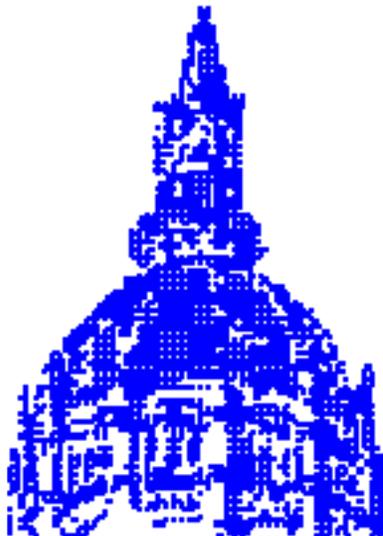


Office of Legislative Research
Connecticut General Assembly



OLR ACTS AFFECTING

Business



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TO THE READER

During the 2007 regular and special sessions, the legislature enacted many laws that affect businesses. Some affect many different types of businesses while others affect specific types, such as manufacturing and insurance. This report summarizes those laws in lay terms. We encourage you to read the specific acts that interest you. You can obtain them on line at www.cga.ct.gov or from the Connecticut State Library or the House Clerk's Office. A detailed analysis of all 2007 laws will be available this fall when OLR publishes its *Public Act Summary* book. In the meantime, you can review completed analyses by visiting our web page (www.cga.state.ct.us/olr).

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BUSINESS LAW AND PRACTICE

Mechanic's Liens

A new law specifies that a plaintiff must be allowed costs and reasonable attorney fees if he or she prevailed in any action upon a bond substituted for a mechanic's lien.

(**PA 07-120**, effective October 1, 2007)

Eminent Domain

The legislature made many changes to the laws governing eminent domain takings, including:

1. specifying how towns must compensate owners when taking their property for economic development,
2. changing the court procedure for reviewing a town's offer of compensation,
3. increasing the relocation benefits towns must pay when taking property for economic development, and
4. establishing a right of first refusal for owners whose property was taken for this purpose.

(**PA 07-141**, effective upon passage and applicable to property acquired starting on that date, except the relocation benefit changes are effective October 1, 2007 and applicable

to property acquired on or after that date and offers of compromise changes are effective upon passage and applicable to applications filed on or after that date.)

Complaints against State Contractors and Subcontractors

The Commission on Human Rights and Opportunities (CHRO) now has a separate process to hear and remedy complaints against contractors and subcontractors for noncompliance with (1) state antidiscrimination laws, (2) mandatory antidiscrimination provisions in state and certain political subdivision contracts, and (3) the set-aside law. The new law also requires contractors to provide documentation supporting the statutorily required nondiscrimination agreement and warranty before entering into a state contract.

(**PA 07-142**, effective July 1, 2007, except for the provisions dealing with documentation of company or corporate policy, which are effective upon passage.)

Return Policy of Retail Stores

Among other things, the law requires retailers to notify consumers before terminating their right to return goods. A new law specifies that this notice does

not affect a consumer's right to return goods purchased before the date he or she receives the notice only if the consumer has a valid receipt showing that the purchase was made before the notice was received.

(PA 07-150, effective July 1, 2007)

Preventing Abusive and Deceptive Debt Collection Practices

A new law penalizes creditors who violate debt collection laws by using abusive, harassing, fraudulent, deceptive, or misleading representations, devices, or practices to collect or attempt to collect a debt. The penalties are (1) actual damages; (2) additional damages up to \$1,000, if the debtor is an individual; and (3) if the suit is successful, court costs and, at the court's discretion, reasonable attorney's fees.

(PA 07-176, effective July 1, 2007, and applicable to causes of action arising on or after that date)

Professional and Occupational Licensing, Certification, and Registration Laws

A new law allows the consumer protection commissioner to hold disciplinary hearings, issue disciplinary orders, impose civil fines, and in other ways

discipline holders of certain occupational and professional licenses. The law already authorizes the department's professional and occupational licensing boards to take these actions. The new law also increases the penalties for violating the occupational licensing law governing certain trades and makes other changes.

(PA 07-188, effective October 1, 2007)

Release, Sale, and Accuracy of Conviction Information

A new law generally requires consumer reporting agencies to take specified actions to insure that arrest, conviction, and other matters of public record are accurate and up-to-date. It also requires any party holding conviction or nonconviction information to update it promptly whenever related criminal history record information is erased, modified, or corrected or when a pardon is granted.

