and cities, and consolidated towns and boroughs.

EFFECTIVE DATE: Upon passage

§ 267 — SUPERINTENDENTS FOR MULTIPLE TOWNS

Allows boards of education that share a superintendent to hold regular joint meetings at least once every two months

Notwithstanding any state or local law, the act allows boards of education that jointly employ the same superintendent to hold regular joint meetings, at least once every two months, in order to reduce expenses and align their provision of education.

EFFECTIVE DATE: Upon passage

§§ 268-273 & 276 — CITIZENS' ELECTION PROGRAM (CEP)

Makes changes to the CEP, including establishing a grant reduction schedule; increasing the maximum individual qualifying contribution (QC) amount; and adjusting QCs for inflation

The act makes changes affecting QCs and grants under the CEP, the state's voluntary public campaign financing system available to legislative and statewide office candidates.

EFFECTIVE DATE: Upon passage

QC Increase and Adjustments

By law, candidates qualify for the CEP by raising an aggregate amount of QCs, which under prior law ranged from \$5 to \$100. QCs must come from individual donors, and the required aggregate amount depends on the office sought.

The act (1) increases the individual QC limit from \$100 to \$250, effective December 1, 2017, and January 1, 2019, for legislative and statewide office candidates, respectively. It also requires the State Elections Enforcement Commission (SEEC) to adjust the maximum individual amount, as well as the aggregate QC amounts required to qualify, for inflation. It leaves the \$5 minimum unchanged.

Under the act, adjustments to the QC range must be rounded to the nearest multiple of \$10 with exactly \$5 rounded up. Similarly, adjustments to the aggregate amount must be rounded to the nearest multiple of \$100 with exactly \$50 rounded up.

By increasing the required aggregate QC amounts, the act also increases the CEP spending limits. Generally, under the program candidates must limit spending to the amount of allowable QCs; grants from the Citizens' Election Fund; and allowable personal funds (CGS § 9-702(c)).

The table below shows when the changes to the QC amounts occur.

Table 14: QC Increase and Inflationary Adjustments

<i>Candidates For</i>	<i>Maximum Individual QC Amount Increases from \$100 to \$250</i>	<i>First Inflationary Adjustment to Maximum Individual QC Amount of \$250</i>	<i>First Inflationary Adjustment to Aggregate QC Amount</i>
Governor and lieutenant governor	January 1, 2019	January 15, 2022	January 15, 2022
Other statewide offices	January 1, 2019	January 15, 2022	January 15, 2018
State senator	December 1, 2017	January 15, 2020	January 15, 2018
State representative	December 1, 2017	January 15, 2020	January 15, 2018

Adjustments to Maximum QC Amount. Beginning with primaries and elections held in 2020 for legislative office candidates, the act requires SEEC to adjust the maximum individual QC amount by January 15, 2020. The adjustment must be based on any change in the Consumer Price Index for All Urban Consumers (CPI-U) from January 1, 2017, to December 31, 2019. After 2020, SEEC must adjust the amounts every two years by January 15, basing the adjustment on the CPI-U change from January 1, 2017 through December 31 in the year before the election.

Beginning with primaries and elections held in 2022 for statewide office candidates, the act requires SEEC to adjust the QC amount by January 15, 2022. The adjustment must be based on any change in the CPI-U from January 1, 2017, to December 31, 2021. After 2022, SEEC must adjust the amount every four years by January 15, basing the adjustment on the CPI-U change from January 1, 2017 through December 31 in the year before the election.

Adjustments to Aggregate QC Amounts. Beginning with primaries and elections held in 2018 for legislative and statewide office candidates, other than candidates for governor or lieutenant governor, the act requires SEEC to adjust the aggregate QC amounts, by January 15, 2018, based on CPI-U changes. As with the adjustments to the maximum QC amounts, SEEC must adjust the aggregate amounts every two years for legislative office candidates and every four years for statewide offices candidates, using the same methodology described above (i.e., using CPI-U changes from January 1, 2017).

Beginning in 2022, SEEC must adjust the aggregate QC amounts, by January 15, 2022, for candidates for governor and lieutenant governor. SEEC must adjust the amount every four years by January 15, basing the adjustment on the CPI-U change from January 1, 2017 through December 31 in the year before the election.

Grants for the 2018 Election Cycle

By law, SEEC must adjust CEP grant amounts for inflation before each regular election for statewide or legislative office candidates. SEEC last adjusted these amounts in 2014 and 2016, respectively. The act eliminates the requirement that SEEC adjust the CEP grants for the 2018 election cycle.

Grant Reduction Schedule

The act establishes a four-step grant reduction schedule under which candidate committees receive reduced grants, beginning 70 days before the election, the closer to the election that they submit their application. The schedule applies to general election grants for major, minor, and petitioning party candidates. (PA 17-4, JSS (§ 27) limits the grant reduction schedule to regular election grants.)

Table 15 below shows the act’s grant reduction schedule.

Table 15: Grant Reduction Schedule *

<i>Days Before Election When Application Received</i>	<i>% of Applicable Grant Received</i>
70 through 57 days	75%
56 through 43 days	65%
42 through 29 days	55%
28 days through the last day that SEEC accepts applications	40%

*Applies to major, minor, and petitioning party candidates.

By law, for a general election, SEEC accepts grant applications starting on the third Wednesday in May in the election year (e.g., May 18, 2016), and every subsequent Wednesday, through the fourth to last Friday before the election (e.g., October 14, 2016) (CGS § 9-706(g)(1)).

§ 274 — SEEC

Revises SEEC's process for reviewing complaints

By law, SEEC receives complaints from the secretary of the state, registrars of voters, town clerks, and individuals under oath about alleged election law violations. It investigates and holds hearings as it deems appropriate.

The act revises SEEC's process for reviewing complaints before determining whether probable cause exists to believe that a violation occurred. It also requires SEEC to dismiss any complaint it receives on or after January 1, 2018, that it has not adjudicated within one year after receiving it.

Under existing law, unchanged by the act, if the commission makes a probable cause determination the case generally proceeds to a contested case hearing, which SEEC holds in accordance with the Uniform Administrative Procedure Act.

EFFECTIVE DATE: Upon passage

Preliminary Examination

Under the act, commission staff must conduct and complete a preliminary examination of a complaint within 14 days after receiving it. At that time, the act requires commission staff to do one of the following:

1. dismiss a complaint that fails to allege, with supporting evidence, a substantial violation of state election law;
2. attempt to speedily resolve a complaint about a de minimus violation by engaging the respondent in discussions; or
3. investigate and docket the complaint for a probable cause determination by the commission.

The act requires commission staff to provide a brief, written statement setting forth the reasons for any complaint dismissal. It also requires staff to docket a complaint for a probable cause determination by the commission for any complaint it is unable to resolve within 45 days after receipt.

Deadlines

For complaints received on or after January 1, 2018, the act requires SEEC to issue a final decision within one year after receipt or dismiss the complaint. Under the act, if any of the following actions delays the issuance of a final decision, the length of the delay is added to the one-year deadline:

1. commission or commission staff grants a respondent an extension or continuance before issuing the decision;
2. a subpoena is issued in connection with the complaint;
3. litigation in state or federal court is related to the complaint; or
4. consultation with the chief state's attorney, attorney general, U.S. Department of Justice, or U.S. attorney for Connecticut.

Under existing law, unchanged by the act, if SEEC has not either issued a decision or made a probable cause determination by 60 days after receiving a written complaint, the complainant or respondent may apply to Hartford Superior Court for an order to show cause why the commission has not acted and provide evidence that it has unreasonably delayed action. Complaints that the secretary of the state files must be disposed of more quickly.

§ 275 — POST-ELECTION AUDIT

Changes the formula SEEC must use to audit legislative candidate committees following a primary or election

The act changes the formula SEEC must use to audit legislative candidate committees following a primary or election. Under prior law, SEEC had to randomly select these candidate committees by lottery.

The act requires that the random lottery be weighted by taking into account the frequency with which a legislative district was audited during the last three regular elections for that office. The formula must increase or decrease the likelihood that a district will be selected for audit based on this frequency.

By law, SEEC must audit all statewide office candidate committees after a primary or election. It cannot audit more than 50% of legislative candidate committees and must notify those committees of the audit no later than May 31 of the year following the election.

EFFECTIVE DATE: Upon passage

§ 277 — TEACHERS' RETIREMENT FUND ACTUARIAL ASSUMPTIONS STUDY

Requires the Teachers' Retirement Board to (1) study the impact of potential changes in actuarial assumptions used in the Teachers' Retirement Fund's valuation and (2) report its findings and recommendations to the legislature

The act requires the Teachers' Retirement Board, by June 30, 2018, to study the impact of potential changes in actuarial assumptions used in the Teachers' Retirement Fund's valuation, including the assumed annual investment rate of return and the period and methodology for amortizing unfunded liabilities on the following:

1. annual actuarially determined employer contributions,
2. funded and unfunded liabilities, and
3. funding ratio estimated over a period of at least 30 years.

By December 1, 2018, the act requires the board to submit a summary of the study's results and any recommendations for changes to the actuarial assumptions to the Appropriations and Education committees.

EFFECTIVE DATE: Upon passage

§§ 278-319 & 732 — STATE DEPARTMENT ON AGING CONSOLIDATION

Consolidates the state Department on Aging (SDA) within the Department of Social Services (DSS); transfers the Long-Term Care Ombudsman Program from SDA to OPM

The act consolidates the State Department on Aging (SDA) within DSS and authorizes the governor, with the Finance Advisory Committee's approval, to transfer funds between the departments in FY 18. Additionally, the act transfers to DSS all SDA functions, powers, duties, and personnel. Specifically, it transfers to DSS authority over the following functions, among others:

1. serving as the designated "state unit on aging" under the federal Older Americans Act (OAA) and administering related programs;
2. allocating OAA funding to the state's five area agencies on aging;
3. overseeing municipal agents for the elderly;
4. awarding state grants for elderly community services and programs and using up to 5% of funds appropriated for these grants for related administrative expenses;
5. establishing and overseeing a fall prevention program, within available appropriations;
6. operating the CHOICES Medicare counseling, Statewide Respite, Community Choices, and elderly nutrition programs;
7. establishing an outreach program to educate consumers on long-term care, including financing, asset protection, and insurance; and
8. providing information to help people choose appropriate long-term care insurance.

Under the act, SDA orders and regulations continue in force as DSS orders and regulations until amended, repealed, or superseded.

Additionally, the act transfers the Long-Term Care Ombudsman Office from SDA to OPM.

EFFECTIVE DATE: Upon passage

§ 320 — PAYMENTS FOR RETIRED TEACHERS HEALTH INSURANCE

Authorizes a reduction in state payments for FYs 18 and 19 to the Teachers' Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education

The act authorizes a reduction, for FYs 18 and 19, in state payments to the Teachers' Retirement Board (TRB) for costs of retiree health plans offered by (1) the TRB and (2) local or regional boards of education.

The act supersedes the law that requires the state to pay one-third of the premium for the basic TRB health plan for retired teachers enrolled in Medicare Parts A and B and instead requires the state to pay only the amount appropriated for FYs 18 and 19. Also, it supersedes the law that requires the state to pay one-third of the subsidy to local boards of

education that provide retiree health insurance to those who are not enrolled in Medicare Parts A and B and instead requires the state to pay only the amount appropriated for FYs 18 and 19.

Under the superseded law, the annual premiums for the basic TRB health plan are split equally among the General Fund, the retired teacher, and the retired teachers' health insurance premium account (CGS § 10-183t). As for the plans offered by local boards of education, the superseded law requires the TRB to provide a subsidy to local school boards to offset retired teachers' local plan premiums (for the subsidy, one-third comes from the General Fund and the rest is paid by the retired teachers' health insurance premium account (CGS § 10-183t).

The act requires the retired teachers' health insurance premium account to make up the difference for both of these health plans for FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§§ 321-323 — DELINQUENCY COMMITMENTS AND JUVENILE JUSTICE SERVICES

Starting July 1, 2018, prohibits courts from committing children adjudicated delinquent to DCF; establishes transition period during which the Judicial Branch may place such a child in DCF congregate care or order DCF services; allows court-ordered facility placement for delinquent child probationary sentences; and requires the Judicial Branch to expand its juvenile justice services

Delinquency Commitments

By law, when a child is convicted as delinquent, the juvenile court may take certain actions, such as placing the child on probation. Starting July 1, 2018, the act prohibits the court from committing a child to DCF as a result of such a conviction.

But the act establishes a transitional period, from July 1, 2018 to January 1, 2019, during which the Judicial Branch may place a child convicted as delinquent in a DCF-operated congregate care setting or order the child to receive community-based DCF services. The Judicial Branch may do so only if DCF operated the setting or provided the services to delinquent children before July 1, 2018. The act requires the agencies to enter into an agreement that allows the Judicial Branch to use the settings and services and requires it to pay DCF for their use.

The act defines a child as a person who is (1) under age 18 or (2) over age 18 and allegedly committed a delinquent act while under age 18.

Probationary Sentences

When sentencing a delinquent child to probation, the act allows the juvenile court to order a period of placement in a secure, limited secure, or nonsecure residential facility. Existing law already allows the court to include certain orders and conditions on these probationary sentences, such as community service or drug testing.

Expanded Juvenile Justice Services

The act requires the Judicial Branch to expand its contracted juvenile justice services to include a comprehensive system of graduated responses with an array of services, sanctions, and secure placements available for the court, juvenile probation officers, and other Court Support Services Division (CSSD) staff. Services must be used to provide individualized supervision, care, accountability, and treatment to any child convicted as delinquent.

Under the act, the court, probation officers, and CSSD staff must apply the services and sanctions and make the placements in a manner that ensures public safety and deters future delinquency.

EFFECTIVE DATE: Upon passage

§ 324 — TWEED-NEW HAVEN AIRPORT

Earmarks funds in FYs 18 and 19 to operate Tweed-New Haven Airport

The act earmarks \$1.5 million from the Connecticut Airport and Aviation account (see § 672) in each of FYs 18 and 19 for Tweed-New Haven Airport operations.

EFFECTIVE DATE: Upon passage

§§ 325-331 — PASSPORT TO THE PARKS

Establishes a fee on motor vehicle registrations to support a new passport to the parks account, which must be used for (1) operating state parks and campgrounds; (2) funding soil and water conservation districts and environmental review teams; and (3) beginning with FY 19, paying the expenses of the Council on Environmental Quality; exempts Connecticut motor vehicles from parking fees at state parks, forests, and recreational facilities

The act establishes a supplemental, nonrefundable “passport to the parks fee” on new and renewal motor vehicle registrations. The fee is (1) \$10 for a biennial registration or (2) \$5 per year for an individual age 65 or over who chooses to renew his or her registration annually. The act requires the motor vehicles commissioner to collect the fee from the individual registering the vehicle. The fee, which must be identified on registration forms, applies to the following registration types: passenger, motorcycle, motor home, combination, and antique.

Beginning January 1, 2018, the act exempts individuals with a valid Connecticut motor vehicle license plate from paying a parking fee at any state park, forest, or recreational facility. It requires the energy and environmental protection commissioner to establish fees for and sell annual, nontransferable parking passes to nonresidents for parking throughout the calendar year at state parks, forests, boat launches, or other state recreational facilities. Under existing law, parking fees for nonresidents cannot be more than 150% of the fees charged as of April 1, 2009.

Under the act, collected passport to the parks fees must be deposited in the passport to the parks account, which the act establishes as a separate, nonlapsing General Fund account. The account must be used for the care, maintenance, operation, and improvement of state parks and campgrounds; funding soil and water conservation districts and environmental review teams; and, beginning with FY 19, paying the expenses of the Council on Environmental Quality. Money in the account may only be spent pursuant to a legislative appropriation. The account must contain all money required by law to be deposited in it and may also receive funds from private or public sources. It must contain subaccounts for funds collected from state park property for any special event of limited duration (e.g., weddings and receptions) attributable to the state park from which the funds are collected.

The act also requires certain revenue to be deposited to the passport to the parks account instead of any other fund or account as under prior law. Specifically, the act shifts to the passport to the parks account the revenue derived from the following:

1. parking, admission, boat launching, and other uses of state parks, forests, boat launches, and other state recreational facilities;
2. providing services at state parks, forests, and facilities;
3. entering into contracts with concession operators;
4. operating state parks;
5. leasing camping sites and buildings on state parks; and
6. renting state property for any special event of limited duration.

Lastly, the act makes various minor, technical, and conforming changes. For example, it specifies that the federal Clean Air Act fee required by law is nonrefundable.

EFFECTIVE DATE: January 1, 2018

§ 332 — LEGISLATIVE APPROVAL OF STATE EMPLOYEE COLLECTIVE BARGAINING AGREEMENTS

Requires the legislature to affirmatively vote in order to approve state employee collective bargaining agreements and arbitration awards; establishes caps on the time allowed to debate approval; revises the process that occurs after the legislature rejects an agreement or award

Legislative Approval Process

The act requires the legislature to affirmatively vote in order to approve state employee collective bargaining agreements and arbitration awards. Under prior law, such agreements and awards were automatically deemed approved if the legislature failed to vote to approve or reject them within 30 days after they were filed or submitted to the legislature. Under the act, they will instead be deemed rejected if the legislature fails to approve or reject them within the same time frame.

The act also imposes limits on the time allowed to debate a resolution to approve or reject an agreement or award, depending on when the debate occurs. If the debate occurs during the first 27 days of the 30-day deadline, each chamber may allow no more than six total hours of debate, with those in favor and those opposed each allocated up to three hours to speak. If the debate occurs during the last three days of the 30-day deadline, each chamber may allow up to four total

hours of debate, with those in favor and those opposed each allocated up to two hours to speak. A vote must be taken at the end of the debate.

Revised Process for Rejected Agreements and Awards

The act revises the process that occurs after the legislature rejects an arbitration award or collective bargaining agreement. Under prior law, when an award or agreement was rejected the matter was returned to the parties for further negotiating. The act instead establishes separate processes for rejected awards and agreements. Rejected arbitration awards must return to arbitration with the award from this subsequent arbitration automatically deemed approved by the legislature. Rejected collective bargaining agreements must go to arbitration under the state employee arbitration law and the subsequent arbitration award must be submitted to the legislature for approval. If the legislature rejects this award, the matter must return for further arbitration and the subsequent award from the further arbitration is automatically deemed approved by the legislature.

EFFECTIVE DATE: Upon passage

§ 333 — FISCAL ACCOUNTABILITY REPORTS

Exempts OPM and OFA from submitting annual fiscal accountability reports in November 2017

Existing law requires (1) the OPM secretary and the director of OFA to each submit annual fiscal accountability reports to the legislature's fiscal committees in November and (2) the Appropriations and Finance, Revenue and Bonding committees to meet to consider these reports by November 30 each year (CGS § 2-36b). For 2017, the act exempts (1) OPM and OFA from submitting their annual fiscal accountability reports and (2) the committees from meeting to consider them.

EFFECTIVE DATE: Upon passage

§§ 334-348 — CRUMBLING CONCRETE FOUNDATIONS

Creates a framework to assist homeowners with crumbling concrete foundations

The act provides a framework to assist owners of residential buildings (i.e., one- to four-family dwellings, including condominium and planned development units) with concrete foundations damaged by the presence of pyrrhotite ("crumbling concrete foundations"). Among other things, the act:

1. creates a captive insurance company to distribute grants and organize assistance programs, and authorizes the State Bond Commission to issue bonds of up to \$20 million per year for five years (see § 553) to capitalize and fund the captive's activities;
2. creates a Collapsing Foundations Credit Enhancement Program (CFCEP) to help homeowners obtain additional funding necessary to replace or repair crumbling concrete foundations;
3. allows taxpayers to reduce their Connecticut adjusted gross income by the amount of certain financial assistance received to repair or replace crumbling concrete foundations;
4. waives certain building permit fees for repairing or replacing crumbling concrete foundations;
5. allows an insured to sue his or her homeowners insurer for up to one year after the insurer denies a claim for coverage of a crumbling concrete foundation; and
6. prohibits, unless certain standards are adopted, using recycled material containing pyrrhotite to produce structural concrete for residential or commercial construction.

EFFECTIVE DATE: Upon passage

Captive Insurance Company (§ 336)

The act requires five "incorporators" (see below) to establish a not-for-profit captive insurance company ("captive") for the public purpose of providing assistance to owners of residential buildings with crumbling concrete foundations. Under the act, such assistance is intended to provide owners with structurally sound concrete foundations by arranging and approving a financial aid package that achieves full repair or replacement of a crumbling foundation with the lowest amount of borrowed funds.

The act sunsets the captive on June 30, 2022, or earlier if its existence is terminated by law, and vests all of its rights and properties to the state at that time.

Financial Assistance. The captive must:

1. provide financial assistance to owners of residential buildings with crumbling concrete foundations, including financial reimbursement to owners that repaired or replaced a foundation prior to the act's effective date;
2. ensure that the financial assistance is used solely to repair or replace crumbling concrete foundations; and
3. help owners obtain additional financing if needed to fully repair or replace a crumbling concrete foundation.

The captive must also:

1. develop, in coordination with the DOH, Connecticut Housing Finance Authority (CHFA), and participating CFCEP lenders, a single, unified financial assistance application for owners of residential buildings to apply for all financial assistance available for crumbling concrete foundations under the act;
2. develop financial assistance eligibility requirements and underwriting guidelines and publish them on the captive's website at least 30 days before their adoption, amendment, or modification;
3. (a) require owners to disclose any amount they receive under a homeowner's insurance policy for crumbling concrete foundations and (b) consider this amount when determining how much financial assistance to offer homeowners; and
4. approve eligible contractors and vendors and disburse funds to them on behalf of claimants for repairing or replacing foundations.

The captive must issue a decision on a homeowner's application for assistance in writing and include any information it relied upon in reaching its decision, including the relevant eligibility and underwriting criteria. A homeowner may request a review of the decision within 30 days. A final determination must be made within 30 days of receiving the homeowner's request for a review unless he or she agrees to an extension. Final determinations are subject to the board of directors' approval, and homeowners have no right to appeal.

Operations. The captive must also:

1. enter into agreements, as necessary, with CHFA or lenders participating in the CFCEP to develop additional financial products or loan programs that have terms and conditions more favorable than those available on the open market and
2. apply for any federal funds available to owners of residential buildings and condominiums with crumbling concrete foundations. (Any money received must, to the extent possible by federal law, be deposited into the Crumbling Foundations Assistance Fund.)

The act authorizes the captive to do all things necessary and desirable to accomplish its purposes, including hiring employees and contracting for administrative and operational services. It prohibits the captive from using more than 10% of funding allocated or available to it in a given calendar year for administrative or operation costs. Captive employees and agents are not state employees, but the act subjects the captive's employees, directors, agents, consultants, and contractors to certain state ethics provisions (e.g., conflict of interest) and grants the Office of State Ethics the authority to enforce these provisions.

Incorporation and Organization. The act requires five incorporators, one appointed by each of the four legislative leaders (the House speaker and minority leader and the Senate president pro tempore and Republican president pro tempore) and one by the governor, to incorporate the captive.

The four legislative leaders must also each appoint a General Assembly member as a nonvoting, ex-officio member of an organizing committee. The incorporators may appoint others to the organizing committee at their discretion. Presumably, the organizing committee assists the incorporators in establishing the captive.

Under the act, if the legislative leaders do not make their appointments within thirty days after the act's effective date, the governor must do so.

The captive must establish a volunteer board of directors that includes a real estate agent or broker; two owners of residential buildings with crumbling concrete foundations; the chief executive, or his or her designee, of a municipality with residential buildings with crumbling concrete foundations; an experienced, registered investment advisor; the executive directors of the Capitol Region Council of Governments and the Eastern Region Council of Governments, or their designees; and insurance and banking industry representatives who do not have professional relationships with any bank or insurance company that has a financial interest in buildings receiving assistance covered by the act.

The four legislative leaders must also each appoint a member of the General Assembly as a nonvoting, ex-officio member of the board of directors.

Reporting and Disclosure Requirements. The captive must, upon request of the Planning and Development, Public Safety, and Housing committees or the governor, make recommendations to improve the captive's efficiency and operation and expand eligibility for financial assistance.

It must also, in addition to any reports required of nonprofits by the IRS, submit quarterly reports to the Insurance and Real Estate; Finance, Revenue and Bonding; Planning and Development; Housing; and Public Safety committees. The reports must include information about:

1. any funding allocated or made available to the captive;
2. the total amount of financial assistance provided, by town and in aggregate;
3. the total number of assistance applications received and granted for the quarter, by town and in aggregate;
4. the total number of pending applications, including the amounts of the claims, by town and in aggregate;
5. the average application processing time; and
6. the captive's administrative and operational expenses.

These committees must also, at least annually, hold a joint public hearing on the captive's operation and financial condition.

Licensure. The act subjects the captive to existing laws regulating captive insurance companies but exempts it from having to pay a license fee in its first year or a renewal fee thereafter.

Crumbling Foundations Assistance Fund (§ 335)

The act establishes the Crumbling Foundations Assistance Fund as a separate, nonlapsing General Fund account. The account contains donations and any money required by law to be deposited into it. Money in the account must be (1) used to incorporate the act's captive insurance company and (2) transferred to the captive upon its licensure.

Under the act, donations to the fund are for helping homeowners repair or replace crumbling concrete foundations and to minimize such homes' negative municipal impact. Donations cannot be further restricted by the donor or used by the captive for any other purpose. The act (1) prohibits the captive from returning any contributions and (2) requires it to keep bond proceeds separate from all other funds in the account.

Department of Housing Requirements. The act allows DOH to apply for, receive, and administer any federal funds intended to assist owners of residential buildings with crumbling concrete foundations, including any funds available by the federal Department of Housing and Urban Development Section 108 Loan Guarantee program. All funds received in this way must be deposited into the Crumbling Foundations Assistance Fund.

Collapsing Foundations Credit Enhancements Program (§ 337)

The act creates the CFCEP, administered by CHFA, to assist eligible borrowers (i.e., residential building owners) with obtaining funding necessary to replace or repair crumbling concrete foundations. The program must make one or more financial products or credit enhancements available, including loan guarantees that may enable participating lenders to make qualifying loans with loan-to-value ratios in excess of regulatory standards.

Participating lenders must offer qualifying loans with interest rates at least 0.5% below the interest rate otherwise available to the borrower based on his or her creditworthiness.

Under the act, a "participating lender" is a depository bank or credit union participating in the program. A "qualifying loan" is any loan provided to an eligible borrower to repair or replace a crumbling concrete foundation that (1) is issued by a participating lender and subject to the lender's underwriting standards, (2) carries an interest rate in accordance with the act (see above), and (3) is made subject to the program.

The act requires CHFA to (1) seek banks' and credit unions' participation in the CFCEP and (2) develop, in consultation with the lieutenant governor and representatives from the banking and credit union industries, the program's terms, conditions, and standards at least 30 days before the program or any phase of it is available to borrowers. The terms, conditions, and standards must identify the:

1. inspection or testing needed to verify a borrower's foundation is crumbling due to pyrrhotite and
2. terms and conditions of any financial product or credit enhancement available under the program, taking into account the funding necessary to support them.

The program may be launched in phases and must allow a participating lender to make a qualifying loan with or without using any other financial products or credit enhancements developed under the program.

The act requires CHFA to publish on its website a plain language summary of the program and borrower eligibility requirements at least 15 days before the program, or any phase of it, is made available to property owners.

Pyrrhotite Standards and Prohibition on Using Recycled Pyrrhotite (§§ 338 & 346)

Under the act, if the State Building Inspector adopts a standard established by the Federal Army Corps of Engineers, National Institute of Standards and Technology, ASTM International, or other nationally recognized standards bureau for the presence of pyrrhotite in concrete intended for use in residential building foundations, then any person selling or offering such concrete must provide a purchaser or potential purchaser with written notice that the concrete complies with such standard.

The act prohibits anyone from using any part of recycled material known to contain pyrrhotite to produce structural concrete for residential or commercial construction unless such reuse meets the standards above. Under the act, a violation of this prohibition is an unfair or deceptive act or practice.

Building Permit Fee Waivers (§ 339)

The act requires municipalities to waive the application and education fees for building permit applications to repair or replace crumbling concrete foundations. This waiver requirement applies regardless of conflicting municipal charters, home rule ordinances, or special acts.

(By law, the state-required education fee is used for building and fire code training and education programs for state and local officials and individuals in the construction industry (CGS § 29-251c).)

Residential Disclosure Report (§ 340)

The act requires the DCP commissioner to include the following in the residential property condition disclosure report:

1. a recommendation that the prospective purchaser have any concrete foundation inspected by a state licensed structural engineer for deterioration and the presence of pyrrhotite,
2. a question on whether the seller knows of any testing or inspection related to the property's foundation, and
3. a question on whether the seller knows of any repairs related to the property's foundation.

Generally, individuals offering a one- to four-family residential property for sale, exchange, or lease with the option to buy must provide the prospective purchaser with a residential property condition disclosure report. The DCP commissioner prescribes the report's form. Existing law requires the report to recommend that the prospective purchaser have the property inspected by a licensed home inspector. And under existing regulations, sellers must disclose in the report any known foundation, slab, or settling problems (Conn. Agencies Regs. § 20-327b-1).

Contractual Limitations Period for Personal Risk Insurance Policies (§ 341)

The act requires personal risk insurance policies and certain condominium master and property insurance policies to allow suit against the insurer for up to one year after the date the insured receives a written denial for all or any part of a claim under a property coverage provision for a crumbling concrete foundation. The requirement applies to policies issued, renewed, or in effect on or after the act's effective date. Under existing law, a person who wants to sue a homeowners insurer over a claim denial has 24 months from the inception of loss to file suit (CGS § 38a-307).

Under the act, "personal risk insurance" means homeowners, tenants, mobile home, and other property and casualty insurance for personal, family, or household needs, but not workers' compensation and automobile insurance.

Personal Income Tax Deductions (§ 342)

The act allows taxpayers, beginning in the 2017 tax year, to reduce their Connecticut adjusted gross income by the amount of any financial assistance received from the Crumbling Foundations Assistance Fund or paid to, or on behalf of, an owner of a residential building under the act's CFCEP or municipal joint borrowing provisions. The deduction applies to the extent that the financial assistance was properly included in the taxpayer's federal gross income.

Municipal Joint Borrowing (§ 343)

The act specifies that two or more municipalities may, with the approval of their legislative bodies and subject to the Connecticut Health and Educational Facilities Authority statutes, jointly borrow funds from any source to pay for all or part of any project jointly entered into to abate a deleterious condition caused by a crumbling concrete foundation that, if left unabated, would collapse and damage the municipalities' housing stock and economies.

The act also authorizes any such municipalities who jointly borrow to enter into an agreement with the captive or any participating lender in the CFCEP to, jointly or otherwise, provide financial assistance to owners of residential buildings with crumbling concrete foundations.

Municipal Bonding Authority (§ 344)

The act specifically authorizes municipalities to issue bonds, notes, or other obligations to fund all or part of a project undertaken to abate an actual or potential deleterious condition due to a crumbling concrete foundation that, if left unabated, would collapse and damage the municipality's housing stock and economy.

Municipalities issuing bonds under this provision must do so in conformity with the municipal bonding statutes (CGS § 7-369 *et seq.*). Among other things, these provisions require that bonds mature within 20 years of the initial issuance. For purposes of this authorization, a "municipality" is any town; city; borough; consolidated town and city; consolidated town and borough; metropolitan district; special taxing district; or municipal corporation with the power to levy taxes and issue bonds, notes, or other obligations.

Quarry Quality Control Working Group (§ 345)

The act establishes an eight-member working group to develop a model quality control plan for quarries and to study the workforce of contractors engaged in repairing and replacing crumbling concrete foundations. The working group must submit its plan to the General Law Committee on or before December 31, 2018, at which point the group terminates.

The working group consists of the following members:

1. two appointed by the House speaker, one with expertise in residential home building and one with expertise in the construction industry;
2. two appointed by the Senate president pro tempore, one of whom must be a Capitol Region Council of Governments member;
3. one each appointed by the House majority and minority leaders; and
4. one each appointed by the Senate majority and minority leaders.

The act specifies that working group appointees may be legislators. It requires appointments to be made within 30 days after the act's effective date and any vacancies to be filled by the appointing authority.

The working group's chairpersons must be selected by the House speaker and the Senate president pro tempore and schedule the first meeting within 60 days after the act's effective date.

The act requires the General Law Committee's administrative staff to also serve as the working group's administrative staff.

Homeowner Advocate (§ 347)

The act establishes a special homeowner advocate within DOH responsible for:

1. coordinating state efforts to assist homeowners with crumbling concrete foundations;
2. working with the federal government on federal support for such homeowners;
3. advising and assisting such homeowners in making claims for financial assistance from the captive insurance company and accessing any other available assistance or support;
4. referring eligible homeowners to any entities providing support or assistance;
5. helping to resolve complaints against the captive; and
6. reporting, at least annually, to the Insurance and Real Estate; Finance, Revenue, and Bonding; Planning and Development; Housing; and Public Safety committees on these complaints and testifying at any associated hearings held by these committees.

Contractor Training Program (§ 348)

The act requires the consumer protection commissioner, in consultation with the labor commissioner and within available appropriations, to establish a training program for contractors repairing or replacing crumbling concrete foundations.

§§ 349-376 — MUNICIPAL ACCOUNTABILITY REVIEW BOARD

Establishes a process through which financially distressed municipalities may issue deficit financing bonds and obtain state financial assistance if they submit to state fiscal oversight by the Municipal Accountability Review Board, also established by the act

The act provides a process through which financially distressed municipalities may issue deficit financing bonds and obtain state financial assistance if they agree to state fiscal oversight and control. The process classifies municipalities based on financial distress criteria and assigns them to one of four tiers, each subjecting a municipality to an increasingly higher degree of state fiscal oversight and control.

The act establishes an 11-member Municipal Accountability Review Board (MARB) to provide this oversight and control. For municipalities that receive the most distressed designation, tier IV, the MARB (1) assumes control of the town budget, (2) may reject proposed collective bargaining agreements, and (3) may impose binding arbitration on parties negotiating employee contracts. The board consists of state officials and members with municipal government, labor, and business expertise appointed by the governor or legislative leaders.

The act’s four-tier designation process is an alternative to the existing two-tier certification process, which allows certified municipalities to issue deficit financing bonds if they agree to state fiscal oversight and control by the Municipal Finance Advisory Commission (MFAC), a state body authorized to oversee the finances and administration of financially distressed municipalities (see *background*).

EFFECTIVE DATE: Upon passage

Certified and Designated Municipalities

The act adds an alternative to the existing process through which financially distressed municipalities can use certain deficit-financing methods to secure their bonds.

Certified Municipalities. Under the existing process, a municipality may access these methods based on statutory criteria that classifies municipalities into two tiers, which the act labels certified tier I and certified tier II, with each tier subjecting a municipality’s finances to MFAC’s oversight.

Table 16 shows the certification criteria, which reflect a municipality’s bond rating.

Table 16: Criteria for Certified Tier I and Tier II Municipalities Under Existing Law

<i>Certified Tier I</i>	<i>Certified Tier II</i>
Has a long-term investment grade or higher bond rating	Has a long-term investment grade or higher bond rating
Unable to obtain bond insurance on reasonable terms and conditions	Unable to obtain bond insurance on reasonable terms and conditions
Meets other Office of Policy and Management (OPM) standards	Has not issued a deficit obligation within the last five years
	Has no outstanding deficit obligations
	Meets other standards established by OPM

The act eliminates the requirement that the OPM secretary establish other standards for tier I and II certification in regulations and instead requires him to do so only in writing and post the standards on OPM’s website (§ 362).

By law, certified tier II municipalities are subject to more state fiscal oversight and control than certified tier I municipalities. The MFAC exercises the oversight and control.

