

Revised Policies Details - General Fund

Personal Income

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	9,513,900,000	9,513,900,000	-
April Consensus Update	-	(246,400,000)	(246,400,000)
Policy Estimates and Updates	(26,100,000)	(3,000,000)	23,100,000
Total - General Fund	9,487,800,000	9,264,500,000	(223,300,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(246,400,000)	(246,400,000)

The April Consensus estimates for FY 15 are lower than the January Consensus by \$246.4 million, due to the following: A) a net \$389.1 million decrease in the FY 14 estimate which effectively lowered the FY 15 revenue base, B) a \$200 million increase in the FY 15 revenue base which is the estimated revenue impact of behavioral changes on the part of taxpayers in FY 14 in reaction to federal tax changes, and C) a reduction in the aggregate FY 15 growth rate from 5.9% to 5.3% (consisting of a reduction in the withholding growth rate from 3.7% to 3.0%, and the estimated and final payments growth rate from 9.0% to 8.9%).

Policy Revisions

Extend Angel Investor Tax Credit

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(3,000,000)	(3,000,000)	-

Background: The Angel Investor Tax Credit program provides an Income Tax credit equal to 25% of an eligible cash investment of not less than \$25,000 in the qualified securities of a Connecticut business by an angel investor. Total credits allowed to any one investor cannot exceed \$250,000 and must be claimed in the year in which the eligible investment is made. The program is scheduled to sunset on July 1, 2014.

Governor: Extend the Angel Investor Tax Credit program through July 1, 2016. Section 7 of SB 28, 'AAC Revenue Items to Implement the Governor's Budget,' extends the tax credit, establishes a recapture provision applying to specific circumstances, and requires Connecticut Innovations, Incorporated to review the effectiveness of the credit annually.

Legislative: Same as Governor, except the recapture provision is not enacted. Section 51 of PA 14-47, the FY 15 Revised Budget, enacts this provision.

Establish Partial Income Tax Exemption for Teacher Pensions

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(23,100,000)	-	23,100,000

Background: There were approximately 26,000 individuals in Connecticut receiving pension benefits through the Teachers' Retirement Board in calendar year 2012. The average benefit was \$46,713.

Governor: Establish an Income Tax exemption for teachers' pension income. The exemption is phased-in at 25% for Income Year 2014 and increased to 50% for Income Year 2015 and annually thereafter. Section 6 of SB 28, 'AAC Revenue Items to Implement the Governor's Budget,' implements this provision. Approximately 26,000 retired teachers would benefit from this provision.

Legislative: Same as Governor, except the exemption is phased-in at 10% for Income Year 2015, 25% for Income Year 2016, and 50% for Income Year 2017 and annually thereafter. Section 50 of PA 14-47, the FY 15 Revised Budget, enacts this provision.

Sales and Use

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	4,193,500,000	4,193,500,000	-
April Consensus Update	-	(20,100,000)	(20,100,000)
Policy Estimates and Updates	(16,500,000)	(6,000,000)	10,500,000
Total - General Fund	4,177,000,000	4,167,400,000	(9,600,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(20,100,000)	(20,100,000)

The April Consensus estimate for FY 15 is lower than the January Consensus by \$20.1 million due to a decrease in the FY 14 estimate of \$22.6 million, which effectively lowered the FY 15 revenue base. The change in the FY 14 estimate may be partially due to the inclement weather and certain policy effects. The estimated FY 15 growth remained relatively the same in April from January with minor technical adjustments.

Policy Revisions

Restore Sales Tax Exemption for Non-prescription Drugs

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(16,500,000)	(4,200,000)	12,300,000

Background: PA 85-159 originally created an exemption for non-prescription drugs applicable to sales made on or after July 1, 1985. PA 11-6, the FY 12-13 biennial budget, eliminated the exemption for non-prescription drugs from the Sales and Use Tax beginning on July 1, 2011.

Governor: Restore the exemption for non-prescription drugs from the Sales and Use Tax. Section 5 of SB 28, " AAC Revenue Items to Implement the Governor's Budget," makes this change effective July 1, 2014.

Legislative: Restore the exemption for non-prescription drugs from the Sales and Use Tax. Section 48 of PA 14-47, the FY 15 Revised Budget, enacts this change effective April 1, 2015.

Delay Restoration of Sales Tax Exemption on Clothing

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	11,500,000	11,500,000

Background: An exemption for children's clothing has been in effect since the enactment of the sales and use tax in 1947. PA 85-3 expanded the exemption to other clothing and footwear under \$50. Various public acts afterward changed the threshold amount for exemption. PA 03-2 placed the threshold for exemption at \$50 which remained until PA 11-6, the FY 12-13 biennial budget, eliminated the exemption all together. PA 13-184, the FY 14-15 biennial budget, restored the exemption effective June 1, 2015.

Legislative: Delay the restoration of the exemption to July 1, 2015 which results in a revenue gain of \$11.5 million in FY 15. Section 47 of PA 14-47, the FY 15 Revised Budget, enacts this provision.