(PA 07-243, effective October 1, 2007, except for the provisions dealing with consumer reporting agencies, which take effect February 1, 2008.)

ECONOMIC DEVELOPMENT

Connecticut Center for Advanced Technology

The legislature required the Connecticut Center of Advanced Technology to assist all small- and medium-size businesses, not just to those in danger of losing their contracts with larger defense firms.

(PA 07-4, JSS, § 12, as amended by HB 8006, § 69, JSS, effective October 1, 2008)

State and Municipal Set-Aside Program

The legislature opened up the small and minority business set-aside program to more businesses. Among other things, it designated businesses operated by people with mental impairments as minority business enterprises and raised, from \$10 million to \$15 million, the annual gross revenue limit for eligible firms.

(PA 07-4, JSS, §§ 65-66, effective July 1, 2007, except the increase in the gross revenues is effective January 1, 2008.)

The legislature also increased the number of contractors eligible to participate in municipal small and minority business set-aside programs by raising, from \$3 million to \$10 million, the annual gross revenue limit for eligible contractors.

(PA 07-4, JSS, § 68, effective July 1, 2007)

Sales Tax Exemption for Fuel Efficient Vehicles

A new law exempts from the sales tax, from January 1, 2008 to July 1, 2010, all motor vehicles that get at least 40 miles per gallon (city or highway).

(PA 07-4, JSS, § 72, effective January 1, 2008 and applicable to sales on or after that date.)

Streamlined Sales Tax Commission

The legislature established a 16-member commission to study the possibility of the state becoming a full member of the Streamlined Sales Tax Governing Board, an interstate body that is overseeing efforts to design, test, and implement a simplified sales and use tax system. The commission consists of state officials and legislative appointees.

(PA 07-4, JSS, § 100, effective upon passage)

Property Tax Break for Lobstermen

Waterfront property used for commercial lobstering now qualifies for the “490” property tax treatment and an optional 50% property tax exemption.

(PA 07-127, effective July 1, 2007)

Eminent Domain

The legislature made many changes to the eminent domain laws. Among other things, it specified (1) the criteria towns must use to determine if an area is deteriorated or deteriorating and (2) the conditions under which the courts must refer a town's offer of compensation to the property rights ombudsman, who must review it and report back to the court. It also required ombudsman to study whether it is feasible to base relocation benefits on the unique gains or losses of operating a business at a specific location (i.e., good will).

(PA 07-207, effective October 1, 2007, except that the business good will study is effective upon passage)

Brownfields

A new law expands the state's capacity to clean up and redevelop brownfields. Among other things, it establishes new programs to finance these activities, allows lower tax assessments on contaminated business property undergoing remediation, and gives property owners more latitude when voluntarily cleaning up contaminated properties.

(PA 07-233, effective July 1, 2007)

Multifamily Housing

The legislature required the Connecticut Housing Finance Authority (CHFA) to use at least 10% of its annual private activity bond allocation for developing multifamily residential housing in calendar year 2008 and at least 15% in each subsequent year.

(PA 07-234, effective July 1, 2007)

Film Industry

The legislature authorized new transferable business tax credits for (1) investments in state-certified film and digital media infrastructure projects and (2) digital animation and extended the existing film credit to the insurance premium tax.

(PA 07-236, effective July 1, 2007 and applicable to income years starting on or after January 1, 2007.)

Economic Development Plan

Among other things, a new law requires the economic and community development commissioner to prepare a state economic development strategic plan by July 1, 2009 and every five years thereafter.

(PA 07-239, effective upon passage)

Tax Incentives

Starting in FY 09, the legislature authorized up to \$50 million over three years in business tax credits for rehabilitating historic property for mixed residential and commercial use (effective upon passage and applicable to income years starting January 1, 2008).

It extended an existing job creation tax credit to all companies, not just out-of-state ones relocating here that create new full-time jobs in the state. It also reduced the number of new jobs that qualify for a credit from 50 to 10 and increased the credit amount from 25% to 60% of the state income tax withheld from new employees' wages (effective July 1, 2007 and applicable to income years starting January 1, 2008).

(PA 07-250)

Economic Development Bond Authorization

As Table 1 shows, the legislature increased the bond authorization for several economic development programs.