Designated Municipalities. The act’s alternative process allows municipalities to request classification as a designated tier I, II, III, or IV municipality based on criteria the act establishes. Designated tier I municipalities, like certified tier I and certified tier II municipalities, are subject to oversight by MFAC. Designated tier II, III, and IV municipalities are subject to increasingly greater degrees of state fiscal oversight and control as exercised by MARB.

The increase in state oversight and control corresponds to a municipality’s overall fiscal condition, as reflected in the designation criteria. The criteria include the capacity to issue bonds based on standard industry ratings, the degree to which a municipality depends on state aid to fund its budget (i.e., state aid as a percentage of total revenue), the ability to operate efficiently and generate fund balances, percentage of year to year revenue increases, and equalized mill rate.

As explained below, municipalities initiate the process by requesting the OPM secretary to assess their fiscal condition and assign a designation based on the act’s criteria. But the act also specifies other criteria under which the

secretary must assign a municipality a specified tier designation. For example, he must designate any municipality that issues a bond to finance a general fund deficit as tier III municipality.

Designated Tier I Municipalities (§ 360)

Designation Criteria. Under the act, a municipality’s chief elected official (CEO) may apply to the secretary to have the municipality designated as a tier I municipality if it meets one of the three sets of criteria for each measure shown in Table 17.

Table 17: Tier I Designation Criteria

<i>Measures</i>	<i>Set 1</i>	<i>Set 2</i>	<i>Set 3</i>
Bond rating	No rating or its highest rating is A or above, as long as all of its ratings are investment grade	No rating or its highest rating is A, as long as all of its ratings are investment grade	Bond rating is AA or above, as long as all of its ratings are investment grade
State municipal aid as percentage of current year general fund budget	Less than 30%	Less than 30%	30% or more of current year general fund
Fund balance	Positive	Positive fund balance of less than 5%	Positive
FY 18 municipal revenue increase as a percentage of revenue	At least 2%	Not applicable	At least 2%
Equalized mill rate	Not applicable	Not applicable	Equalized mill rate less than 30 mills

Besides “bonding capacity,” the criteria include the following budgetary and taxing terms:

1. “State municipal aid” is the funding a municipality receives from the state that is used to fund its municipal general fund and education budgets. It includes grants, formula grants, payments in lieu of taxes, reimbursements, payments, and other funding.
2. “Fund balance” refers to whether a municipality’s general fund is in the black at the end of the fiscal year, as reflected in the municipality’s most recent audited statements that were prepared according to generally accepted accounting principles. The balance is the amount by which the fund’s assets and deferred outflows exceed its liabilities and deferred inflows. (Deferred inflows and outflows refer to revenues and expenses, respectively, that have been incurred or received, but not yet recognized as such.)
3. “Fund balance percentage” is the ratio of a municipality’s year end general fund balance to the total of general fund revenues and operating transfers to the fund for that fiscal year.
4. “Municipal revenue increase” measures the extent to which municipal revenue grew between FY 17 and FY 18 as a share of a municipality’s total FY 16 general fund revenues and operating transfers to the fund.
5. “Equalized mill rate” is the tax rate derived by dividing a municipality’s most recent grand levy by the municipality’s equalized net grand list.

State Oversight and Control. The OPM secretary must refer any municipality that requests a tier I designation to the MFAC, and the municipality must prepare and present a three-year financial plan to the commission for its review and approval.

The act also places the municipality on the same footing as those the secretary refers to the commission under existing law. Thus, among other things, the commission can make recommendations to improve the municipality’s financial conditions, and the municipality’s chief executive officer must submit a report on the status of those recommendations or any other remedial measures to improve those conditions (CGS § 7-394b).

If the chief executive officer fails to provide information or submit the report within 30 days, the MFAC may impose a civil penalty of between \$1,000 and \$10,000 on the municipality. Upon the chief executive officer’s request, the OPM secretary may waive some or all of the penalty if he determines the chief executive official had reasonable cause not to comply with the commission’s request (CGS § 7-394b).

Designated Tier II Municipalities (§§ 363 & 370)

Designation Criteria. Under the act, a municipality’s CEO may apply to the OPM secretary to have the municipality designated as a tier II municipality if it meets one of the five sets of criteria for each measure shown in Table 18.

Table 18: Tier II Designation Criteria

<i>Measures</i>	<i>Set 1</i>	<i>Set 2</i>	<i>Set 3</i>	<i>Set 4</i>	<i>Set 5</i>
Bond Rating	No rating from a bond rating agency or its highest rating is A, as long as all of its ratings are investment grade	No rating from a bond rating agency or its highest rating is A, as long as all of its ratings are investment grade	Highest bond rating is AA or higher, as long as all of its ratings are investment grade	Highest bond rating is AA or higher, as long as all of its ratings are investment grade	Highest rating is Baa or BBB, as long as all of its ratings are investment grade
State aid as percent of prior or current fiscal year general fund budget	30% or more	30% or more	30% or more	Not applicable	Not applicable
Fund balance	Positive fund balance of at least 5%	Positive fund balance of less than 5%	Not applicable	Negative	Positive
FY 18 municipal revenue increase as a percentage of revenue	At least 2%	Not applicable	Not applicable	Not applicable	Not applicable
Equalized mill rate	Less than 30 mills	Less than 30 mills	30 or more mills	Not applicable	Less than 30 mills

State Oversight and Control. The act requires the OPM secretary to refer any municipality that requests a tier II designation to MARB. And it gives MARB the same authority and responsibilities with respect to these municipalities that the law gives MFAC with respect to certified tier II municipalities. That authority includes the power to require designated tier II municipalities to prepare three-year financial plans and monthly financial reports and submit them to MARB for its review and approval in the manner its specifies.

The tier II designation also imposes certain conditions and restraints on the municipality’s fiscal practices. In preparing and adopting its budget, the municipality must include only MARB-approved assumptions about state and property tax revenue. MARB must approve or disapprove all of a tier II municipality’s debt obligations and approve them only if they improve the municipality’s financial condition.

If the municipality applies for and receives funding from the Municipal Restructuring Fund described below, it must submit its annual budget to MARB for approval (§ 370).

Designated Tier III Municipalities (§ 366)

The act specifies two avenues through which a municipality may be designated as tier III: (1) the municipality requests designation by the OPM secretary, which he must grant if it meets the act's distress criteria, or (2) the secretary designates it as tier III based on its bonding capacity regardless of whether it requested the designation.

Municipal Request. The act allows a municipality's CEO or legislative body, by majority vote, to apply to the OPM secretary to designate the municipality as a tier III municipality if it meets one of the following criteria:

1. the municipality has at least one bond rating from a bond rating agency that is below investment grade or
2. the municipality has no bond rating from a bond rating agency or its highest bond rating is A, Baa, or BBB, as long as all of its ratings are investment grade, and it has either (A) a negative fund balance percentage or (B) an equalized mill rate of 30 or more and it receives 30% or more of its current or prior fiscal year general fund budget revenues in state municipal aid.

The municipality's CEO may submit the application for tier III designation only after notifying the legislative body that he or she intends to do so and giving it the time the act requires to approve or reject the CEO's request. Under the act, the legislative body has up to 30 days from the day it received the CEO's notice to act. If the legislative body neither approves nor disapproves the CEO's decision within the 30-day period, it is deemed to have approved the decision.

The OPM secretary must designate a municipality as tier III if it meets the above designation criteria and he finds that its fiscal condition warrants a tier III designation, based on MFAC's reports and findings.

OPM Designation. Beginning July 1, 2018, the act requires the OPM secretary to designate any municipality as tier III, regardless of whether it applied for such designation, if it issues:

1. a deficit funding bond or has issued one since July 1, 2012, or
2. refunding bonds with over 25-year terms that fail to achieve net present value savings as the law requires (CGS § 7-370c, as amended by PA 17-147) and its total annual debt obligations, including the refunding bonds, exceed the obligations for the refunding bonds for the first full year after they were issued.

The act also creates an exception to the above criteria, applicable before July 1, 2018, that allows a town with a population of 120,000 or more and a bond rating of Caa1 or less to be designated.

State Oversight and Control. The OPM secretary must refer any municipality designated as tier III to MARB, whose oversight authorities and responsibilities with respect to designated tier III municipalities are described below.

Designated Tier IV Municipalities (§ 368)

While the option to request a tier I-III designation is available to all municipalities that meet the statutory financial distress criteria, the option to designate a municipality as tier IV is limited to designated tier III municipalities and signals a worsening of their financial condition. A designated tier III municipality may request a tier IV designation or MARB may, after April 1, 2018, recommend such designation based on the act's criteria. The tier IV designation subjects the municipality to more MARB fiscal oversight and control, including requiring MARB's approval for any municipal budget or tax levy.

Municipality Requested Tier IV Designation. A designated tier III municipality's CEO or legislative body may, by majority vote, apply to the OPM secretary to designate the municipality as a tier IV municipality. As with designated tier III municipalities, the CEO may submit the application only after notifying the legislative body that he or she intends to do so, and it must have up to 30 days from the notice to act. If the legislative body neither approves nor disapproves the CEO's decision after the 30 days, it is deemed to have approved the decision.

The secretary may approve the request if he determines that (1) the designation is necessary to ensure the municipality's fiscal sustainability and (2) it is in the state's best interest.

MARB Recommended Designation. The act allows the MARB, on its own initiative, to recommend changing the designation of a tier III municipality to tier IV. It allows MARB to do so based on an evaluation of the municipality's:

1. reserve fund balance;
2. short- and long-term liabilities, including the municipality's ability to meet statutorily, judicially, or contractually mandated minimum funding levels;
3. initial budgeted revenues for the previous five years compared to the actual revenue for those years;
4. budget projections for the three subsequent fiscal years;
5. economic outlook; and
6. access to capital markets.

To decide whether the municipality's fiscal condition warrants a tier IV designation, the act expands MARB's 11-member board (see below) to include the municipality's CEO, treasurer, and a legislative body member selected by that body, but it prohibits the treasurer from voting on whether to change the designation to tier IV.

MARB must submit its findings and recommendation to the OPM secretary, who must notify the public and give it 30 days to comment. (The act does not indicate how the public comment notice must be implemented.) After the 30-day comment period, the secretary must submit MARB’s findings and recommendations, along with a report on the public comments, to the governor, who must decide whether to approve or disapprove the tier IV designation.

If the OPM secretary or MARB approves the tier IV designation, and the municipality subsequently issues a deficit obligation, the municipality must retain the tier IV designation.

Designation Changes (§§ 369 & 371)

Tier I and Tier II. Under the act, a municipality designated as tier I or II must generally retain such designation regardless of any positive changes in the factors that led to its current designation until, in the fiscal years after its designation:

1. there have been no annual operating deficits in the municipality’s general fund for two consecutive fiscal years;
2. the municipality’s bond rating has either improved or remained unchanged since its most current designation;
3. the municipality has presented, and the commission or board has approved, a financial plan that projects a positive unreserved fund for the three succeeding consecutive fiscal years; and
4. the municipality’s audits for such consecutive fiscal years have been completed and contain no general fund deficit.

Under the act, a municipality whose designation was removed must remain undesignated unless a change in circumstances requires it to be designated in a higher tier than its most recent designation.

Tier III and Tier IV. Under the act, a municipality designated as a tier III or tier IV municipality retains its designation regardless of any positive changes in the factors that led to its current designation or until, in the fiscal years following that designation:

1. there have been no annual operating deficits in the municipality’s general fund for three consecutive fiscal years, but MARB may set a longer or shorter term based on the fiscal year before the municipality’s designation;
2. the municipality’s bond rating has either improved or remained unchanged since its most current designation, provided it has no bond ratings that are below investment grade;
3. the municipality has presented and the board has approved a financial plan that projects a positive, unreserved fund balance for three succeeding consecutive fiscal years covered by the financial plan; and
4. the audits for these fiscal years have been completed and contain no general fund deficit.

But a tier IV municipality that meets these criteria must still retain its designation if it issues bonds or other debt to fund a general fund deficit, as permitted under CGS § 7-568.

A municipality whose tier III or tier IV designation was removed must remain undesignated unless it:

1. has an annual operating deficit in its general fund equal to 1% or more of its completed annual general fund budget,
2. experiences an annual operating deficit in its general fund in consecutive years of any amount, and
3. has one or more bond ratings that are below investment grade.

The municipality must meet these conditions regardless of whether it issued debt secured by certain statutory mechanisms, such as the property intercept procedure, or meets the conditions for tier I-IV designation.

MARB (§ 367)

Membership. The act establishes MARB to oversee designated tier II, III, and IV municipalities, exercising the powers and performing responsibilities the act authorizes. It places MARB within OPM for administrative purposes only. Table 19 identifies the board members, their respective appointing authorities, and terms.

Table 19: MARB Membership

<i>Member</i>	<i>Appointing Authority</i>	<i>Term</i>
OPM secretary or designee (also serves as co-chairperson)	Per the act	Not applicable
Treasurer or designee (also serves co-chairperson)	Per the act	

Table 19 (Continued)

<i>Member</i>	<i>Appointing Authority</i>	<i>Term</i>
Municipal finance director	Governor	Six years, until successor appointed, but two of the governor's initial appointments serve three-year terms and all subsequent appointments serve six-year terms Persons appointed to fill a vacancy serve for the balance of the member's term
Municipal bond or bankruptcy attorney	Governor	
Town manager	Governor	
Person with organized labor experience	Governor, chosen from three recommendations by the American Federation of State, County and Municipal Employees	
Person with experience as a teacher or representing a teachers organization	Governor, chosen from three joint recommendations by the Connecticut Education Association and American Federation of Teachers—Connecticut	
One person with business, finance, or municipal management experience	Senate president pro tempore	
One person with business, finance, or municipal management experience	House speaker	
One person with business, finance, or municipal management experience	Senate minority leader	
One person with business, finance, or municipal management experience	House minority leader	
Alternates for gubernatorially appointed members, each with the same experience as the appointed member	Governor may appoint one or more alternates for his appointments if there are two or more designated tier II, III, or IV municipalities	Same term as the regular member
<i>Limited Membership Related to Tier III or IV Municipality</i>		
Municipal representatives from the town under consideration	For determining whether to designate a tier III as a tier IV, CEO, treasurer (nonvoting), and legislative body member are added to board	Limited to time it takes to make designation decision
	For designated tier IV, the following added to board as ex officio: municipality's CEO or designee, legislative body member or designee, treasurer or official responsible for issuing bonds, and minority party member of legislative body	

As noted above, the act expands the board's membership when a tier III municipality is redesignated as a tier IV municipality. The board members are not compensated for their service, but they are reimbursed for expenses incurred while performing their duties.

Operation Costs. The board may charge designated tier III and IV municipalities for expenses it incurs for work related to them, including staff and consultant costs, and the municipalities may pay for these expenses with the proceeds of deficit obligation or restructuring bonds.

Municipal Reporting Requirements. Under the act, any municipality, including its administrative units and board of education, must supply MARB with any financial reports, data, audits, statements, and any other records or documentation it needs to exercise its powers and perform its duties and functions. These reports may include:

1. proposed budgets,
2. monthly reports of the municipality's financial condition,
3. the status of the municipality's current annual budget and progress under its financial plan for the current fiscal year,
4. estimates of the operating results for all funds or accounts to the end of the fiscal year,
5. pension plan and debt projections,
6. statements and projects of general fund cash flow reserves,
7. the number of employees on the municipal payroll, and
8. debt service requirements on all of the municipality's bonds and notes for the following month.

The board must establish written procedures it deems necessary to carry out its responsibilities and meet the act's purposes.

MARB Powers and TIER III Municipalities (§ 367)

Under the act, each designated tier III municipality must work with the board and report to it. In overseeing tier III municipalities, MARB has the same powers that it has with respect to designated or certified tier II municipalities (although the act does not give MARB oversight authority over certified tier II municipalities) plus many additional responsibilities and authorities described below.

Budgetary. Under the act, when preparing their annual budgets, designated tier III municipalities must include only the assumptions MARB approved regarding state revenue and local property tax revenue and the mill rate.

Furthermore, with respect to municipal budgets, MARB must:

1. review and comment on the municipality's annual budget before the municipality's legislative body adopts it;
2. monitor compliance with the municipality's three-year financial plan and annual budget and recommend that the municipality make any changes necessary to ensure budgetary balance; and
3. obtain information on the municipality's and board of education's financial conditions and needs.

If the municipality applies for and receives state municipal restructuring funds, as described below, it must submit its annual budget to MARB for approval.

In addition to reviewing and commenting on municipal budgets, MARB may review and comment on any pending municipal or board of education contract that exceeds certain thresholds, depending on the municipality's population: \$50,000 for municipalities with populations under 70,000, and \$100,000 for those with populations of 70,000 or more. To effectuate this power, MARB may require the municipality or board of education to notify it at least 30 days before executing a contract. But first it must establish, in consultation with the municipality and board, applicable policies and procedures.

Bonding. With respect to debt obligations, MARB must approve certain obligations and review and comment on others. It must approve:

1. debt obligations issued by a designated tier III municipality that is eligible to issue bonds supported by a special capital reserve fund (SCRF), including general obligation bonds to fund a deficit, and
2. bonds issued to refund existing debt.

In both cases, MARB approves the issuance if at least five of its members approve and, in its judgement, the debt is needed to improve the municipality's financial condition. MARB may set up to 40-year terms for repaying the debt.

Collective Bargaining Agreements. The act gives MARB authority to approve or reject any municipal or board of education collective bargaining agreement or amendment negotiated under the statutes. Under the act, MARB has the same opportunity and authority to act on these agreements and amendments as the municipality's legislative body and can exercise that authority on no more than two occasions.

Binding Arbitration Awards. The act similarly gives MARB power to reject arbitration awards affecting municipal employees or board of education administrators. MARB has the same opportunity and authority as the municipality's legislative body or board of education to reject an award and can exercise that authority on no more than two occasions. When MARB votes to reject an award, it must provide a written statement to that effect to the State Board of Mediation and Arbitration or the education commissioner and the administrators' union. MARB's authority does not extend to teachers' union awards.

Efficiency Improvements. The act authorizes MARB to assess how a designated tier III municipality and its board of education operate and to recommend the appropriate steps they can take to reduce costs, improve services, and advance the act's purposes by operating and managing more efficiently and productively. The recommendations may include policies and procedures to ensure that employees responsibly use municipal and board of education vehicles, credit and purchasing cards, and other property and resources.

MARB may also require the municipality or board of education to apply specific practices and principles intended to maximize the value of the service they provide while minimizing waste the service generates. MARB may also require them to take certain steps to improve the municipality's fiscal sustainability and vitality. These include efforts to establish common strategies and goals and organizational changes based on how the municipal agencies and the board of education affects the municipality, its residents, businesses, and employees.

Staff and Consultants. MARB may, in consultation with designated tier III municipalities, retain staff and hire consultants experienced in municipal finance, municipal law, governmental operations and administration, or municipal accounting as the board deems necessary or desirable for achieving its purposes. It may also consult with federal, state, quasi-public, and nongovernmental agencies to accomplish these purposes.

Mandated Collective Bargaining Mediation Assistance for Designated Tier III Municipalities with Populations of At Least 100,000 (§ 367)

Under the act, a tier III municipality with 100,000 or more people must request mediation assistance when negotiating employee contracts. The municipality's legislative body must designate one of its members to provide the assistance, and the parties to the negotiations must ask the OPM secretary to designate a staff member for that purpose. These mediators must meet with the parties negotiating the contract and may help them resolve differences with respect to their proposals' benefits and costs. The mediators may assist the parties for no more than 60 days.

MARB's Powers and Tier IV Municipalities (§ 368)

Overview. Since the tier IV designation represents the highest degree of financial distress, the act increases MARB's authorities and responsibilities with respect to designated tier IV municipalities. MARB has the same authorities and responsibilities that it has with respect to designated tier III municipalities, plus the following additional or superseding authorities and responsibilities:

1. review and approve or disapprove the municipality's annual budget, certain funds and fees (see below), bond ordinances, and bond resolutions;
2. monitor compliance with the municipality's three-year financial plan and annual budget and require the municipality to make any changes necessary to ensure budgetary balance in the plan and budget;
3. approve or reject certain collective bargaining agreements to be entered into by the municipality or any of its agencies or administrative units (see below);
4. impose binding arbitration on the parties negotiating collective bargaining agreements;
5. require MARB approval of proposed budget transfers and contracts exceeding specified amounts;
6. exercise certain powers with respect to the board of education's budget (see below);
7. appoint the municipality's financial manager (see below); and
8. approve and authorize the issuance of general obligations, including designated tier IV municipalities that are otherwise ineligible to issue such bonds (see below).

Annual Municipal Budget. MARB has the authority and responsibility to review and approve or disapprove the municipality's annual budget, including the general fund, other governmental funds, enterprise funds, and internal service funds. A municipality's annual budget, annual tax levy, or user fee does not become operative until MARB approves it. The act also requires MARB's approval if the municipality applied for and received state municipal restructuring funds, as described below.

If MARB disapproves any annual budget for the next fiscal year, the act sets deadlines by which MARB and the municipality's legislative body must act before that year begins (July 1). MARB has until May 21 to specify its reasons for disapproving the budget, and the legislative body has until June 15 to resubmit the budget. If the legislative body does not adopt a budget by that date, MARB must adopt an interim budget and set a tax rate and user fees. The interim budget remains in effect until the municipality submits, and MARB approves, a modified budget. The act waives any deadlines for doing so set in state law or in a local law, charter, ordinance, or resolution.

Once adopted, MARB may require its approval of any proposed budget transfers that exceed \$50,000 according to policies and procedures it must establish in consultation with the municipality.

Board of Education Annual Budget. Under the act, MARB may require (1) that it review, approve, disapprove, or modify the board of education's annual budget on a line item basis and (2) the submission of any budget transfers. MARB must consult with the board on establishing policies and procedures to meet these requirements.

Contracts. The act allows MARB to require its review and approval of municipal and board of education contracts that exceed (1) \$50,000 for designated tier IV municipalities with populations under 70,000 and (2) \$100,000 for those with populations of 70,000 or more. A municipality or board must notify MARB about these contracts and submit them to it at least 30 days before executing them. MARB must establish, in consultation with the municipality and board, policies and procedures for meeting this requirement.

Collective Bargaining Agreements. The act authorizes MARB to approve or reject proposed municipal or board of education collective bargaining agreements for a new term and any modifications, amendments, or reopeners to existing agreements. In doing so, MARB may indicate the total cost impact or savings that are acceptable in a new agreement or modification, amendment, or reopener to any existing one. The parties negotiating these provisions may, by mutual consent, request MARB's guidance regarding the area and level of savings acceptable to it, which they may do at any time during the negotiation and before reaching an agreement.

If the MARB rejects an agreement or a modification, amendment, or reopener, it must specify the reasons for its decision, citing the provisions, present or missing, that are at issue. The negotiating parties then have 10 days from the rejection date to consider MARB's concerns and propose a modified agreement. After the 10-day period, MARB must approve or reject the parties' modifications.

However, if the parties cannot agree on a modification or MARB rejects their proposed modification, MARB must impose binding arbitration on them as specified below. The arbitration must address the issues MARB identified as preventing the parties from reaching agreement or causing it to reject the agreement. In specifying the issues that must be arbitrated, as well as deciding whether to reject a proposed agreement, MARB may consider or include matters the parties did not raise or negotiate. Before acting on a modification, amendment, or reopener, MARB must give the parties an opportunity to make a presentation.

Binding Arbitration. The act authorizes MARB to:

1. impose binding arbitration on municipal or board of education collective bargaining agreements that are in or subject to binding arbitration on the 75th day after negotiations begin or
2. reject an arbitration award pending potential municipal or board of education action on the day MARB is established.

The act specifies MARB's authorities and responsibilities if it imposes binding arbitration or rejects an arbitration award. In both cases, these authorities and responsibilities apply only after MARB rejects an agreement or award, as the act allows. For agreements and arbitration awards under the education collective bargaining law, this authority only applies to school administrator contracts after the board has rejected an award on two occasions. It must recommend a list of three potential arbitrators to the governor and use the arbitrator he selects. The list must include former state and federal judges and other people who have experience with arbitration or similar proceedings. Before the governor makes his selections, the parties negotiating the collective bargaining agreement may recommend potential arbitrators to MARB, which may recommend these and others to the governor. MARB may reduce by one-half any statutory time limit applicable to the binding arbitration process.

The act also sets conditions under which MARB must replace an existing binding arbitration panel. MARB must immediately replace any panel that exists on the date the municipality is designated as a tier IV municipality with an arbitrator in the same manner described above. It must also do the same if it rejects a pending arbitration award.

If MARB imposes binding arbitration or replaces an arbitration panel, it may consider and include in the collective bargaining agreement other offers and matters besides the last best offers or the matters the parties raised or negotiated in the agreement, but, if it does so, it must state its reasons for considering and including them.

Arbitrator. The act also specifies the arbitrator's authorities and responsibilities and the timeline for making decisions. The arbitrator must allow MARB to make a presentation. Besides any statutory factors the arbitrator must consider when acting on a municipal or board of education collective bargaining agreement, it must give the highest priority to the short- and long-term fiscal exigencies that resulted in the municipality's tier IV designation.

The act also specifies the steps and timeline for making an arbitration decision:

1. Within 10 days of the arbitrator's decision, MARB may request the arbitrator to reconsider it, stating MARB's position on how the decision affects the municipality's short- and long-term fiscal sustainability.
2. Within five days after MARB's request, the negotiating parties may submit comments responding to MARB's stated position.
3. Within 30 days of MARB's request, the arbitrator may, based on the arbitration record, modify or maintain his or her original decision.

Municipality's Financial Manager. MARB may appoint a financial manager and delegate to him or her, in writing, certain review, comment, and investigatory powers it deems necessary or appropriate for managing the municipality's financial and administrative affairs while the municipality is subject to the board's powers. But MARB may override any action the manager takes at the time.

MARB may specifically delegate to the manager the power to monitor compliance with the municipality's three-year financial plan and annual budget and require the municipality to make any changes necessary to ensure budgetary balance in the plan and budget. But it may not delegate any of the other powers or superseding authority it has with respect to designated tier IV municipalities.

The act also allows MARB to delegate to the financial managers the following responsibilities and authorities it has with respect to designated tier III municipalities:

1. review and comment on the municipality's annual budget prior to its adoption by the legislative body,
2. review and comment on proposed multi-year debt obligations that are not backed by a SCRF prior to their issuance,
3. monitor a designated tier IV municipality's compliance with the three-year financial plan and annual budget and recommend changes needed to ensure budgetary balance in the plan and budget,
4. recommend that the municipality implement efficiency and productivity measures, and
5. obtain information on the municipality's financial condition and needs.

Issuance of Obligations and Bonds. MARB may approve and authorize the issuance of obligations for deficit financing, addressing pension liabilities, restructuring debt, and other statutorily authorized purposes. Its power to do so extends to designated tier IV municipalities that are otherwise ineligible to issue such obligations.

MARB may authorize a designated tier IV municipality to issue refunding bonds regardless of the law's limitations on the forms of municipal bonds and any statutory net present value savings requirement. MARB must approve the issue of such refunding bonds only if it determines that, in its judgment, the bonds will improve the municipality's financial condition.

MARB may authorize a designated tier IV municipality to issue bonds for which the last installment of any series must mature, or the last sinking fund payment for such series of bonds must be due, within 40 years after the issuance of such bonds. MARB must approve the issuance of such bonds only if it determines that they will improve the municipality's financial condition.

Property Tax Cap (§ 372)

The act prohibits designated tier IV municipalities from adopting budgets that would increase the property tax levy by more than 3% of the levy for the prior fiscal year's budget. The OPM secretary must adopt any procedures and guidelines necessary to implement the cap.

The act allows a designated tier IV municipality to apply to MARB for an exception from the cap. In deciding whether to grant the exception, MARB must consider whether it is needed to:

1. address critical matters impacting citizens' health and welfare,
2. provide necessary funding to reduce the municipality's long-term obligations, and
3. implement court orders.

The act also allows designated tier II and III municipalities to apply for an exception, although the act does not appear to impose the property tax cap on them.

Court Action (§ 373)

The act authorizes the attorney general to apply for a writ of mandamus on MARB's behalf for the same reasons the law allows him to do so on MFAC's behalf. These include requiring a (1) municipal official or agent to implement the board's orders and (2) municipality to repay the state any funds it paid into the municipality's SCRF and comply with the agreement's or indenture's terms pertaining to fund and other statutorily authorized methods for securing bonds. With respect to the MFAC, the act eliminates the requirement that, when the attorney general applies for a writ of mandamus on its behalf, he does so with the commission acting through its chairperson.

The act also authorizes the Hartford judicial district, upon MARB's application, to enforce the board's statutory powers, an authorization that already applied to the OPM secretary, MFAC, and the attorney general with respect to the municipal deficit financing statutes.

Municipal Restructuring Fund (§ 370)

The act implicitly establishes the nonlapsing Municipal Restructuring Fund to provide financial assistance to designated tier II, III, and IV municipalities. To receive assistance, an eligible municipality must submit a plan for approval to the OPM secretary that details the municipality's overall restructuring plan, including the local actions it will take and how it will use the funds. The municipality, in consultation with its board of education, may include in the plan a reduction in the statutorily required minimum budget amount related to its education budget (i.e., the minimum budget requirement (MBR)).

In deciding whether to fund the plan, the secretary must consult with the (1) education commissioner about approving or rejecting a proposed reduction in the MBR and (2) MARB about the amount and timing of the fund distributions and the conditions on how the funds can be used.

The secretary may approve all, none, or a portion of the funds a municipality requests, basing the distribution on the municipality's relative fiscal needs. In attaching conditions to the distribution, he must consider how they affect the ability of the municipality to meet its legal and other obligations. MARB must monitor and report to the secretary on how the municipality is using the funds and whether it is adhering to the conditions.

The secretary must develop and issue a guidance document on the fund's administration, criteria municipalities must meet to participate in the fund, requirements for submitting restructuring plans, and how the secretary will rank funding requests.

Although the fund is generally available only to designated tier II, III, and IV municipalities and administered by OPM, the act requires MARB, when making distributions from the fund, to give immediate consideration to any designated or undesignated municipality that could default on its obligations by January 1, 2018 unless it immediately receives a distribution.

State Debt Service Assistance for Designated Tier III and IV Municipalities (§ 376)

The act authorizes the OPM secretary and treasurer to help designated tier III and IV municipalities pay the annual debt service on their bonds and their issuance cost (i.e., contract assistance). The secretary and the treasurer may do so by entering into a contract with an eligible municipality for an amount limited to the:

1. annual debt service on outstanding refunding bonds or other bonds the municipality issued and
2. cost to issue these bonds and any other expenses, including tax payments that result from refunding the debt.

The act specifies that the municipality may use the contract assistance to pay the debt on refunding or other bonds the municipality issued to pay, fund, refund, redeem, replace, or substitute for bonds, notes, or other obligations it previously issued.

To receive contract assistance, an eligible municipality must file a certificate with the secretary and treasurer specifying the projected debt service amount and issuance costs for the refunding bonds the contract will secure. In making a finding or determination needed to enter into or execute the contract, the secretary and treasurer may rely on any reports or estimates prepared by experts that evaluate whether it is feasible to refund the debt.

The contract through which the state provides the assistance may require that the debt service payments for the refunding or other outstanding bonds go directly to the municipality or the holder, trustee, or paying agent of those bonds. Under the act, any provision of the contract constitutes the state's full faith and credit obligation. As such, the appropriation of all amounts needed to comply with contract are made, and the treasurer must pay the amounts as they become due to the municipality, trustee, paying agent, or bond holder, as applicable. The municipality may also pledge the contract assistance as security for paying the refunding bonds.

In lieu of contract assistance, the act allows the secretary and treasurer to provide other forms of credit support up to the amount an eligible municipality would receive if the state were to provide contract assistance. The credit support can be an assumption of all or a portion of any of the municipality's bonds, notes, or other obligations or the issuance of new state obligations to replace the municipality's outstanding obligations.

Lastly, the act:

1. specifies that its contract assistance does not limit the total amount of funds available to a designated tier III or IV municipality that is also a state designated distressed municipality and
2. prohibits the secretary and treasurer from providing contract assistance to any municipality that files for bankruptcy.

Deficit Financing (§§ 355-359, 361, 362, 364 & 365)

As discussed below, the law authorizes several methods certified tier I and II municipalities may use to secure bonds issued to finance deficits. The act extends this authorization to designated tier I-IV municipalities.

Deficit Financing (§ 355)

Existing law provides a process any municipality may use to issue bonds to finance general fund deficits. The act requires the OPM secretary to designate any municipality that uses such process a designated tier III municipality, subject to the state oversight and control described above. It also requires him to impose the designation on any municipality that issued a deficit financing bond between July 1, 2012 and June 30, 2017.

By law, the process is available only to a municipality that has not issued a deficit-funding bond within the previous five years and has no outstanding debt obligations. Before the municipality can issue the bond, it must notify the OPM secretary of its intent to do so, provide the documents he requires, and establish a procedure to intercept and deposit property tax payments in a fund dedicated only to repay the bond (i.e., property intercept procedure (CGS § 7-561)).

The act eliminates the requirement that the secretary refer the municipality to the Municipal Finance Advisory Commission.

Special Capital Reserve Fund (SCRF) (§§ 356-359, 361, 362, 364 & 365)

A SCRF is a fiscal tool designed to ensure that funds are available when necessary to repay bondholders. Prior law allowed only certified tier I and tier II municipalities to issue bonds to capitalize a SCRF established to cover the cost of issuing these bonds, and fund the outstanding bonds. The act also allows designated tier I – IV municipalities to issue bonds supported by a SCRF.

Local Approvals. Under the act, designated tier I – IV municipalities must follow the same local approval process certified tier I and II municipalities must follow if they issue additional bonds to capitalize a SCRF. That process supersedes all other state and local laws pertaining to bond issuances, including those for holding public hearings and referenda and sale of bonds. A majority of the members of a municipality's legislative body must approve a resolution authorizing these SCRF capitalization bonds. The state treasurer determines the terms and conditions under which the bonds are sold (CGS § 7-570).

State Supported SCRF. SCRFs may be backed by the state, but if they are, the municipality must first comply with specific statutory requirements, including the treasurer's approval of the indenture agreement creating the SCRF (CGS § 7-571). The act allows designated tier I-IV municipalities to establish SCRFs under the same procedural rules that apply to certified tier I and II municipalities.

Designated tier I-IV municipalities must also comply with the statutory requirements for establishing and maintaining SCRFs. By law, a SCRF must contain the greatest amount of principal and interest payments due in any succeeding fiscal year, excluding sinking fund installments payable in the preceding fiscal year. Every December 1, the state must, if necessary, pay into the fund enough to ensure that the succeeding fiscal year's total debt service can be paid from it.

By law, that amount must be certified by the CEO of a certified municipality to the OPM secretary, treasurer, and MFAC. The act requires (1) the CEO of a designated tier I municipality to certify the amount to these officials and the commission and (2) MARB to certify the amounts for designated tier II, III, and IV municipalities. By law, the municipalities establishing state-backed SCRFs must repay the state as soon as possible.

As she must by law for certified municipalities, the treasurer must, under the act, approve the agreement created between a designated municipality and the bondholders' trustee (i.e., indenture of trust) for any SCRF that is backed by the state. Among other things, she must base her approval on whether:

1. the municipality is current on its bond repayments,
2. it has funded or made arrangements to fund the SCRF,
3. the bonds issued to fund the SCRF are in the public interest, and
4. she and the OPM secretary approved the municipality's property tax intercept procedure.

Under prior law, she also had to base her approval on whether the OPM secretary certified the municipality and the MFAC approved the bond. The act changes these requirements to reflect the municipality's tier designation. Consequently, the treasurer must base her approval on whether the municipality requested the OPM secretary to classify it as a designated tier I, II, or III municipality or whether he classified it as a designated tier III or IV municipality when the act requires him to do so.

The treasurer must also base her approval on whether the bond authorization was approved by the (1) MFAC for a designated tier I or certified tier I or II municipality and (2) MARB for a designated tier III or IV municipality.