Fund FY 13 Payments Due to Towns with a Revenue Diversion

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(12,700,000)	(12,700,000)

Background: PA 11-6, the FY 12-13 biennial budget, allocated the following revenue to the Municipal Revenue Sharing Account: (1) 0.1 percentage point of the 6.35% general sales tax; (2) 0.1 percentage point of the 7.0% luxury sales tax; (3) 0.25 percentage point of the state conveyance tax. PA 13-184 eliminated the allocation to the account effective June 30, 2013. Due to the timing of tax collections, \$12.7 million of associated FY 13 taxes were not transferred to the account inadvertently.

Legislative: Provide for a one-time diversion of FY 15 revenue from the sales and use tax of \$12.7 million to compensate towns for the FY 13 revenue that should have been received prior to the elimination of the transfer to the Municipal Revenue Sharing account under PA 13-184, the FY 14-15 biennial budget. Section 46 of PA 14-47, the FY 15 Revised Budget, enacts this provision.

Provide Exemption for Sole Community Hospitals

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(600,000)	(600,000)

Background: Federal law (42 CFR 412.92) defines a "sole community hospital" as one that is more than 35 miles from similar hospitals or located in a rural area and meets one of several other conditions.

Legislative: Provide a sales tax exemption for the next three fiscal years to any sales of tangible personal property or services to and by an acute care hospital, operating as a "sole community hospital." Currently Sharon Hospital is the only hospital that would qualify for this exemption. Section 223 of PA 14-217, the budget implementer, enacts this provision.

Corporations

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	755,400,000	755,400,000	-
April Consensus Update	-	(51,100,000)	(51,100,000)
Policy Estimates and Updates	-	(27,000)	(27,000)
Total - General Fund	755,400,000	704,273,000	(51,127,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(51,100,000)	(51,100,000)

The April Consensus estimate for FY 15 is lower than the January Consensus by \$51.1 million due to the following: A) a \$44.2 million decrease in the FY 14 estimate which effectively lowered the FY 15 revenue base, and B) a reduction in the FY 15 growth rate from 4.3% to 3.7%.

Policy Revisions

Expand Manufacturing Reinvestment Program

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(27,000)	(27,000)

Background: The Manufacturing Reinvestment Account (MRA) program is designed to help small manufacturers fund capital investments and train their workers. Under the program, an approved Connecticut manufacturer may establish an MRA in a Connecticut bank and deposit up to \$100,000 annually for up to five years. Taxes are deferred until funds are withdrawn, and participating manufacturers receive a tax incentive in the form of an exemption if they use the funds for qualifying purposes, such as purchasing equipment for in-state facilities, training employees, or expanding facilities.

Legislative: Expand the tax incentive for eligible manufacturers that establish an MRA by exempting from taxes 100%, rather than 50%, of any withdrawal from an MRA used for qualifying purposes. PA 14-69, 'AAC The Manufacturing Reinvestment Account Program,' enacts this provision.

Public Service Corporations

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	284,700,000	284,700,000	-
April Consensus Update	-	11,600,000	11,600,000
Policy Estimates and Updates	-	(700,000)	(700,000)
Total - General Fund	284,700,000	295,600,000	10,900,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	11,600,000	11,600,000

The April Consensus estimate for FY 15 is higher than the January Consensus estimate by \$11.6 million due to the following: A) a \$13.0 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base, B) a \$1.4 million increase to the to the FY 15 base to account for anticipated changes in electric and natural gas prices, and C) a reduction in the FY 15 growth rate from 1.8% to 0.8%.

Policy Revisions

Increase Diversion to Expand the Operations of CT-N

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(700,000)	(700,000)

Background: Current law diverts \$2.5 million annually from the Public Service Corporations Tax to provide television coverage of state government deliberations and public policy events.

Legislative: Increase the annual revenue diversion from the Public Service Corporations Tax by \$700,000 to support the operations of Connecticut Television Network (CT-N). Section 45 of PA 14-47, the FY 15 Revised Budget, enacts this provision.

Inheritance and Estate

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	186,800,000	186,800,000	-
April Consensus Update	-	(13,800,000)	(13,800,000)
Policy Estimates and Updates	-	-	-
Total - General Fund	186,800,000	173,000,000	(13,800,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(13,800,000)	(13,800,000)

The April Consensus estimate for FY 15 is lower than the January Consensus by \$13.8 million due to the following: A) a decrease of \$10 million in the FY 14 estimate which effectively lowered the FY 15 revenue base, and B) a reduction in the FY 15 growth rate from 2.0% to negative 0.1%.

Insurance Companies

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	278,000,000	278,000,000	-
April Consensus Update	-	(21,800,000)	(21,800,000)
Policy Estimates and Updates	(8,700,000)	-	8,700,000
Total - General Fund	269,300,000	256,200,000	(13,100,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(21,800,000)	(21,800,000)

The April Consensus estimate for FY 15 is lower than the January Consensus by \$21.8 million due to the following: A) a \$24.1 million decrease in the FY 14 estimate related to lower collections from Health Maintenance Organizations which effectively lowered the FY 15 revenue base, and B) an increase in the FY 15 growth rate from 2.0% to 2.9%.