Table 1: Proposed Bond Authorizations for FY 08 & FY 09

\$	Agency	Purpose/Fund	FY 07 Authorization (millions)	Proposed FY 08 Authorization (millions)	Proposed FY 09 Authorization (millions)
40	Office of Policy & Management	Economic and community development project grants (Urban Act)	\$ 65.0	\$ 30.0	\$ 30.0
41	Office of Policy & Management	Small Town Economic Assistance Program (STEAP)	20.0	20.0	20.0
49	Agriculture	Farmland preservation	10.0	5.0	5.0
50	Environmental Protection	Clean Water Fund grants	20.0	110.0	110.0
51	Environmental Protection	Clean Water Fund loans (revenue bonds)	100.0	275.0	275.0
52	Economic and Community Development	Manufacturing Assistance Act	5.0	45.0	45.0
53	Environmental Protection	Special Contaminated Property Remediation and Insurance Fund	1.0	1.0	1.0

(SB 1501, JSS, effective upon passage)

Housing Trust Fund

The law authorizes up to \$20 million per year over five years (FY 06 to FY 10) to capitalize the Housing Trust Fund. The legislature increased the maximum GO bond authorization for the fund for FY 09 to \$30 million and, consequently, its total maximum capitalization from \$100 million to \$110 million.

(**SB 1501**, JSS, § 44, effective upon passage)

FINANCE, INSURANCE, AND REAL ESTATE

Prohibiting Bank Branching in Retail Locations

A new law prohibits (1) Connecticut and out-of-state banks from establishing or maintaining a branch and (2) Connecticut banks from establishing or maintaining a limited branch on the premises or property of any of their affiliates in this state that engage in commercial activities.

(**PA 07-14**, effective upon passage)

Connecticut Insurance Guaranty Association Coverage

The legislature increased the coverage limit for the Connecticut Insurance Guaranty Association from \$300,000 to \$400,000 for claims arising under policies of property and casualty insurers determined insolvent on or after October 1, 2007.

(**PA 07-21**, effective October 1, 2007)

Generally Accepted Accounting Principles

A new law allows the insurance commissioner to accept from certain “employers’ mutual associations” financial statements that use generally accepted accounting procedures (GAAP) if the statement includes a conversion to statutory accounting procedures (SAP). The association must submit the financial statements quarterly and annually.

(**PA 07-27**, effective October 1, 2007)

Long-Term Care Policies

A new law prohibits insurers from issuing or delivering a long-term care policy on or after July 1, 2008 without first offering a prospective insured an optional nonforfeiture benefit during the policy solicitation or application process.

(**PA 07-28**, effective July 1, 2007)

A new law specifies parameters for the elimination period under a long-term care (LTC) insurance policy. It also (1) requires irrevocable trusts to pay the health care provider directly and (2) create an unconditional duty to pay only confinement costs during the elimination period.

(PA 07-226, effective October 1, 2007)

Refunds of Prepaid Premiums Made for Medicare Supplement Policies

The legislature required insurers to refund any prepaid premium to a person who cancels his or her Medicare supplement policy before the policy's coverage period ends.

(PA 07-48, effective October 1, 2007)

Uniform Prudent Management of Institutional Funds

A new law making many changes to the banking statutes includes providing guidelines for the management, investment, and expenditure of institutional funds.

(PA 07-91, effective October 1, 2007)

Alias Tax Warrants and Executions against Debts

A new law prohibits tax collectors or serving officers from serving alias tax warrants or executions relating to a single person or business on more than one financial institution at a time. It also prohibits a collector from serving, or directing others to serve, more than 15 alias tax warrants on one financial institution in the same day without first confirming that the

taxpayers have funds in that institution. It sets out the procedures for obtaining this confirmation.

(PA 07-111, effective October 1, 2007)

Participation in the National Mortgage Licensing System

A new law allows the banking commissioner to participate in the national mortgage licensing system. It also (1) requires mortgage originators to be licensed rather than registered; (2) allows the system to process mortgage lender, broker, and originator licenses in Connecticut and receive and maintain related records; and (3) makes a number of conforming changes regarding confidentiality, criminal history record checks, and license fees.

(PA 07-156, effective September 30, 2008)

Health Care Centers and Insolvency Protection

The legislature made several changes to laws affecting health care centers, including requiring HMOs to deposit \$500,000 with the insurance commissioner or designated trustee, who must use the funds to provide health care services to an HMO's enrollees if it is placed in receivership.

(PA 07-178, effective October 1, 2007)

Purchase of Subdivision Lots

A new law makes it easier to sell lots in a conditionally approved subdivision.