Limitations on Designated Tier I Municipalities. The act allows designated tier I municipalities to issue SCRF-backed general obligation bonds under some of the conditions that currently apply to certified tier I municipalities. Specifically, the municipality must (1) have a long-term investment grade or higher bond rating, (2) be unable to obtain bond insurance on reasonable terms and conditions, and (3) meet the secretary's other standards. As under existing law, a designated tier I municipality may not issue these bonds to finance a projected budget deficit.

Before issuing a SCRF-backed bond, a municipality must notify the OPM secretary that it intends to issue bonds, provide him with any documentation the law requires to issue such bonds, establish a property tax intercept procedure and debt service payment plan, and comply with the laws for issuing SCRF-backed deficit-financing bonds.

Limitations on Designated Tier II, III, and IV Municipalities. The act allows designated tier II, III, and IV municipalities to issue SCRF-backed bonds, including bonds issued to fund a deficit, if they meet the eligibility criteria for certified tier II municipalities. The term of these bonds can be for more than one year, except for those issued to finance a projected fiscal year deficit.

Under the act, designated tier II, III, and IV municipalities may issue SCRF-backed bonds if they:

1. have a long-term bond rating that is investment grade or higher,
2. are unable to obtain bond insurance,
3. have not issued a deficit obligation bond within the past five years,
4. have no outstanding deficit obligations, and
5. meet other standards the OPM secretary prescribes.

A designated tier IV municipality that does not meet these criteria may also issue the bond if the MARB approves the issuance.

Designated tier II, III, and IV municipalities that meet these criteria and plan to issue SCRF-backed bonds must first consult with the treasurer and, before issuing the bonds, complete the following tasks:

1. notify the OPM secretary that they intend to issue bonds and provide him with any documentation they must, by law, prepare;
2. establish a property intercept procedure and debt service payment plan; and
3. comply with the laws for issuing SCRF-backed bonds.

The act automatically designates as tier III a tier II or IV municipality that issues these bonds.

Background

MFAC. The commission is the entity that oversees the two-tier certification system that predates the act's four-tier designation system (CGS § 7-394b). It oversees certified tier I and II municipalities, and under the act, also oversees designated tier I municipalities.

The commission's oversight is tied to the OPM secretary's statutory duty to review municipal audit reports. By law, he must refer any municipality to the commission if the audit report was not prepared as the statute requires or contains evidence of unsound or irregular practices based on commonly accepted municipal finance standards. He must also refer certified tier I and II municipalities.

The commission's powers apply to all referred municipalities. It may require a municipality's CEO to report on the status of any remedial actions it recommended and assess a civil penalty if the municipality fails to provide information or submit the required status report.

Certified tier II municipalities must prepare a three-year financial plan and monthly financial reports for the commission's approval. These municipalities must also use the commission's assumptions about state and local tax revenue when they prepare and adopt their budgets. The commission must also approve all of the municipality's bond issuances, but only if it determines that they will improve the municipality's fiscal condition.

§§ 377-553 — BOND AUTHORIZATIONS, ADJUSTMENTS, AND CANCELLATIONS

Authorizes up to \$1.723 billion for FY 18 and \$1.621 billion for FY 19 in new GO bonds for state projects and grant programs; authorizes up to \$200 million for FYs 18 to 22 in new GO bonds for hospital improvements and crumbling foundations; authorizes up to \$820.3 million in FY 18 and up to \$824.6 million in FY 19 in new STO bonds for DOT projects; restores, reduces, or cancels bond authorizations for various projects and grants; adjusts the annual bond caps under the CSCU 2020 program and UConn 2000 programs and extends both programs; expands the purposes of funds in the Bioscience Innovation Fund; makes permanent the school security infrastructure grant program; allocates no LoCIP funds in 2017 and \$55 million in 2018; and authorizes certain transportation funding agreements with the federal government and the issuance of "federal transportation bonds"

The act authorizes up to \$1.723 billion for FY 18 and \$1.621 billion for FY 19 in state general obligation (GO) bonds for state capital projects and grant programs, including school construction, economic development, municipal capital improvement grants, and housing development and rehabilitation programs. The act also authorizes \$200 million in GO bonds for FYs 18 through 22 for grants to hospitals for capital improvements and for the Crumbling Foundations Assistance Fund (\$20 million per year for each purpose). It cancels or reduces approximately \$306.6 million in GO bond authorizations. And it restores \$24 million in bonds cancelled or reduced in the 2016 bond act (PA 16-4, May Special Session).

The act authorizes \$820.3 million for FY 18 and \$824.6 million for FY 19 in special tax obligation (STO) bonds for transportation projects, including \$482.3 million over the two years for bus and rail facilities and equipment.

The act also makes various other changes, including (1) adjusting the annual bond caps under the CSCU 2020 and UConn 2000 infrastructure programs and extending the programs, by one and three years respectively; (2) expanding the purposes of funds in the Bioscience Innovation Fund to include funding regenerative medicine research; (3) making the school security infrastructure competitive grant program permanent; and (4) authorizing the state to enter into loan or other credit agreements with the federal government to help finance transportation-related construction projects and the issuance of “federal transportation bonds.”

Lastly, the act makes various technical corrections related to provisions in PA 16-4, May Special Session.

EFFECTIVE DATE: Upon passage for FY 18 bond authorizations and July 1, 2018 for FY 19 authorizations; other sections are effective upon passage.

New Bond Authorizations for State Agency Projects and Grants (§§ 377-414 & 432)

The act authorizes up to \$676.8 million in new GO bonds for FY 18 and \$523.4 million for FY 19 for the state projects and grant programs listed in Table 20 below. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency (except OPM) include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table 20: GO Bond Authorizations for State Projects and Grant Programs for FYs 18 and 19

§§	Agency	Purpose	FY 18	FY 19
<i>State Projects and Programs</i>				
378(a), 397(a)	Office of Policy and Management (OPM)	Transit-oriented development and predevelopment activities	\$6,000,000	\$6,000,000
		Information technology capital investment program	50,000,000	25,000,000
378(b), 397(b)	Department of Administrative Services (DAS)	Alterations and improvements in compliance with the Americans with Disabilities Act (ADA)	0	1,000,000
		Infrastructure repairs and improvements, including (1) fire, safety, and ADA compliance; (2) improvements to state-owned buildings and grounds, including energy conservation and off-site improvements; and (3) preservation of unoccupied buildings and grounds, including office development, acquisition, renovations for additional parking, and security	10,000,000	10,000,000
		Removing or encapsulating asbestos and hazardous material in state buildings	5,000,000	5,000,000
		Upgrade and replace technology infrastructure for the Connecticut Education Network	1,500,000	1,500,000

Table 20 (Continued)

§§	Agency	Purpose	FY 18	FY 19
State Projects and Programs				
378(c)	Department of Emergency Services and Public Protection (DESPP)	Alterations and improvements to buildings and grounds, including utilities, mechanical systems, and energy conservation projects	2,000,000	0
		Planning and design for a new Forensic Science Laboratory	6,000,000	0
		Upgrade the Statewide Monitoring and Notification System	4,000,000	0
378(d), 397(c)	Military Department	Alterations, renovations, and improvements to the drill shed at the William A. O’Neill Armory in Hartford	1,000,000	0
		Matching funds to construct a warehouse at Camp Hartell in Windsor Locks	500,000	0
		Acquiring property to develop readiness centers in Litchfield county	0	2,000,000
378(e), 397(d)	Department of Energy and Environmental Protection (DEEP)	Dam repairs, including state-owned dams	5,500,000	5,500,000
		Energy services projects resulting in increased efficiency measures in state buildings or renewable energy or combined heat and power projects in state buildings	20,000,000	20,000,000
		Water pollution control projects at state facilities	1,250,000	0
378(f), 397(e)	Capital Region Development Authority (CRDA)	Alterations, renovations, and improvements to the XL Center in Hartford, including capital improvements, acquiring abutting real estate and rights of way, tenant and fan amenities, and infrastructure connections	40,000,000	0
		Alterations, renovations, and improvements to the Connecticut Convention Center and Rentschler Field	1,500,000	1,500,000
		Alterations, renovations, and improvements to parking garages in Hartford	5,000,000	5,000,000
		Infrastructure renovations and improvements to the Hartford Front Street district	3,000,000	7,000,000
378(g), 397(f)	Department of Developmental Services (DDS)	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities	2,500,000	2,500,000
378(h), 397(g)	Department of Mental Health and Addiction Services (DMHAS)	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities	2,000,000	2,000,000

Table 20 (Continued)

§§	Agency	Purpose	FY 18	FY 19
State Projects and Programs				
378(i), 397(h)	Connecticut State Colleges and Universities (CSCU)	All colleges and universities: new and replacement instruction, research, or laboratory equipment	3,000,000	0
		All colleges and universities: system telecommunications infrastructure upgrades, improvements, and expansions	2,000,000	2,000,000
		All colleges and universities: advanced manufacturing and emerging technology programs	2,750,000	2,875,000
		All colleges and universities: security improvements	3,000,000	5,000,000
		All community colleges: deferred maintenance, code compliance, and infrastructure improvements	14,000,000	14,000,000
		All universities: deferred maintenance, code compliance, and infrastructure improvements	7,000,000	7,000,000
		Naugatuck Valley Community College (NVCC): upgrades to mechanical systems	6,000,000	0
		NVCC: alterations and improvements in compliance with the ADA	0	5,000,000
		Norwalk Community College: alternations, renovations, and improvements to the B wing building	18,600,000	0
		Quinebaug Valley Community College: new maintenance and office building	476,088	0
		Northwestern Community College (NWCC): alterations, renovations, and improvements to the White building	825,000	2,021,250
		NWCC: alterations, renovations, and improvements to Greenwood Hall	2,685,817	0
		378(j)	Department of Children and Families (DCF)	Alterations, renovations, and improvements to buildings and grounds, including new or revised juvenile justice facilities
378(k), 397(i)	Judicial Department	Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities	5,000,000	5,000,000
		Implementation of the Technology Strategic Plan Project	0	3,000,000
		Exterior renovations and improvements at the New Haven superior courthouse	2,000,000	0
		Alterations and improvements in compliance with the ADA	1,000,000	0
		Security improvements at various state-owned and maintained facilities	2,000,000	0
397(j)	Department of Corrections (DOC)	Renovations and improvements to state-owned buildings for inmate housing, programming and staff training space, and additional inmate capacity; support facilities; and off-site improvements	0	10,000,000
384, 403	Department of Housing (DOH)	Housing development and rehabilitation for various kinds of state-assisted affordable housing and housing-related financial assistance programs; authorizes DOH to use up to \$30 million in each FY to revitalize moderate rental housing units in the Connecticut Housing Finance Authority's state housing portfolio	125,000,000	100,000,000

Table 20 (Continued)

§§	Agency	Purpose	FY 18	FY 19
Grants				
389(a), 408(a), 432	OPM	Grants to private, nonprofit health and human service organizations for alterations, renovations, improvements, additions, and construction related to ADA compliance, energy conservation, IT systems, technology, vehicle purchases, and property acquisition	25,000,000	25,000,000
		Responsible Growth Incentive Fund	2,000,000	2,000,000
		Grants to municipalities for the Town-Aid-Road program	60,000,000	60,000,000
389(b), 408(b)	DAS	Grants to alliance districts for general improvements to school buildings	30,000,000	30,000,000
		Grants to municipalities for a regional school district incentive grant	5,000,000	0
389(c)	DEEP	Program to establish energy microgrids to support critical municipal infrastructure	5,000,000	0
		Grants to municipalities and state agencies to improve incinerators and landfills, including bulky waste landfills and landfills formerly operated by the CT Resources Recovery Authority	1,450,000	0
		Grants for containment, removal, or mitigation of identified hazardous waste disposal sites	2,500,000	0
389(d), 408(c)	Department of Economic and Community Development (DECD)	Small Business Express program	5,000,000	0
		CT Manufacturing Innovation Fund, with \$3.5 million in FY 18 and \$1.5 million in FY 19 for grants to the CT Center for Advanced Technology for R&D to help the manufacturing supply chain	8,500,000	6,500,000
		Brownfield Remediation and Revitalization program	30,000,000	10,000,000
		Grants to homeowners (1) near the West River in New Haven's Westville section and Woodbridge for structural home damage from subsidence and (2) abutting the Yale Golf Course in New Haven's Westville section for damage from water infiltration or structural damage from subsidence	4,000,000	0
		Grants to nonprofits sponsoring cultural and historic sites	0	2,500,000
389(e), 408(d)	Connecticut Innovations, Inc. (CI)	Recapitalizing CI's statutory programs	20,000,000	20,000,000

Table 20 (Continued)

§§	Agency	Purpose	FY 18	FY 19
Grants				
389(f), 408(e)	CRDA	Encouraging development according to CRDA's statutory purposes	40,000,000	40,000,000
		Grant to East Hartford for general economic development activities, including infrastructure development and improvements to the riverfront; creating housing through rehabilitation and new construction; demolishing or redeveloping vacant buildings; and redevelopment	10,000,000	10,000,000
389(g), 408(f)	State Department of Education (SDE)	Grants to assist targeted local and regional school districts for alterations, repairs, improvements, technology, and equipment in low-performing schools	10,000,000	5,000,000
389(h), 408(g)	State Library	Grants to public libraries for construction, renovations, expansions, energy conservation, and handicapped access	2,500,000	2,500,000
389(i), 408(h)	Department of Transportation (DOT)	Grants to municipalities for the Town-Aid-Road program	30,000,000	30,000,000
389(j), 408(i)	Department of Labor (DOL)	Workforce Training Authority Fund	10,000,000	20,000,000
389(k), 408(j)	DOH	DOH and CT Children's Medical Center's Healthy Homes Program to abate lead in homes	10,000,000	10,000,000

Hospital Grants (§ 552). The act authorizes up to \$20 million each year in new GO bonds in FYs 18 to 22 (\$100 million total) for OPM to provide grants to hospitals for capital improvements.

Crumbling Foundations Assistance Fund (§ 553). The act also authorizes up to \$20 million each year in new GO bonds for FYs 18 to 22 (\$100 million total) for DOH's Crumbling Foundations Assistance Fund. The fund's purpose is to assist homeowners with repairing or replacing concrete foundations that are deteriorating due to pyrrhotite (see § 335, above).

Transportation Bonds (§§ 415-426)

The act authorizes up to \$820.3 million in new STO bonds in FY 18 and up to \$824.6 million in FY 19 for DOT projects, as shown in Table 21 below.

Table 21: STO Bond Authorizations for DOT Projects

Authorized Program Areas	FY 18	FY 19
Bureau of Engineering and Highway Operations		
Interstate highway program	\$13,000,000	\$13,000,000
Urban systems projects	14,776,250	16,217,392
Intrastate highway program	44,000,000	44,000,000
Environmental compliance, soil and groundwater remediation, hazardous material abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or near state-owned properties or related to DOT operations	17,660,000	15,000,000

Table 21 (Continued)

<i>Authorized Program Areas</i>	<i>FY 18</i>	<i>FY 19</i>
<i>Bureau of Engineering and Highway Operations</i>		
State bridge improvement, rehabilitation, and replacement	33,000,000	33,000,000
Capital resurfacing and related reconstruction	75,000,000	75,000,000
Fix-it-First bridge repair program (up to \$10.9 million must be used in FY 18 for the Stratford Bridge carrying US1 over the Metro North Rail Line)	111,115,000	99,760,000
Fix-it-First road repair program	55,000,000	55,000,000
Local transportation capital program	62,000,000	64,000,000
Grants to municipalities for transportation projects	30,000,000	30,000,000
Highway and bridge renewal equipment	10,400,000	10,400,000
Local bridge program	0	24,000,000
<i>Bureau of Public Transportation</i>		
Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects (In FYs 18 and 19, up to \$10 million each year must be used for service and equipment improvements to the Danbury Rail Line. In FY 18 only, up to \$250,000 must be used for a feasibility study to explore possibilities for a new passenger rail station at the Wall St. location on the Danbury Rail Line in Norwalk.)	236,250,000	246,000,000
<i>Bureau of Administration</i>		
Department facilities	63,132,500	44,247,000
STO bonds: cost of issuance and debt service reserve	55,000,000	55,000,000

Bond Authorizations for Statutory Programs and Grants (§§ 427, 430-431, 433-436, 447-448, & 454)

The act increases bond authorization limits for various statutory grants and purposes and allocates new bonds for these purposes for FYs 18 and 19, as shown in Table 22 below.

Table 22: Statutory Bond Authorizations for FYs 18 and 19

<i>§</i>	<i>Agency</i>	<i>Purpose/Fund</i>	<i>FY 18</i>	<i>FY 19</i>
427	OPM	Urban Action (economic and community development project grants)	\$50,000,000	\$50,000,000
430	OPM	Capital Equipment Purchase Fund	15,000,000	15,000,000
431	OPM	Local Capital Improvement Program (LoCIP)	90,000,000	35,000,000
433	DOH	Housing Trust Fund	0	30,000,000
434	SDE	Charter school capital expenses	5,000,000	5,000,000
435	DAS	School construction projects	450,000,000	450,000,000
436	SDE	School construction interest subsidy grants	3,000,000	2,100,000
447	DEEP	Clean Water Fund grants	0	85,000,000
448	DEEP	Clean Water Fund loans (revenue bonds)	158,200,000	350,300,000
454	DECD	Manufacturing Assistance Act	275,000,000	75,000,000

GO Bond Cancellations and Reductions (§§ 428-429, 437, 445-446, 449, 459-471, 473-489, 491-511, 513-522, 524-529, 531-535, 537-547)

The act cancels or reduces, by a total of approximately \$240.1 million, all or part of prior bond authorizations for the projects and grants shown in Table 23 below. Authorizations are listed alphabetically by agency. The act also makes conforming changes to the bond supertotals that correspond to these authorizations.

Table 23: Cancellations and Reductions in GO Bond Authorizations

§	Purpose	Prior Authorization	Amount Cancelled
<i>Board of Regents for Higher Education</i>			
475	Establish or expand manufacturing technology programs at four community colleges	17,800,000	970,500
492	Quinebaug Valley Community College (QVCC): parking and site improvements	2,189,622	225,275
493	QVCC: heating, ventilation, and air conditioning system improvements	1,750,000	145,000
505	Housatonic Community College: parking garage improvements	3,907,258	233,281
506	Middlesex Community College: new academic building planning, design, and construction	35,200,000	35,200,000
526	Capital Community College: alterations, renovations, and improvements to optimize space utilizations	5,000,000	5,000,000
<i>Capital Region Development Authority</i>			
502	Alterations, renovations, and improvements to the Connecticut Convention Center and Rentschler Field	3,727,500	18,500
<i>Connecticut Green Bank</i>			
446	Energy Conservation Loan Fund and Green Connecticut Loan Guaranty Fund (also eliminates a requirement that \$5 million authorized for FY 11 be used for the guaranty fund)	5,000,000	4,000,000
<i>Connecticut Port Authority</i>			
540	Grants for port, harbor, and marina improvements, including dredging and navigational improvements	13,500,000	6,750,000
<i>Department of Administrative Services</i>			
471	Development and implementation of ITS for HIPAA compliance	6,310,500	2,652,975
516	Development and implementation of an electronic filing system for probate court offices	3,000,000	3,000,000
524	Development and implementation of an electronic filing system for probate court offices	1,000,000	1,000,000
<i>Department of Agriculture</i>			
497	Farm Reinvestment Program	500,000	500,000
510	Farm Reinvestment Program	500,000	500,000
<i>Department of Children and Families</i>			
481	Grants for construction, alteration, repairs, and improvements to residential facilities, group homes, shelters, and permanent family residences	5,000,000	2,839,842

Table 23 (Continued)

§	Purpose	Prior Authorization	Amount Cancelled
Department of Developmental Services			
483	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities, including improvements in compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, roof repair or replacement, air conditioning, and other building renovations and additions at all state-owned facilities	5,000,000	428,000
503	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities, including improvements in compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, roof repair or replacement, air conditioning, and other building renovations and additions at all state-owned facilities	5,000,000	253,248
Department of Economic and Community Development (DECD)			
463	Killingworth: Killingworth Old Town Hall restoration and renovations	250,000	250,000
466	University of New Haven: establishment and construction of Henry Lee Institute	1,500,000	1,500,000
488	Grants to nursing homes for alterations, renovations, and improvements to convert to other uses to support right-sizing; specifies that any funds allocated after the act's passage are for DOH	10,000,000	4,430,767
547	Program to offer payments to holders of tax credit eligibility certificates under the urban and industrial sites reinvestment program to replace allowable credits under the certificates	10,000,000	10,000,000
Department of Emergency Services and Public Protection (DESPP)			
449	Buy-out program for storm-damaged properties	2,800,000	800,000
485	Design and construction of a firearms training facility and vehicle operations training center, including land acquisition	6,576,000	3,000,000
525	Alterations, renovations, and improvements to the Forensic Science Laboratory in Meriden	2,500,000	2,500,000
Department of Energy and Environmental Protection (DEEP)			
462	East Lyme: purchase of Oswegatchie Hills for open space	2,000,000	1,800,000
465	Stamford: Holly Pond Tidal Restoration project	500,000	500,000
468	Norwalk: flood control system improvements	500,000	500,000

Table 23 (Continued)

<i>§</i>	<i>Purpose</i>	<i>Prior Authorization</i>	<i>Amount Cancelled</i>
<i>Department of Energy and Environmental Protection (DEEP)</i>			
469	Fairfield: Rooster River flood control project	2,030,000	2,000,000
498	Grants to municipalities for open space acquisition and development for conservation or recreational purposes	10,000,000	10,000,000
501	Recreation and Natural Heritage Trust Program for recreation, open space, resource protection, and resource management	8,000,000	8,000,000
528	Long Island Sound stewardship and resiliency program (1) to protect coastal marshes and other natural buffer areas and (2) for grants to increase the resiliency of wastewater treatment facilities	15,000,000	7,000,000
529	Grants to municipalities, in consultation with OPM, to encourage low-impact design of green municipal infrastructure to reduce nonpoint source pollution	10,000,000	10,000,000
<i>Department of Housing</i>			
519	Shoreline Resiliency Fund	8,000,000	5,000,000
531	Main Street Investment Fund	5,000,000	3,000,000
538	Main Street Investment Fund	3,000,000	3,000,000
541	Homelessness prevention and response fund	26,000,000	5,125,000
<i>Department of Mental Health and Addiction Services (DMHAS)</i>			
460	Alterations, renovations, additions, and improvements, including new construction, in accordance with the DMHAS master campus plan	886,593	722,090
480	Grants to nonprofits for community-based residential and outpatient facilities for purchases, repairs, alterations, and improvements	5,000,000	1,043,836
<i>Department of Public Health</i>			
479	Grants to community health centers, primary care organizations, and municipalities for the purchase of equipment, renovations, improvements, and expansion of facilities	2,000,000	1,750,000
<i>Department of Rehabilitation Services (DORS)</i>			
520	Grants for programs providing home modifications and assistive technology devices related to aging in place, which may be run by a nonprofit under contract with DORS	6,000,000	6,000,000
<i>Department of Transportation</i>			
445	Commercial rail freight line competitive grant program	10,000,000	2,500,000

Table 23 (Continued)

<i>§</i>	<i>Purpose</i>	<i>Prior Authorization</i>	<i>Amount Cancelled</i>
<i>Department of Veterans Affairs</i>			
515	Planning and feasibility study for additional veterans' housing at the Rocky Hill campus, including vacant building demolition	500,000	500,000
<i>Judicial Department</i>			
477	Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities	5,000,000	223,817
486	Development of a juvenile court building in Meriden or Middletown	1,000,000	1,000,000
494	Development of a juvenile court building in Meriden or Middletown	2,000,000	2,000,000
495	Mechanical upgrades and code-required improvements at New Haven superior courthouse	1,000,000	200,000
507	Development of a juvenile court building in Meriden or Middletown	9,000,000	9,000,000
508	Mechanical upgrades and code-required improvements at New Haven superior courthouse	8,500,000	3,500,000
<i>Multiple Agencies</i>			
474	Bridgeport economic development projects (for DECD or DEEP, as designated by the Bond Commission)	2,200,000	950,000
<i>Office of Early Childhood</i>			
499	Grants to towns and nonprofits for facility improvements and minor capital repairs to facilities that house school readiness programs and state-funded day care centers	11,500,000	5,641,832
511	Grants to towns and nonprofits for facility improvements and minor capital repairs to facilities that house school readiness programs and state-funded day care centers	5,000,000	5,000,000
<i>Office of Governmental Accountability</i>			
535	Information technology improvements	500,000	500,000
<i>Office of Legislative Management</i>			
514	Production and studio equipment for the Connecticut Network	3,230,000	2,230,000
<i>Office of Policy and Management</i>			
428	Small Town Economic Assistance Program (STEAP)	280,000,000	9,000,000
429	Intertown Capital Equipment Purchase Incentive Program	5,000,000	62,851
542	Regional dog pound grant program	10,000,000	10,000,000
544	West Harford: improvements to the Trout Brook Canal area	1,200,000	700,000
546	West Hartford: wireless fidelity and broadband network initiative for West Hartford Center	500,000	500,000

Table 23 (Continued)

<i>§</i>	<i>Purpose</i>	<i>Prior Authorization</i>	<i>Amount Cancelled</i>
<i>State Comptroller</i>			
518	Connecticut Public Broadcasting Network: transmission, broadcast, production, and information technology equipment	1,300,000	1,300,000
<i>State Department of Education</i>			
489	Grants for expanding the availability of high-quality school models and assisting in implementing Common Core state standards and assessments: alteration, repair, improvements, technology, equipment, acquisition, and capital start-up costs	24,888,946	6,334,200
504	Technical high school system: alterations, renovations, and improvements to buildings and grounds, including equipment, tools, and supplies necessary to update curricula, vehicles, and technology	15,500,000	11,000,000
521	Technical high school system: pilot program to provide expanded educational opportunities, for academic enrichment and trades training for secondary and adult learners, by extending hours at technical high schools in Hamden, Hartford, New Britain, and Waterbury (see also § 521 below)	3,500,000	3,066,000
532	Grants for Sheff magnet school program capital start-up costs	20,000,000	5,000,000
533	American School for the Deaf: alterations, renovations, and improvements to buildings and grounds	5,000,000	2,507,950
539	Grants for Sheff magnet school program capital start-up costs	5,750,000	5,750,000

Smart Start Competitive Grant Program (§ 437). The act cancels \$36,480,851 in GO bonds authorized for FYs 16 through 19 (\$6,480,851 for FY 16 and \$10 million each for FYs 17 to 19) for the Smart Start competitive grant program, which provides grants to local and regional boards of education for establishing or expanding preschool programs.

Changes to CSCU 2020 Bond Program (§§ 438 & 439)

The act adjusts the annual bond caps under the CSCU 2020 program, as shown in Table 24 below, by (1) cancelling \$110 million in bonds for FY 18 and reallocating them to FY 20 and (2) authorizing an additional \$16 million in bonds for FY 20 for supplemental project funding. The act correspondingly extends Phase III of the program by one year, from FY 19 to FY 20.

Table 24: CSCU 2020 Annual Bond Limits (millions)

<i>FY</i>	<i>Prior Limit</i>	<i>Act's Limit</i>	<i>Change</i>
18	\$150	\$40	(\$110)
19	95	95	0
20	0	126	126

UConn 2000 (§§ 440-444)

Bond Schedule. The act extends the UConn 2000 program by three years, from 2024 to 2027, and defers \$185.8 million in bonds currently authorized for FYs 18-23 to FYs 24-27. It adjusts the annual bond caps for the program, as shown in Table 25 below.

Table 25: UConn 2000 Annual Bond Limits (millions)

<i>FY</i>	<i>Prior Limit</i>	<i>Act's Limit</i>	<i>Change</i>
18	\$295.5	\$200	(\$95.5)
19	251	200	(51)
20	269	291.6	22.6
21	191.5	186.2	(5.3)
22	144	101.4	(42.6)
23	112	98	(14)
24	73.5	85	11.5
25	0	70.1	70.1
26	0	63.6	63.6
27	0	40.6	40.6

Project Authorizations. The act expands two existing Phase III projects for deferred maintenance and other infrastructure improvements at the university and health center, respectively, to include utility, infrastructure, administrative, and support facilities. Under the act utility, infrastructure, administrative, and support facilities include any eligible UConn 2000 project at the Storrs or regional campuses or health center, including any building or structure that is essential, necessary, or useful for such facilities. It includes (1) new construction, expansion, extension, addition, renovation, restoration, replacement, repair, and deferred maintenance of such facilities; (2) accessories and facilities located on, above, or under the ground used in connection with the facilities; and (3) anything else that relates to or supports the facilities.

Connecticut Bioscience Innovation and Regenerative Medicine Funds (§§ 450-453)

Bond Authorizations. Prior law authorized \$200 million in bonds over 11 years, from FYs 13-23, for the Connecticut Bioscience Innovation Fund (CBIF). The act:

1. authorizes \$4 million in new bonds for the program;
2. extends the program by one year to FY 24; and
3. cancels \$20 million in bonds authorized for FYs 18 and 19, deferring them to FY 24 (see Table 26 below).

Table 26: CBIF Authorizations (millions)

<i>Fiscal Year</i>	<i>Prior Authorization</i>	<i>Act's Authorization</i>	<i>Change</i>
18	\$25	\$15	(\$10)
19	25	15	(10)
20	25	25	0
21	25	25	0
22	25	25	0
23	25	25	0
24	0	24	24

The act earmarks \$3 million each in FYs 18-20 for grants to the Yale Connecticut Precision Medicine Initiative.

The act also cancels \$30 million in bonds authorized for FYs 17-19 for the Regenerative Medicine Research Fund (REGEN) and eliminates the requirement that at least \$10 million be available each year until FY 19 to provide financial assistance for conducting regenerative medicine research.

CBIF's Purposes. The act allows CBIF resources to provide financial assistance to institutions eligible for funding under the existing REGEN program (CGS §§ 32-41jj to 32-41mm). Such assistance must be provided pursuant to existing

REGEN requirements. (Because the CBIF and REGEN programs are overseen by different committees and are awarded through different processes, it is unclear how this change will be applied in practice.)

Regenerative medicine research involves examining the process for creating living, functional tissue to repair or replace tissue or organ function lost due to aging, disease, damage, or congenital defects. The Bioscience Innovation Fund finances projects to improve health care delivery, lower health care costs, and create bioscience jobs.

Adjustments and Technical Corrections to 2016 Bond Act (§§ 455-458, 472, 512, 523, 530, 536, 548 & 549)

The act restores several GO bond authorizations cancelled or reduced in the 2016 bond act (PA 16-4, May Special Session) as shown in Table 27 below. The act also expands the purposes of \$5.7 million in bonds authorized for BOR to make certain improvements at Three Rivers Community College to include other miscellaneous campus improvements (§ 472). And it makes various technical corrections related to provisions in the 2016 act (§§ 455-456, 536, 548 & 549).

Table 27: Restored Bond Authorizations

§	Agency	For	Prior Authorization	Amount Cancelled in PA 16-4	Act's Authorization
458	SDE	American School for the Deaf: alteration, renovation, and improvements to buildings and grounds, including new construction	\$4,405,709	\$5,000,000	\$9,405,709
512	CI	Regenerative Medicine Research Fund	0	10,000,000	10,000,000
523	DAS	Removal or encapsulation of asbestos and hazardous material in state-owned buildings	5,000,000	5,000,000	10,000,000
530	DECD	Brownfield Remediation and Revitalization program	16,000,000	4,000,000	20,000,000

Increase Authorization for Technical High Schools (§ 521)

The act increases, by \$3.066 million, an existing \$5 million authorization for SDE (see § 521 in Table 26 above). SDE must use the funds to provide grants to technical high schools to provide evening training programs in skilled trades, including manufacturing, masonry, electrical, plumbing, and carpentry, that prepare participants to earn a credential or degree recognized by employers or trade associations.

School Security Infrastructure Competitive Grant Program (§ 490)

The act makes permanent the school security infrastructure competitive grant program, which under prior law ended in FY 17. The program is jointly administered by DESPP, DAS, and SDE and provides grants to develop or improve security infrastructure in schools, based on the results of school building security assessments conducted under the supervision of local law enforcement agencies.

By law, if there is not enough money to reimburse every applicant for its full grant amount in FYs 15-17, first priority is given to applicants with schools that have the greatest need for security infrastructure. The act does not extend these priority requirements beyond FY 17.

LoCIP (§ 550)

Existing law requires the OPM secretary to allocate LoCIP funds to municipalities on February 1 of each year, up to the amount the legislature authorized for the fiscal year. For 2017 and 2018, the act instead requires the OPM secretary to allocate no LoCIP funds on February 1, 2017 and \$55 million to municipalities on February 1, 2018.

Under LoCIP, the OPM secretary allocates a share of available state funds to each municipality based on miles of road, population density, and population factors and credits the amount to each town's LoCIP account. A town may use its LoCIP credits to reimburse local spending for approved qualified projects.

Federal Transportation Loan Program Assistance and STO Bonds (§ 551)

Federal Loan Program Agreements. The act authorizes the Treasurer, OPM secretary, and DOT commissioner (i.e., “state officials”) to enter into loan agreements or other credit agreements with the U.S. Department of Transportation (U.S. DOT), including agreements under the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF) programs. It allows such loan agreements to be backed by STO bonds (see below).

Under the act, the state officials:

1. may execute and deliver any documents, certificates, and instruments related to the agreements and obligations issued under them;
2. must determine the agreements’ terms, conditions, covenants, and other provisions in the state’s best interest; and
3. may take all other actions necessary to enter into these agreements or receive other financial assistance under any U.S. DOT program, including preparing, executing, and submitting applications.

Securing Federal Loans with STO Bonds. The act authorizes the issuance of “federal transportation bonds,” which are state STO bonds that are issued to evidence and secure U.S. DOT loans or other financial assistance made to the state under federal programs, including TIFIA and RRIF. Federal law generally requires that U.S. DOT loans be backed by revenue sources, such as tolls, user fees, or other dedicated revenue sources that secure the financed project’s other obligations (23 U.S.C. § 602(a)(6); 45 U.S.C. § 822(f)(3)). TIFIA and RRIF loans have longer repayment periods (35 years) than STO bonds (20 years) and flexible repayment schedules (i.e., repayment does not have to begin until five years after the financed project is complete).

Under the act, federal transportation bonds are generally subject to the requirements, covenants, and conditions that apply to STO bonds issued under the transportation STO bond program, and they may be secured by a trust indenture between the state and a corporate trustee under the same provisions that apply to the STO bond program under existing law. Regardless of STO program provisions regarding tax exemption, the act allows federal transportation bonds to be issued as taxable bonds.

The act provides that the bonds’ debt service requirements and other obligations must be secured by a lien on “pledged revenues,” which is the revenue that is credited to the Special Transportation Fund (STF) in any year. The lien is subordinate and junior to every lien securing bonds issued under the STO bond program.

And whenever the General Assembly authorizes STO bonds, those authorizations are deemed to have authorized federal transportation bonds, including STO bond authorizations that are already in effect.

TIFIA and RRIF. Under federal law, the TIFIA program provides credit assistance, including direct loans, loan guarantees, and standby lines of credit, for qualified transportation projects of regional and national significance. In general, states may receive federal credit assistance in amounts of up to 33% of total reasonably anticipated eligible project costs (23 U.S.C. § 601 *et seq.*).

The RRIF program provides direct loans and loan guarantees to finance development of railroad infrastructure. Under the program, states can receive direct loans to fund up to 100% of a railroad project with repayment periods of up to 35 years (45 U.S.C. § 821 *et seq.*).

§ 554 — INTERRUPTIBLE GAS SERVICE FOR CERTAIN MANUFACTURING FACILITIES

Requires gas companies to propose a new rate for certain manufacturers that do not qualify for interruptible service rates

The act requires each gas company, when it next applies to change its rates on or after October 1, 2017, to propose a new rate for certain manufacturers. These manufacturers are those who:

1. are described in the North American Industry Classification System Codes 324000 to 325999 (i.e., petroleum and coal products manufacturers or chemical manufacturers);
2. are firm service customers of the gas company on October 1, 2017; and
3. do not qualify for interruptible gas sales or transportation service under the gas company’s interruptible service rates.