Policy Revisions

Adjust Municipal Health Insurance Premiums Tax

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(8,700,000)	-	8,700,000

Background: The Insurance Premiums Tax applies to the total net direct premiums received by insurance companies from policies written on property or risks within the state.

Governor: Exempt premiums received from health insurance policies for municipal employees, retirees, and their dependents from the Insurance Premiums Tax beginning on July 1, 2014. Sections 3 and 4 of SB 28, 'AAC Revenue Items to Implement the Governor's Budget,' implement this policy.

Legislative: Maintain current law. Do not exempt premiums received from municipal employees, retirees, and their dependents from the Insurance Premiums Tax.

Cigarettes

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	370,000,000	370,000,000	-
April Consensus Update	-	(9,100,000)	(9,100,000)
Policy Estimates and Updates	-	-	-
Total - General Fund	370,000,000	360,900,000	(9,100,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(9,100,000)	(9,100,000)

The April Consensus estimates for FY 15 are lower than the January Consensus by \$9.1 million due to the following: A) a decrease of \$8.4 million in the FY 14 estimate which effectively lowered the FY 15 revenue base, and B) a reduction in the FY 15 growth rate from negative 3.5% to negative 3.8%.

Real Estate Conveyance

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	167,500,000	167,500,000	-
April Consensus Update	-	19,400,000	19,400,000
Policy Estimates and Updates	-	-	-
Total - General Fund	167,500,000	186,900,000	19,400,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	19,400,000	19,400,000

The April Consensus estimate for FY 15 is higher than the January Consensus by \$19.4 million due to the following: A) an increase of \$19.7 million in the FY 14 estimate which effectively increased the FY 15 revenue base, and B) a reduction in the FY 15 growth rate from 5.1% to 4.3%.

Oil Companies

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	36,600,000	36,600,000	-
April Consensus Update	-	(1,800,000)	(1,800,000)
Policy Estimates and Updates	-	(50,000)	(50,000)
Total - General Fund	36,600,000	34,750,000	(1,850,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(1,800,000)	(1,800,000)

The April Consensus estimate for FY 15 is lower than the January Consensus by \$1.8 million, due to the following: A) a \$2.5 million decrease in the FY 14 estimate which effectively lowered the FY 15 revenue base, and B) an increase in the overall growth rate from negative 0.4% to negative 0.3%, including both the General Fund and Special Transportation Fund.

Policy Revisions

Establish a New Exemption from the Oil Companies Tax

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(50,000)	(50,000)

Legislative: Exempt certain fuels used in vessels primarily engaged in interstate commerce from the Petroleum Products Gross Earnings (Oil Companies) Tax. Section 9 of PA 14-222, 'AA Establishing the Connecticut Port Authority,' implements this provision.

Alcoholic Beverages

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	60,200,000	60,200,000	-
April Consensus Update	-	500,000	500,000
Policy Estimates and Updates	-	-	-
Total - General Fund	60,200,000	60,700,000	500,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	500,000	500,000

The April consensus estimate for FY 15 is higher than the January Consensus by \$0.5 million due to a \$0.5 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base.

Admissions and Dues

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	38,400,000	38,400,000	-
April Consensus Update	-	1,500,000	1,500,000
Policy Estimates and Updates	-	(1,625,000)	(1,625,000)
Total - General Fund	38,400,000	38,275,000	(125,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	1,500,000	1,500,000

The April Consensus estimate for FY 15 is higher than the January Consensus estimate by \$1.5 million due to the following: A) a \$1.5 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base, and B) a slight reduction in the FY 15 growth rate from 1.1% to 1.0%.

Policy Revisions

Exempt XL Center from Admissions Tax

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(1,000,000)	(1,000,000)

Background: PA 81-404 exempted the Hartford Civic Center from the Admissions Tax. PA 11-6 repealed the exemption.

Legislative: Re-establish the exemption for the XL Center in Hartford from the Admissions Tax. Section 49 of PA 14-47, the FY 15 Revised Budget, implements this provision.

Exempt Webster Bank Arena from the Admissions Tax

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(625,000)	(625,000)

Background: PA 06-186 exempted the Arena at Harbor Yard from the Admissions Tax. PA 11-6 repealed the exemption.

Legislative: Re-establish the exemption for the Webster Bank Arena from the Admissions Tax. Section 225 of PA 14-217, the budget implementer, implements this provision.

Health Provider

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	509,500,000	509,500,000	-
April Consensus Update	-	-	-
Policy Estimates and Updates	-	-	-
Total - General Fund	509,500,000	509,500,000	-

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	-	-

The April Consensus estimate for FY 15 is unchanged from the January Consensus estimate as the collections data utilized in the April Consensus trended consistently with the data utilized in the January Consensus.

Miscellaneous

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	20,200,000	20,200,000	-
April Consensus Update	-	-	-
Policy Estimates and Updates	-	75,000,000	75,000,000
Total - General Fund	20,200,000	95,200,000	75,000,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	-	-

The April Consensus estimate for FY 15 is unchanged from the January Consensus estimate as the collections data utilized in the April Consensus trended consistently with the data utilized in the January Consensus estimate.