(PA 07-182, effective July 1, 2007)

Preferred Provider Networks' Financial Security Requirement

The legislature revised the formula that determines the amount of financial security preferred provider networks (PPNs) and managed care organizations (MCOs) that contract with PPNs must post, maintain, or arrange for by letter of credit, bond, surety, reinsurance, reserve, or other means.

(PA 07-191, effective July 1, 2007)

Registration of Pharmacy Benefits Managers

A new law requires pharmacy benefit managers (PBMs), with exceptions, to obtain a certificate of registration from the Insurance Department before operating in Connecticut. It requires PBMs already operating in the state on January 1, 2008 to obtain one by April 1, 2008 to continue operating here.

(PA 07-225, effective January 1, 2008)

Electronic Insurance Filings

A new law made various changes in insurance company financial reporting requirements, including (1) limiting the annual reporting requirements to domestic and foreign companies, (2) requiring the financial statements to be complete when filed, and (3) requiring the companies to electronically file the statements and reports with the National Association of Insurance Commissioners.

(PA 07-225, effective October 1, 2007)

HEALTH CARE

Hospitalization for Treatment in Cancer Clinical Trials

By law, individual and group health insurance policies and HMO contracts must cover medically necessary hospitalization services and other routine patient care costs associated with certain cancer clinical trials. A new law specifies when the required hospitalization coverage includes treatment at an out-of-network facility. It also requires the insurer or HMO and the out-of-network hospital to make the treatment available at no greater cost to the patient than if treatment was available at an in-network facility.

(PA 07-67, effective upon passage)

Medical Necessity and External Appeals

The legislature required insurers, HMOs, and other entities to include a particular definition of “medically necessary” or “medical necessity” in individual and group health insurance policies and contracts. For insurers and HMOs that have entered into a federal court-approved class action settlement with physicians, the requirement does not apply until the settlement's expiration date.

(PA 07-75, effective January 1, 2008)

Limited Benefit Medical Plans

Beginning January 1, 2008, a new law requires each individual and group health insurance policy, contract, or certificate issued in Connecticut that provides limited coverage, and any related advertising, marketing, and enrollment material, to include a conspicuous statement disclosing that the plan does not provide comprehensive medical coverage.

It also prohibits, as of that date, an insurer, HMO, or other entity from replacing an employer-sponsored comprehensive health insurance plan with a policy that provides limited coverage.

(PA 07-96, effective July 1, 2007)

Post-Claims Underwriting

A new law prohibits certain health insurers and HMOs from rescinding, canceling, or limiting coverage based on information a person submitted with or omitted from an insurance application if, before issuing the policy, contract, or certificate, the insurer or HMO did not perform a thorough medical underwriting process. But it allows a rescission, cancellation, or limitation based on the application when the insurance commissioner approves it.

The new law defines a preexisting condition as a physical or mental condition for which medical advice, diagnosis, care, or treatment was recommended or received during the 12 months before coverage became effective. It imposes preexisting condition exclusion limitations on short-term health insurance policies issued on a nonrenewable basis for six months or less and requires insurers and HMOs to use specific disclosure language.

(PA 07-113, effective October 1, 2007)

Pre-Tax Health Insurance Premium Deductions

A new law requires every employer that deducts health insurance premiums from its employees' pay to allow employees to make these payments with pre-tax earnings to the extent permitted under IRS Code section 125.

(PA 07-185, § 23, effective October 1, 2007)

Dependent Children Coverage Extension

The legislature raised, from age 23 to 26, the age to which group comprehensive and individual health insurance policies that cover children must do so. It also eliminated the requirements that children be dependent or full-time students and limits the continuing coverage to those who live in Connecticut. (PA 07-2, JSS, extends coverage for children who attend accredited out-of-state colleges or who live in another state with a custodial parent.)

(PA 07-185, §§ 15-17, effective July 1, 2007 (PA 07-2, JSS, makes these changes effective January 1, 2009))

Health Reinsurance Association (HRA) Plans

By removing a provision that prohibits the sale of special health care plans to small employers after January 1, 1995, the legislature allowed insurers to sell such plans again. Small employers are those with 50 or fewer uninsured employees and self-employed people.