The new rate must be at least 70% of the delivery component in the company’s firm gas service rate for large commercial or industrial customers.

The act prohibits the new rate from being used at a qualified manufacturer-owned manufacturing facility that used over 2.5 million centum cubic feet of natural gas in any calendar year since January 1, 2016, unless the Public Utilities Regulatory Authority (PURA) grants approval. The manufacturer must petition PURA for approval, and PURA must

determine that its use of the new rate (1) is in the public interest, (2) will provide economic benefits to the state, and (3) will not endanger the integrity of the gas company's distribution system.

Under the act, a gas company must recover any revenue that it loses due to the new rate through its decoupling mechanism or a monthly surcharge assessed to all of the company's firm service customers. Each company must file with PURA, as part of its annually required decoupling filing or in a separate proceeding, an annual revenue reconciliation of actual revenues to allowed revenues associated with implementing the new rate.

EFFECTIVE DATE: Upon passage

Background

"Firm" and "Interruptible" Gas Service. In general, customers who contract for "firm" service receive uninterrupted gas service. In contrast, customers who contract for "interruptible" service pay lower rates in return for allowing their gas service to be cut off if there is not enough pipeline capacity during peak demand periods. The gas companies' current interruptible tariffs limit interruptible service to customers with equipment that can operate on another fuel when service is interrupted.

"Decoupling." Historically, a gas company's revenues have been directly linked to the amount of gas it sold, potentially giving it a disincentive to promote efficiency. "Decoupling" seeks to limit this linkage by separating a company's distribution revenue from its sales volume revenue. A "decoupling mechanism" is a billing charge that allows a company to make up any distribution revenue lost due to a lower than expected sales volume.

§ 555 — CONSUMER DATA PRIVACY WORKING GROUP

Establishes an eight-member working group on consumer data privacy and requires the group to report its findings and recommendations to the legislature by January 15, 2018

The act establishes an eight-member working group to examine and make recommendations on:

1. broadband internet access service consumer data privacy,
2. broadband internet access service industry standards on consumer data protection,
3. definitions for "sensitive customer personal information" and "nonsensitive customer personal information,"
4. ways to notify customers of consumer data privacy provisions, and
5. ways of enforcing consumer data privacy laws.

Membership and Appointments

The eight-member working group must consist of:

1. the attorney general and consumer counsel, or their designees;
2. a Commerce Committee member, appointed by the Senate president pro tempore;
3. an Energy and Technology Committee member, appointed by the Senate Republican president pro tempore;
4. two representatives of a nonprofit organization with data privacy expertise, appointed one each by the House speaker and the House minority leader;
5. a member of the broadband internet service provider industry, appointed by the Senate majority leader; and
6. an attorney with consumer privacy expertise, appointed by the deputy Senate Republican president pro tempore.

All appointments must be made within 30 days after the act's passage, and appointing authorities must fill any vacancies. The House speaker and the Senate president pro tempore must select the working group's chairperson from among the group's members. The chairpersons must schedule the group's first meeting, which must take place within 60 days of the act's passage. The act requires the Energy and Technology Committee's administrative staff to serve as the working group's administrative staff.

The act specifies that working group members, including legislators, do not receive mileage reimbursement or a transportation allowance for traveling to working group meetings.

Reporting Requirement

The act requires the working group to report its findings and recommendations to the Commerce and Energy and Technology committees by January 15, 2018. The working group terminates on January 15, 2018 or when it submits its report, whichever is later.

EFFECTIVE DATE: Upon passage

§ 556 — TAXES OWED ON MOTOR VEHICLES REGISTERED OUT OF STATE

Establishes a procedure by which local tax assessors receive information about motor vehicles registered in other states in order to add such vehicles to grand lists

The act establishes a procedure by which local tax assessors may receive certain identifying information about certain motor vehicles registered in other states from the motor vehicles commissioner in order to add such vehicles to a municipality's grand list. The act requires municipalities to remit one percent of the property taxes collected for any such vehicles to the STF.

By law, a vehicle's owner is liable for property taxes in Connecticut if the vehicle, during its normal course of operation, most frequently leaves from, returns to, or remains (i.e., is garaged) in Connecticut. The tax applies whether or not the vehicle is registered with the Department of Motor Vehicles (CGS § 12-71 (f)).

EFFECTIVE DATE: Upon passage

Procedure for Taxing Certain Vehicles Registered Out-Of-State

Under the act, if a municipal tax assessor determines that a motor vehicle is taxable but registered out-of-state, he or she must make a reasonable effort to provide information on the vehicle's out-of-state registration to the motor vehicles commissioner. After receiving the information, the commissioner must make a reasonable effort to provide the assessor with information on the vehicle's make and model, model year, and identification number, and the registered owner's name and mailing address.

If the information provided is sufficient to determine the vehicle's value, the assessor must do so and add it to the grand list for the immediately preceding assessment year. Under the act, the tax due on the vehicle is collected, payable, and appealable in the same way as taxes for vehicles added to the grand list after the assessment year begins.

Remittance to STF

Municipalities must remit one percent of any property taxes collected for such vehicles to the STF to fund administrative costs associated with registering these out-of-state vehicles.

§§ 558 & 572 — HOME HEALTH CARE ADD-ON PAYMENTS

Allows DSS to eliminate home health care add-on payments for FYs 18 and 19, conforming to current practice

By law, the Department of Social Services (DSS) commissioner can provide payments to home health care agencies and homemaker-home health aide agencies that apply with evidence of extraordinary costs related to (1) serving people with AIDS, (2) high-risk maternal and child health care, (3) escort services, or (4) extended-hour services. The act allows the commissioner to eliminate such "add-on" payments for FYs 18 and 19. In practice, DSS has already done so.

EFFECTIVE DATE: Upon passage

§§ 559, 586 & 587 — TEACHER CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM (TRS)

Starting in 2018, increases teachers' regular contribution rate to TRS from 6% to 7%; requires the Teachers' Retirement Board (TRB) to recalculate the amount the state must contribute to TRS in FYs 18 and 19 due to this increase but assume the 6% contribution rate starting in FY 20

Starting on January 1, 2018, the act increases teachers' regular contribution rate to TRS from 6% to 7% of their annual salary (§ 586). By law, teachers' mandatory contributions to TRS consist of their regular contribution rate plus a 1.25% health contribution for retiree health insurance.

The act requires TRB, by December 1, 2017, to (1) request a revised actuarial valuation for FYs 18 and 19 based on the mandatory contribution percentage for those fiscal years and (2) based on the revised valuation, certify to the legislature the amount needed to maintain TRS on an actuarial reserve basis in those fiscal years (§ 587). For FY 20 and each fiscal year after, the act requires the board to assume that teachers' regular contributions are 6%, rather than 7%, when actuarially determining the amount needed to maintain TRS on an actuarial reserve basis (§ 559). The teachers' regular contribution rate remains at 7%; the act just changes how the board counts it in its determination.

In effect, these changes should lower the state's General Fund contribution to TRS in FYs 18 and 19 (due to the increased contributions from teachers), then have it resume in FY 20 and the following years as if teacher contributions had not increased.

EFFECTIVE DATE: Upon passage

§§ 560-562 — 90-DAY TURNAROUND FOR CERTAIN PERMITS

Deems certain state agency permit applications approved if the relevant agency does not make a determination on them within 90 days after receiving them

The act requires DOT, the Department of Energy and Environmental Protection (DEEP), and the Department of Agriculture (DoAg) to review and make final determinations on specified permit applications within 90 days after receiving them; otherwise, it deems the applications approved.

The act applies to the following DOT permit applications: encroachment, parkway, industrial truck, outdoor advertising, and specific information signs on limited access highways. It applies to DoAg's aquaculture permit applications and to the DEEP permit applications shown in Table 28.

Table 28: DEEP Permits with 90-Day Required Turnaround

Air permits for the temporary use of radiation DTX or RMI	Aquifer protection registrations	Aquifer protections
Certificates of permission	Coastal management consistency review forms for federal authorization	Emergency authorizations to discharge to groundwater to remediate pollution
Property transfers	Disposals of special waste	Marine terminals
Pesticide applications by aircraft	Pesticides in state waters	Waste transportation
E-waste: manufacturer	E-waste: covered recycler	Emergency discharge authorizations
Online sportsman licensing systems	State park passes and bus permits	State parks and forests special use licenses
Campground reservations	Other camping permits	Boating permits
Safe boating certifications	Marine event permits	Marine dealer certificates
Navigation marker permits	Regulatory marker permits	Water ski slalom course or jump permits
Fishing tournaments	Inland fishing licenses	Marine recreational and commercial licenses
Hunting and trapping	Non-shooting field trials	Private land shooting preserve permits
Regulated hunting dog training applications	Scientific collection permits for aquatic species, plants, and wildlife and educational mineral collection	Commercial arborists
Licensed environmental professionals	Pesticide certification licensing and registrations	Solid waste facility operators
Wastewater treatment facility operator certifications	Commercial fishing licenses and permits	Forest practitioners
Nuisance wildlife control operators	Taxidermists	Wildlife rehabilitators

EFFECTIVE DATE: Upon passage

§§ 563-565 — RENTERS' REBATE PROGRAM

Makes municipalities, instead of the state, responsible for grants under the Renters' Rebate Program

The state's Renters' Rebate Program provides rebates to older adult or totally disabled renters whose incomes do not exceed certain limits (CGS § 12-170d *et seq.*). The act makes municipalities, instead of the state, responsible for (1) funding the grants under the program and (2) administering the program. But the act does not specify how the program must transition to municipal administration for purposes of 2016 rebates.

The act also:

1. appropriates \$12,685,377 in FY 18 and \$13,666,177 in FY 19 to the Office of Policy and Management (OPM) for the program (see § 1) and
2. makes a number of conforming changes, including specifying that applicants can appeal a local assessor's decision on a rebate application to OPM.

(PA 17-4, JSS (§§ 23-26) returns administration of the program to OPM and establishes a mechanism for municipalities to contribute funding toward grants.)

EFFECTIVE DATE: Upon passage

Background

To be eligible for a rebate, the recipient, or his or her spouse, must be (1) age 65 or older; (2) age 50 or older and the surviving spouse of a renter who at the time of the renter's death had qualified for and was entitled to tax relief, provided such spouse was domiciled with such renter at the time of the renter's death; or (3) age 18 or older with a total and permanent disability. The recipient also must have lived in the state for at least one year. Under prior law and the act, individuals apply annually to local assessors or their agents between April 1 and October 1 for reimbursement for payments made in the preceding calendar year. Rebate amount is based on a graduated income scale and the applicant's rent and utility payments.

§§ 566 & 567 — PREVAILING WAGE

Increases prevailing wage thresholds for new public works projects; temporarily exempts certain projects in New Haven County from prevailing wage requirements; and applies prevailing wage requirements to certain DECD-funded projects

The act makes several changes to the state's prevailing wage law. First, it increases the public works prevailing wage threshold for new construction projects from \$400,000 to \$1 million. It does not change the \$100,000 threshold for public works renovation projects. By law, employers on public works projects of the state or its political subdivisions with total costs that exceed the thresholds must pay their construction workers the prevailing wage (i.e., wages and benefits equal to those that are customary or prevailing for the same work, in the same trade or occupation, in the same town). The act specifies that the public works prevailing wage thresholds apply to (1) a new construction project's total bond authorization and (2) any project's combined total costs.

Until July 1, 2019, the act also temporarily exempts from prevailing wage requirements any public works projects that are (1) for a New Haven County municipality that has a population between 12,000 and 13,000, as determined by the most recent Department of Public Health estimate, and (2) funded in whole or in part by a \$9 million - \$12 million private bequest.

Lastly, starting July 1, 2018, the act extends prevailing wage requirements to any business that receives a total of at least \$1 million in financial assistance from the Department of Economic and Community Development (DECD) for any construction, remodeling, refinishing, refurbishing, rehabilitation, alteration, or repair of any property owned by the business ("covered projects"). Financial assistance for a project includes loans, cash payments, credit extensions, guarantees, equity investments, tax abatements, or any other financing.

Prevailing Wage for DECD-assisted Projects

Under the public works prevailing wage law, the contracts with contractors and subcontractors on covered public works projects must require the contractors and subcontractors to pay their construction workers the prevailing wage. Contractors who do not provide benefits at the rate required under the prevailing wage must make up the difference in hourly wages.

Starting July 1, 2018, the act requires a business that receives at least \$1 million in DECD financial assistance for a covered project to include the same prevailing wage provision in its contracts for the project. DECD must impose this requirement as a condition of receiving assistance.

As under the public works prevailing wage law, the labor commissioner must determine the prevailing wage for each trade or occupation and location (in practice, the commissioner uses rates established by the U.S. Department of Labor). Unlike the public works prevailing wage law, the act does not require:

1. DECD to certify the total dollar amount of work to be done on the project,
2. the business to (a) obtain the applicable prevailing wage rates from the labor commissioner prior to advertising for the contracts or (b) include the prevailing wage rates in proposals for the contracts, or
3. contractors, upon award of a contract, to certify the pay scale that they and their subcontractors will use on the project.

Enforcement. Similar to the public works prevailing wage law, the act requires contractors or subcontractors on the business's covered project who knowingly or willfully fail to pay their employees the prevailing wage to be fined between \$2,500 and \$5,000 per offense. In addition, a first-time violator must fully repay back wages and cannot bid on other DECD covered projects until six months after it has done so. A contractor or subcontractor with subsequent violations must fully repay back wages and cannot bid on other covered projects until two years after it has done so.

Similar to the public works prevailing wage law, if a business finds that a contractor or subcontractor on its covered project is not paying the prevailing wages, the business can (1) by written or electronic notice terminate the contractor's right to continue working on the project and hold the contractor and its sureties liable for any excess costs to complete the work or (2) withhold payments to the contractor or subcontractor. If the business takes either of these steps, it must notify the labor commissioner, within two days, of the contractor's or subcontractor's name; the project and its location; the violations involved; the date the contract was terminated, if applicable; and steps taken to collect the required wages. The labor commissioner may file a complaint with the proper prosecuting authorities for violations.

Record Keeping Requirements. The act expands the public works prevailing wage law's record keeping requirements to include DECD's covered projects. Among other things, this requires contractors and subcontractors on a project to submit monthly certified payroll records to DECD. The records must contain the same information required under the public works prevailing wage law, including:

1. detailed payroll records for each employee and
2. a signed statement that, among other things, (a) the records are correct, (b) the employer met the prevailing wage law's requirements, and (c) the employer understands the penalties for knowingly filing false payroll records.

The penalties for failing to comply with the certified payroll records requirement or knowingly filing false payroll records are the same as under the public works prevailing wage law (class D felonies, see Table on Penalties).

EFFECTIVE DATE: Upon passage

§ 569 — STATE SUPPLEMENT PROGRAM (SSP)

Extends freeze on SSP rates and eliminates unearned income disregard for SSI COLAs

Generally, low-income people who are aged, blind, or have a disability can receive federal Supplemental Security Income (SSI) benefits if they meet certain financial eligibility requirements. The state supplements SSI benefits with SSP benefits for those who are eligible. To calculate the benefit, DSS takes the applicant's income, subtracts any applicable "disregards," and compares the difference to the program's payment standard. If the net income figure is less than the benefit, the person qualifies, and the benefit equals the difference between them.

The law generally requires the DSS commissioner to annually increase SSP payment standards based on the consumer price index, within certain parameters. The act extends the freeze on these payment standards for the next two fiscal years (FYs 18 and 19).

The act eliminates a requirement that the DSS commissioner annually increase the amount of unearned income he disregards when determining eligibility and benefits for SSP. Prior law required the DSS commissioner to increase the disregard by the amount of the annual cost-of-living adjustment (COLA), if any, provided to SSI recipients.

Both changes reduce SSP benefits and may result in fewer people being eligible for benefits.

EFFECTIVE DATE: Upon passage

§§ 570 & 571 — MEDICAID PRESCRIPTION DRUG REIMBURSEMENT

Eliminates statutory requirements for calculating drug and fee payments; requires DSS to revise reimbursement methodology and professional dispensing fees; requires DSS to submit proposed revisions to legislative committees

The act eliminates the statutory requirements and formulas for calculating DSS medical assistance (e.g., Medicaid) payments for prescription drugs, over-the-counter drugs, and pharmacists’ professional fees. It also eliminates a requirement that the state pay a \$1.40 professional fee to licensed pharmacies for each prescription dispensed.

Effective April 1, 2017, the act instead requires the DSS commissioner to revise the reimbursement methodology and professional dispensing fees for covered outpatient drugs under the Medicaid program to comply with federal regulations concerning Medicaid reimbursement for these drugs, in accordance with the legislative review process described below. Among other things, the federal regulations require states to reimburse providers for (1) certain drugs based on their actual acquisition cost and (2) pharmacists’ professional services and costs with a professional dispensing fee. The act maintains a requirement that DSS pay a professional fee for each approved refill, changing the name of this fee from “professional license fee” to “professional dispensing fee.”

Legislative Review (§ 571)

The act requires the DSS commissioner to submit proposed revisions to the Medicaid reimbursement methodology and dispensing fees for covered outpatient drugs to the Human Services and Appropriations committees before he implements them. The commissioner must publish a notice of his intention to seek a proposed revision in the Connecticut Law Journal and on the DSS website at least 30 days before submitting a proposed revision. The act requires the notice to summarize the proposed revision and describe how individuals may submit comment. Under the act, the commissioner must (1) provide 30 days for written comments on the proposed revision and (2) include all written comments in the submission to the committees.

EFFECTIVE DATE: Upon passage

§ 573 — PRIORITY SCHOOL DISTRICT (PSD) GRANTS

Distributes PSD grants for FYs 18 and 19

The act distributes PSD grants for FYs 18 and 19 across three categories, as shown in Table 29 below.

Table 29: PSD Grant Funding Distribution

<i>Category</i>	<i>FY 18</i>	<i>FY 19</i>
Priority school districts	\$31,609,003	\$31,609,003
Extended school building hours	2,994,752	2,994,752
School accountability	3,499,699	3,499,699

By law, the PSD program provides grants to districts with significant poverty for (1) early reading programs, (2) summer school, and (3) extended school building hours for enrichment and recreational activities.

EFFECTIVE DATE: Upon passage

§ 574 — EDUCATION GRANT EARMARKS

Earmarks up to \$1.6 million of SDE appropriations in FYs 18 & 19 for various education-related grants

The act earmarks up to \$1,623,479 per year of amounts appropriated to SDE for FYs 18 and 19 for grants to:

1. Bridge Family Center in West Hartford (up to \$40,000 per year from the Bridges to Success appropriation);
2. New Haven Reads in New Haven (up to \$80,000 per year from the K-3 Reading Assessment Pilot appropriation);
3. Career Pathways TECH Collaborative at Eli Whitney Technical High School, administered by the Justice Education Center, Inc. (up to \$125,000 per year from the appropriation for Other Expenses);
4. East Hartford (\$915,000 per year from the appropriation for Magnet Schools); and
5. Project Oceanology (up to \$463,479 per year from the appropriation for Interdistrict Cooperation).

EFFECTIVE DATE: Upon passage

§§ 575-582 — EDUCATION GRANT CAPS

Reinstates prior law's caps on certain education grants to school districts and regional education service centers through FY 19

The act caps eight state education grants to school districts and regional education service centers (RESCs) for FYs 18 and 19. The caps, which had expired under prior law on June 30, 2017, require that grants be proportionately reduced if the state budget appropriations do not cover the full amounts required by the respective statutory formulas.

The caps apply to grants for:

1. health services for private school students (CGS § 10-217a);
2. adult education programs (CGS § 10-71);
3. RESC operations (CGS § 10-66j);
4. school districts' special education costs for public agency-placed students under an order of temporary custody (CGS § 10-76d);
5. school districts' excess special education costs (CGS § 10-76g);
6. excess regular education costs for state-placed children educated by private residential facilities (CGS § 10-253); and
7. transportation costs for school districts (CGS § 10-266m), including costs for transporting students to private schools within a district (CGS § 10-281).

EFFECTIVE DATE: Upon passage

§§ 583 & 584 — CHARTER SCHOOL GRANTS

Increases the per pupil grants for state charter schools by \$250 beginning in FY 19 and requires state and local charter school grants to be paid directly to the schools' fiscal authorities, rather than the towns

Beginning in FY 19, the act increases the current per pupil grant for state charter schools from \$11,000 to \$11,250.

It also requires the state to pay per pupil grants for state and local charter schools directly to the schools' fiscal authorities. Prior law required these payments to be made to the towns where these schools are located, and the towns were required to subsequently transfer the funds to the schools' fiscal authorities.

The act makes various technical and conforming changes and removes obsolete language.

EFFECTIVE DATE: Upon passage

§ 585 — MAGNET SCHOOL GRANTS

Renews the prioritization for per-student grant payments for magnet school enrollment increases and allows RESC-operated magnets outside of the Sheff region to be eligible for a higher per-student grant

For FY 17, the law authorized SDE to consider a magnet school's enrollment as of October 1, 2013 or October 1, 2015, whichever was lower, as the base enrollment that SDE will fund. For that fiscal year, the law required SDE to prioritize funding for additional magnet school seats based on enrollment increases due to (1) certain planned additions of new grade levels or (2) compliance with magnet school law requirements (i.e., racial and economic diversity).

For FY 18, the act similarly authorizes SDE, within available appropriations, to consider a magnet school's enrollment as of October 1, 2013, October 1, 2015, or October 1, 2016, whichever is lower, as the base enrollment that SDE will fund. For FY 19, it authorizes SDE to consider a magnet school's enrollment as of the above dates, as well as October 1, 2017, whichever is lower, as the base enrollment for SDE funding. The act requires SDE to prioritize funding approval, subject to the SDE commissioner's approval, for additional magnet school seats, including increases in enrollment due to planned and approved new grade levels.

It also extends, for FYs 18 and 19, (1) the *Sheff* region host magnet school per-student grant (\$13,054) and (2) an authorization under which magnet school programs operating at less than full-time, but more than half-time, receive 65% of the normal per-student grant.

For FYs 18 and 19 the act applies the *Sheff* region RESC magnet school per-student grant amount (\$10,443) to any RESC magnet school in the state that enrolls more than 50%, but less than 60%, of its students from Hartford. Under prior law, these magnets were entitled to per-student grants ranging from \$7,085 to \$8,180, depending on enrollment and the date the school opened. Also, for a RESC magnet school that enrolls less than 50% of its students from Hartford the per-

student grant will be \$7,900 for half of the non-Hartford students who are over 50% of the total enrollment and \$10,443 for all other students enrolled there.

The act also makes technical changes.

EFFECTIVE DATE: Upon passage

§ 588 — MASHANTUCKET PEQUOT AND MOHEGAN FUND GRANTS

Allocates the total grant amounts paid to municipalities from the Mashantucket Pequot and Mohegan Fund for FYs 18 and 19

For FYs 18 and 19, the act specifies the total grant amounts paid to municipalities from the Mashantucket Pequot and Mohegan Fund. In doing so, it overrides the statutory formulas and requirements for the grants.

EFFECTIVE DATE: Upon passage

§ 589 — MUNICIPAL STABILIZATION GRANTS

Establishes a new municipal stabilization grant for FYs 18 and 19

For FYs 18 and 19, the act establishes a new municipal stabilization grant for specified municipalities and lists the respective grant amounts. The act requires the grants to be paid by October 31 of each year.

EFFECTIVE DATE: Upon passage

§ 590 — MUNICIPAL REVENUE SHARING GRANTS

Eliminates the municipal revenue sharing grants for all but five municipalities and specifies their amounts for FYs 18 and 19

For FYs 18 and 19, the act eliminates municipal revenue sharing grants for all but five municipalities (Bridgeport, Hartford, Mansfield, New Haven, and Waterbury) and specifies the amounts payable to each one by October 31 of each year. (However, the act overrides the statutory grant amounts for FY 17, rather than those for FYs 18 and 19.)

EFFECTIVE DATE: Upon passage

§§ 591 & 592 — PAYMENT IN LIEU OF TAXES (PILOT) GRANTS

Allocates supplemental PILOT grant amounts for FYs 18 and 19

The act overrides statutory requirements for PILOT grants in FYs 18 and 19 and instead lists the grant amounts payable to eligible municipalities for college and hospital property and state-owned property.

Prior law required PILOTs for FYs 18 and 19 to be proportionately reduced if the amount appropriated was not enough to fund the full amount to every municipality or special taxing district, except that (1) municipalities and districts had to receive PILOTs that equaled or exceeded the reimbursement rates they received in FY 15 and (2) 42 specified municipalities and districts received a supplemental PILOT grant according to amounts listed in statute.

EFFECTIVE DATE: Upon passage

§§ 601-617 — HOSPITAL PROVIDER TAX AND USER FEES ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES

Beginning July 1, 2017, sunsets the prior tax on hospitals and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities and reestablishes them as a new tax and fee structure

Beginning July 1, 2017, the act sunsets the prior tax on hospitals and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities (ICF-ID) and reestablishes them as a new tax and fee structure. It establishes administrative, record keeping, and penalty provisions for the tax and fees that generally parallel those in existing law for other taxes. It also authorizes the DRS commissioner to adopt implementing regulations.

Tax on Hospital Services (§§ 602, 611 & 612)

Overview. Under prior law, the hospital tax was based on a hospital's net patient revenue (defined as the amount of accrued payments earned by a hospital for the provision of inpatient and outpatient services) for a base year determined by the Department of Social Services (DSS) commissioner in accordance with the adopted state budget. The hospital tax rate was set up to the maximum allowed by federal law (6%) and in conformance with the adopted state budget.

Beginning July 1, 2017, the act sunsets prior law's tax and imposes a new tax based on the total net revenue hospitals received for FY 16 (defined below) for providing inpatient and outpatient hospital services. The act establishes a formula for calculating the tax rate, based on the amount of tax revenue specified for the given fiscal year. For FYs 18 and 19, the tax rate for (1) inpatient hospital services is \$306 million divided by the total FY 16 audited net inpatient revenue for all hospitals subject to the tax and (2) outpatient hospital services is \$594 million divided by the total FY 16 audited net outpatient revenue for all such hospitals. (PA 17-4, JSS (§ 2) instead sets the tax rate for FYs 18 and 19 for (1) inpatient hospital services at 6% of each hospital's FY 16 audited net revenue attributable to such services and (2) outpatient hospital services at \$900 million minus the total tax imposed on all hospitals for providing inpatient hospital services, divided by the total FY 16 audited net revenue attributable to outpatient hospital services for all hospitals subject to the tax.)

For FY 20 and thereafter, the tax rate for both inpatient and outpatient hospital services is \$384 million divided by the total FY 16 audited net revenue for all hospitals subject to the tax.

Payment Requirements. For each fiscal year, with the exception of FY 18, the act requires hospitals to pay the total amount due in four quarterly payments according to the standard filing and payment requirements the act establishes (described further below).

For FY 18, the act requires hospitals to make an estimated tax payment on December 15, 2017 that equals 133% of the tax that was due for FY 17 under the prior hospital tax. If a hospital was not required to pay the tax on either inpatient or outpatient hospital services, it must make its estimated payment based on its unaudited net patient revenue. (PA 17-4, JSS (§2) requires the DRS commissioner to apply any tax payments hospitals made for the prior hospital tax for the period ending September 30, 2017, as a partial payment of the hospital's estimated tax payment due December 15, 2017.) Hospitals must pay the remaining balance due for FY 18 in two equal payments, due on April 30, 2018, and July 31, 2018, respectively.

The act requires hospitals to make these required payments according to procedures established by the commissioner on forms he provides. (PA 17-4, JSS (§ 2) requires hospitals to calculate the amount of tax due on forms prescribed by the DRS commissioner by multiplying the applicable rate described above by its FY 16 audited net revenue.)

Hospitals Subject to the Tax. Under prior law, the hospital tax applied to all short-term general hospitals except children's hospitals and hospitals operated exclusively by the state, other than those the state operates as a receiver (i.e., Connecticut Children's Medical Center and John Dempsey Hospital). Under the act, the tax applies to the net revenue tax to any health care facility that (1) is licensed by DPH as a short-term general hospital; (2) is maintained primarily for the care and treatment of patients with disorders other than mental diseases; (3) meets the requirements for participation in Medicare as a hospital; and (4) has a utilization review plan in effect, applicable to all Medicaid patients, that meets federal requirements or has been granted a federal waiver.

Request for Federal Waiver to Exempt Certain Hospitals. The act requires the DSS commissioner to seek CMS approval to exempt from the hospital tax (1) specialty hospitals; (2) children's general hospitals; and (3) hospitals operated exclusively by the state, other than those the state operates as a receiver. (However, specialty hospitals do not appear to be subject to the tax since they are not licensed by DPH as short-term general hospitals.) It requires hospitals to, upon request, provide the DSS commissioner with information he needs to make any necessary calculations to seek approval for this exemption. (The same exemption applied against the hospital tax under prior law.)

The act similarly requires the commissioner, before January 1, 2018 and every three years thereafter, to seek CMS approval to exempt financially distressed hospitals from the tax on outpatient hospital services. It defines a "financially distressed hospital" as one that has experienced, over a five-year period, an average net loss of more than 1% of aggregate revenue. Under the act, a hospital has an average net loss of more than 1% of aggregate revenue if the loss is reflected in the five most recent years of financial reports made available by the Office of Healthcare Access for such hospital as of July 1 of the year in which the waiver is requested. (The same exemption applied against the hospital tax under prior law.) (PA 17-4, JSS (§ 2) increases the threshold at which a hospital is considered financially distressed to one that has experienced an average net loss of more than 5% of aggregate revenue over a five-year period, rather than more than 1%.)

Under the act, any hospital for which CMS grants an exemption is exempt from the net revenue tax and any hospital denied an exemption must pay the tax. (PA 17-4, JSS (§2) specifies that any hospital for which CMS denies an exemption is deemed a hospital for purposes of the provider tax.)

The act exempts these waivers from the statutes requiring the DSS commissioner to submit notice of any proposed amendment to the Medicaid state plan to the Human Services and Appropriations committees before submitting it to the federal government.

Definition of Net Revenue. The act defines net revenue as “gross receipts” minus payer discounts, charity care, and bad debts on which the taxpayer previously paid the tax. Under the act, “gross receipts” means the amount received (cash or in-kind) from patients, third-party payers, and others for taxable health care items or services the taxpayer provides in the state. It includes retroactive adjustments under reimbursement agreements with third-party payers, with no deduction for expenses. Under the act, “received” means received or accrued according to the taxpayer’s customary accounting method.

“Payer discounts” means the difference between a provider’s published charges and the payments it received for a rate or payment method that is different than or discounted from the published charges. It excludes charity care and bad debts.

“Charity care” is free or discounted health care services provided to an individual who cannot afford to pay, including health care services provided to an uninsured patient who is not expected to pay all or part of a provider’s bill based on income guidelines and other financial criteria established in statute or in a provider’s charity care policies on file at the provider’s office. It excludes bad debts and payer discounts.

Under the act, net revenue derived from providing a health care item or service to a patient must be taxed only one time.

FY 16 Audited Net Revenue. As discussed above, the tax on inpatient and outpatient hospital services is based on the provider’s FY 16 audited net revenue.

The act defines “FY 16 audited net inpatient revenue” and “FY 16 audited net outpatient revenue” as the amount of revenue the DRS commissioner determines, in accordance with federal law, that a health care provider received for providing inpatient or outpatient hospital services, respectively, during federal fiscal year 2016, based on information provided by each health care provider subject to the tax. It defines “FY 16 audited net revenue” as the net revenue reported in each hospital’s audited financial statement, minus the amount of revenue that the DRS commissioner determines, in accordance with federal law, that a hospital received from anything other than providing inpatient and outpatient hospital services. Under the act, the total FY 16 audited net revenue is the sum of FY 16 audited net revenue for each hospital subject to the tax.

The act requires hospitals to submit to the commissioner any information he requires in order to calculate the FY 16 audited net inpatient revenue, net outpatient revenue, and net revenue for all hospitals. They must provide this information by January 1, 2018. The commissioner must request additional information he needs to fully audit each hospital’s net revenue. Once he has completed his examination, the commissioner must, by February 28, 2018, notify each hospital of its FY 16 audited net inpatient revenue, net outpatient revenue, and net revenue.

Hospitals that fail to provide the requested information before January 1, 2018, or fail to comply with a request for additional information, are subject to a penalty of \$1,000 per day for each day the failure continues. The act allows the commissioner to engage an independent auditor to assist him with these duties and responsibilities.

Taxable Services. The tax applies to the revenues a health care provider receives for providing inpatient and outpatient hospital services. Under the act, “inpatient hospital services” are, in accordance with federal law, all services (1) ordinarily furnished in a hospital for the care and treatment of inpatients, (2) furnished under the direction of a physician or dentist, and (3) furnished in a hospital. They exclude skilled nursing facility and intermediate care facility services furnished by a hospital with swing bed approval. An “inpatient” is a patient admitted to a medical institution as an inpatient on a physician’s or dentist’s recommendation and who (1) receives room, board, and professional services in the institution for at least a 24-hour period or (2) is expected to do so by the institution, even if the patient does not actually stay for 24 hours.

The act defines “outpatient hospital services” as preventive, diagnostic, therapeutic, rehabilitative, or palliative services furnished (1) to an outpatient, (2) by or under the direction of a physician or dentist, and (3) by a hospital. An “outpatient” is a patient of an organized medical facility, or a distinct part of such facility, who is expected by the facility to receive, and does receive, professional services for less than a 24-hour period, regardless of (1) when the patient is admitted, (2) whether a bed is used, or (3) whether the patient remains in the facility past midnight.

DRS Guidance. The act requires the DRS commissioner to issue guidance regarding administering the tax on inpatient and outpatient hospital services after completing a study of the applicable federal law governing the administration of health care provider taxes. The commissioner must conduct the study in collaboration with the DSS commissioner, OPM secretary, Connecticut Hospital Association, and hospitals subject to the tax.

Nursing Home and ICF-ID User Fees (§§ 603 & 613-617)

Facilities Subject to the Fees. The act imposes quarterly resident day user fees on nursing homes and ICF-IDs that are generally the same as those imposed under prior law. The act imposes the nursing home fee on all nursing homes (i.e., any licensed chronic and convalescent nursing home or rest home with nursing supervision) and requires the DSS commissioner to seek a federal Medicaid waiver to exempt continuing care retirement communities (CCRCs) from the fee (described further below). CCRCs were similarly exempt from the nursing home fee under prior law.

The act imposes the ICF-ID user fee on the same facilities subject to the fee under prior law (i.e., residential facilities for people with intellectual disabilities that are certified to meet federal requirements and, in the case of private facilities, state-licensed).

Fee Calculation. Under prior law, DSS was required to calculate the fees every two years based on the facilities' net revenue (i.e., the amount billed for all services provided less contractual allowances, payer discounts, charity care, and bad debt) and a percentage set by the OPM secretary up to the maximum allowed by federal law (6%). The act instead establishes the fees as the product of each facility's total resident days during the quarter multiplied by \$21.02 for nursing homes and \$27.26 for ICF-IDs, which generally are the user fees set by DSS applicable for 2017. (The nursing home resident user fee was previously \$16.13 per resident day for municipally-owned nursing homes and homes licensed for more than 230 beds.)

Under the act, a nursing home or ICF-ID resident day is the same as under prior law, that is, a day a nursing home or ICF-ID provides residential care to an individual, and includes a day (1) a resident is admitted, (2) for which the facility is eligible for payment for reserving the resident's bed due to hospitalization or temporary leave, or (3) a resident dies. As under prior law, a resident day does not include the day a resident is discharged or, in the case of nursing homes, a Medicare day (i.e., days of nursing home care service provided to someone eligible for Medicare payments).