Policy Revisions

Reflect Collection Initiative by the Dpt of Revenue Services

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	75,000,000	75,000,000

Legislative: Reflect a collection initiative by the Department of Revenue Services (DRS). According to DRS, the initiative includes: 1) working with taxpayers that were not eligible for the 2013 Tax Amnesty Program or that did not take advantage of it, 2) pursuing non-filers, 3) resolving disputed tax shifting resulting from business transfer payments, 4) expanded federal and interstate data matching, 5) responsible person billing for businesses not remitting or not filing taxes, 6) increased interagency data matching, 7) expanded interagency tax clearances and offsets against state payments, and 8) tax fraud reduction.

Refunds of Taxes

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	(1,084,700,000)	(1,084,700,000)	-
April Consensus Update	-	(20,400,000)	(20,400,000)
Policy Estimates and Updates	-	-	-
Total - General Fund	(1,084,700,000)	(1,105,100,000)	(20,400,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(20,400,000)	(20,400,000)

The April Consensus estimate for FY 15 is higher than the January Consensus by \$20.4 million, due to a \$20.4 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base.

Earned Income Tax Credit

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	(120,700,000)	(120,700,000)	-
April Consensus Update	-	-	-
Policy Estimates and Updates	-	-	-
Total - General Fund	(120,700,000)	(120,700,000)	-

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	-	-

The April Consensus estimate for FY 15 is unchanged from the January Consensus estimate as actual data regarding the utilization of the Earned Income Tax Credit is unavailable until after the Consensus estimates have been finalized.

R & D Credit Exchange

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	(6,200,000)	(6,200,000)	-
April Consensus Update	-	(600,000)	(600,000)
Policy Estimates and Updates	-	-	-
Total - General Fund	(6,200,000)	(6,800,000)	(600,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(600,000)	(600,000)

The April Consensus estimate for FY 15 is higher than the January Consensus by \$0.6 million, due to the following: A) a \$0.5 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base, and B) an increase in the growth rate, from 12.7% to 13.3%.

Transfer Special Revenue

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	324,900,000	324,900,000	-
April Consensus Update	-	11,700,000	11,700,000
Policy Estimates and Updates	-	(13,500,000)	(13,500,000)
Total - General Fund	324,900,000	323,100,000	(1,800,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	11,700,000	11,700,000

The April Consensus estimate for FY 15 is higher than the January Consensus by \$11.7 million, due to the following: A) a \$10.7 million increase in the FY 14 estimate which effectively increased the FY 15 base, and B) an increase in the FY 15 growth rate from 0.4% to 0.7%.

Policy Revisions

Repeal Authorization for Keno Gaming

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(13,500,000)	(13,500,000)

Background: PA 13-184, the FY 14-15 biennial budget, authorized the Connecticut Lottery Corporation to operate keno, and allowed the Secretary of the Office of Policy and Management to enter into agreements with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut to distribute to each Tribe up to 12.5% of the gross state operating revenue from the operation of keno.

Legislative: Repeal the authorization for the state to operate keno as a lottery game. Sections 52, 53, and 56 of PA 14-47, the FY 15 Revised Budget, implement this provision.

Indian Gaming Payments

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	280,400,000	280,400,000	-
April Consensus Update	-	(1,900,000)	(1,900,000)
Policy Estimates and Updates	-	-	-
Total - General Fund	280,400,000	278,500,000	(1,900,000)

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(1,900,000)	(1,900,000)

The April Consensus estimate for FY 15 is lower than the January Consensus by \$1.9 million, due to the following: A) a \$4.0 million decrease in the FY 14 estimate which effectively lowered the FY 15 revenue base, and B) an increase in the FY 15 growth rate from negative 1.7% to negative 1.0%.

Licenses, Permits and Fees

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	285,900,000	285,900,000	-
April Consensus Update	-	2,500,000	2,500,000
Policy Estimates and Updates	(32,250,000)	(32,188,917)	61,083
Total - General Fund	253,650,000	256,211,083	2,561,083

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	2,500,000	2,500,000

The April Consensus estimate for FY 15 is higher than the January Consensus by \$2.5 million, due to the following: A) a \$9 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base, and B) a reduction in the FY 15 growth rate from 0.2% to negative 2.0%.

Policy Revisions

Increase Diversion to Expand Newborn Screening Capacity

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(600,000)	(600,000)	-

Background: PA 09-3 JSS increased the newborn screening minimum fee from \$28 per infant to \$56 per infant. Annually, approximately \$2 million in revenue is collected from newborn screening fees. Pursuant to CGS Sec. 19a-55a, a portion of this revenue is made available to DPH to cover the cost of screening. The remainder is deposited into the General Fund as unrestricted revenue. PA 13-184 increased the newborn screening fee revenue transfer to DPH by \$28,287 from the FY 12 and FY 13 transfer amounts, resulting in a total authorized transfer of \$1,150,000 in both FY 14 and FY 15 to accommodate higher costs of testing.