By law, each small-employer insurer must offer small employers a special health care plan. A small employer with 10 or fewer employees, most of whom are low-income, does not have to offer a plan. Instead, the insurer must refer the employer to the HRA. The new law potentially makes these plans available to more employers by raising the income eligibility limit for a low-income individual or employee from 200% to 300% of the Federal Poverty Level (\$30,630 for an individual). HRA must develop premium rates and administer the plans without profit or loss.

(PA 07-2, JSS, §§ 18-21, effective July 1, 2007)

Insurance Coverage for Specialized Formulas for Children

This act requires health insurance policies to cover medically necessary specialized

formulas administered under a physician's direction for children up to age 12, instead of age eight.

(**PA 07-197**, effective October 1, 2007)

LABOR

Workers' Compensation Benefits

A new law extends, from 10 to 15 days, the period during which an employee can request a hearing after receiving a workers' compensation benefit reduction or discontinuation notice. The act also requires that certain additional information be included in the form notifying an employee of the pending reduction or discontinuation.

It also increases the maximum penalty, from \$500 to \$1,000, for an employer's or insurer's undue delay of a compensation payment due to such party's fault or neglect. The act permits the compensation commissioner hearing the claim to assess the penalty for each delay.

The act requires the penalty be paid to the claimant, but existing law requires all fines and penalties collected under this provision be paid to the treasurer and deposited in the Second Injury Fund.

(**PA 07-80**, effective October 1, 2007)

The legislature authorized the labor commissioner to issue a stop-work order to an employer who conceals employment or other information regarding workers' compensation premiums. It also subjected employers who fail to obtain insurance or reinsurance to the same penalties imposed on those who misrepresent the number of employees or provide other misleading information.

(**PA 07-89**, effective October 1, 2007)

A new law removes the December 31, 2007 sunset date from the law establishing an alternative base period to calculate unemployment compensation benefit eligibility, thus making the alternative permanent. It also specifies that an appeal to Superior Court of an Employment Security Review Board decision may be based on a claim that the decision violated statutory or constitutional provisions.

(**PA 07-193**, effective October 1, 2007)

Non-compete Agreements

A new law prohibits employers from including non-competition agreements in employment agreements with broadcast employees and, under certain circumstances, security guards, and provides remedies for violations of this law. It allows

(1) someone to seek damages, an injunction, and equitable relief for violations and (2) the labor commissioner to ask the attorney general to ask the Hartford Superior Court for restitution on behalf of an injured person, injunctions, and equitable relief.

(**PA 07-237**, effective October 1, 2007 for agreements regarding security guards and July 1, 2007 for agreements regarding broadcast industry employees, and applicable to agreements entered into, renewed, or extended, respectively on and after those dates.)

Unemployment Benefits for Military Spouses

The legislature extended unemployment compensation benefits to employees who voluntarily leave their job to accompany a spouse required to relocate while on active military duty. An employee qualifies for benefits if he or she leaves a job between July 1, 2007 and June 30, 2008. The employee's claim does not directly affect the employer's unemployment taxes.

(**HB 8006**, JSS, §§ 17, effective October 1, 2007)

LAND USE AND ENVIRONMENT

Zoning Appeals

The legislature allowed an appeal of a zoning decision on a special permit or special exception to go to the Superior Court for the judicial district where the property is located, notwithstanding any right to appeal the decision to the local zoning board of appeals (ZBA).

(**PA 07-60**, effective October 1, 2007)

Licensed Environmental Professionals

Among other things, a new law subjects licensed environmental professionals (LEPs) to more sanctions if they falsify information, engage in professional misconduct, or otherwise violate relevant environmental laws or regulations.

(**PA 07-81**, effective October 1, 2007)

Collection and Recycling of Covered Electronic Devices

The legislature created a mandatory recycling program for discarded computers and televisions. Starting January 1, 2009, manufacturers must participate in a program to implement and finance the

collection, transportation, and recycling of these covered electronic devices.

(**PA 07-189**, effective October 1, 2007)

Underground Storage Tanks

Among other things, the legislature allowed certain owners and operators of underground storage tanks to store certain records off-site and made more owners and operators eligible for reimbursement under the Underground Storage Tank Petroleum Clean-Up program.

(**PA 07-192**, effective on various dates)

Payments to Dairy Farmers

A new law authorizes the agriculture commissioner to compensate Connecticut dairy farmers for low milk prices they received from January 1, 2006 through December 31, 2006. The commissioner must (1) make the payments from available appropriations and (2) calculate them based on the amount of milk each farmer produced during this time.