Waiver and Fee Reduction. The act requires the DSS commissioner to seek federal approval from CMS to (1) exempt CCRCs from the nursing home fee and (2) impose a lower fee of \$16.13 for municipally-owned homes and those homes licensed for more than 230 beds. (PA 17-4, JSS (§ 3), establishes specified criteria for determining the CCRCs for which DSS must seek the waiver.) Under the act, the exemption and lower fee apply if CMS grants approval; if CMS denies the exemption or lower fee, the nursing home fee or higher user fee applies (i.e., CCRCs pay the nursing home fee or the higher fee applies to larger or municipally-owned homes).

As with the hospital waivers discussed above, the act exempts the nursing home and ICF-ID user fee waivers from the statutes requiring the DSS commissioner to submit notice of any proposed amendment to the Medicaid state plan to the Appropriations and Human Services committees before submitting it to the federal government.

Tax Credits

The act prohibits health care providers from using tax credits to reduce their hospital tax or nursing home or ICF-ID user fee liability. Under prior law, hospitals and ambulatory surgical centers (ASCs) could apply urban and industrial site reinvestment (UISR) tax credits against their hospital or ASC taxes. Prior law did not allow any tax credits against the nursing home or ICF-ID user fees.

Under the act, any provider assigned UISR tax credits that apply against the prior hospital or existing ASC tax may further assign the credits to another taxpayer or taxpayers one time, but these taxpayers may (1) claim the credits only for the tax year for which the provider would have been eligible to claim them and (2) not further assign the credits. The assigning health care provider must file with the DRS commissioner information he requests on such assignments, including the current credit holders as of the end of the preceding calendar year. (PA 17-4, JSS (§ 2), requires the DRS commissioner to return to a hospital any tax credit the hospital claimed related to the prior hospital tax for the period ending September 30, 2017, so that it may be assigned.)

Tax and Fee Administration (§§ 604-609)

Filing Returns and Remitting Taxes and Fees. Under the act, taxpayers doing business in this state (i.e., health care providers subject to the tax or fee) must file quarterly returns and generally remit the tax and fee payments to the DRS commissioner by the last day of January, April, July, and October of each year on DRS-prescribed forms. (For FYs 18 and 19, § 618 allows hospitals to delay their tax payments for any quarter in which DSS delays supplemental payments, without incurring penalties or interest, until 14 days after getting the supplemental payments due for that quarter. PA 17-4, JSS (§§ 4 & 11), eliminates this provision and instead allows taxpayers subject to the provider tax or fees to request a payment extension under certain circumstances.)

The returns must be signed by one of the taxpayer's principal officers and must state the (1) taxpayer's name and location, (2) amount of its net patient revenue or resident days during the respective quarter, and (3) other information the commissioner deems necessary to properly administer the health provider taxes and the state's Medicaid program.

Taxpayers must file the returns electronically and remit their payments by electronic funds transfer, regardless of whether they would have otherwise been required to do so electronically under existing law.

Failure to Pay Tax or Fee. Taxpayers that fail to pay the tax or fee they owe on time are subject to a penalty of 10% of the unpaid tax or fee or \$50, whichever is greater, plus 1% interest for each full or partial month that the tax or fee remains unpaid.

If a taxpayer does not file a return within one month of its due date, the DRS commissioner may make the return based on the best information available and according to the prescribed form. In addition to the tax or fee due, the taxpayer must pay a penalty of 10% of the tax or fee due or \$50, whichever is greater. Interest of 1% on the tax due accrues for each full or partial month that it remains unpaid.

The DRS commissioner must notify the DSS commissioner of any delinquent amount. Once the DSS commissioner receives the notice, he must deduct and withhold the amount due from any amount DSS would otherwise pay the taxpayer.

Penalty Waivers. The act authorizes the DRS commissioner to waive all or part of any penalty if the taxpayer proves that the failure to pay the tax or fee was due to reasonable cause and not intentional or due to neglect. By law, the Penalty Review Committee must approve penalty waivers of more than \$1,000.

Willfully Failing to Pay the Taxes or Fees or Supplying False Information. In addition to other penalties provided by law, taxpayers that willfully fail to pay the taxes or fees, file returns, keep records, or supply information within the time allowed under the act are subject to a fine of up to \$1,000, one year in prison, or both. The act allows DRS to prosecute taxpayers for these violations within three years after they were committed. (The act appears to incorrectly refer to violations committed on or after July 1, 1997.)

The act also provides that anyone who willfully delivers or discloses to the commissioner or his authorized agent any list, return, account, statement, or other document known to be fraudulent or false in any material matter is, in addition to any other penalties provided by law, guilty of a class D felony (see Table on Penalties). Taxpayers may not be charged with these two offenses (willfully failing to pay the taxes or fees, or supplying fraudulent or false information) for the same tax period, but they may be charged and prosecuted for both such offenses based on the same information.

Examination of Records and Deficiency Assessments. The act authorizes the DRS commissioner to examine the records of any taxpayer subject to the hospital tax or user fees as he deems necessary. If he determines there is a deficiency, he must assess the deficiency, give notice of the deficiency assessment to the taxpayer, and make demand for payment. Interest of 1% per month on the amount due accrues from the date when the original tax or fee was due. An additional penalty of (1) 10% of the deficiency or \$50, whichever is greater, applies when it appears that the deficiency is due to negligence or intentional disregard for the act or regulations and (2) 25% of the deficiency applies when it appears that the deficiency is due to fraud or intent to evade the act or regulations. A taxpayer cannot be subject to more than one penalty in relation to the same tax period. Taxpayers must pay the tax, penalty, and interest due within 30 days after the notice's mailing.

The commissioner must mail notice of a deficiency assessment to the taxpayer within three years after the return is filed or was originally due, whichever is later. But there is no time limit when a willfully false or fraudulent return is filed with intent to evade the tax or fee. In cases where the taxpayer consents, in writing, to an extension of the period for assessing an additional tax or fee, the amount of the additional tax due may be determined at any time within the extended period. The extended period may be further extended by additional written consents before the period expires.

The DRS commissioner may require taxpayers to (1) keep certain records and (2) produce books, papers, documents, and other data to provide or secure information relevant to the determination of the taxes or fees and their enforcement and collection. The commissioner, or any person he authorizes, may examine such books, papers, records, and equipment and may investigate the business's character to verify the accuracy of a tax return or determine the amount due.

Agreements with the DSS Commissioner. The act authorizes the DRS commissioner to enter into an agreement with the DSS commissioner delegating to the DSS commissioner the authority to examine health provider taxpayer records and returns and determine whether the correct amount has been paid. Under a delegated authority agreement, these examinations and determinations have the same effect as those made by DRS.

The act also authorizes the DRS commissioner to enter into an agreement with the DSS commissioner to facilitate the exchange of return or return information necessary for the DSS commissioner to perform his responsibilities and ensure compliance with the state's Medicaid program.

The DSS commissioner may engage an independent auditor to assist him in performing these duties and responsibilities. Any reports the independent auditor generates must be provided simultaneously to DRS and DSS.

Claims for Overpayment. A taxpayer who has overpaid has three years from the date the tax or fee was due to file a written claim for a refund stating the specific grounds for the claim. Failure to file a claim within the three-year period constitutes a waiver of the right to an overpayment refund. Within a reasonable time, as the commissioner determines, the commissioner must decide the claim's validity and, if valid, have the comptroller pay a refund. If the commissioner disallows the claim, in whole or in part, his notice must be mailed to the taxpayer briefly setting forth his factual findings and the reasons for the disallowances. His action becomes final 60 days after being mailed unless the taxpayer has filed a written protest with the commissioner as described below.

Written Protest. Within 60 days after the mailing of a proposed disallowance for an overpayment claim, the taxpayer may file a written protest with the commissioner indicating the grounds on which it is based. The commissioner must reconsider the proposed disallowance and may grant or deny a hearing if the taxpayer or its authorized representative requests one. Notice of the commissioner's determination must be mailed to the taxpayer and briefly indicate the commissioner's findings and the basis of his decision. The commissioner's decision on the protest is considered final one month from the date he mails the notice, unless the taxpayer appeals to court during this period as described below.

Appeals of Commissioner's Decisions. The act allows a taxpayer aggrieved by the DRS or DSS commissioner's action, or that of an authorized agent, in setting the amount of any health provider tax, penalty, interest, or fee to apply in writing for a hearing and correction to the DRS commissioner within 60 days after notice of the action is delivered or mailed to the taxpayer. The application must indicate the reasons why the hearing should be granted and the amount by which the tax, penalty, interest, or fee should be reduced. The commissioner must promptly consider the application and may grant or deny the hearing request. He must immediately notify the taxpayer if the hearing request is denied. If the hearing request is granted, he must notify the applicant of the hearing's date, time, and place. After the hearing, the commissioner may issue an order that appears just and lawful and provide a copy to the taxpayer. The commissioner may order a hearing on his own initiative and require the taxpayer or any individual he believes has relevant information to appear with any specified documents for examination under oath.

Court Appeal. Any taxpayer aggrieved by an order, decision, determination, or disallowance of the commissioner can appeal for relief to the Superior Court for the judicial district of New Britain. (PA 17-4, JSS (§7), extends this authorization to include appeals of the commissioner's decisions with respect to taxpayer requests for a hearing and correction on the amount of any health provider tax, penalty, interest, or fee.) The appeal must be made within one month after notice is served of the commissioner's action. It must be accompanied by a citation for the commissioner to appear in court. The citation and appeal must be handled like other civil actions, and the authority filing the appeal must provide a bond to assure prosecution of the appeal and compliance with court orders. These appeals become preferred cases, which must be heard at the first court session unless there is cause to do otherwise.

The court is authorized to grant equitable relief. If the tax or charge has already been paid, relief may include interest at a rate of 0.67% per month. If the taxpayer has appealed without probable cause, the court may charge double or triple costs; and when an appeal is denied, the court can impose costs against the taxpayer bringing the appeal. But the court cannot charge costs against the state.

Enforcement. The act authorizes the DRS commissioner, and any duly authorized agent, to conduct inquiries, investigations, or hearings as the act or the existing hospital tax and user fee law provides and administer oaths and take testimony under oath related to the matter being investigated. (PA 17-4, JSS (§ 8), authorizes the commissioner to do so only as authorized by the act.)

At any hearing the commissioner orders, he or his agent may subpoena witnesses and pertinent books, papers, and documents. Individuals subject to subpoena cannot use the self-incrimination protection of the Constitution to refuse subpoenas, but information gathered through these processes cannot be used in criminal proceedings. If a person refuses to respond to the commissioner's subpoena, the commissioner can ask the Superior Court to enforce it and, in the face of continued lack of cooperation, the court can order the recalcitrant party imprisoned for up to 60 days. In such cases the commissioner is authorized to continue the investigation. Officers who serve subpoenas and witnesses who attend hearings are entitled to compensation and fees at the same rates as officers and witnesses in state courts.

Collection. Taxes, including penalties, interest, and fees, due and unpaid, may be collected through existing statutory procedures. The interest must be at least 1.25% per month. The commissioner or his authorized agent can sign a tax warrant, which must include an itemized bill of the amount due, to be served on the taxpayer. The amount of unpaid tax, penalty, interest, and fees is a lien against all of the taxpayer's Connecticut real estate and may be filed with the town clerk where the property is located. Such a lien is not effective against a mortgage holder or a bona fide purchaser of the property who does not know of the lien. When the tax has been paid, the commissioner, on the request of any interested party, must issue a certificate discharging the lien. Any foreclosure action on the lien must be brought by the attorney general in the judicial district where the property is located. The court may limit the time for redemption of the lien, order sale of the property, or issue some other decree it deems equitable. Fees must be treated as a tax for purposes of withholding state payments due to a taxpayer to offset delinquent taxes and related penalties.

Revenue (§ 610)

Beginning in FY 18, the act authorizes the comptroller, at the close of each fiscal year, to record as revenue the amount of health provider taxes and fees received by the DRS commissioner within five business days after the July 31 following the end of the fiscal year.

§§ 618, 620 & 621 — HOSPITAL SUPPLEMENTAL PAYMENTS

Establishes various supplemental pools for hospital Medicaid payments and a payment schedule; requires payments in the aggregate to be approximately \$598 million in FY 18 and \$496 million in FY 19; allows DSS to make advance payments to certain hospitals; and limits the governor’s rescission authority for supplemental payments in FYs 18 and 19

Establishment of Supplemental Pools and Payment Schedules (§ 618)

The act requires, rather than allows, DSS to establish supplemental pools for certain hospitals. Generally, supplemental pools are hospitals grouped for purposes of receiving supplemental Medicaid payments. Under the act, pools include (1) a supplemental inpatient and a supplemental outpatient pool and (2) a supplemental small hospital pool and a supplemental mid-size hospital pool, both as determined by DSS in consultation with the Connecticut Hospital Association (CHA). (Under PA 17-4, June Special Session (JSS), the requirement to establish pools is subject to federal approval, and the CHA consultation requirement applies to all of the supplemental pools, not just the small and mid-sized hospital pools.)

The act requires the amount of funds in the supplemental pools to total, in aggregate, \$598,440,138 for FY 18 and \$496,340,138 in FY 19.

Under the act, DSS must distribute supplemental payments to hospitals based on criteria (1) determined by DSS in consultation with CHA and (2) including utilization and proportion of total Medicaid expenditures. As part of the required consultation, DSS must send proposed distribution criteria in writing to CHA at least 30 days before making any payments based on them. But the act creates an exception from this requirement for the quarter ending September 30, 2017, requiring instead that DSS send CHA distribution criteria at least seven days before making payments. The act requires the consultation to provide an opportunity to discuss such criteria before making any payments based on them.

For FYs 18 and 19, the act establishes a schedule for supplemental payments (see Table 30). (PA 17-4, JSS (§ 11) delays the first supplemental payments due to hospitals and establishes a new schedule.)

Table 30: Supplemental Payment Schedule for FYs 18 and 19
(See PA 17-4, JSS (§ 11) for new schedule)

<i>Payments for the Quarter Ending</i>	<i>Due</i>
September 30, 2017	October 31, 2017
December 31, 2017	December 31, 2017, except that DSS may delay payments until 14 days after the Centers for Medicare and Medicaid Services (CMS) approves any Medicaid state plan amendments necessary to receive federal Medicaid funds for the supplemental payments
March 31, 2018 through June 30, 2019	The last day of each calendar quarter

The act allows hospitals to delay their provider tax payments for any quarter in which DSS delays supplemental payments without incurring penalties or interest until 14 days after getting the supplemental payments due for that quarter. (PA 17-4, JSS (§ 11) eliminates this provision.)

Distressed Hospitals (§ 620)

For FY 18, the act allows DSS to advance all or a portion of a quarterly supplemental payment to distressed hospitals. (PA 17-4, JSS (§ 13) allows DSS to advance all or a portion of scheduled supplemental payments, conforming to the schedule under that act.) Under the act, a distressed hospital is a short-term, general acute care hospital licensed by DPH that (1) the DSS commissioner determines is financially distressed in accordance with financial criteria he selects or develops and (2) is independent and not affiliated with any other hospital or hospital-based system that includes two or

more hospitals, as documented through the certificate of need process administered by DPH's Office of Health Care Access.

Under the act, to receive such an advance, the distressed hospital must request the advance in writing with an explanation of how the hospital complies with related requirements. The act requires the distressed hospital to provide the DSS commissioner with all requested financial information, including annual audited financial statements, quarterly internal financial statements, and accounts payable records. The act allows the DSS commissioner to impose conditions as he deems necessary in making advance payments, including financial reporting, scheduling repayment of advance payments, and adjusting future payments.

Limit on Governor's Rescission Authority (§ 621)

For FYs 18 and 19, the act prohibits the governor from reducing any allotment requisition or allotment in force for DSS's hospital supplemental payments account.

EFFECTIVE DATE: Upon passage

§ 619 — MEDICAID RATES FOR HOSPITALS

Requires DSS to (1) increase hospital Medicaid rates such that affected hospitals receive \$140.1 million more for inpatient services and \$35 million more for outpatient services and (2) establish the increased rates as a lower limit for FY 19 and subsequent years

By law, and with certain exceptions, Medicaid rates paid to acute care hospitals are based on diagnosis-related groups (DRGs). The law requires DSS, within available appropriations and at the commissioner's discretion, to transition hospital-specific DRG base rates to statewide DRG base rates over a four-year period. In practice, DSS is in the process of doing so. The law also includes requirements for payments for outpatient and emergency room services.

The act requires DSS to increase FY 17 Medicaid rates for hospitals that are subject to the provider tax, superseding the provisions described above. Under the act, the rate increase must (1) occur by January 1, 2018 and (2) result in an annualized, aggregate increase of \$140.1 million for inpatient hospital services and \$35 million for outpatient hospital services.

For FY 19 and subsequent years, the act prohibits hospitals subject to the provider tax from receiving a lower rate than the one in effect on January 1, 2018.

(PA 17-4, June Special Session (JSS) (§ 12) eliminates these provisions and instead increases rates, subject to federal approval, by increasing the DRG group base rate for inpatient hospital services and the ambulatory payment classification base conversion factor for outpatient hospital services.)

EFFECTIVE DATE: Upon passage

§§ 622-625 — INSURANCE PREMIUMS TAX

Rate Reduction (§§ 622-624)

Reduces, from 1.75% to 1.5%, the insurance premiums tax rate and makes the tax credit cap for insurance premiums taxpayers permanent

Beginning January 1, 2018, the act reduces, from 1.75% to 1.50%, the tax on total net direct (1) subscriber charges that health care centers (i.e., HMOs) impose on contracts they enter into or renew during the calendar year and (2) insurance premiums paid to domestic and foreign insurers on property or risks in Connecticut.

EFFECTIVE DATE: Upon passage

Insurance Premiums Tax Credit Cap (§ 625)

The act restores and makes permanent the cap on the maximum amount of insurance premium tax liability that an insurer may reduce with tax credits. Under prior law, the cap expired December 31, 2016.

The cap is part of a structure that (1) classifies the tax credits into three types based on their purpose, (2) specifies the order in which insurers must apply each type to reduce their tax liability, and (3) establishes the maximum amount of liability that insurers can reduce by applying one or more of the types.

By law, (1) type one credits are film and digital media production, entertainment infrastructure, and digital animation credits; (2) type two credits are insurance reinvestment credits; and (3) type three credits are all other credits. Table 31 shows the order and reduction schedule.

Table 31: Order and Reduction Schedule for Claiming Insurance Premium Tax Credits

<i>Credit Types Claimed</i>	<i>Order of Applying Credits</i>	<i>Maximum Reduction in Tax Liability</i>
Type 3	Not Applicable	30%
Types 1 & 3	1st - Type 3 2nd - Type 1	Type 3 = 30% Sum of both types = 55%
Types 2 & 3	1st - Type 3 2nd - Type 2	Type 3 = 30% Sum of both types = 70%
Types 1, 2 & 3	1st - Type 3 2nd - Type 1 3rd - Type 2	Type 3 = 30% Types 1 & 3 = 55% Sum of all types = 70%
Type 1 & 2	1st - Type 1 2nd - Type 2	Type 1 = 55% Sum of both types = 70%

EFFECTIVE DATE: Upon passage

§ 626 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDITS

Permanently bars the issuance of film and digital media tax credits to certain motion pictures; allows the credits to be used against the gross receipts tax on cable, satellite, and competitive video services

The act restores and makes permanent the moratorium on issuing film and digital media production tax credits to certain motion pictures. (The prior moratorium had expired on July 1, 2017.) As under prior law, the moratorium does not apply to motion pictures that conduct at least 25% of their principal photography days in a Connecticut facility that receives at least \$25 million in private investment and opens for business on or after July 1, 2013.

By law, unchanged by the act, film and digital media production tax credits may be claimed against insurance premium and corporation business taxes. Starting January 1, 2018, the act allows such credits to also be claimed against the gross receipts tax on cable, satellite, and competitive video services, subject to certain conditions. Specifically, for the January 2018 income year, transferred credits may be claimed against such tax (1) only if there is common ownership of at least 50% between the transferor and transferee and (2) at 92% of face value. For the January 2019 and subsequent income years, transferred credits may be claimed against such tax (1) at 92% of face value if there is at least 50% common ownership between the transferee and transferor or (2) at 95% of face value if transfer is to another taxpayer.

EFFECTIVE DATE: Upon passage

§ 627 — ADMISSIONS TAX

Eliminates certain admissions tax exemptions

The act eliminates the 10% admissions tax exemption for events at the XL Center, Webster Bank Arena in Bridgeport, Dunkin Donuts Park in Hartford, and any athletic event held by a member team of the Atlantic League of Professional Baseball at the New Britain Stadium. It also makes a technical change by removing an expired exemption for athletic events held at the Ballpark at Harbor Yard in Bridgeport.

EFFECTIVE DATE: December 1, 2017

§§ 628-630 — CIGARETTE TAX

Increases the cigarette tax from \$3.90 to \$4.35 per pack; reduces, by 50%, the cigarette tax on “modified risk tobacco products;” imposes a per pack \$0.45 floor tax on unsold inventory

The act increases the cigarette tax from \$3.90 to \$4.35 per pack (i.e., 20 cigarettes). It also reduces, by 50% (i.e., \$2.175), the cigarette tax on “modified risk tobacco products,” as determined by the U.S. Department of Health and Human Services secretary. Under federal law, modified risk tobacco products are tobacco products that are sold or

distributed for use to reduce harm or the risk of tobacco-related disease associated with commercially marketed tobacco products (21 U.S.C. § 387k).

The act imposes a \$0.45 excise tax (i.e., “floor tax”) on each pack of cigarettes that dealers and distributors have in their inventories at the earlier of the close of business or 11:59 p.m. on November 30, 2017. By December 15, 2017, each dealer and distributor must report to the Department of Revenue Services (DRS) the number of cigarettes in inventory as of November 30, 2017 and pay the floor tax on that inventory. If a dealer or distributor does not report by January 1, 2018, the DRS commissioner must estimate the number of cigarettes in the dealer’s or distributor’s inventory using any information the commissioner has or obtains. If this occurs, the dealer or distributor is subject to a penalty of 10% of the tax due or \$50, whichever is greater, plus interest of 1% per month (CGS § 12-309).

Failure to file the report by the due date is grounds for DRS to revoke or not renew a cigarette dealer’s or distributor’s license and any other DRS-issued license or permit the person or entity holds. Willful failure to file subjects the dealer or distributor to a fine of up to \$1,000, one year in prison, or both. A dealer or distributor who willfully files a false report is guilty of a class D felony (see Table on Penalties) (CGS § 12-306b). Late filers are also subject to the same interest and penalties as apply to other late cigarette tax payments, namely, 10% of the tax due or \$50, whichever is greater, plus interest of 1% per month.

EFFECTIVE DATE: December 1, 2017, and applicable to sales on or after that date, except that the floor tax provisions are effective upon passage.

§ 631 — TOBACCO PRODUCTS TAX

Increases the tax on snuff tobacco products from \$1 to \$3 per ounce; lowers, by 50%, the tobacco products tax on “modified risk tobacco products”

The act increases the tax on snuff tobacco products from \$1 to \$3 per ounce. It also reduces, by 50%, the tobacco products tax on “modified risk tobacco products” (see § 630, above). In doing so, it reduces the tax on such products (1) from \$3 to \$1.50 per ounce for snuff tobacco and (2) from 50% to 25% of wholesale price for other tobacco products. By law, unchanged by the act, the tax on cigars is capped at \$0.50 per cigar.

EFFECTIVE DATE: December 1, 2017, and applicable to sales on or after that date.

§§ 632-636 — ESTATE AND GIFT TAX

Increases the estate and gift tax threshold over three years; modifies the rate schedule for estates and gifts over \$5.1 million; lowers, from \$20 million to \$15 million, the cap on the maximum estate and gift tax imposed; makes minor and technical changes to the estate tax

Tax Threshold

Beginning in 2018, the act increases the estate and gift tax threshold over three years, from \$2 million to the federal estate and gift tax threshold (i.e., the “federal basic exclusion amount,” which the act defines as the amount published annually by the Internal Revenue Service (1) at which a decedent would be required to file a federal estate tax return based on the value of his or her gross estate and federal taxable gifts or, for the gift tax, (2) over which a donor would owe federal gift tax based on the value of the donor’s lifetime federally taxable gifts). The federal estate and gift tax threshold is \$5.49 million for 2017. The act also modifies the rate schedule for gifts and estates over \$5.1 million, as shown in Table 32.

Table 32: Estate and Gift Tax Rates

Value of Taxable Estate or Gift	Rates			
	Prior Law	Act		
		2018	2019	2020 and after*
Up to \$2,000,000	None	None	None	None
\$2,000,001 to \$2,600,000	7.2%			
\$2,600,001 to \$3,600,000		7.2%		
\$3,600,001 to \$4,100,000	7.8%	7.8%	7.8%	
\$4,100,001 to \$5,100,000	8.4%	8.4%	8.4%	

Table 32 (Continued)

<i>Value of Taxable Estate or Gift</i>	<i>Rates</i>			
	<i>Prior Law</i>	<i>Act</i>		
		<i>2018</i>	<i>2019</i>	<i>2020 and after*</i>
\$5,100,001 to federal threshold	9.0%	10.0%	10.0%	None
Federal threshold to \$6,100,000				10%
\$6,100,001 to \$7,100,000	9.6%	10.4%	10.4%	10.4%
\$7,100,001 to \$8,100,000	10.2%	10.8%	10.8%	10.8%
\$8,100,001 to \$9,100,000	10.8%	11.2%	11.2%	11.2%
\$9,100,001 to \$10,100,000	11.4%	11.6%	11.6%	11.6%
Over \$10,100,000	12%	12%	12%	12%

*The act does not specify if the rates for 2020 and thereafter are marginal.

Tax Cap

The act lowers, from \$20 million to \$15 million, the cap on the maximum (1) estate tax imposed on the estates of decedents dying on or after January 1, 2019 and (2) gift tax imposed on taxable gifts donors make on or after January 1, 2019.

Filing Estate Tax Returns

The act makes conforming changes to requirements for filing tax returns with the Department of Revenue Services (DRS) and the probate court. By law, all estates, regardless of their gross value, must file an estate tax return. If the estate’s value is more than the taxable threshold, the executor must file the return with DRS, with a copy to the probate court for the district where the decedent lived or, if the decedent was not a Connecticut resident, where the Connecticut property is located. If the estate’s value is below the tax threshold, the return must be filed only with the appropriate probate court. The probate judge must review the return and issue a written opinion to the estate’s representative if the judge determines it is not subject to the estate tax.

Under prior law, the threshold for filing an estate tax return only with the probate court for someone who died on or after January 1, 2011 was \$2 million. The act increases that threshold to (1) \$2.6 million for deaths on or after January 1, 2018, but prior to January 1, 2019; (2) \$3.6 million for deaths on or after January 1, 2019, but prior to January 1, 2020; and (3) the federal estate tax threshold for deaths on or after January 1, 2020.

Release of Estate Tax Liens

The act also makes a conforming change in requirements for releasing estate tax liens.

By law, a person who does not owe, or who has paid, the estate tax receives a certificate releasing the lien on his or her interest in real property in the estate. Under existing law and the act, the certificates must be issued either by the probate court or the DRS commissioner, depending on with whom the tax return must be filed.

Person Responsible for Paying Estate Tax

By law, executors, administrators, trustees, grantees, donees, beneficiaries, and surviving joint owners are liable for the estate tax and any related interest and penalty on the tax, until it is paid, up to the value of the property they received from the estate. The act provides that this liability for the tax applies regardless of any provision of state probate laws concerning decedents’ estates.

EFFECTIVE DATE: Upon passage for the tax threshold and cap provisions; for the remaining provisions, January 1, 2018, and applicable to estates of decedents dying on or after January 1, 2018 or gifts made on or after that date.

§§ 637 & 638 — REGIONAL PLANNING INCENTIVE ACCOUNT

Suspends the revenue diversion to the Regional Planning Incentive Account for FYs 18 and 19

The act suspends the revenue diversion to the Regional Planning Incentive Account for FYs 18 and 19, thus redirecting this revenue to the General Fund. (It does not specify whether any amounts transferred for FY 18 before the act's passage must be transferred to the General Fund.) Prior law directed to the account 6.7% of the revenue generated by the room occupancy tax and 10.7% of the revenue generated by the rental car tax, on a quarterly basis. Under the act, the required revenue diversion resumes in FY 20.

By law, the account funds (1) annual grants to councils of government (COGs) and (2) regional performance incentive program grants to municipalities, boards of education, COGs, economic development districts, and regional educational service centers.

EFFECTIVE DATE: Upon passage

§§ 637 & 638 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DIVERSION

Suspends the sales tax revenue diversion to MRSA for FYs 18 and 19

For FYs 18 and 19, the act suspends the sales tax revenue diversion to MRSA, thus redirecting this revenue to the General Fund. However, the act retains the corresponding use tax diversion to the account. (It does not specify whether any amounts transferred for FY 18 before the act's passage must be transferred to the General Fund.) Prior law directed to the account 7.9% of sales tax revenue for each month. Under the act, the required revenue diversion resumes in FY 20.

EFFECTIVE DATE: Upon passage

§§ 637 & 638 — SALES AND USE TAX REVENUE DIVERSION FROM CERTAIN MOTOR VEHICLE SALES

Beginning in FY 21, phases in, over five years, a revenue diversion to the STF of sales and use tax revenue from motor vehicle sales

Beginning in FY 21, the act requires the DRS commissioner to divert to the STF a portion of revenue from motor vehicle sales and use tax, as shown in Table 33. Under the act, the revenue diversion applies to revenue from motor vehicle sales subject to the 6.35% rate or 7.75% luxury tax rate (generally those costing more than \$50,000).

Table 33: Schedule of Motor Vehicle Sales and Use Tax Diversion to STF

<i>Fiscal Year</i>	<i>% of Revenue Diverted to STF</i>
21	20%
22	40
23	60
24	80
25 and thereafter	100

EFFECTIVE DATE: Upon passage

§§ 637 & 639 — TOURISM FUND

Transfers 10% of room occupancy tax revenue to a new Tourism Fund

The act requires the DRS commissioner, beginning with the calendar quarter ending on September 30, 2018, to transfer 10% of room occupancy tax revenue to the new Tourism Fund it establishes. Under the act, the Tourism Fund is a separate, nonlapsing fund that contains any money the law requires to be deposited in the fund. (In § 10, the act appropriates money from the fund for statewide marketing and for various arts, culture, and recreation organizations.)

EFFECTIVE DATE: Upon passage

§ 640 — SALES AND USE TAX ON SERVICES RENDERED BETWEEN PARENT COMPANIES AND SUBSIDIARIES

Expands the number of affiliated businesses that qualify for the sales and use tax exemption on sales of services between affiliates

Under prior law, sales of services between affiliated businesses were exempt from the state’s sales and use tax only when (1) one business owned a 100% controlling interest in the other or (2) the same parent company owned a 100% controlling interest in both. Beginning July 1, 2019, the act expands the number of affiliated businesses qualifying for the exemption by lowering the ownership threshold, from 100% to at least 80%, for media businesses (1) organized as a (A) corporation or (B) single member limited liability company (LLC) where the member is a corporation and (2) principally located in the state.

Under the act, the 100% threshold continues to apply to (1) non-media businesses and (2) media business businesses organized as LLCs with more than one member, partnerships, limited partnerships, limited liability partnerships, trusts, estates, and nonstock corporations.

EFFECTIVE DATE: Upon passage

§§ 641 & 642 — INCOME TAX DEDUCTIONS

Increases the income thresholds for the Social Security income tax exemption; delays, by two years, the scheduled increase in the teacher pension income tax exemption; phases out, from 2019 through 2025, the income tax on pension and annuity income for taxpayers with incomes below a specified threshold; establishes a deduction of up to \$10,000 for expenses related to donating an organ for transplants occurring on or after January 1, 2017

Social Security Income

Beginning with the 2018 tax year, the act increases the income thresholds at which taxpayers qualify for a 100% income tax exemption for their Social Security benefits. (PA 17-4, JSS (§ 18) delays this increase to the 2019 tax year.) Prior law allowed a 100% exemption for single filers and married people filing separately with federal adjusted gross incomes (AGI) of less than \$50,000 and joint filers and heads of household with federal AGIs of less than \$60,000. The act increases these income thresholds to \$75,000 and \$100,000, respectively. Under the act, as under existing law, taxpayers with incomes equal to or greater than these thresholds qualify for a 75% exemption.

Teacher Pensions

The act delays, by two years, the scheduled increase in the teacher pension income tax exemption. Under prior law, the exemption was scheduled to increase from 25% to 50% for 2017 and subsequent tax years. The act instead maintains it at 25% for 2017 and 2018 and increases it to 50% beginning in 2019.

The act also makes a conforming change to the teacher pension exemption by allowing taxpayers to claim either the teacher pension exemption or the pension and annuity income exemption established by the act (see Table 33).

Pension and Annuity Income

From the 2019 through 2025 tax years, the act phases out the income tax on pension and annuity income for taxpayers with federal AGIs below (1) \$75,000 for single filers, married people filing separately, and heads of households and (2) \$100,000 for married people filing jointly. It does so by allowing taxpayers, when calculating Connecticut adjusted gross income for state income tax purposes, to deduct a percentage of any pension or annuity income, as shown in Table 34. Under the act, the deduction ends after 2025.

Table 34: Phase-In of Income Tax Exemption for Pension and Annuity Income

<i>Tax Year</i>	<i>Percent of Pension and Annuity Income Exempt</i>
2019	14%
2020	28
2021	42
2022	56
2023	70
2024	84
2025	100

Organ Donation Expenses

The act establishes a personal income tax deduction for expenses related to donating an organ for transplants occurring on or after January 1, 2017. Specifically, it allows a taxpayer to deduct from Connecticut AGI for state income tax purposes up to \$10,000 in lost wages and medical, travel, and housing expenses related to donating any part of the bone marrow, liver, pancreas, kidney, intestine, or lung.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2017.

§ 643 — STATE EMPLOYEE PAID LEAVE AFTER ORGAN DONATION

Allows state employees to take, in addition to other authorized leave, (1) seven days of paid leave for donating bone marrow and (2) 15 days of paid leave for certain organ donations

The act allows state employees to take paid leave for recovery after donating bone marrow or any part of the liver, pancreas, kidney, intestine, or lung for transplantation in another individual. This is in addition to other medical leave authorized by law. The act allows up to (1) seven days of paid leave for donating bone marrow and (2) 15 days of paid leave for donating any such organs.

The act applies to donations occurring on or after January 1, 2018.

EFFECTIVE DATE: Upon passage

Paid Leave after Organ or Bone Marrow Donations

The act applies to full- or part-time employees in all three branches of state government, whether in the classified or unclassified service. Under the act, “paid leave” includes compensatory time, vacation time, personal days, or other paid time off.

The act provides that the authorized paid leave:

1. is in addition to any medical leave authorized under law and
2. must not result in a pay reduction, the loss of any leave to which the employee is otherwise entitled, or a loss of credit for time or service, or affect the employee’s rights to any other employee benefits under federal or state law.

State employees who take leave authorized by the act must provide the employer with at least seven days’ notice before the leave begins, when practicable. The employer may require the employee to obtain a physician’s verification of the purpose and length of the leave.

Under existing law, unchanged by the act:

1. permanent state employees are entitled to medical leave, without pay, if the employee serves as an organ or bone marrow donor and
2. an employee who requests such leave must provide his or her employer, before the leave, with sufficient written certification from a physician or advanced practice registered nurse of the proposed donation and the probable duration of the employee’s recovery period (CGS § 5-248a).

§ 644 — PROPERTY TAX CREDIT

Limits eligibility for the property tax credit against the personal income tax to seniors and taxpayers with dependents

For the 2017 and 2018 tax years, the act limits eligibility for the property tax credit against the personal income tax to people who (1) are age 65 or older before the end of the tax year or (2) validly claim at least one dependent on their federal income tax return for that year. By law, taxpayers earn the credit for property taxes paid on their primary residences or motor vehicles, and the amount of property taxes paid that can be taken as a credit declines as adjusted gross income increases until it completely phases out. The maximum credit is \$200 per tax return.

EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2017.

§ 645 — EARNED INCOME TAX CREDIT

Reduces the earned income tax credit (EITC) from 30% to 23%

The act reduces the state EITC from 30% to 23% of the federal credit. The credit was temporarily reduced to 25% for the 2013 tax year and 27.5% for the 2014 through 2016 tax years, but under prior law was scheduled to return to 30% beginning with the 2017 tax year.

The EITC is a refundable tax credit available to people who work and earn incomes below certain levels.
EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2017

§ 646 — REDUCTION OF THE ANNUAL AMOUNT OF TAX CREDITS AVAILABLE UNDER THE NEIGHBORHOOD ASSISTANCE ACT (NAA) PROGRAM

Reduces, from \$10 million to \$5 million, the annual cap on NAA tax credits

The act reduces, from \$10 million to \$5 million, the annual amount of tax credits available under the NAA program. (PA 15-5, JSS (§ 446) increased the annual amount of credits available under this program from \$5 million to \$10 million beginning FY 18.) By law, these credits are available to businesses that contribute or invest in municipally approved community projects and programs.

EFFECTIVE DATE: Upon passage

§ 647 — GREEN BUILDING TAX CREDIT

Eliminates the green building tax credit beginning December 1, 2017

The act sunsets the green building tax credit for income years beginning on or after December 1, 2017. Under prior law, the credit was earned for certain costs related to the construction or renovation of projects meeting specific energy efficiency standards. Earned credits may be applied against the corporation business tax.

EFFECTIVE DATE: Upon passage

§ 648 — STEM GRADUATE TAX CREDIT

Creates a refundable personal income tax credit for qualifying college graduates in STEM fields that live and work in Connecticut

The act establishes a refundable personal income tax credit for college graduates in science, technology, engineering, or math (STEM) fields. The annual credit amount is \$500, and qualifying graduates may claim it in each of the five successive taxable years after they graduate.

To qualify for the credit, an individual must:

1. be employed in the state;
2. have received, on or after January 1, 2019, a bachelor's, master's, or doctoral degree in a STEM field from an in-state or out-of-state higher education institution; and
3. live in Connecticut or move here within two years after graduating.

Any individual who claims the credit must provide any documentation the DRS commissioner requires in the form and manner he prescribes. Under the act, the DRS commissioner must refund, without interest, any amount of the tax credit that exceeds an individual's liability unless the law allows him to retain the individual's income tax refund because he or she (1) owes state or municipal taxes or other obligations or (2) is in default of a student loan made by the Connecticut Student Loan Foundation or the Connecticut Higher Education Supplemental Loan Authority (CGS §§ 12-739 & 742).

EFFECTIVE DATE: January 1, 2019

§§ 649-652 — FANTASY CONTESTS

Specifically legalizes, once certain conditions are met, fantasy contests; requires fantasy contest operators to provide certain consumer protections to players and pay up to a \$15,000 registration fee and 10.5% tax on fantasy games

Once certain conditions are met, the act specifically legalizes fantasy contests in Connecticut (e.g., daily fantasy sports) by exempting the contests and devices used to play them from the definition of gambling and gambling device, respectively. These conditions include an amendment to the current tribal-state gaming agreements, which must be approved by the state legislature and the federal Department of the Interior (U.S. DOI) (see *Background*).

After such conditions have been met, the act (1) requires fantasy contest operators to provide certain consumer protections to fantasy contest players; (2) requires operators to register and pay an initial and annual registration fee of \$15,000 unless the Department of Consumer Protection (DCP) commissioner reduces it; and (3) imposes a 10.5% tax on the gross receipts of each operator.

Fantasy Contests

Under the act, “fantasy contest” does not include lottery games and is any online fantasy or simulated game or contest in which:

1. players pay an entry fee;
2. the value of all prizes and awards offered to winners is established and made known to players before the game or contest;
3. all winning outcomes reflect the knowledge and skill of the players and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in sporting events; and
4. the winning outcome is not based on the score, point spread, or any performance of any single actual team or combination of teams or solely on any single performance of an individual athlete or player in a single actual sporting event.

A “fantasy contest operator” is a person or entity that operates and offers fantasy contests to members of the general public in the state.

Conditions to be Met Before Authorization is Effective

Under the federal Indian Gaming Regulatory Act (IGRA), the Mashantucket Pequot and Mohegan tribes currently operate the Foxwoods and Mohegan Sun casinos, respectively, on their reservations. Gambling at the Foxwoods Casino is conducted under federal procedures, which are a legal substitute for an IGRA-negotiated gaming compact. Gambling at the Mohegan Sun Casino is conducted under a legally negotiated IGRA tribal-state compact. Both the compact and procedures are like federal regulations. As such, they supersede state law.

Under the federal procedures and the compact the tribes may operate video facsimile machines only pursuant to (1) a state-tribal agreement (e.g., memorandum of understanding (MOU)); (2) a court order; or (3) a change in state law that allows the operation of video facsimile machines by any person, organization, or entity. Currently, both tribes are able to operate video facsimile machines at the casinos because of a MOU that each has with the state.

The MOU gives the tribes the exclusive right to operate video facsimile machines and casino gaming in Connecticut in exchange for 25% of the gross operating revenue from the video facsimile machines.

Before the legalization of fantasy contests and the associated consumer protection regulations and tax provisions take effect, the act requires the governor to enter into agreements with the tribes to amend the federal procedures, the compact, and MOUs.

Amendments to Procedures, Compact, and MOUs. Under the act, the amendments to the procedures and compact must include a provision stating that the authorization to conduct fantasy contests in the state does not terminate the moratorium against operating video facsimile games.

Under the act, the amendments to the MOUs must include a provision stating that the authorization to conduct fantasy contests in the state does not relieve the tribes of their obligation to contribute a percentage of the gross operating revenues of video facsimile games to the state under the MOUs.

Legislative and Federal Approval. Upon the tribes and state reaching an agreement on the amendments to the procedures, compact, and MOUs, the amendments must be approved by the state legislature under the statutory process for approving tribal-state compacts (see *Background*). They also must be approved or deemed approved by the U.S. DOI secretary, pursuant to IGRA and its implementing regulations. If a court overturns U.S. DOI’s approval in a final judgment that is not appealable, the act’s authorization ceases to be effective.

Consumer Protection Regulations

The act requires the DCP commissioner to adopt regulations, by July 1, 2018, on the operation of, participation in, and advertisement of fantasy contests in Connecticut. The regulations must protect players who pay an entry fee to play fantasy contests from unfair or deceptive acts or practices and include:

1. a prohibition on operators against allowing anyone under age 18 to participate in a contest they operate,
2. protections for the players’ funds on deposit with the operators,
3. requirements for truthful advertising by operators,

4. procedures to ensure the integrity of fantasy contests offered by operators,
5. procedures to ensure operators provide players with (a) information on responsible playing and where they can seek assistance for addictive or compulsive behavior and (b) protections against compulsive behavior, and
6. reporting requirements and procedures to demonstrate eligibility for reducing the initial registration fee and annual registration renewal fee (see below).

Registration

Under the act, within 60 days after DCP adopts its regulations, and annually thereafter, each operator in the state must register with the DCP commissioner on a form she prescribes. Operators must generally pay an initial \$15,000 registration fee and a \$15,000 annual registration fee thereafter. But the commissioner must reduce the initial or annual registration fee so that such fees do not exceed 10% of the operator's gross receipts for the registration period.

In order to demonstrate eligibility for a reduced initial or annual registration fee, the operator must provide the commissioner with an estimate of the gross receipts he or she expects to receive in the upcoming registration period. Before renewing a registration where the operator paid or should have paid a reduced registration fee, the operator must submit to the commissioner the actual amount of gross receipts in the previous registration period. Both the submission of the estimate and actual gross receipts must be done in a manner the DCP commissioner prescribes.

The commissioner must calculate the difference, if any, between the estimated and actual gross receipts and determine if the registration fee the operator previously paid was the correct amount. If the operator paid more than the amount determined, the commissioner must refund the amount to the operator or credit the amount against the registration fee for the upcoming registration period, as long as the operator renews his or her registration. If the operator did not pay enough, he or she must pay the commissioner the difference.

Penalty

Anyone who violates the consumer protections or registration requirements, including the payment portions, must be fined up to \$1,000 for each violation.

Tax

The act imposes a 10.5% tax on the gross receipts of each operator. "Gross receipts" means the total of all entry fees collected by an operator from all players less the total amount paid out as prizes to players, multiplied by the location percentage. "Location percentage" means the percentage rounded to the nearest tenth of a percent of the total entry fees collected from players located in Connecticut, divided by the total of entry fees collected from all players in fantasy contests.

Under the act, each operator must report and remit such tax to the Department of Revenue Services (DRS) commissioner in a form and manner he prescribes. Any such tax due and unpaid is subject to (1) a penalty equal to 10% of the amount due and unpaid or \$50, whichever is greater and (2) 1% interest per month or fraction thereof, from the due date. Such tax, penalty, or interest, due and unpaid, may be collected under the procedures the state uses to collect such money (e.g., warrant on real or personal property).

In addition, the act applies the same enforcement, liability, and appeal process requirements established in statute for the admissions and dues taxes to the fantasy contest tax and requires them to be adapted accordingly unless they are inconsistent with the act's tax provisions. Under these requirements, the DRS commissioner can, among other things, (1) assess tax deficiencies where necessary; (2) require the operators to keep certain records and examine all of their records; (3) administer oaths, subpoena witnesses, and receive testimony; and (4) require a security deposit to ensure compliance in some cases. The operators can file for a refund for tax overpayments, request a hearing on the amount of taxes they are required to pay, and appeal the hearing decision if aggrieved. Lastly, an additional penalty may be imposed on operators for willful violations or filing fraudulent returns.

EFFECTIVE DATE: Upon passage, except for the tax provisions, which are effective July 1, 2019, and applicable to income and taxable years commencing on or after July 1, 2019

Background

Legislative Approval for Tribal-State Gaming Compacts. By law, both houses of the legislature must approve a tribal-state compact (CGS § 3-6c). The governor must file a tribal-state compact or amendment with the Senate and House clerks within 10 days after it is executed. If filed during a regular session, the legislature has until its adjournment

to approve or reject it. If not filed during a regular session, the legislature has until adjournment of (1) the next regular session or (2) a special session convened to take action on the measure. If the legislature does not act by adjournment, the compact or amendment is rejected and is not implemented.

If the governor files a compact or amendment within 30 days before the end of a regular session, the legislature can either (1) convene a special session and vote within 30 days or (2) vote on it within the first 30 days of its next regular session. The legislature has until the end of either 30-day period to vote before the measure is considered rejected.

Attorney General Opinion. In a 2016 opinion, the attorney general raised concerns that regulating daily fantasy sports could impact the state's revenue-sharing arrangement with the Mashantucket Pequot and Mohegan tribes. He cautioned that there were arguments that daily fantasy games could, among other things, constitute video facsimile of a game of chance or a commercial casino game.

§ 653 — SURCHARGE AND FEES ON CAR AND TRUCK RENTALS

Eliminates the 3% rental surcharge on car and truck rentals and instead authorizes rental companies to charge lessees individually itemized charges or fees as part of a rental agreement

Under prior law, the state imposed a surcharge on certain car, truck, and machinery rentals (3% for car and truck rentals and 1.5% for machinery rentals) and required rental companies to remit the surcharge collected during the calendar year that exceeds the Connecticut property taxes and Department of Motor Vehicles (DMV) registration and titling fees they paid on the vehicles and equipment.

The act eliminates the 3% rental surcharge on car and truck rentals and the related remittance requirement. Instead, it authorizes rental companies to charge lessees (i.e., renters) individually itemized charges or fees as part of a rental agreement, including vehicle cost recovery; airport access; or airport concession fees; subject to the requirements described below. (The act retains the 1.5% surcharge on machinery rentals.)

Prior law required rental companies to annually report by February 15 to DRS the aggregate amount of (1) personal property taxes paid to towns and registration and titling fees paid to DMV and (2) rental surcharges collected in the previous calendar year, along with any other information DRS requires. The act terminates this requirement after February 15, 2018 for the 3% surcharge it eliminates but retains it for the 1.5% surcharge on machinery rentals.

General Requirements for Rental Agreement Charges or Fees

The act subjects the rental fees to requirements that previously applied to the 3% rental surcharge. Specifically, it requires that any such fees be:

1. imposed on the total amount the rental company charges for the rental,
2. in addition to any other applicable taxes,
3. subject to sales and use tax,
4. paid by the lessee to the rental company and collected in full by the rental company from the lessee,
5. a debt the rental company may recover from the lessee (when added to the original lease or rental price), and
6. separately stated in the rental contract.

Specific Requirements for Vehicle Cost Recovery Fees

Under the act, if a rental company charges a vehicle cost recovery fee for car or truck rentals, the fee must:

1. represent the company's estimate of the annual cost of any required license, title, registration, tax, inspection, or number plates for the car or truck (i.e., vehicle costs), prorated to a daily rate, and
2. be described in the rental agreement's terms and conditions as the estimated average cost per day the company incurs in vehicle costs.

If the rental company collects more in total vehicle cost recovery fees in any calendar year than what it paid in vehicle costs on the cars and trucks, the act requires the company to retain the excess amount and reduce its estimated vehicle costs for the following calendar year by the excess amount. The act specifies that its provisions may not be construed to prohibit a rental company from adjusting the vehicle recovery fees charged during any calendar year.

EFFECTIVE DATE: January 1, 2018

§ 654 — TRANSPORTATION NETWORK COMPANY (TNC) FEE

Requires TNCs to pay a 25-cent fee on each ride originating in Connecticut

The act requires TNCs (e.g., Uber and Lyft) to pay a 25-cent fee on each ride originating in the state. TNCs must electronically file a return, in the form prescribed by the DRS commissioner, and remit the fees before the last day of the next month succeeding the quarter (e.g., they must pay the fees for the quarter ending March 31 by April 30). The act specifies that any documents DRS receives from TNCs are considered “return information” and are not subject to disclosure under FOIA.

The act subjects unpaid fees to (1) a penalty of \$50 or 10% of the amount due, whichever is greater, and (2) interest at the rate of 1% per month from the due date. It applies to the TNC fee the same collection, enforcement, liability, registration certificate, and appeal process requirements established in statute for other taxes unless such a provision is inconsistent with the act. It also allows the DRS commissioner to adopt regulations to carry out the act’s provisions.

Under the act, fee revenue must be deposited in the General Fund. When reporting revenue, DRS must include TNC fee revenue with motor carrier road tax revenue.

EFFECTIVE DATE: January 1, 2018

§ 655 — MMCT LOAN

Requires MMCT to provide a \$30 million advance to the state, which will be credited against required future casino payments

PA 17-89 gave MMCT, Venture LLC, a company jointly owned and operated by the Mashantucket Pequot and Mohegan tribes, the right to conduct authorized games at a new off-reservation commercial casino, once certain conditions are met (e.g., amending gaming agreements and the state legislature and federal Department of the Interior approving such amendments). Additionally, PA 17-89 requires MMCT to pay the state 25% of its gross gaming revenue (e.g., slots and table games).

The act requires MMCT Venture, LLC, by June 30, 2019 to provide a \$30 million advance to the state, which will be credited against required future monthly casino gross gaming revenue payments to the state in an amount and manner determined by an agreement between the OPM secretary and MMCT. The act prohibits interest from being charged.

EFFECTIVE DATE: Upon passage

§ 656 — FRESH START PROGRAM

Authorizes the Department of Revenue Services (DRS) commissioner to establish a fresh start program for qualified taxpayers who owe Connecticut state taxes

The act authorizes the DRS commissioner to establish a fresh start program in which he may, at his discretion, enter into agreements with qualified taxpayers to waive all of the penalties and half of the interest due on delinquent state taxes (other than motor carrier road taxes). Under the act, a fresh start agreement for taxpayers who failed to file a tax return may also provide a limited look-back period (i.e., limiting the scope of DRS’s review of prior year returns). In exchange, taxpayers must, among other things, disclose certain tax information to the commissioner, file any required returns or documents, and pay their liabilities. The program runs from October 31, 2018 to November 30, 2018 and covers any tax returns due on or before December 31, 2016.

Qualified Taxpayers

Under the act, the program is open to taxpayers who apply for a fresh start agreement, in the form and manner the commissioner prescribes, and who:

1. failed to file a tax return, or failed to report the full amount of tax properly due on a previously filed return, that was due by December 31, 2016;
2. voluntarily come forward before receiving a billing notice or notice that DRS is conducting an audit for the tax type and taxable period for which the taxpayer is seeking a fresh start agreement;
3. are not parties to a closing agreement with the DRS commissioner for such taxes;
4. have not made an offer of compromise that has been accepted by the commissioner for such taxes;
5. have not protested an audit determination for such taxes; and
6. are not parties to litigation against the commissioner for such taxes.

Conditions

As part of any fresh start agreement, qualified taxpayers must:

1. voluntarily and fully disclose on the application all material facts relevant to their tax liability;
2. file any tax returns or documents that the commissioner requires;
3. pay in full the tax and interest as stated in the agreement in the form and manner the commissioner prescribes;
4. agree that for the three years after the agreement is signed they will timely file any required tax returns and pay any associated state taxes; and
5. waive all administrative and judicial rights of appeal that have not run or expired for the tax period or periods subject to the penalty and interest waiver.

The commissioner is not bound by the penalty and interest waivers in the act or any fresh start agreement if he finds that the qualified taxpayer:

1. misrepresented material facts in applying for or entering into the agreement;
2. failed to provide any information required for the applicable tax periods by the required due date;
3. failed to pay any tax, penalty, or interest due in the time, form, or manner prescribed;
4. understated by 10% or more the tax due for any taxable period covered by the agreement, including any amount shown on an amended tax return, and cannot demonstrate to the commissioner's satisfaction that a good faith effort was made to accurately compute the tax; or
5. failed to timely file any required tax returns or pay any associated state taxes in the three years following the agreement's signing.

The act prohibits any payment made by a qualified taxpayer for a tax period covered by an agreement to be refunded to the taxpayer or credited to any other tax period other than the one for which the payment was made.

EFFECTIVE DATE: Upon passage

§ 657 — TRANSFERS FROM NONAPPROPRIATED ACCOUNTS

Allows OPM to transfer funds from certain nonappropriated accounts to the General Fund for FY 19

For FY 19, the act allows the OPM secretary to transfer up to \$20 million to the General Fund's resources from the fund's nonappropriated accounts that do not receive (1) gifts, grants, or donations from public or private sources or (2) other revenues from individuals to support a particular interest or purpose.

EFFECTIVE DATE: Upon passage

§ 658 — TAX EXPENDITURE EVALUATION

Requires the OPM secretary to examine and report on state tax expenditures

The act requires the OPM secretary, in consultation with the revenue services and economic and community development commissioners, to evaluate existing state tax expenditures and, by February 1, 2018, report their findings and recommendations to the Finance, Revenue and Bonding Committee. (Tax expenditures are tax revenues the state forgoes due to tax credits, exemptions, or deductions that benefit specific activities or taxpayers.)

The examination must, at a minimum, prioritize the tax expenditures and identify other revenue sources available to the state that can be used to pay for the expenditures. In conducting the examination, the secretary and the commissioners may consult with other individuals and entities they deem appropriate.

EFFECTIVE DATE: Upon passage

§ 659 — STATE AGENCIES TO REVIEW FEES

Requires (1) agency heads to determine whether the fees their agencies charge cover program administration costs and (2) OPM to recommend fee increases to the legislature

The act requires all agency heads, except the OPM secretary, to determine whether the fees charged by their departments cover the cost of collecting the fee and administering the program for which the fee is collected. The agency heads must recommend any fee increases to the OPM secretary before December 1, 2017.

The OPM secretary must review agencies' submissions and submit, by February 7, 2018, a report on recommended fee increases to the Finance, Revenue and Bonding Committee. The act limits the fee recommendations submitted to the

committee to those fees that are increased by no more than 50% and the aggregate fee increases may not exceed \$20 million. (It is unclear under the act how this cap is measured.)

EFFECTIVE DATE: Upon passage

§ 660 — REDUCING CONNECTICUT LOTTERY CORPORATION (CLC) EXPENSES

Requires CLC to reduce its expenses for the next two fiscal years

The act requires CLC to reduce its expenses from the amount of its FY 17 expenses by \$1 million in FYs 18 and 19.

EFFECTIVE DATE: Upon passage

§ 661 — CORPORATION INCOME TAX DEDUCTION FOR CERTAIN PUBLICLY-TRADED COMPANIES (FAS 109 DEDUCTION)

Extends, from seven to 30 years, the period over which certain publicly traded companies may claim the FAS 109 deduction

The act extends, from seven to 30 years, the period over which certain publicly traded companies may claim the FAS 109 corporation income tax deduction. By law, companies are entitled to this deduction if combined reporting (implemented in the 2016 income year) resulted in an aggregate (1) increase in their net deferred tax liability, (2) decrease in their net deferred tax assets, or (3) change from a net deferred tax asset to a net deferred tax liability.

By law, the deduction equals the amount necessary to offset these changes. Prior law required the deduction to be spread out over the seven year period with annual deductions equaling one-seventh of the total amount. The act instead requires the deduction to be taken over thirty years and correspondingly changes the annual deduction to one-thirtieth of the total amount. (PA 17-4, JSS (§ 19) delays, from the 2018 income year to the 2021 income year, the first year in which this deduction can be claimed.)

The act also eliminates the requirement that companies calculate the reduction regardless of its impact on federal taxes.

This deduction is referred to as a “FAS 109” deduction because of a financial accounting and reporting standard for income taxes (Financial Accounting Standards No. 109, “Accounting for Income Taxes”). Under FAS 109, a company that is required to issue financial statements must create a liability or asset for estimated taxes payable or refundable for the current year. By law, this deduction applies to publicly traded companies, including affiliated corporations participating in a publicly traded company’s financial statements prepared according to GAAP, as of January 1, 2016.

EFFECTIVE DATE: Upon passage

§ 662 — CONNECTICUT TELEVISION NETWORK (CT-N) REDUCTION

Reduces by half the amount of specified tax revenue that must be reserved for CT-N

The act reduces by half, from \$3.2 million to \$1.6 million, the amount of funding reserved for CT-N. The funding comes from the gross receipts tax on cable, satellite, and competitive video service companies and is used to defray the costs of providing the state with CT-N coverage of state government deliberations and public policy events.

EFFECTIVE DATE: Upon passage

§§ 663 & 664 — TOBACCO SETTLEMENT FUND DISBURSEMENTS

Suspends, for FYs 18 and 19, disbursements from the Tobacco Settlement Fund to the Tobacco and Health Trust Fund and the Smart Start competitive operating grant account

The act suspends, for FYs 18 and 19, the following annual transfers from the Tobacco Settlement Fund: (1) \$6 million to the Tobacco and Health Trust Fund and (2) \$10 million to the Smart Start competitive operating grant account. Under the act, the transfers resume in FY 20.

EFFECTIVE DATE: Upon passage

§ 665 — DOCUMENT RECORDING FEE

Increases, from \$3 to \$10, the document recording fee charged to generate revenue for preserving historic documents and modifies the fee revenue distribution

The act (1) increases, from \$3 to \$10, the recording fee municipalities charge on documents recorded in their land records to generate revenue for preserving historic documents and (2) changes the fee revenue distribution (see Table 35).

Table 35: Document Recording Fee Revenue Distribution Changes

<i>Fee Purpose</i>	<i>Share of Revenue</i>	
	<i>Prior Law (\$3 fee)</i>	<i>Act (\$10 fee)</i>
State Historic Document Preservation	66% (\$2)	40% (\$4)
Municipal Historic Document Preservation	33% (\$1)	20% (\$2)
General Fund	0% (\$0)	40% (\$4)

EFFECTIVE DATE: December 1, 2017

§ 666 — RECORD CHECK FEE INCREASES

Increases, by \$25, fees for certain record searches

The act increases, from \$50 to \$75, the fees for all of the following record searches: fingerprint, personal record, letters of good conduct, bar association, and criminal history record information. By law, federal, state, and municipal agencies do not pay these fees.

EFFECTIVE DATE: December 1, 2017 and applicable to record checks requested on or after that date.

§ 667 — MOTOR VEHICLE TRADE-IN FEE

Requires the DMV commissioner to charge new and used car dealers \$35 for each motor vehicle they accept as a trade-in

The act requires the DMV commissioner to charge new and used car dealers a \$35 fee for each used motor vehicle they accept as a trade-in when selling a new or used vehicle. Proceeds from the fee must be deposited in the General Fund.

EFFECTIVE DATE: December 1, 2017, and applicable to transactions occurring on or after that date.

§§ 668-670 — REGISTRATION FEE INCREASES FOR BROKER-DEALERS AND INVESTMENT ADVISERS

Increases, by \$25 each, specified registration fees for broker-dealers, investment advisers, and their agents

The act increases, by \$25, each of the registration fees for broker-dealers, investment advisers, and their agents, who transact business in Connecticut as shown in Table 36.

Table 36: Registration Fee Increases

<i>Broker-Dealers and Investment Advisers</i>	<i>Registration Fee under Prior Law</i>	<i>Registration Fee under the Act</i>
Firm – initial registration	\$315	\$340
Firm – annual renewal of registration	190	215
Firm – mass transfers received (fee per agent)	50	75
Branch Office – initial registration	100	125
Branch office – relocation or acquisition	100	125
Agent – initial registration	100	125
Agent– annual renewal of registration	100	125

Table 36 (Continued)

<i>Broker-Dealers and Investment Advisers</i>	<i>Registration Fee under Prior Law</i>	<i>Registration Fee under the Act</i>
Exempt investment adviser – notice of registration exemption	250	275
Exempt investment adviser – annual renewal of notice of registration exemption	150	175

§ 671 — EMISSIONS ENTERPRISE FUND

Reduces, by \$250,000, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund

The act reduces, from \$1.625 million to \$1.375 million, the amount of money the comptroller must transfer quarterly from the Special Transportation Fund to the Emissions Enterprise Fund. The funds to be transferred are those received from the \$20 biennial emissions inspection fee, \$20 emissions inspection late fee, and \$40 inspection exemption fee for new vehicles and those less than four model years old (CGS § 14-164c) and the \$10 biennial or \$5 annual federal Clean Air Act fee (CGS § 14-49b). As under existing law, the fund transfers must be made on the first day of October, January, April, and July.

EFFECTIVE DATE: Upon passage

§ 672 — DIVERSION OF AVIATION FUEL TAX REVENUE

Diverts a portion of revenue from the petroleum products gross earnings tax (PGET) on aviation fuel to a new “Connecticut airport and aviation account” to be used for airport-related purposes

The act creates the “Connecticut airport and aviation account” as a separate, nonlapsing account within the Grants and Restricted Accounts Fund. It requires DOT, with OPM approval, to use the account’s resources for airport and aviation-related purposes. (Section 324 of the act earmarks \$1.5 million of the account’s funds in each of FY 18 and FY 19 for Tweed-New Haven Airport.)

Under the act, the DRS commissioner must deposit into the account 75.3% of PGET revenue from aviation fuel sources (equivalent to 6.1% of aviation fuel sales) regardless of a law requiring that all PGET revenue be deposited in the STF. (By law, sales of all petroleum products, including aviation fuel, are subject to the 8.1% PGET (CGS § 12-587).) Under the act, the remaining 24.7% of PGET revenue from aviation fuel (equivalent to 2% of aviation sales) is deposited in the STF.

Background

Federal law requires that all airport revenue be used exclusively for airport-related purposes (49 U.S.C.A. § 47107(b)). Federal Aviation Administration (FAA) policy guidance clarifies that state revenue derived from taxes on aviation fuel is considered “airport revenue,” even if those taxes are of general applicability, and is therefore subject to such restrictions (79 FR 66282). However, the restrictions do not apply to revenue from a tax or a portion of a tax that was in effect when the federal law took effect.

EFFECTIVE DATE: Upon passage

§ 673 — HIGHWAY RIGHT-OF-WAY ENCROACHMENT PERMIT FEES

Requires the DOT commissioner, by January 1, 2018, to set fees for certain applications for highway right-of-way encroachment permits to mirror the fees the Massachusetts DOT charges for similar permits; eliminates the commissioner’s authority to adopt regulations setting fees for other highway right-of-way encroachment permit applications

The act requires the DOT commissioner to charge fees for certain state highway right-of-way encroachment permit applications that reflect the fees the Massachusetts DOT charges for such permits. Specifically, it requires the commissioner, by January 1, 2018, to charge such fees for permit applications for open air theaters, shopping centers, and other developments generating large volumes of traffic.

It eliminates the commissioner's authority to adopt regulations setting fees for other state highway right-of-way encroachment permit applications. Under prior law the commissioner could adopt regulations establishing "reasonable fees" for all such permit applications, but could exempt municipalities from them. DOT has set such fees (Conn. Agencies Regs. § 13b-17-4 (6)).

As under prior law, the commissioner may adopt regulations setting reasonable fees for certificates of operation for open air theaters, shopping centers, and other developments generating a large volume of traffic, provided the fees do not exceed 125% of the estimated administrative costs related to the application.

The law does not define a major traffic generator, but state regulations for certificates of operation specify that a development qualifies as one if it has (1) 200 or more parking spaces or (2) a gross floor area of at least 100,000 square feet (Conn. Agencies Regs. § 14-312-1).

EFFECTIVE DATE: Upon passage

§§ 674 & 675 — URGENT CARE CENTERS AND OUTPATIENT CLINICS

Requires urgent care centers to be licensed as outpatient clinics starting April 1, 2018 and authorizes DSS to establish payment rates for these centers; requires outpatient clinics to renew their license every three years instead of every four years

License Requirement

Starting April 1, 2018, the act requires a person who establishes, conducts, operates, or maintains an urgent care center to obtain an outpatient clinic license from the Department of Public Health (DPH). The act also requires outpatient clinics to renew their license every three years instead of every four years as under prior law. (Section 39 contains this same provision, effective upon passage.) By law, outpatient clinics must pay a \$1,000 license and inspection fee unless operated by municipal health departments or districts or licensed nonprofit nursing or community health agencies.

The act also authorizes the DPH commissioner to implement policies and procedures for the urgent care center licensure program while in the process of adopting them in regulations, provided he publishes notice of intent to adopt regulations on the state's eRegulations system.

Generally, if an urgent care center is part of a hospital, it is licensed as a satellite site of the hospital. Under prior law, if such a center was not part of a hospital and did not meet the definition of an outpatient clinic, it was considered a physician's office, and DPH licensed the providers but not the center itself.

Department of Social Services (DSS) Payment Rates

The act allows the DSS commissioner to establish payment rates to providers practicing in urgent care centers. The commissioner may implement related policies and procedures while in the process of adopting them in regulations, provided he publishes notice of intent to adopt regulations within 20 days after the policy implementation date.

Definitions

The act defines an "urgent care center" as a free-standing facility, separate from an emergency department, that (1) treats medical conditions that do not require critical or emergent intervention for life-threatening or potentially permanently disabling conditions, (2) treats these conditions without requiring an appointment, and (3) provides services during times when primary care provider offices are not customarily open.

EFFECTIVE DATE: December 1, 2017

§ 676 — SAFE DRINKING WATER PRIMACY ASSESSMENT FOR FY 19

Requires water companies that own community public water systems or non-transient non-community public water systems to pay a safe drinking water primacy assessment in FY 19

The act requires water companies that own community public water systems or non-transient non-community public water systems to pay to DPH a safe drinking water primacy assessment during FY 19. Under the act, the assessment’s purpose is to support DPH’s ability to maintain primacy under the federal Safe Drinking Water Act (SDWA). Under the SDWA, the federal Environmental Protection Agency (EPA) delegates primary enforcement responsibility (“primacy”) for public water systems to states if they meet certain requirements.

Among other things, the act (1) allows water companies that own community water systems to recover the assessment from customers, (2) exempts state agencies and transient non-community public water systems from the assessment, and (3) allows the DPH commissioner to adopt implementing regulations.

EFFECTIVE DATE: Upon passage through June 30, 2019

Assessment Amount and Procedure

Tables 37 and 38 describe the (1) assessment amounts and (2) deadlines for making payments.

Table 37: Assessment Amounts

<i>System Type</i>	<i>Amount</i>
Community water system	Fewer than 50 service connections: \$125 50 to 99 service connections: \$150 100 or more service connections: An amount set by the DPH commissioner, up to \$4 per connection
Non-transient non-community water system	\$125

Table 38: Invoice and Payment Deadlines

<i>System Type</i>	<i>Deadline for DPH Issuing Invoice</i>	<i>Deadline to Pay Assessment</i>
Community water system	October 1, 2018	January 1, 2019: one-half of assessment due May 31, 2019: remaining one-half due
Non-transient non-community water system	January 1, 2019	March 1, 2019

For community water systems, the number of service connections is the number in DPH’s records as of June 30, 2017.

The act provides that:

1. the total assessment must not exceed \$2.5 million and
2. if one water company acquires another, the purchaser must pay the assessment amount that the acquired company has not paid.

Assessment Recovery for Community Water Systems

The act allows water companies that own community water systems to collect the assessment amount from their customers and allows the fee for each customer to be based on the customer’s share of the assessment.

The act allows water companies to include the assessment in the company’s rates or as a separate item on the customers’ water bills without the water company needing to go through the standard process for rate change approval. The assessment charges are subject to a company’s past due and collection procedures, including interest charges, which apply to other authorized charges.

DPH Online Reporting

The act requires DPH, in consultation with the OPM secretary, to post the following on DPH's website by July 1, 2018:

1. the costs to support DPH's ability to maintain primacy under the SDWA (that amount must constitute the total assessment amount for the fiscal year) and
2. the assessment amount due, based on such costs, for each (a) service connection a community water system serves and (b) non-transient non-community water system.

Termination

The act provides that the requirement for water companies to pay the assessment terminates immediately if DPH loses primacy under the SDWA. This applies whether primacy is removed by the EPA or any other action by a state or federal authority. If the assessment is terminated and not reinstated within 180 days, a water company must credit its customers any amounts collected from them for the amount that the company is no longer required to pay.

Penalty for Late Payment

The act generally provides that if a water company fails to pay the assessment within 30 days after its due date, DPH may impose a fee of 1.5% of the assessment for each month of nonpayment beyond that initial 30-day period. If the delinquent water company is a town, city, or borough, a 9% annual fee applies.

Definitions

Under the act, a "public water system" is a water company that supplies daily drinking water to 15 or more consumers (e.g., private dwellings or places of business) or 25 or more people at least 60 days per year.

A "community water system" is a public water system that regularly serves at least 25 residents. A "non-community water system" is a public water system that serves at least 25 people at least 60 days of the year and is not a community water system.

A "non-transient non-community public water system" is a public water system that is not a community water system and that regularly serves at least 25 of the same people for at least six months per year (e.g., serves a school or office building). A "transient non-community public water system" is a non-community water system that does not meet the definition of such a non-transient system.

§ 677 — SAFE DRINKING WATER PRIMACY ASSESSMENT METHODOLOGY

Requires DPH to develop a methodology for a safe drinking water primacy assessment on community water systems and transient and non-transient non-community water systems

The act requires the DPH commissioner, by January 1, 2019, and in consultation with the OPM secretary and water company representatives, to develop a methodology for a safe drinking water primacy assessment on community water systems and transient and non-transient non-community water systems. The assessment's purpose is to meet federal requirements for DPH to maintain primacy for enforcing the federal SDWA. The act specifies that the assessment would not apply to systems owned by a state agency.

Under the act, the methodology must include how to calculate the fee to be assessed and the procedures to implement it. In developing the methodology, the commissioner may consider customer billing frequency and timing, customer payment delinquency rates, and the feasibility of assessing a fee based on service or customer connections.