Governor: Section 12 of HB 5030, the Governor's budget bill, provides newborn screening revenue of \$1,735,000 to DPH in FY 15, an increase in funding of \$585,000 from FY 14. This additional funding will be used to support salary and fringe benefits costs for four new staff positions: one full-time Biological Services Manager, one full-time Supervising Nurse Consultant, one full-time Principal Chemist and one half-time Laboratory Information Management Systems Administrator. Increased newborn screening staff will support process improvements recommended by the Association of Public Health Laboratories in their recent review of the Katherine A. Kelley State Public Health Laboratory.

Legislative: Same as Governor. Section 11 of PA 14-47, the FY 15 Revised Budget, enacts this provision.

Transfer Immunization Program to the Insurance Fund

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(31,450,000)	(31,361,117)	88,883

Background: Currently, General Fund expenditures for Immunization Services are recouped as General Fund revenue through an annual assessment of private entities doing health insurance business in Connecticut.

Governor: Shift the Immunization Services program costs and revenue to the Insurance Fund to better reflect the source of support for the program, which is assessments on Insurance Companies. Section 25 of sSB 21, "AA Implementing the Budget Recommendations of the Governor Concerning General Government," makes this change.

Legislative: Same as Governor. Section 66 of PA 14-217, the budget implementer, enacts this provision.

Waive State Park Fees for One Weekend

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(200,000)	(200,000)	-

Background: There are 139 state parks and forests; 107 parks and 32 forests comprising 255,000 acres. Of the 139 total parks and forests, 35 of these charge fees for parking, admission, or camping. Fee levels are set in regulation (23-26-2 through 23-26-11).

Governor: Exercise executive authority per CGS 23-26 to waive state park fees on the weekend of July 26-27, 2014. This section of the statutes allows DEEP to collect fees for the use of state parks, forests, boat launches and other state recreational facilities.

Legislative: Same as Governor.

Reflect Increased Frequency of Certificate of Need Fees

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	4,000	4,000

Background: The Certificate of Need (CON) application fee, collected by the Department of Public Health's Office of Health Care Access, is \$500.

Legislative: Expand Certificate of Need (CON) requirements to include the transfer of ownership of a group practice of eight or more physicians to any entity other than a physician or group of physicians, pursuant to Sections 5-8 of PA 14-168, "AAC Notice of Acquisitions, Joint Ventures, Affiliations of Group Medical Practices and Hospital Admissions, Medical Foundations and Certificates of Need."

Divert Revenue to Maintain Burial Grounds and Cemeteries

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	(31,800)	(31,800)

Background: The revenue from death certificate fees collected by the Department of Public Health (DPH) is deposited into the General Fund as unrestricted revenue.

Legislative: Divert DPH death certificate fee revenue to a new off-budget "neglected cemetery" account to support the municipal maintenance of neglected burial grounds and cemeteries. Sections 204-206 of PA 14-217, the budget implementer, enact this provision.

Sales of Commodities

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	42,400,000	42,400,000	-
April Consensus Update	-	1,100,000	1,100,000
Policy Estimates and Updates	-	-	-
Total - General Fund	42,400,000	43,500,000	1,100,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	1,100,000	1,100,000

The April Consensus estimate for FY 15 is higher than the January Consensus by \$1.1 million, due to the following: A) a \$1 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base, and B) an increase in the FY 15 growth rate from 2.9% to 3.1%.

Rentals, Fines and Escheats

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	116,600,000	116,600,000	-
April Consensus Update	-	1,800,000	1,800,000
Policy Estimates and Updates	-	-	-
Total - General Fund	116,600,000	118,400,000	1,800,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	1,800,000	1,800,000

The April Consensus estimate for FY 15 is lower than the January Consensus by \$1.8 million, due to the following: A) a \$2 million increase in the FY 14 estimate which effectively increased the FY 15 revenue base, and B) a reduction in the FY growth rate from 1.7% to 1.5%.

Investment Income

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	600,000	600,000	-
April Consensus Update	-	-	-
Policy Estimates and Updates	-	-	-
Total - General Fund	600,000	600,000	-

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	-	-

The April Consensus estimate for FY 15 is unchanged from the January Consensus as the income data utilized in the April Consensus trended consistently with the data utilized in the January Consensus.

Miscellaneous

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	159,800,000	159,800,000	-
April Consensus Update	-	2,100,000	2,100,000
Policy Estimates and Updates	-	-	-
Total - General Fund	159,800,000	161,900,000	2,100,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	2,100,000	2,100,000

The April Consensus estimate for FY 15 is higher than the January Consensus by \$2.1 million, due to the following: A) a \$2 million increase in the FY 14 estimate which effectively lowered the FY 15 revenue base, and B) a slight (less than 0.1%) increase in the FY 15 growth rate.

Refunds of Payments

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	(76,400,000)	(76,400,000)	-
April Consensus Update	-	3,500,000	3,500,000
Policy Estimates and Updates	-	-	-
Total - General Fund	(76,400,000)	(72,900,000)	3,500,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	3,500,000	3,500,000

The April Consensus estimate for FY 15 is lower than the January Consensus by \$3.5 million, due to the following: A) a \$4.5 million decrease in the FY 14 estimate which effectively lowered the FY 15 revenue base, and B) an increase in the FY 15 growth rate from 2.1% to 3.7%.