The act requires the commissioner to provide for a 30-day public comment period after developing the methodology. After the 30 days, but no later than February 15, 2019, he must submit to the Public Health Committee his recommendations for legislation needed to implement the developed methodology.

EFFECTIVE DATE: Upon passage

§§ 678 & 728 — NEWBORN SCREENING ACCOUNT

Eliminates, on July 1, 2018, the newborn screening account and transfers any money from it into the General Fund for DPH to use for newborn health screening services in FY 18

The act eliminates, on July 1, 2018, the newborn screening account, which DPH currently uses to pay for certain newborn health screening services. It also eliminates the associated annual \$500,000 credit to the account from the General Fund.

Additionally, the act requires funds in the account as of June 30, 2017 to be credited to the General Fund for DPH to use for newborn health screening services in FY 18. (Prior law required unused funds to be carried forward into the next fiscal year).

By law, DPH operates a newborn screening program that tests infants for certain genetic, endocrine, and metabolic disorders; hearing loss; and critical congenital heart defects.

The act also makes a related conforming change.

EFFECTIVE DATE: Upon passage, except the repeal of the account is effective July 1, 2018.

§ 679 — MUNICIPAL VIDEO COMPETITION TRUST ACCOUNT

Beginning in FY 18, increases by \$2 million the annual transfer from the municipal video competition trust account to the General Fund

Beginning in FY 18, the act increases, from \$3 million to \$5 million, the annual transfer from the municipal video competition trust account to the General Fund.

EFFECTIVE DATE: Upon passage

§ 680 — PUBLIC, EDUCATIONAL, AND GOVERNMENTAL PROGRAMMING AND EDUCATION TECHNOLOGY INVESTMENT ACCOUNT

Beginning in FY 18, requires \$3.5 million to be transferred to the General Fund each fiscal year from the Public, Educational, and Governmental Programming and Education Technology Investment Account (PEGPETIA)

Beginning in FY 18, the act requires \$3.5 million to be transferred to the General Fund each year from the Public, Educational, and Governmental Programming and Education Technology Investment Account. The account provides grants to support public, educational, and government (i.e. community access) programming and education technology initiatives.

EFFECTIVE DATE: Upon passage

§§ 681-698 — TRANSFERS TO GENERAL FUND

Transfers funds from various sources to the General Fund for FYs 18 and 19

The act transfers money to the General Fund from various sources in FYs 18 and 19 (see Table 39). It also requires the comptroller, after the FY 18 accounts are closed, to credit \$17.8 million of the unappropriated surplus to the General Fund for FY 19 (§ 698).

Table 39: Transfers to the General Fund

§	Source	Amount (millions)	
		FY 18	FY 19
681	School Bus Seat Belt Account	\$2	\$2
682	Regional Greenhouse Gas Account	10	10
683	Energy Conservation and Loan Management Fund	63.5	63.5
684	Consumer Counsel and Public Utility Control Fund	2.5	-
685	Clean Energy Fund	14	14
686	State of Connecticut Health and Educational Facilities Authority	.9	.9
687	Banking Fund	11.2	9.2
688	Emissions Enterprise Fund	1.5	-
689	Technical Services Revolving Fund	3	-
690	Correctional Commissaries Account, DOC	1	-

Table 39 (Continued)

§	Source	Amount (millions)	
		FY 18	FY 19
691	Correctional Industries Account, DOC	1	-
692	Ed-Net Account	1	-
693	Probation Transition-Technical Violation Account, Judicial Department	8.3	-
694	Tobacco Litigation Settlement Account, OPM	5	-
695	Judicial Data Processing Revolving Fund	.1	.1
696	Passport to the Parks Account	2.6	5
697	Community Investment Account	5	5

EFFECTIVE DATE: Upon passage

§§ 699 & 700 — MOTOR VEHICLE MILL RATE CAP AND PROPERTY TAX APPEALS

Increases the cap on motor vehicle mill rates and allows municipalities that previously set their motor vehicle mill rate for the 2016 assessment year to change it; requires boards to hear car tax appeals before December 15, 2017

Existing law authorizes municipalities and special taxing districts to tax motor vehicles at a different rate than other taxable property, but it imposes a cap on the mill rate for motor vehicles. The act raises prior law's motor vehicle mill rate cap from 32 to 39 mills for the 2016 assessment year and to 45 mills for the 2017 assessment year and thereafter. As under existing law, the caps apply to the combined mill rate of municipalities, districts, and other municipal organizations authorized to levy and collect taxes.

The act authorizes municipalities and special taxing districts, notwithstanding contrary special acts, municipal charters, or home rule ordinances, to revise their 2016 assessment year motor vehicle mill rates if such rates were set before the act's effective date. They must do so (1) by December 15, 2017 and (2) by vote of their legislative bodies or in a municipality where the legislative body is a town meeting, by vote of the board of selectmen.

The act also requires boards of assessment appeals of a municipality that issued motor vehicle property tax bills before the act's effective date to hear motor vehicle property tax appeals for the October 1, 2016 assessment year by December 15, 2017.

It also makes conforming changes to the motor vehicle property tax grant program, which beginning in FY 18 provides grants to municipalities that impose a mill rate on real and personal property (other than motor vehicles) that is greater than the capped motor vehicle mill rate.

EFFECTIVE DATE: Upon passage

§§ 701-703 — STRANDED TAX CREDITS

Requires DECD to administer programs to allow businesses to use stranded R&D tax credits in exchange for undertaking certain capital projects or making certain venture capital investments

The act authorizes programs which allow corporation business taxpayers with certain "stranded" tax credits to use the credits in exchange for undertaking certain capital projects or making corporate venture fund investments. "Stranded" tax credits are credits that a taxpayer has earned but not taken through the business's last complete income year, usually because the business has more credits than it does tax liability against which the credits may be claimed.

Under the act, DECD must (1) establish and administer a program that allows in-state businesses to use these stranded credits in exchange for undertaking eligible in-state capital projects and (2) hold tax credit auctions, or enter into agreements, to allow taxpayers holding these credits to use them in exchange for making specified venture capital investments. Under the act, the total amount of accumulated tax credits, at full value, used for capital projects and venture capital investments made through auction or agreement may not exceed \$50 million.

The act also makes a conforming technical change (§703).

EFFECTIVE DATE: Upon passage

Stranded Tax Credits and Capital Projects

The act requires the DECD commissioner to establish and administer a program that allows in-state businesses to use certain stranded tax credits (referred to as “accumulated credits” in the bill) for eligible in-state capital projects and allows her to adopt implementing regulations. For this program, “accumulated credits” is defined as nonincremental research and development (R&D) credits (CGS § 12-217n) that have not been taken through the business’s last complete income year prior to its program application date (therefore, the credits are “stranded”).

A business is eligible to exchange credits for a project that is planned or currently underway that (1) expands the business’s scale or scope, (2) increases employment at the business, or (3) generates a substantial return to the state’s economy.

Application and Review. Under the act, businesses must apply to DECD, on forms the commissioner provides, to use their stranded credits under the program. The application must include (1) a detailed plan of the capital project, (2) the project’s term and estimated cost, and (3) the amount of stranded tax credits the business proposes to use.

The act requires the DECD commissioner to (1) perform an econometric analysis of each proposed project and (2) approve only those projects that she determines will generate state revenue in excess of the amount of stranded tax credits proposed for use. Stranded tax credit amounts must be confirmed by DRS in consultation with the DECD commissioner.

Claiming Schedule. Under the act, the DECD commissioner, in consultation with DRS and OPM, must determine when a business may claim its stranded tax credits. The act prohibits her from approving a business’s use of the credits before its capital project has generated enough revenue to cover the credits’ cost to the state. Stranded credits may be claimed against the corporation business and sales and use taxes.

Reporting. By February 1, 2019, DECD must include the following information in its annual report:

1. the number of applications received and approved under the program,
2. the status of approved capital projects,
3. the amount of stranded tax credits proposed for use under the program, and
4. for each approved project, the amount and type of state revenue (a) generated to date and (b) projected for the five years after the project’s completion.

Stranded Tax Credits and Venture Capital Investments

The act authorizes two options for using stranded tax credits (i.e., “accumulated credits”) in exchange for venture capital investments. It requires the DECD commissioner, in consultation with the DRS commissioner and Connecticut Innovations (CI) CEO, to hold tax credit auctions or, in lieu of auctions, enter into agreements to allow taxpayers holding accumulated credits to use them in exchange for making specified corporate venture fund investments. Under this program, “accumulated credits” is defined as nonincremental R&D tax credits (CGS § 12-217n) and incremental R&D tax credits (CGS § 12-217j) that have not been taken through the last complete income year prior to the auction’s date.

The DECD commissioner must continue to hold auctions or proactively seek agreements until at least two deals with different corporate venture funds are reached, after which she may hold additional auctions or seek additional agreements at her discretion. Auctions and agreements may be held or entered into for five years after the date the first auction is held or agreement entered into, whichever is earlier.

Auctions. Under the act, the DECD commissioner must hold such auctions (termed “innovation investment fund tax credit auctions” in the act) whenever and as often as she determines is appropriate and effective.

For each auction, the DECD commissioner, in consultation with the CI CEO, must specify the (1) information that a bid must include, (2) deadline for submitting a bid, and (3) minimum number of cents for each dollar of accumulated credits that may be bid. Bidders must submit sealed bids, and the DECD commissioner, in consultation with the CI CEO, must select the winning bid or bids based on the amount the bidder proposes to invest and the amount of stranded tax credits the bidder proposes to exchange, as well as any other criteria the DECD commissioner and CI CEO deem appropriate.

Under the act, the DECD commissioner must invest the amount received from the winning bidder or bidders in the winning bidder’s corporate venture fund. All investments must be made under the advisement of a CI representative, who must be a member of the corporate venture fund’s investment committee.

The act additionally requires that:

1. the amount invested into a corporate venture fund under this program be between \$5 million and \$10 million;
2. all amounts invested be invested in (a) in-state startup businesses or (b) in-state spin-off companies from the bidder’s R&D department;
3. the portion of profits from such investments be divided evenly between the bidder and the state, which must deposit its portion into the General Fund; and

4. the bidder must agree to reinvest the profits attributable to such investments in the bidder's venture fund.

Agreements in Lieu of Auctions. In lieu of holding a tax credit auction, the DECD commissioner may, in consultation with the CI CEO, enter into an agreement with a taxpayer that has accumulated tax credits to allow the taxpayer to use the credits in exchange for making an investment in its corporate venture fund under the same conditions that apply to investments made through auctions. The number of cents per dollar of accumulated tax credit may be negotiated by the DECD commissioner in consultation with the DRS commissioner.

Claiming Credits. Beginning July 1, 2020, the credits allowed for corporate venture fund capital investments may be claimed against the (1) sales and use tax or (2) corporate business tax, regardless of any applicable tax credit caps. Taxpayers may not claim any credits until the second full income year after making the investment and must claim them according to a schedule agreed to by the commissioner, in consultation with the revenue services commissioner, and the taxpayer. The act allows taxpayers to sell, assign, or transfer the tax credits.

§§ 704, 707, 708 & 729 — BUDGET RESERVE FUND (BRF)

Diverts specified income tax revenue exceeding a \$3.15 billion threshold to the BRF; increases the BRF's maximum balance, from 10% to 15% of net General Fund appropriations and expands its allowable uses; and repeals provisions, previously scheduled to take effect July 1, 2019, establishing a mechanism for diverting to the BRF projected surpluses in certain revenue

Income Tax Revenue Diverted to the BRF

The act requires the state treasurer to transfer to the BRF revenue the state receives each fiscal year in excess of \$3.15 billion from personal income tax estimated and final payments (i.e., the income tax revenue generated from taxpayers who make estimated income tax payments on a quarterly basis). It requires consensus revenue estimates, beginning with those due by November 10, 2017, to include a line item, designated as the volatility adjustment, reflecting the estimated amount of this transfer. (Consensus revenue estimates are the basis for the governor's proposed budget and the revenue statement included in the budget act the legislature passes.)

Beginning in FY 18, the act requires consensus revenue estimates and the revenue statement included in the state budget act to itemize the withholding and estimated and final payment components of personal income tax revenue. Under prior law, a similar requirement was scheduled to apply beginning in FY 20 as part of the revenue volatility mechanism the act repeals (see below).

Maximum Balance

The act increases the BRF's maximum balance from 10% to 15% of net General Fund appropriations for the current fiscal year. It repeals a provision scheduled to take effect July 1, 2019, that increases the maximum balance to 15% or more of such appropriations.

Directing Funds to Pay Unfunded Pension Liabilities

Under prior law, once the BRF reached the maximum, any remaining General Fund surplus was deemed appropriated for (1) reducing the unfunded liability of the State Employee Retirement Fund by up to 5% and (2) paying off outstanding state debt. The act instead requires the treasurer to transfer any remaining General Fund surplus, as she determines to be in the state's best interests, for reducing either the State Employee Retirement Fund's or Teachers' Retirement Fund's unfunded liability by up to 5%. Under the act, any remaining surplus funds may be used to make additional payments to either retirement system, as the treasurer determines to be in the state's best interests, in addition to paying off other forms of outstanding state debt specified under existing law.

The act also provides statutory authority for the legislature to transfer funds from the BRF to pay unfunded pension liabilities when the fund's balance equals 5% or more of net General Fund appropriations for the current fiscal year. It authorizes the legislature to transfer funds above the 5% threshold amount to either the State Employee Retirement Fund or Teachers' Retirement Fund, as it determines to be in the state's best interests, in consultation with the treasurer. Under the act, any amounts transferred to either retirement system must be in addition to statutorily required contributions or payments.

Authorized Use of Funds in the BRF for Projected Deficits

By law, BRF funds are deemed appropriated in any fiscal year in which the comptroller has certified a deficit for the immediately preceding fiscal year. The act additionally allows the legislature to transfer funds from the BRF to the General Fund when a deficit is projected. Under the act, if any consensus revenue estimate for the current biennium projects a decline in General Fund revenue for the current biennium of at least 1% from the total amount of General Fund estimated revenue on which the budget act (or any adjusted appropriation and revenue plan) was based, the legislature may transfer funds from the BRF to the General Fund at any time during the remainder of the current biennium. In addition, if any April 30 consensus revenue estimate projects a decline in General Fund revenue in either year or both years of the subsequent biennium of at least 1% from the total General Fund appropriations for the current year, the legislature may transfer funds from the BRF to the General Fund in the fiscal year for which the deficit is projected.

Repeal of Mechanism for BRF Deposits Beginning in FY 20

The act repeals provisions in prior law, scheduled to take effect July 1, 2019, establishing a mechanism for diverting to the BRF projected surpluses in historically volatile revenue sources (corporation income tax and personal income tax estimated and final payments). The mechanism required mid-year diversions of this revenue, based on a threshold level calculated using the average revenue from these two sources over 10 years. In eliminating this volatility mechanism, the act repeals a number of related provisions that are also scheduled to take effect July 1, 2019. These provisions generally concern the calculation and reporting of the threshold level and BRF deposits, as well as the use of funds in the BRF. EFFECTIVE DATE: Upon passage

§ 705 — CAP ON GENERAL FUND AND SPECIAL TRANSPORTATION FUND (STF) APPROPRIATIONS

Beginning FY 20, imposes a new cap on General Fund and STF appropriations but allows the General Assembly to exceed it under certain circumstances

In addition to the existing spending cap on general budget expenditures (see § 709), the act imposes a new cap that applies specifically to General Fund and STF appropriations but allows the General Assembly to exceed it under certain circumstances.

Beginning in FY 20, the act prohibits the General Assembly from authorizing for any fiscal year General Fund and STF appropriations that, in the aggregate, exceed a specified percentage of the estimated revenues included in the budget act (i.e., the statement of estimated revenues, supplied by the Finance, Revenue and Bonding Committee, that is based on the most recent consensus revenue estimates). Table 40 lists the specified percentages. For example, for FY 20, the act caps the total amount of General Fund and STF appropriations at 99.5% of estimated General Fund and STF revenue.

Table 40: Cap on General Fund and STF Appropriations

<i>FY</i>	<i>Percentage of Estimated Revenue</i>
20	99.5%
21	99.25
22	99.0
23	98.75
24	98.5
25	98.25
26 and thereafter	98.0

Under the act, the General Assembly may authorize for any fiscal year General Fund and STF appropriations that, in the aggregate, exceed the applicable percentage of estimated revenues if either of the following conditions is met:

1. the governor declares an emergency or the existence of extraordinary circumstances, specifying the nature of the emergency or circumstances; at least three-fifths of the members of each chamber of the General Assembly vote to exceed the percentage; and the appropriation is limited to the fiscal year in progress; or
2. the General Assembly approves the appropriation, by majority vote, for an adjusted appropriation and revenue

plan.

EFFECTIVE DATE: Upon passage

§ 706 — BOND COVENANT TIED TO BRF, SPENDING CAP, AND GO BOND CAP LAWS

Requires certain state bonds to include a pledge to bondholders that the state will comply with the BRF law, spending caps, and GO and credit revenue bond caps, except under limited circumstances

For each fiscal year during which state general obligation (GO) or credit revenue bonds (see §§ 714-716) issued from May 15, 2018 to June 30, 2020, are outstanding, the act expressly requires the state to comply with the following requirements in the act and existing law:

1. the Budget Reserve Fund law (CGS § 4-30a), as amended by the act (see § 704);
2. the cap on General Fund and STF expenditures established under this act and in effect as of October 31, 2017 (see § 705);
3. the statutory spending cap, as amended by the act (see § 709); and
4. the caps on GO and credit revenue bond authorizations, allocations, issuances, and expenditures (see §§ 710-712).

The act also requires, for GO and credit revenue bonds issued during this timeframe, that the treasurer include a pledge to bondholders that the state will not enact any laws taking effect from May 15, 2018 to June 30, 2028, that change the state's obligation to comply with the laws listed above until the bonds are fully paid off unless the following conditions are met:

1. bondholders are protected in another way or
2. (a) the governor declares an emergency or the existence of extraordinary circumstances in which he invokes the statute allowing him at his discretion, and requiring him whenever the comptroller projects a General Fund budget deficit greater than 1%, to reduce appropriated accounts by up to 5% and total fund appropriations by up to 3% (CGS § 4-85); (b) at least three-fifths of the members of each house of the General Assembly approve the change in compliance; and (c) the change is limited to the fiscal year in progress.

Under the act, the pledge must apply for 10 years from the bonds' first issuance date but not to refunding bonds issued to pay the original bonds.

EFFECTIVE DATE: May 15, 2018

§ 709 — SPENDING CAP CALCULATION

Modifies definitions used to calculate the state's spending cap and requires a base adjustment under certain circumstances

The state's statutory and constitutional spending caps bar the legislature from authorizing an increase in "general budget expenditures" for any fiscal year that exceeds the greater of the percentage "increase in personal income" or "increase in inflation" unless (1) the governor declares an emergency or extraordinary circumstances and (2) at least three-fifths of each house of the legislature approves the extra expenditure for those purposes (CGS § 2-33a & Conn. Const., art. III, § 18(b)).

Spending Cap Definitions

The act modifies the definitions used to calculate the state's spending cap. The state constitution requires the legislature to define these terms by a three-fifths majority. The act passed by more than this minimum threshold.

Increase in Personal Income. Prior law defined the "increase in personal income" as the state's average annual increase in personal income for the preceding five years. The act instead defines it as the compound annual growth rate of personal income in the state over the preceding five calendar years. As under existing law, the calculation must be based on United States Bureau of Economic Analysis data.

Increase in Inflation. The act modifies the definition of "increase in inflation" by excluding food and energy items from the consumer price index for urban consumers used to calculate the increase and requiring the increase to be calculated on a December over December basis. This calculation, as under existing law, must be made using United States Bureau of Labor Statistics data.

General Budget Expenditures. The act modifies the definition of "general budget expenditures" by:

1. eliminating the exclusion for statutory grants to distressed municipalities that were in effect on July 1, 1991, thus subjecting these grants to the cap;
2. excluding expenditures of federal funds granted to the state or state agencies; and
3. requiring expenditures for federal programs in which the state is participating as of October 31, 2017, and for which the state receives federal matching funds, to be subject to the cap.

Under the act, expenditures for federal programs in which the state begins participating after October 31, 2017, and for which it receives federal matching funds, are excluded from the cap for the first fiscal year in which they are authorized but must be considered general budget expenditures for that year for purposes of determining the following year's general budget expenditures.

The act also temporarily excludes from the cap certain payments for unfunded pension liabilities. For FYs 18 through 22, it excludes annual expenditures for the portion of the actuarially determined employer contribution (ADEC) representing the unfunded liability for that fiscal year for any retirement system or alternative retirement program administered by the State Employees Retirement Commission, other than the teachers' retirement system. And for FYs 18 through 26, it excludes annual expenditures for the portion of the ADEC representing the unfunded liability for that fiscal year for the teachers' retirement system.

Base Adjustment

The act requires a spending cap base adjustment to be made in any fiscal year in which an expenditure's funding source is converted, from the previous fiscal year, from (1) an appropriation to state bonding, a revenue intercept, or a nonappropriated source, or (2) any of these three funding sources to an appropriation.

EFFECTIVE DATE: Upon passage

§§ 710-712 — CAP ON GENERAL OBLIGATION (GO) AND CREDIT REVENUE BOND ALLOCATIONS, ISSUANCES, AND SPENDING

Imposes caps on GO and credit revenue bond allocations, issuances, and spending, with certain exclusions

The act imposes new caps on GO and credit revenue bond allocations, issuances, and spending. The caps apply in addition to the existing cap limiting the total amount of General Fund-supported state debt the legislature can authorize to 1.6 times the estimated net General Fund tax receipts for the fiscal year of the authorization (CGS § 3-21).

Beginning in 2017, the act imposes a \$2 billion aggregate cap on the amount of GO and credit revenue bonds the State Bond Commission may authorize (i.e., allocate) in any calendar year ("allocation cap"). With certain exceptions, the act also imposes a \$1.9 billion aggregate cap on the amount of GO bonds or notes and credit revenue bonds (1) the treasurer may issue in any fiscal year, beginning with FY 19 ("issuance cap"), and (2) for which the governor may approve allotment requisitions (i.e., expenditures) in any fiscal year, beginning with FY 17 ("spending cap"). It excludes from the issuance and spending caps GO bonds issued as part of the Connecticut State Colleges and Universities 2020 or UConn 2000 infrastructure programs.

The act requires the caps to be annually adjusted for inflation based on the change in the consumer price index for all urban consumers for the preceding calendar year, less food and energy. The allocation cap must be adjusted beginning January 1, 2018, and the issuance and spending caps must be adjusted beginning July 1, 2019.

The act requires the treasurer, annually beginning by January 1, 2018, to provide the governor with a list of allocated but unissued bonds (i.e., bonds authorized by the legislature and allocated by the State Bond Commission but not yet issued by the treasurer). It also requires the governor, annually beginning by April 1, 2018, to provide the treasurer with a list of GO and credit revenue bond expenditures of up to \$1.9 billion that can be made on the following July first. The list's limit must be annually adjusted for inflation, as described above, beginning July 1, 2019. The governor must post both lists on his office's website.

EFFECTIVE DATE: Upon passage

§ 713 — COMPTROLLER'S ANALYSIS OF OPM MONTHLY STATEMENTS

Requires the comptroller to analyze OPM's monthly revenue and expenditure statements

The law requires the OPM secretary to submit to the comptroller a cumulative monthly statement of revenue and expenditures, including a statement of (1) estimated revenue, by source, to the end of the fiscal year in at least as much

detail as the budget act and (2) General Fund appropriation requirements to the end of the fiscal year, itemized as much as practical for each agency (CGS § 4-66).

The act requires the comptroller, in his cumulative monthly financial statements, to include an analysis of OPM's monthly statements. As under existing law, the comptroller's statements must also include statements of (1) revenue and expenditures to the end of the last completed month and (2) estimated revenue by source and appropriations from the General Fund to the end of the fiscal year.

EFFECTIVE DATE: November 1, 2017 and applicable to cumulative monthly statements issued on or after December 1, 2017

§§ 714-716 — CREDIT REVENUE BOND PROGRAM

Authorizes the state treasurer to issue credit revenue bonds in place of GO bonds and directs the savings from the new bonding program to the Budget Reserve Fund; requires bond premiums to be used to fund previously authorized capital projects

The act authorizes the state treasurer to issue "credit revenue bonds" in place of general obligation (GO) bonds and directs the savings from the new bonding program to the Budget Reserve Fund (BRF). Under the act, the credit revenue bonds are backed by withholding taxes that are statutorily pledged for the repayment of the bonds. The act establishes parameters for issuing the bonds, including a requirement that the withholding tax revenues pledged to pay the bonds be paid directly by taxpayers to collection accounts kept separate from other state funds. It subjects the bonds to the state's bond authorization cap and State Bond Commission authorization.

The act requires that for each year in which the bonds are outstanding, the aggregate savings from the bonds in that fiscal year be automatically transferred from the General Fund to the BRF. It allows the state to reduce this transfer only if the bonds' terms allow it or the governor declares an emergency or extraordinary circumstance and a supermajority of the legislature approves a reduction.

Beginning July 1, 2019, the act also requires bond premiums to be used to fund previously authorized capital projects.

Authorization

The act deems any GO bond authorization enacted before, on, or after October 31, 2017, as authorizing such bonds to be issued as either GO bonds or credit revenue bonds up to the amount authorized under the original bond authorization. Under the act, the credit revenue bonds are subject to existing GO bond issuance procedures and requirements (i.e., the GO Bond Procedure Act), except for the requirement that the bonds be backed by the state's full faith and credit. The act also subjects the credit revenue bonds to the state's bond authorization cap.

Bond Payments

Under the act, the bonds are special obligations of the state payable only from withholding taxes or other amounts statutorily pledged to repay the bonds and do not make the state or any of its political subdivisions liable except to the extent of pledged revenues. The act defines withholding taxes as the state personal income taxes required to be deducted, withheld, and paid to the DRS commissioner by employers from the wages and salaries they pay to employees, including any penalty and interest charges on such taxes.

As part of the contract between the state and bondholders, the amount necessary to timely pay the principal and interest on the bonds is deemed appropriated, and the treasurer must pay the amounts, as well as any redemption premium on the bonds, as they become due, but only from the pledged sources. Similar provisions apply to GO bonds under existing law.

Revenue Pledge

Under the act, the state pledges its right and title to, and interest in, the pledged revenues to secure the bonds and redemption premium. This pledge secures all of the credit revenue bonds equally and supersedes any other party's claim to the pledged revenues, including any holder of state GO bonds.

The bonds may also be secured by:

1. a pledge of reserves, sinking funds (i.e., funds created to regularly set aside funds sufficient to pay the debt), and any other funds and accounts, including investment proceeds from these sources, authorized under the act or by

- the State Bond Commission's proceedings authorizing the bond issuance and
2. moneys paid under a credit facility, including letters of credit or bond insurance policies issued by a financial institution under an agreement authorized by such proceedings.

Under the act, the revenue pledge takes effect without any further action by the state and is valid and binding from the time it is made. The pledged revenues and amounts received by the state are immediately subject to the pledge's lien without physical delivery of the money or any further action. The lien is valid and binding against all parties with claims against the state, regardless of whether they received specific notice of the lien.

The act provides that the issuance of credit revenue bonds does not directly, indirectly, or contingently obligate the state or any of its political subdivisions to (1) levy or pledge any tax, except for taxes included in the pledged revenues, or (2) make any additional appropriation for their payment. It requires each such bond and bond anticipation note (BAN) to state plainly on its face that it is not a charge, lien, or encumbrance, legal or equitable, on any property owned by the state or its political subdivisions other than the pledged revenues or other amounts.

Bond Indenture

The act requires the credit revenue bonds to be secured by a trust indenture, approved by the State Bond Commission, made between the state and a corporate trustee. (A trust indenture is an agreement between a bond issuer and a trustee that represents the bondholder's interests by establishing the rules and responsibilities to which each party must adhere.) The trustee may be any trust company or bank having the powers of a trust company within or outside the state.

The trust indenture may include provisions for (1) protecting and enforcing bondholders' rights and remedies, including covenants that establish the state's duties in relation to the pledged revenues, and (2) paying and disbursing the pledged revenues with any safeguards and restrictions the state provides that are consistent with the act's provisions.

The act also establishes the terms and conditions that may be included in the credit revenue bonds' issuance proceedings, which the act defines as (1) the Bond Commission's proceedings that authorize the issuance; (2) the provisions of certain documents incorporated into such proceedings (e.g., a resolution or trust indenture securing bonds); and (3) to the extent applicable, the treasurer's certificate of determination for the bonds. Under the act, the proceedings may contain provisions:

1. concerning covenants that confirm the state's agreements, as part of the contract with bondholders;
2. for executing reimbursement agreements in connection with credit facilities (e.g., letters of credit or bond insurance policies);
3. for collecting, holding, investing, reinvesting, and using revenue pledged to repay the bonds;
4. for reserves, sinking funds, and other funds and accounts that the State Bond Commission approves, including requirements that the funds be separate from other state funds;
5. for issuing additional bonds that have parity with earlier ones; and
6. regarding rights and remedies available to the bondholders or trustees in the case of a default.

The bond proceedings may also contain other provisions or covenants that are consistent with those described above and which the State Bond Commission considers necessary, convenient, or desirable to improve the bonds' security or marketability and are in the state's best interest. These provisions may be replicated in any trust indenture that secures the bonds.

Collection Accounts for the Pledged Revenue

In the proceedings authorizing the credit revenue bonds, the state must direct the (1) trustee to establish one or more collection accounts with the "collection agent" to receive the pledged revenues and (2) payment of the pledged revenues into these collection accounts. Under the act, the collection agent is the financial institution acting as trustee or agent that receives the pledged revenues directed by the state to be paid to it by taxpayers (i.e., those remitting withholding taxes to the state). Funds in the collection accounts must be kept separate from other state funds until they are disbursed.

The proceedings must also require that no funds from the collection accounts be disbursed to the state until all current claims of any trustee established in the proceedings have been satisfied.

The agreements with the depositories establishing the collection accounts may provide for customary settlement terms for the collection of revenues. The expenses the state incurs in establishing the accounts and directing the deposits may be paid as part of the issuance costs for credit revenue bonds or GO bonds. These expenses include those the Department of Revenue Services and Office of the Comptroller incur in establishing mechanisms to verify, allocate, track, and audit the accounts and deposits made into them.

State Commitments to Bondholders

The act makes certain commitments to bondholders concerning the credit revenue bonds' terms and authorizes the State Bond Commission to include this covenant in any credit revenue bondholder agreement.

The act promises bondholders that the General Assembly will impose, charge, raise, levy, collect, and apply the pledged revenues as necessary to pay the annual "debt service requirements," as defined below, as long as the credit revenue bonds are outstanding, or unless expressly permitted by the terms of its agreements with bondholders. It also promises that the state will perform, or cause to be performed, every promise, covenant, agreement, or contract with bondholders and will not:

1. limit or alter the duties imposed on the treasurer and other state officers with respect to the pledged revenues;
2. change the provisions (a) establishing collection accounts with the collection agent or the direction of pledged revenues to such accounts or (b) applying such pledged revenues to debt service;
3. issue any other bonds, notes, or other debt with any of the same rights as the credit revenue bonds or secured by the same pledged revenues;
4. create or cause to be created any lien or charge on the pledged amounts; or
5. impair bondholders' rights, exemptions, or remedies.

Debt Service Requirements. Under the act, debt service requirements means the:

1. principal and interest on bonds and unrefunded principal and interest on BANs;
2. purchase price of bonds and BANs that are subject to purchase or redemption at the owner's option;
3. amounts, if any, (a) required to establish or maintain reserves, sinking funds, or other funds at the respective required levels or (b) due under a reimbursement or similar agreement;
4. bond and BAN issuance and administrative costs, as determined by the treasurer; and
5. additional costs the treasurer deems necessary to be paid in connection with the bonds or BANs.

Debt Service Coverage. With certain exceptions, the act promises that the state will not alter the rights or obligations of state officers to impose, maintain, charge, or collect the taxes, fees, charges, or receipts constituting the pledged revenues as necessary to produce sufficient revenues to fulfill the bond proceedings' terms. But it allows the state to change the withholding tax rate and base, including exemptions and deductions, as long as any such change, had it been in effect, would not have reduced withholding taxes for any 12 consecutive months within the preceding 15 months to an amount that is less than three times the maximum debt service payable on credit revenue bonds issued and outstanding for the current or any future fiscal year.

Other Permissible State Debt. The act specifies that its commitments to bondholders do not prevent the state from issuing debt:

1. secured by a pledge or lien subordinate and junior to the liens and pledges created under the act,
2. backed by the state's full faith and credit and not by any specific lien or charge on the pledged amounts, or
3. secured by a pledge of or lien on amounts derived on or after the date the credit revenue bonds' pledges or liens are discharged and satisfied.

Calculating the Savings from Credit Revenue Bonds

The act requires the state treasurer, each time she issues credit revenue bonds, to determine the amount of principal and interest the state will save by issuing credit revenue bonds instead of GO bonds in each fiscal year in which the bonds will be outstanding. She must state this estimated savings ("dedicated savings") in a bond determination filed with the State Bond Commission at or before the credit revenue bond issuance.

She must calculate this savings as the difference between the (1) stated principal and interest payable with respect to the credit revenue bonds in each fiscal year during which they will be outstanding and (2) estimated principal and interest that would have been payable in each such year had the bonds been issued as GO bonds over the same period, based on a level principal debt service schedule. The treasurer has discretion to adjust this calculation to account for a specific bond issuance structure and must base the calculation on factors she deems relevant, including advice from financial advisors, historical trends, and spreads to common municipal bond indexes. If the treasurer determines there are no savings in a given fiscal year, the estimated savings for that year must be zero.

Transfer of Dedicated Savings to the BRF

For each year in which the bonds are outstanding, unless certain conditions are met, the act automatically transfers from the General Fund to the BRF, at the beginning of the fiscal year, an amount equal to the aggregate dedicated savings from all the credit revenue bonds that have been issued and are outstanding that fiscal year. Under the act, the transfer

may be reduced if (1) the bond terms allow it or (2) the governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the General Assembly approve a reduction. The act prohibits the state from appropriating this transferred amount for any other purpose and limits its use to the purposes authorized under the BRF law.

Purchasing the Bonds on the Open Market

The act authorizes the treasurer to purchase credit revenue bonds and, subject to bondholder agreements, hold, pledge, cancel, or resell them. Existing law authorizes the treasurer to do so with respect to other bonds, including special tax obligation bonds.

Investments

The act includes standard bond provisions declaring the credit revenue bonds negotiable instruments under the Uniform Commercial Code subject only to registration requirements. It makes the bonds securities in which governments and private entities may invest.

It authorizes the treasurer and trustee to (1) invest and reinvest bond funds, including pledged revenues and bond proceeds, in the same obligations, securities, and other investments existing law allows for GO bonds and in the Short Term Investment Fund or (2) deposit or redeposit the funds in the bank or banks specified in the bond resolution, certificate of determination, or indenture. Investment proceeds, less any amounts required under the bonds' proceedings, must be credited to the General Fund.

Refunding Bonds

The act authorizes the use of credit revenue bonds to refund previously issued GO bonds, and vice versa, subject to the existing conditions and procedures for refunding GO bonds.

Use of Bond Premium, Accrued Interest, and Net Investment Earnings on Bond Proceed Investments

Until July 1, 2019, the act requires the net earnings on investments of GO or credit revenue bond proceeds and accrued interest and premiums on such bond issuances to be deposited into the General Fund after payment of (1) the bond issuance costs or (2) interest on state debt. This conforms to existing state practice on the use of such funds. (Bond premium is the extra, up-front payment investors make in exchange for a higher interest rate on the bonds.)

Beginning July 1, 2019, the act requires the treasurer to direct (1) the net earnings on investments of GO or credit revenue bond proceeds and accrued interest on such bond issuances to the General Fund and (2) bond premiums to an account or fund to pay for previously authorized capital projects. Under the act, the treasurer must deposit in such an account or fund the premiums on GO and credit revenue bonds, net of any original issue discount, after paying the issuance costs. The treasurer may use the deposited amounts to fund projects the State Bond Commission previously authorized, up to the amount authorized, as long as the bonds for such projects have not already been issued.

The act requires the state treasurer to file a certificate of determination with the bond commission's secretary that establishes the amount of the deposit applied to fund each such project. Upon doing so, she must record bonds in the amount of the net premiums credited to each project as deemed issued and retired. Thereafter, she may not issue bonds in that amount for the project. Under the act, the bonds recorded are deemed issued, retired, and no longer authorized for issuance in order to align the project's funding with the amounts generated by net premiums, but such bonds do not constitute an actual bond issuance or bond retirement for any other purpose, including financial reporting.

EFFECTIVE DATE: Upon passage

§§ 717-726 — REVENUE ESTIMATES

Adopts revenue estimates for FYs 18 and 19 for appropriated state funds

The act adopts revenue estimates for FYs 18 and 19 for appropriated state funds, as shown in Table 41.

Table 41: Revenue Estimates for FYs 18 and 19

<i>Fund</i>	<i>FY 18</i>	<i>FY 19</i>
General Fund*	\$18,739,749,611	\$18,908,178,988
Special Transportation Fund	1,592,600,000	1,628,100,000
Mashantucket Pequot and Mohegan Fund	57,649,850	49,942,796
Regional Market Operation Fund	1,100,000	1,100,000
Banking Fund	36,200,000	36,200,000
Insurance Fund*	87,300,000	92,200,000
Consumer Counsel and Public Utility Control Fund	29,000,000	29,000,000
Workers' Compensation Fund	24,734,732	26,301,633
Criminal Injuries Compensation Fund	3,000,000	3,000,000
Tourism Fund	0	12,700,000

* PA 17-4, JSS (§§ 16 & 17) changes the net revenue estimates for the General Fund and Insurance Fund

EFFECTIVE DATE: Upon passage

§ 727 — PROBATE COURT ADMINISTRATION FUND

Requires that the fund's balance at the end of FY 17 remain in the fund

Under existing law, if there is a balance in the Probate Court Administration Fund on June 30 exceeding 15% of its authorized expenditures in the coming fiscal year, then that excess is transferred to the General Fund. The act overrides this provision for FY 17 by requiring that any balance in the fund as of June 30, 2017 remain there.

EFFECTIVE DATE: Upon passage

§ 730 — REPEALING A BRIDGE NAME

Repeals a provision of PA 17-230 naming bridge number 01592 in Ansonia the "Veterans of Foreign Wars Memorial Bridge"

The act repeals a provision of PA 17-230 naming bridge number 01592 in Ansonia the "Veterans of Foreign Wars Memorial Bridge."

EFFECTIVE DATE: Upon passage

PA 17-3, June 2017 Special Session—SB 1501

Emergency Certification

AN ACT CONCERNING ZERO CARBON SOLICITATION AND PROCUREMENT

SUMMARY: This act requires the Department of Energy and Environmental Protection (DEEP) commissioner and the Public Utilities Regulatory Authority (PURA) to (1) conduct an appraisal of nuclear power-generating facilities and (2) determine whether to conduct a solicitation process as permitted by the act for nuclear power generating resources and certain other energy sources.

If the appraisal demonstrates a need for action, the act allows the DEEP commissioner, in consultation with the state's electric procurement manager and the Office of Consumer Counsel (OCC), to issue one or more solicitations for zero-carbon electricity-generating resources.

The act requires the commissioner and PURA to report by February 1, 2018, to the legislature on the results of the appraisal and the proposal selected through the solicitation process. If the legislature does not reject the report by a simple majority vote in each chamber by March 1, 2018, the results are deemed approved.

The act limits the commissioner to soliciting proposals for up to 12 million megawatt-hours of energy annually, in the aggregate, from zero-carbon electricity-generating resources that meet certain requirements. If he finds one or more proposals to be in the ratepayers' best interest, as defined in the act, he must direct the electric distribution companies

(EDCs, e.g., Eversource and United Illuminating) to enter into agreements with entities to purchase energy, capacity, and environmental attributes under the selected proposals. Agreements are subject to PURA's review and approval, and the EDCs must recover their net costs of the agreements through a nonbypassable, fully reconciling component of ratepayer bills.

Under the act, each person owning and operating a nuclear power-generating facility in the state must pay a proportional share of all of DEEP's reasonable costs, up to \$1 million, associated with the appraisal, procurement determination, and actions taken as a result of the procurement.

EFFECTIVE DATE: Upon passage

APPRAISAL REQUIREMENTS

The act requires the DEEP commissioner and PURA to conduct an appraisal to assess the current and projected economic condition of nuclear-generating facilities in the Independent System Operator of New England's (ISO-New England) control area. The appraisal must also assess how nuclear generating facilities retiring before July 1, 2027 would impact the following factors:

1. electric markets, fuel diversity, energy security, and grid reliability;
2. the state's greenhouse gas emission requirements; and
3. the state, regional, and local economy.

PROCUREMENT PROCESS

Under the act, if the appraisal's results demonstrate that action is necessary, the commissioner must act and issue one or more solicitations for zero-carbon electricity generating resources. He must initiate a competitive procurement process by May 1, 2018, as long as any contracts, agreements, and changes made are in ratepayers' best interest, as defined in the act.

Solicitations must be for resources delivered in ISO-New England's control area, and may include (1) eligible nuclear power generation facilities, (2) hydropower, (3) Class I renewable energy sources (e.g., wind and solar), and (4) energy storage systems.

Under the act, an eligible nuclear power-generating facility must be located in the ISO-New England control area and licensed to operate through January 1, 2030, or later.

PROPOSAL SELECTION

Under the act, the commissioner may select a proposal received in response to the solicitation if he finds it to be in the ratepayers' best interest. A proposal is in the ratepayers' best interest if its benefits outweigh its costs to electric ratepayers, based on whether the delivered price of sources included is less than the forecasted price of energy and capacity, as determined by the DEEP commissioner or his designee.

The determination must also be based on the following factors:

1. impacts on electric system operations and reliability;
2. the extent to which the proposal or contract contributes to (a) ISO-New England's local sourcing requirement, (b) the state's greenhouse gas emissions requirements, and (c) the state's air quality improvement requirements;
3. fuel diversity; and
4. whether the proposal and its environmental impacts align with the state's Integrated Resources Plan and Comprehensive Energy Strategy.

If the DEEP commissioner determines any proposals meet the above criteria, the act requires him to direct the EDCs to enter into agreements with these entities for energy, capacity, and any environmental attributes (e.g., renewable energy credits) under the selected proposals.

The act limits the total annual energy output of selected proposals to no more than 12 million megawatt-hours and requires that the lengths of the agreements are (1) at least three but not more than 10 years for eligible nuclear power generation facilities or hydropower and (2) up to 20 years for Class I energy sources and storage.

PURA Review

Under the act, (1) agreements are subject to PURA's review and approval and (2) EDCs must file an application for agreement approval with PURA. PURA's review begins when the EDC files a signed power purchase agreement. PURA

must issue a decision within 180 days after the purchase agreement is filed, and if it does not do so by that date, the agreement is deemed approved.

The act requires PURA to approve agreements if it determines the following:

1. they provide for the delivery of adequate and reliable products and service, for which there is a clear public need, at a just and reasonable price;
2. they are prudent and cost effective; and
3. the respondent has the technical, financial, and managerial capabilities to perform under the agreement.

Under the act, the net costs of any agreement, including the EDC's costs under the agreement and its reasonable costs connected to the agreement, must be recovered on a timely basis through a nonbypassable, fully reconciling component of electric rates for all EDC customers. Any of the EDC's net revenues from the sale of products purchased under an agreement must be credited to its customer through the same rate component.

PA 17-4, June 2017 Special Session—SB 1503

Emergency Certification

AN ACT MAKING MINOR AND TECHNICAL CHANGES TO THE STATE BUDGET AND RELATED IMPLEMENTING PROVISIONS FOR THE BIENNIUM ENDING JUNE 30, 2019

TABLE OF CONTENTS:

[§§ 1-10, 15 & 28 — CHANGES TO THE HOSPITAL PROVIDER TAX AND USER FEES ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES](#)

Makes numerous changes to the hospital provider tax and user fees on nursing homes and intermediate care facilities, established under the FY 18-19 budget act

[§§ 11, 13, 14 & 28 — HOSPITAL SUPPLEMENTAL PAYMENTS](#)

Establishes a new schedule for Medicaid supplemental payments for FYs 18 and 19; generally, makes such payments subject to federal approval; and no longer allows hospitals to delay their provider tax payments for any quarter in which DSS delays supplemental payments

[§ 12 — HOSPITAL MEDICAID RATES](#)

Removes dollar-amount increases for hospital Medicaid rates under the budget act and instead requires the Department of Social Services (DSS) to increase certain base rates and base conversion factors used to calculate the rates; establishes a schedule for the rate increase; and prohibits the DSS commissioner from removing the rate increases, subject to federal approval

[§§ 16 & 17 — APPROPRIATIONS ADJUSTMENTS](#)

Adjusts appropriations from the General Fund and Insurance Fund for FY 18 and FY 19

[§ 18 — SOCIAL SECURITY INCOME TAX EXEMPTION](#)

Delays, from 2018 to 2019, an increase in the income thresholds at which taxpayers qualify for a 100% income tax exemption for Social Security benefits

[§ 19 — CORPORATION INCOME TAX DEDUCTION FOR CERTAIN PUBLICLY TRADED COMPANIES \(FAS 109 DEDUCTION\)](#)

Pushes back, from the 2018 income year to the 2021 income year, the first year in which certain publicly traded companies may claim the FAS 109 deduction

[§§ 20 & 28 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID](#)

Modifies a provision in the budget act that allows municipalities and regional boards of education to amend adopted budgets

§ 21 — SUPPLEMENTAL MOTOR VEHICLE PROPERTY TAX GRANTS TO CERTAIN MUNICIPALITIES

Beginning in FY 18, authorizes certain municipalities that implemented a revaluation in the 2014 or 2015 assessment year to apply to OPM for an additional motor vehicle property tax grant

§ 22 — IMPAIRMENT OF STATE CONTRACTS

Exempts the state treasurer's investments and the state's bonds, notes, and other obligations for borrowed money from a law that specifies when the state may enact legislation to impair its contracts

§§ 23-26 — RESPONSIBILITY FOR RENTERS' REBATE PROGRAM

Returns responsibility for administering the Renters' Rebate Program to OPM and creates a mechanism through which municipalities cover 50% of the cost of rebates, up to \$250,000 per municipality per year

§ 27 — CITIZENS' ELECTION PROGRAM (CEP)

Makes changes affecting CEP grants for legislative candidates in a special election

§§ 1-10, 15 & 28 — CHANGES TO THE HOSPITAL PROVIDER TAX AND USER FEES ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES

Makes numerous changes to the hospital provider tax and user fees on nursing homes and intermediate care facilities, established under the FY 18-19 budget act

The FY 18-19 budget act ended the prior tax on hospitals and user fees on nursing homes and intermediate care facilities for individuals with intellectual disabilities (ICF-IDs) and reestablished them as a new tax and fee structure. This act makes various changes to the newly established tax and fees.

Tax Rates

PA 17-2, JSS (§ 602), established a formula for calculating the tax rate on inpatient and outpatient hospital services based on the amount of tax revenue specified for the given fiscal year. For FYs 18 and 19, it set the rate for (1) inpatient hospital services at \$306 million divided by the total audited net inpatient revenue for FY 16 for all hospitals subject to the tax and (2) outpatient hospital services at \$594 million divided by the total FY 16 audited net outpatient revenue for FY 16 for all such hospitals.

The act instead, for FYs 18 and 19, sets the tax rate for (1) inpatient hospital services at 6% of each hospital's FY 16 audited net revenue attributable to such services and (2) outpatient hospital services at \$900 million minus the total tax imposed on all hospitals for providing inpatient hospital services, divided by the total FY 16 audited net revenue attributable to outpatient hospital services for all hospitals subject to the tax.

The act retains the tax rate for FY 20 and thereafter for both inpatient and outpatient hospital services: \$384 million divided by the total FY 16 audited net revenue for all hospitals subject to the tax.

Payments Made for the Prior Hospital Tax

The act requires the Department of Revenue Services (DRS) commissioner to apply any tax payments hospitals made related to the prior hospital tax for the period ending September 30, 2017, as a partial payment of the hospital's estimated tax payment due December 15, 2017.

It also requires the commissioner to return to a hospital any tax credit the hospital claimed related to the prior hospital tax for the period ending September 30, 2017 so that it may be assigned. By law, unchanged by the act, health care providers may not use tax credits to reduce their hospital tax or nursing home or ICF-ID user fee liability but may assign the credits to another taxpayer or taxpayers one time.

Calculating the Tax Due

For each fiscal year, beginning with FY 18, the act requires each hospital required to pay tax on inpatient or outpatient hospital services to calculate the amount of tax due, on forms prescribed by the DRS commissioner, by multiplying the applicable rate described above by its audited net revenue for FY 16. As under existing law, hospitals must make the required payments on forms provided by the commissioner and in accordance with procedures he establishes.

Exemptions for Certain Hospitals

The law requires the DSS commissioner to seek approval from the federal Centers for Medicare and Medicaid Services (CMS) to exempt from the tax (1) specialty hospitals; (2) children's general hospitals; and (3) hospitals operated exclusively by the state, other than those the state operates as a receiver. The act specifies that any hospital for which CMS denies an exemption is deemed a hospital for purposes of the provider tax and, as under existing law, must pay the tax.

The law also requires the commissioner, before January 1, 2018, and every three years thereafter, to seek CMS approval to exempt financially distressed hospitals from the tax on outpatient hospital services. The act increases the threshold at which a hospital is considered financially distressed to one that has experienced an average net loss of more than 5%, rather than more than 1%, of aggregate revenue over a five-year period. As under existing law, the loss must be reflected in the five most recent years of financial reports made available by the Office of Health Care Access for such hospital as of July 1 of the year in which the exemption is requested.

Underreported Revenue

The act requires the DRS commissioner, in consultation with certain state officials and entities, to determine if there is any underreporting of revenue on audited financial statements. He must do so (1) in consultation with the Department of Social Services (DSS) commissioner, Office of Policy and Management secretary, Connecticut Hospital Association, and hospitals subject to the provider tax and (2) only as he is authorized under the state law limiting the inspection and disclosure of tax returns and return information (described below). The act also requires the commissioner to issue any guidance necessary to address the underreporting.

Under the act, if the commissioner determines that a hospital underreported net revenue on its audited financial statement, the underreported amount must be added to the amount of net revenue reported on the hospital's audited financial statement in order to comply with federal law; the revised net revenue amount must be used in calculating the amount of tax the hospital owes.

The act defines "underreported net revenue" as any revenue of a hospital subject to the hospital provider tax that (1) must be included in net revenue from providing inpatient and outpatient hospital services under federal laws establishing requirements for state health care-related taxes and (2) was not reported on the hospital's audited financial statement. The act specifies that underreported net revenue must only include revenue of the hospital subject to the tax.

Disclosure and Inspection of Tax Information

The act specifies that the hospital provider tax provisions do not affect the DRS commissioner's statutory obligations to keep confidential tax returns and return information, except under certain narrow conditions. By law, a "return" is any of the following filed with the commissioner by, on behalf of, or with respect to, anyone: (1) a tax or information return; (2) an estimated tax declaration; (3) a refund claim; or (4) any license, permit, registration, or other application. The term also covers amendments or supplements, including supporting schedules, attachments, or lists that supplement or are part of a filed return. "Return information" includes:

1. a taxpayer's identity;
2. the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax collected or withheld, tax under- or over-reportings, or tax payments; and
3. any other data received, recorded, prepared, or collected by or furnished to the commissioner regarding (a) a return or (b) any determination of liability for a tax, penalty, interest, fine, forfeiture, or other imposition or offense (CGS § 12-15(h)(1) & (2)).

Federal Waiver to Exempt Certain Facilities from the Nursing Home Resident Day Fee

Prior law required the DSS commissioner to seek approval from CMS to exempt continuing care retirement communities (CCRCs) from the nursing home resident day user fee. The act instead requires the commissioner, before January 1, 2018, to seek approval to exempt each CCRC licensed on or before July 1, 2017, and registered with DSS on July 1, 2017, that is:

1. licensed for up to 75 beds;
2. licensed for 76 to 150 beds, provided the nursing home reported more than 6,500 days of care paid by Medicare in its most recent cost report filed with DSS, as of the date the commissioner submits the waiver request; or
3. not subject to statutory certificate of need requirements for nursing home facilities.

Additionally, the act requires the commissioner to seek approval to exempt from the fee any CCRC licensed on or after July 2, 2017 that meets one of the criteria above.

Payment Extension

Prior law allowed hospitals, for FYs 18 and 19, to delay their tax payments for any quarter in which DSS delays supplemental payments, without incurring penalties or interest, until 14 days after getting the supplemental payments due for that quarter (PA 17-2, JSS (§ 618)). The act eliminates this provision and instead allows taxpayers subject to provider tax or fees to request a payment extension under certain circumstances.

The act allows taxpayers to file, on or before the date a tax or fee payment is due, a request for a reasonable extension of time to pay the tax or fee due to undue hardship. Under the act, undue hardship is demonstrated by a showing that the taxpayer is at substantial risk of defaulting on a bond covenant or similar obligation if it were to pay the amount due on the due date. A taxpayer must file the request on forms prescribed by the DRS commissioner and include complete information on its inability to make payment.

The act authorizes the commissioner to grant an extension if he determines an undue hardship exists, but prohibits him from granting one for a general statement of hardship or for the taxpayer's convenience. The extension may not exceed three months from the payment's original due date, except that the commissioner may grant an additional extension of up to three months if the taxpayer (1) files a subsequent request for one by the extended due date and (2) demonstrates extraordinary circumstances, as determined by the commissioner.

If the commissioner grants an extension, no interest or penalties accrue during the extension period if the taxpayer pays the tax or fee due by the extended due date. Taxpayers that fail to do so are subject to a penalty of 10% of the unpaid tax or fee or \$50, whichever is greater, plus 1% interest for each full or partial month that the tax or fee remains unpaid from the extended due date. A similar penalty and interest applies under existing law for unpaid hospital provider taxes and nursing home and ICF-ID fees.

Appeals of Commissioner's Decisions

Existing law authorizes any taxpayer aggrieved by an order, decision, determination, or disallowance of the commissioner to appeal for relief to the Superior Court for the judicial district of New Britain. The act extends this authorization to include appeals of the commissioner's decisions with respect to taxpayer requests for a hearing and correction on the amount of any health provider tax, penalty, interest, or fee.

Enforcement

Under the act, the DRS commissioner, and any agent duly authorized to conduct inquiries, investigations, or hearings under the hospital provider tax and user fee law established by PA 17-2, JSS, may also administer oaths and take testimony under oath related to the matter being investigated. Under prior law, he could do so under either the newly established tax and fee law or the prior hospital tax and user fee law.

Conditions for Terminating the Hospital Provider Tax

For FYs 18 and 19, the act requires the tax on inpatient and outpatient hospital services to terminate if CMS (1) determines that the tax is impermissible under federal health provider tax law (§ 1903(w) of the Social Security Act) or (2) does not approve the applicable Medicaid state plan amendments necessary for the state to receive federal reimbursement for the supplemental Medicaid payments to hospitals required under the act. Within 60 days after

receiving notice of any such CMS determination or denial, the DRS commissioner must refund to taxpayers any hospital provider tax already collected.

The act also requires the General Assembly, in the case of any such CMS determination or denial, to consider amending the statutes in order to ensure compliance with federal law regarding the tax. It must do so during the next occurring regular or special session, whichever is sooner.

EFFECTIVE DATE: Upon passage

§§ 11, 13, 14 & 28 — HOSPITAL SUPPLEMENTAL PAYMENTS

Establishes a new schedule for Medicaid supplemental payments for FYs 18 and 19; generally, makes such payments subject to federal approval; and no longer allows hospitals to delay their provider tax payments for any quarter in which DSS delays supplemental payments

Supplemental Pools (§ 11)

By law, DSS must establish supplemental pools for certain hospitals (see list below). Under the act, this requirement is subject to federal approval. Generally, “supplemental pools” refer to hospitals grouped for purposes of receiving supplemental Medicaid payments. Under federal law, changes to Medicaid payments are generally subject to the Centers for Medicare and Medicaid Services’ (CMS) approval.

By law, the amount of funds in the supplemental pools must total, in aggregate, \$598,440,138 for FY 18 and \$496,340,138 for FY 19. The law requires DSS to establish the following supplemental pools an inpatient pool, an outpatient pool, a small hospital pool, and a mid-size hospital pool.

Under the act, the requirement to establish such pools is subject to federal approval. Prior law required DSS to consult with the Connecticut Hospital Association (CHA) to determine the small hospital and mid-size hospital pools. The act broadens this requirement to apply to all of the supplemental pools. Additionally, the act requires DSS to publish public notice for all Medicaid state plan amendments necessary to establish the pools by December 1, 2017.

Payment Schedules (§ 11)

Prior law organized supplemental payments for FYs 18 and 19 by quarter, with the first payment due October 31, 2017, the second payment generally due December 31, 2017, and remaining payments due by the last day of each calendar quarter. The act delays, by one month, the first supplemental payment due to hospitals and establishes a new schedule for payments, as shown in the table below. It also eliminates a provision allowing hospitals to delay their provider tax payments, without incurring any penalties or interest, for any quarter in which DSS delays supplemental pool payments.

Under the act, for the first 25% and third 25% of FY 18 payments, the due dates apply even if DSS has not yet received CMS approval for applicable Medicaid state plan amendments, but payments are subject to federal approval and DSS may recover those payments that CMS does not approve. For the second and fourth 25% of FY 18 payments and all of FY 19 payments, DSS may delay payment until 14 days after CMS approves any necessary Medicaid state plan amendments, regardless of the due dates described below.

Table 1: Supplemental Payment Schedule under the Act

<i>Payment</i>	<i>Due Date</i>
The first 25% of FY 18 payments	For the supplemental inpatient and small hospital pools, November 30, 2017
	For the supplemental mid-size hospital and outpatient pools, 30 days after the act’s effective date but no later than January 1, 2018
	For any other pool not described in the act but necessary to comply with federal law, not later than 30 days after DSS submits the applicable Medicaid state plan amendments
The second 25% of FY 18 payments	By December 31, 2017

Table 1 (Continued)

<i>Payment</i>	<i>Due Date</i>
The third 25% of FY 18 payments	By March 31, 2018
The fourth 25% of FY 18 payments and subsequent payments for each 25% of the FY 19 amount	Corresponding installments by the last day of March, June, September, and December during each fiscal year

Existing law requires DSS to distribute supplemental payments to applicable hospitals based on criteria DSS determines in consultation with CHA. By law, the consultation requires DSS to send proposed distribution criteria to CHA at least 30 days before making payments based on those criteria. Prior law created an exception to this requirement for supplemental payments for the quarter ending September 30, 2017, requiring DSS to send distribution to CHA at least seven days before making payments. The act instead applies this exception to the first 25% of FY 18 supplemental payments, conforming to the changed schedule under the act.

Distressed Hospitals (§§ 13 & 28)

The act makes a change to conform to the new payment schedule by allowing DSS, for FY 18, to advance all or a portion of scheduled supplemental payments, rather than quarterly supplemental payments, to distressed hospitals upon their written request.

Limit on Governor’s Rescission Authority (§§ 14 & 28)

For FYs 18 and 19, the law prohibits the governor from replacing any allotment requisition or allotment in force for DSS’s hospital supplemental payments account. The act specifies that DSS must make supplemental payments in accordance with the schedule described above.

EFFECTIVE DATE: Upon passage

§ 12 — HOSPITAL MEDICAID RATES

Removes dollar-amount increases for hospital Medicaid rates under the budget act and instead requires the Department of Social Services (DSS) to increase certain base rates and base conversion factors used to calculate the rates; establishes a schedule for the rate increase; and prohibits the DSS commissioner from removing the rate increases, subject to federal approval

By law, and with certain exceptions, Medicaid rates paid to acute care hospitals are based on diagnosis-related groups (DRG). The law requires DSS, within available appropriations and at the commissioner’s discretion, to transition hospital-specific DRG base rates to statewide DRG base rates over a four-year period. (In practice, DSS is in the process of doing so.)

The act eliminates an additional requirement that DSS increase hospital Medicaid rates in effect for FY 17 by January 1, 2018 to result in an annualized, aggregate increase of \$140.1 million for inpatient hospital services and \$35 million for outpatient services. The act also eliminates a related provision that, beginning in FY 18, prohibited DSS from giving any hospital subject to the provider tax a rate lower than that in effect on January 1, 2018.

Instead, the act requires DSS to increase rates effective January 1, 2018 for hospitals, subject to federal approval. Specifically, the act requires DSS to increase:

1. the DRG group base rate for inpatient hospital services provided by privately operated acute care general hospitals by 31.65% from the level in effect on July 1, 2017; and
2. the ambulatory payment classification base conversion factor for outpatient hospital services provided by acute care general hospitals by 6.5% from the level in effect July 1, 2017.

Generally, under federal law, changes to Medicaid payments require amending the Medicaid state plan and such amendments are subject to approval by the Centers for Medicare and Medicaid Services (CMS). To implement this rate increase, the act requires the DSS commissioner to:

1. publish public notice of the intent to submit a Medicaid state plan amendment for the rate increase within 15 days of the act’s passage and no later than December 1, 2017;

2. submit the Medicaid state plan amendment to CMS within five days of the expiration of the 30-day public comment period for the Medicaid state plan amendment; and
3. implement the increases on the earliest available date.

The act establishes separate deadlines for implementing the rate increase based on dates of service and CMS approval. For services provided between January 1, 2018 and June 30, 2018, the act requires DSS to pay the increased rates beginning January 1, 2018, even if CMS has not yet approved the applicable Medicaid state plan amendment, but DSS may later recover payment for the increased rates from the hospitals if CMS does not approve them. For services provided after June 30, 2018, the act requires DSS to implement the rate increases within 30 days of receiving CMS approval of applicable Medicaid state plan amendments.

The act prohibits the DSS commissioner from removing the rate increases required under the act, subject to continuing CMS approval and ongoing compliance with applicable federal Medicaid requirements for FY 18 and subsequent years.

The act prohibits implementation of its provisions from affecting implementation of the statewide DRG base rates required under existing law.

§§ 16 & 17 — APPROPRIATIONS ADJUSTMENTS

Adjusts appropriations from the General Fund and Insurance Fund for FY 18 and FY 19

As shown in Table 2, the act (1) reduces net appropriations from the General Fund by nearly \$50 million in FY 18 and \$117 million in FY 19 and (2) increases appropriations from the Insurance Fund by nearly \$3 million in each of FY 18 and FY 19.

Table 2: Adjustments to General Fund and Insurance Fund Appropriations

	<i>General Fund</i>		<i>Insurance Fund</i>	
	FY 18	FY 19	FY 18	FY 19
Prior Law	\$18,738,791,590	\$18,907,409,174	\$87,299,099	\$92,100,163
Act	18,690,090,670	18,790,627,454	90,234,686	95,035,932
Increase / (Decrease)	(48,700,920)	(116,781,720)	2,935,587	2,935,769

EFFECTIVE DATE: Upon passage

§ 18 — SOCIAL SECURITY INCOME TAX EXEMPTION

Delays, from 2018 to 2019, an increase in the income thresholds at which taxpayers qualify for a 100% income tax exemption for Social Security benefits

Existing law allows, through the 2017 tax year, a 100% social security income exemption for single filers and married people filing separately with federal adjusted gross incomes (AGI) of less than \$50,000 and joint filers and heads of household with federal AGIs of less than \$60,000. PA 17-2, JSS, § 641 increased these income thresholds to \$75,000 and \$100,000, respectively, beginning with the 2018 tax year. The act delays the threshold increases to the 2019 tax year. In doing so, it extends the existing thresholds to the 2018 income year. As under existing law, taxpayers with incomes equal to or greater than these thresholds qualify for a 75% exemption.

EFFECTIVE DATE: Upon passage

§ 19 — CORPORATION INCOME TAX DEDUCTION FOR CERTAIN PUBLICLY TRADED COMPANIES (FAS 109 DEDUCTION)

Pushes back, from the 2018 income year to the 2021 income year, the first year in which certain publicly traded companies may claim the FAS 109 deduction

Existing law authorizes a corporate income tax deduction for certain companies for whom combined reporting resulted in an aggregate (1) increase in their net deferred tax liabilities, (2) decrease in their net deferred tax assets, or (3) change from a net deferred tax asset to a net deferred tax liability (known as the “FAS 109” deduction).

The act pushes back the first year in which the deduction can be claimed from the 2018 income year to the 2021 income year. (PA 17-2, JSS, (§ 661) (1) extends the time period over which the deduction may be claimed from seven to 30 years and (2) correspondingly reduces the annual deduction from one-seventh to one-thirtieth of the amount necessary to offset the increase in net deferred tax liability, decrease in net deferred tax assets, or aggregate change thereof if the group's net income changes from a net deferred tax asset to a net deferred tax liability.)

§§ 20 & 28 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID

Modifies a provision in the budget act that allows municipalities and regional boards of education to amend adopted budgets

PA 17-2, JSS, § 266 allowed municipalities and regional boards of education that adopted a budget or levied taxes for FY 18 before the state adopted its FY 18 budget to change their budgets and levies if the state's budget provided over \$100,000 more in state aid than the board or municipality projected. This act repeals that provision and replaces it with a similar authorization.

The act modifies prior law's authorization by:

1. extending, from January 1, 2018 to February 1, 2018, the date by which municipalities and boards opting to adjust tax levies must do so;
2. allowing municipalities and boards, by February 1, 2018, to issue tax refunds or rebates for excess taxes paid; and
3. eliminating the requirement that such budgets be amended in the same manner in which they were originally adopted and instead requiring the legislative body (or board of selectmen, if the legislative body is the town meeting) to approve budget amendments, levy adjustments, or refunds or rebates.

The act does not define "municipality" for purposes of this authorization.

Lastly, the act makes a technical change by eliminating a provision related to supplemental tax bills.

EFFECTIVE DATE: Upon passage

§ 21 — SUPPLEMENTAL MOTOR VEHICLE PROPERTY TAX GRANTS TO CERTAIN MUNICIPALITIES

Beginning in FY 18, authorizes certain municipalities that implemented a revaluation in the 2014 or 2015 assessment year to apply to OPM for an additional motor vehicle property tax grant

The act allows, beginning in FY 18, certain municipalities that had a mill rate of more than 39 mills in FY 17 to apply annually to the Office of Policy and Management (OPM) for a supplemental motor vehicle property tax grant. To qualify, a municipality must have implemented a real property revaluation in the 2014 or 2015 assessment year that resulted in at least a four mill increase in the mill rate. OPM may provide such supplemental grants within available appropriations, provided the grant does not reduce the grants OPM gives to other municipalities. The act does not specify how OPM must calculate the grant amount.

Existing law subjects municipalities and special taxing districts to a motor vehicle property tax cap and makes them eligible for state grants to mitigate the revenue loss attributed to the cap. The grant is equal to the difference between the (1) amount of property taxes a municipality and any district located within it levied on motor vehicles in the 2013 assessment year (FY 15) and (2) amount that would have been levied at the capped mill rate. PA 17-2, June Special Session, §§ 699-700, set the cap at 39 mills for FY 18 and at 45 mills for the assessment year commencing October 1, 2017 (i.e., FY 19).

EFFECTIVE DATE: Upon passage

§ 22 — IMPAIRMENT OF STATE CONTRACTS

Exempts the state treasurer's investments and the state's bonds, notes, and other obligations for borrowed money from a law that specifies when the state may enact legislation to impair its contracts

The U.S. Constitution's Contracts Clause generally prohibits states from enacting laws that impair their contractual obligations (U.S. Const. art. I, § 10, cl. 1). In interpreting the clause, however, federal courts have developed a series of tests and standards that allow a state to impair its contracts under certain limited conditions. Section 221 of PA 17-2, JSS, broadly codified these tests and standards to specify the conditions under which the state may enact laws impairing its contracts and, in effect, exempt itself from the Contracts Clause.

This act specifies that the exemption from the Contracts Clause in PA 17-2, JSS, does not apply to (1) investments by, or administered by, the state treasurer, or any related contracts, or (2) bonds, notes, evidences of indebtedness, or other direct or contingent state obligations for borrowed money, or any related contracts. (As with § 221 of PA 17-2, JSS, it appears that the above provision has no legal effect because decisions regarding when a state may impair its contracts are made by federal courts' interpreting the Contracts Clause and state laws cannot dictate how courts must interpret the U.S. Constitution.)

EFFECTIVE DATE: Upon passage

§§ 23-26 — RESPONSIBILITY FOR RENTERS' REBATE PROGRAM

Returns responsibility for administering the Renters' Rebate Program to OPM and creates a mechanism through which municipalities cover 50% of the cost of rebates, up to \$250,000 per municipality per year

The budget act (PA 17-2, June Special Session, §§ 1 & 563-565) shifted, from the Office of Policy and Management (OPM) to municipalities, responsibility for issuing rebates under the Renters' Rebate Program. This act returns the responsibility for administering the program to OPM, but requires municipalities to bear half the cost of renters' rebates, up to \$250,000 a year.

For the 2016 calendar year rebates, OPM must prepare a list of approved rebates by November 30, 2017, and supplement such list monthly. In future years, OPM must prepare such list by October 15, as required under prior law when OPM administered the program.

The act also (1) appropriates \$25,020,226 in both FYs 18 and 19 to OPM for the program (§ 16) and (2) makes conforming changes to reinstitute the procedures that were in place when OPM administered the program under prior law.

EFFECTIVE DATE: Upon passage

Municipalities' Financial Responsibility

Under the act, as was the case when OPM administered the program, the state issues the rebates to renters, prorating them as necessary to stay within available appropriations. But OPM must recover from municipalities 50% of the cost of issuing rebates to the municipality's residents through grant withholdings or reductions. Beginning in FY 18 and annually thereafter, OPM must select at least one state grant per municipality from which to withhold up to \$250,000 per year. The amount of money withheld or reduced must be based on rebates for the most recent application period. The secretary must transfer the amount withheld or reduced to OPM for making renters' rebate payments.

OPM can only opt to withhold or reduce "state financial assistance" grants, which are grants funded by an appropriation, excluding any grant or loan financed by the proceeds of state GO bonds.

Background

The state's Renters' Rebate Program provides rebates to older adult or totally disabled renters whose incomes do not exceed certain limits. Individuals apply annually to local assessors or their agents between April 1 and October 1 for reimbursement for payments made in the preceding calendar year.

§ 27 — CITIZENS' ELECTION PROGRAM (CEP)

Makes changes affecting CEP grants for legislative candidates in a special election

Under the CEP, legislative office candidates running in a special or regular election are eligible for grants to fund their campaigns. Since, by law, statewide office candidates do not run in special elections, they are limited to regular election campaign grants.

For legislative office candidates, this act applies the four-step grant reduction schedule established under PA 17-2, JSS, to regular elections only. For those running in special elections, it reverts to the law in place prior to PA 17-2, JSS. Thus, under this act, a legislative office candidate in a special election may receive 75% of the amount authorized for the same candidate in the general election, whether major, minor, or petitioning party.

Under the four-step grant reduction schedule, candidate committees receive reduced CEP grants, beginning 70 days before the election, the closer to the election that they submit their application. The schedule applies to general election grants for major, minor, and petitioning party candidates; it does not apply to primaries.

The act also makes several technical and conforming changes concerning CEP grants for minor and petitioning party candidates.

EFFECTIVE DATE: Upon passage

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17-2 108
17-3 272
17-4 274