Federal Grants

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	1,242,600,000	1,242,600,000	-
April Consensus Update	-	49,500,000	49,500,000
Policy Estimates and Updates	4,700,000	7,509,000	2,809,000
Total - General Fund	1,247,300,000	1,299,609,000	52,309,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	49,500,000	49,500,000

The April estimates are \$49.5 million higher than January 2014 consensus estimates for FY 15. The major revenue changes are attributable to a net Medicaid related increase. Various increases in Medicaid revenue totaling \$87 million are offset by revenue reductions totaling approximately \$37, for a net Medicaid increase of approximately \$50 million. Medicaid increases include recognizing quarterly claims from FY 14 (\$34 million), increased Department of Developmental Services (DDS) and Department of Children and Families (DCF) expenditures (\$21.5 million), higher reimbursable claims for Medicaid administrative costs (\$20 million), school based child health (\$8 million), and other minor adjustments (\$3 million). Reductions are associated with federal restrictions on reimbursements for the ordering, prescribing and referring of services by non-Medicaid physicians (\$20million), and additional changes in revenue diversion (\$17 million).

Policy Revisions

Recognize Reimbursement for Enhanced Residential Services

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	2,200,000	2,200,000

Background: The Department of Developmental Services Waiting List as of March 2014 is 635. There are 37 individuals designated emergency placement and 598 individuals designated priority one placements. The priority one Waiting List includes 110 individuals with caregivers age 70 and older and 99 individuals with caregivers between the ages of 60 and 69. The average cost of residential services of priority one consumers is estimated to be approximately \$88,000 for a full year. The actual cost varies by the assessed level of need (LON) of the individual. The community residential services are covered under the Home and Community Based Services Waiver and the state receives 50% federal Medicaid reimbursement which is deposited to the General Fund.

Legislative: Recognize partial reimbursement of additional state funding to reduce waiting lists for Community Residential Services. Section 1 of PA 14-47, the FY 15 Revised Budget, provides additional funding to reflect half year funding of 100 individuals designated priority one placements on the department's Waiting List.

Recognize Reimbursement to Enhance Long-Term Care Process

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	400,000	400,000

Background: The settlement of Paul Shafer and Joshua Hardy v. Roderick Bremby (Commissioner of the Department of Social Services (DSS)) requires the state to process 92% of Medicaid applications (long-term care and non long-term care applications) in accordance with federal regulations. In addition, the settlement requires the DSS to process pending Medicaid applications, currently in backlog, in accordance with specified timeframes/benchmarks stipulated in the settlement agreement between the parties.

Legislative: Recognize partial reimbursement of additional state funding to process long-term care applications. Additional funding is provided per Section 1 of PA 14-47, the FY 15 Revised Budget, to support 35 positions to process Medicaid applications, including long-term care applications.

Recognize Reimbursement for Primary Care Rate Increases

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
400,000	400,000	-

Background: The federal Affordable Care Act requires states to increase Medicaid reimbursement to Medicare levels for calendar years 2013 and 2014. The two year rate increase is 100% reimbursed by the federal government. Funding, before federal reimbursement, of \$107,170,000 (including \$30.9 million for FY 13 costs payable in FY 14) was included in FY 14 and \$47,630,000 is included in FY 15 for the rate increase.

Governor: A \$400,000 increase is reflected due to increased federal matching revenue from a policy to continue primary care rate increases under the HUSKY B program. This amount reflect a 65% federal match.

Legislative: Same as Governor. Section 1 of PA 14-47, the FY 15 Revised Budget, provides additional funding to continue primary care rate increases under the HUSKY B program.

Transfer Autism Waiver Costs to a Reimbursed Line Item

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
500,000	500,000	-

Governor: A \$500,000 increase is reflected due to the transfer of Autism Waiver costs from the Department of Social Services (DSS) to the Department of Developmental Disabilities (DDS). Under the DSS Medicaid account, the cost of the waiver program was budgeted net of the 50% federal share. However, under DDS, the cost would be appropriated in the traditional gross funding manner. This adjustment reflects this change in manner of budgeting.

Legislative: Same as Governor. Section 1 of PA 14-47, the FY 15 Revised Budget, enacts the change in funding of the program to a line item which is subject to reimbursement.

Maximize Reimbursements for Enhanced Psychiatric Care

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
3,800,000	3,800,000	-

Background: With the provision of \$150,000 in the Department of Children and Families' (DCF) Other Expenses account to support medical consultation costs, increased Medicaid and third party reimbursements for care provided at the Albert J. Solnit Psychiatric Center - South Campus, totaling \$5.8 million annually, is anticipated. This revenue, identified by DCF in partnership with the Office of the Healthcare Advocate, will be generated through the validation of the medical necessity of court-ordered placements at Solnit - South by a medical doctor.

Governor: Recognize additional revenue received as reimbursement for enhanced psychiatric care.

Legislative: Same as Governor. Additional state funds are provided in Section 1 of PA 14-47, the FY 15 Revised Budget.

Recognize Reimbursement to Provide Wage Increases

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	209,000	209,000

Legislative: Recognize partial reimbursement of additional state funding to provide wage increases for personal care assistants. Additional funds are provided through Section 1 of PA 14-47, the Revised FY 15 Budget.

Transfer from Tobacco Settlement

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	106,000,000	106,000,000	-
April Consensus Update	-	-	-
Policy Estimates and Updates	-	13,960,000	13,960,000
Total - General Fund	106,000,000	119,960,000	13,960,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	-	-

The April Consensus estimate for FY 15 is unchanged from the January Consensus estimate.

Policy Revisions

Adjust Transfer of Tobacco Funds from Litigation Agreement

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	13,960,000	13,960,000

Background: In May of 2013, Connecticut joined 21 other states in a partial settlement with the major tobacco companies of a dispute dating from 2006 regarding payments to the states under the 1998 tobacco Master Settlement Agreement, from which Connecticut was anticipated to receive \$63 million. Of the \$63 million total, \$40 million was reserved to help fulfill the state's obligation to meet Generally Accepted Accounting Principles (GAAP). Sections 110-112 of PA 13-247, the FY 14-15 budget implementer, enact this provision.

Legislative: Treat the Tobacco Settlement Fund amount reserved for the Medicaid portion of the FY 14 GAAP adjustment as FY 15 General Fund revenue, instead. The total amount required for this purpose was approximately \$14 million less due to the policy decision to begin to appropriate Medicaid on a net rather than gross basis beginning in FY 14. Sections 34 and 35(b) of PA 14-47, the FY 15 Revised Budget, reduce, from \$40 million to \$26.0 million, the amount of litigation settlement funds for the purpose of funding the FY 14 requirements necessary to comply with GAAP. Section 36 includes this approximate \$14 million difference along with an additional \$5.5 million diversion of tobacco settlement funds to the General Fund for a total transfer of approximately \$19.5 million to FY 15.

Transfers From/To Other Funds

Revenue Components	Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
January Consensus	(500,000)	(500,000)	-
April Consensus Update	-	-	-
Policy Estimates and Updates	(88,050,000)	15,050,000	103,100,000
Total - General Fund	(88,550,000)	14,550,000	103,100,000

April Consensus Update

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	-	-

The April Consensus estimate for FY 15 is unchanged from the January Consensus as the underlying statutory transfer amounts did not change.

Policy Revisions

Adjust Funding for the Board of Regents

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(60,000,000)	-	60,000,000

Governor: Divert FY 15 General Fund revenue to a new account within the Board of Regents Agency. Section 13 of HB 5030, "AA Making Adjustments to State Expenditures for the Fiscal Year Ending June 30, 2015," implements this one-time diversion. The purposes of the funds are to support the following: 1) Keep tuition stable; 2) identify and contact students who have not completed degrees and provide students with a customized roadmap for completion; 3) offer students returning to CSCU institutions up to three free classes if they pay for three classes; 4) expand the early college experience for at-risk students to earn community college credits while still in high school; 5) enhance support services for veterans returning from service and pursuing higher education; 6) help to ensure seamless transfer and articulation across BOR institutions; and 7) provide support for developmental education.

Legislative: Do not divert FY 15 General Fund revenue to the Board of Regents. Instead, the FY 15 Revised Budget contains a \$23 million General Fund appropriation and a \$19 million one-time transfer of the balance of the CT Student Loan Foundation.

Adjust Planned Use of a Portion of the FY 13 Surplus

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
(30,000,000)	-	30,000,000

Background: Fiscal Year 2013 ended with a General Fund surplus of \$398.8 million. Section 58 of PA 13-184, the FY 14-15 Biennial Budget, allows \$220.8 million of that surplus to be reserved for General Fund budgetary needs: \$190.8 million was credited to FY 14 and \$30 million was credited to FY 15 revenue. The remaining \$178.0 million was deposited into the Budget Reserve Fund pursuant to CGS 4-30a.

Governor: Reverse the credit and restore the funds to the Budget Reserve Fund. Section 21 of HB 5030, "AA Making Adjustments to State Expenditures for the Fiscal Year Ending June 30, 2015," reverses the credit.

Legislative: Maintain the credit of \$30 million in FY 13 surplus funds to the FY 15 budget.

Maximize Reimbursements for Enhanced Psychiatric Care

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
1,950,000	1,950,000	-

Background: With the provision of \$150,000 in the Department of Children and Families' (DCF) Other Expenses account to support medical consultation costs, increased Medicaid and third party reimbursements for care provided at the Albert J. Solnit Psychiatric Center - South Campus, totaling \$5.8 million annually, is anticipated. This revenue, identified by DCF in partnership with the Office of the Healthcare Advocate, will be generated through the validation of the medical necessity of court-ordered placements at Solnit - South by a medical doctor.

Governor: Recognize additional revenue received as reimbursement for enhanced psychiatric care.

Legislative: Same as Governor. Additional state funds are provided in Section 1 of PA 14-47, the FY 15 Revised Budget.

Divert Private Occupational Student Protection Funds

Governor FY 15\$	Legislative FY 15 \$	Difference FY 15 \$
-	500,000	500,000

Background: Each private occupational school must pay 1/2 of 1% of its quarterly net tuition revenue to the state treasurer for deposit into a special account administered by the State Department of Higher Education from which students can get tuition reimbursement if a school fails.

Legislative: Divert funds from the account. Section 38 of PA 14-47, the FY 15 Revised Budget, as amended by Section 218 of PA 14-217, the budget implementer, enacts the revenue diversion.

Reduce General Fund Transfer to Special Transportation Fund

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	2,100,000	2,100,000

Legislative: Section 54 of PA 14-47, the FY 15 Revised Budget, eliminates the scheduled \$2.1 million General Fund transfer to the Special Transportation Fund in FY 15. CGS 13b-61c provides an annual transfer from the General Fund to the Special Transportation Fund which was reduced in FY 15 by Section 88 of PA 13-184, the FY 14 and FY 15 Biennial Budget, from \$172.8 to \$2.1 million.

Reduce Transfers to the Tobacco Health Trust Fund

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	4,000,000	4,000,000

Background: The purpose of the Tobacco and Health Trust Fund (THTF) is to create a continuing significant source of money to (1) support and encourage programs to reduce tobacco abuse through prevention, education and cessation, (2) support and encourage program development for substance abuse reduction and (3) develop and implement programs to meet the state's unmet physical and mental health needs. A THTF Board of Trustees was established pursuant to Section 15 of PA 00-216 to select programs to receive money from the Fund. The Board's selections, per CGS Sec. 4-28f, must be submitted to the Appropriations and Public Health Committees for authorization. The THTF receives an annual, statutory disbursement from the Tobacco Settlement Fund (TSF) as well as any TSF revenue that exceeds the total statutory disbursements from the TSF.

Legislative: Sections 32-33 of PA 14-47, the FY 15 Revised Budget, as amended by Sections 214-216 of PA 14-217, the budget implementer, enact a \$1 million diversion from the FY 14 balance of the THTF and a \$3 million diversion from the FY 15 balance of the THTF for a total \$4 million diversion which is to be recognized as FY 15 General Fund revenue.

The \$1 million diversion from the FY 14 balance of the THTF is in addition to a \$3.5 million diversion from the FY 14 balance of the THTF that was already enacted pursuant to Section 109 of PA 13-184, the FY 14 and FY 15 Biennial Budget, and a \$6 million reduction to the annual TSF disbursement to the THTF in accordance with Section 71 of the same public act. Section 71 of PA 13-184 also contained a \$6 million reduction to the annual TSF disbursement to the THTF in FY 15. The cumulative effect of these various diversions and the reduction in its annual statutory disbursement is to decrease anticipated THTF funding by \$10.5 million in FY 14 and \$9 million in FY 15.

Divert Biomedical Research Funds

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	1,000,000	1,000,000

Background: The Biomedical Research Trust Fund (BRTF) was established by PA 00-216 as a separate nonlapsing fund that can accept transfers from the Tobacco Settlement Fund and receive gifts, grants or donations from public or private sources. The Commissioner of Public Health awards grants-in-aid from the Fund to eligible institutions for the purpose of supporting biomedical research in the fields of heart disease, cancer and other tobacco-related diseases, Alzheimer's disease, stroke and diabetes. PA 13-208 authorized not more than 2% of the total available amount held in the BRTF to be made available to the Department of Public Health for administration expenses relating to the Fund, such as determining and awarding grants-in-aid.

Legislative: Divert fund balances in the amount of \$500,000 from the BRTF in both FY 14 and FY 15 and credit these amounts, totalling \$1 million, to the General Fund in FY 15. Section 37 of PA 14-47, the FY 15 Revised Budget, as amended by Section 217 of PA 14-217, the budget implementer, enacts these sweeps.

Divert Surplus FY 14 Tobacco Funds

Governor FY 15 \$	Legislative FY 15 \$	Difference FY 15 \$
-	5,500,000	5,500,000

Background: In the 1990s, states sued major tobacco companies to obtain reimbursement for health impairments caused by the public's use of tobacco. In 1998, four of the nation's largest tobacco companies signed a Master Settlement Agreement (MSA) agreeing to make annual payments to 46 states, including Connecticut, in perpetuity as reimbursement for past tobacco-related health care costs. Revenue received by Connecticut resulting from the MSA is deposited into the Tobacco Settlement Fund (TSF). Per CGS Sec. 4-28e, TSF revenue that exceeds the total amount of all statutory disbursements in a fiscal year is transferred from the TSF into the Tobacco and Health Trust Fund (THTF).

Legislative: Sweep FY 14 surplus from the Tobacco Settlement Fund. Section 36 of PA 14-47, the FY 15 Revised Budget, enacts this sweep which reduces the amount of revenue that would otherwise be transferred to the THTF.