(**HB 8006**, JSS, § 29, JSS effective upon passage)

MOTOR VEHICLES AND TRANSPORTATION

Motor Vehicles Laws

The legislature made many changes to the motor vehicles laws including:

1. establishing higher penalties for (a) a commercial vehicle driver who causes a fatality while operating his vehicle negligently or recklessly, (b) repeatedly operating a motor vehicle while under license suspension, or operating when unlicensed or in violation of the terms of licensure, and (c) drivers who fail to grant the right of way to a pedestrian in a crosswalk (effective July 1, 2007);
2. applying the same federal health and fitness requirements that currently apply to anyone who holds a commercial driver's license (CDL) to those who hold CDL instruction permits (effective October 1, 2007);
3. allowing someone who holds a CDL to participate in the pretrial alcohol education program for certain alcohol or drug impaired driving offenders if the offense occurred in a noncommercial motor vehicle (effective July 1, 2007); and

4. specifying insurance coverage requirements for some types of motor carriers who may not now be subject to federal minimum financial responsibility requirements (effective October 1, 2007)

(**PA 07-167**, effective on various dates)

New Motor Vehicle Lemon Law

A new law replaces the three-member arbitration panels that hear new motor vehicle lemon law disputes with single arbitrators. It also sets standards for arbitrators, allows the consumer protection commissioner to refer cases to more arbitration organizations, and revises the conditions under which disputes may be settled solely based on written documents.

By law, licensed motor vehicle dealers and repairers may perform vehicle identification number (VIN) inspections. The new law permits a dealer or repairer to charge up to \$20 for each VIN inspection that is not done in connection with an official emissions inspection, if it provides the motor vehicle commissioner an affidavit concerning the inspection.

(**PA 07-212**, effective October 1, 2007)

Matching Grants for Commercial Freight Rail Lines

A new law authorizes up to \$15 million in bonds for improving, repairing, and modernizing existing rails, rail beds, and related facilities.

(**SB 1501**, JSS, § 57, effective July 1, 2008)

Transportation Infrastructure Development

The legislature authorized up to \$150 million in special tax obligation bonds (\$75 million in both FY 08 and FY 09) for a “Fix—it—First” program. Up to \$30 million of each year's authorization is earmarked for repairing state roads, with \$30 million of the total earmarked for rehabilitating and rebuilding highways that are not part of the interstate highway system. Up to \$45 million of each year's authorization must be used for repairing state bridges.

(**SB 1501**, JSS, §§ 65 & 66, effective upon passage)

The legislature authorized (1) the transportation commissioner to participate in transit-oriented development projects, (2) \$5 million in bonds in FY 08 for a transit-oriented development pilot program in designated towns, and (3) grants for planning and facilitating these projects.

(SB 1501, JSS, §§ 67-68 & 97-98, effective upon passage)

The legislature authorized \$275.688 million bonds in FY 08 and \$173.3 million in FY 09 for transportation related capital improvements as shown in Table 2.

Table 2: Authorizations for Transportation Projects

Authorized Program Areas	Maximum Authorization (millions)	
	FY 08	FY 09
Interstate highway program	\$ 12. 0	12. 0
Urban systems	8. 3	8. 5
Interstate highway program	112. 94	42. 03
Soil, water supply, and groundwater remediation at or near DOT maintenance facilities and former disposal areas	6. 0	6. 0
State bridge improvement, rehabilitation, and replacement	65. 24	34. 34
Reconstruction and improvements to the warehouse and State Pier in New London, including site and ferry slip improvements	1. 4	0. 3
Developing and improving general aviation airports, including grants to municipal airports, but excluding Bradley International Airport	2. 0	2. 0
Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects	40. 108	40. 43
DOT facilities	6. 4	6. 4
Cost of issuing STO bonds and debt service	21. 3	21. 3
TOTAL	275. 688	173. 3

(SB 1501, JSS, §§ 74-85, effective upon passage for FY 08 authorizations; July 1, 2008 for FY 09 authorizations)

The legislature also authorized up to \$59 million in bonds in FY 09 for the capital highway resurfacing program.

(SB 1501, JSS, §§ 86—90, effective May 1, 2008)

TAXES AND FEES

Nursing Home Provider Tax Change

Beginning January 1, 2008, a new law (1) lowers the maximum nursing home provider tax from 6% to 5.5% of the home's net revenue, consistent with a recent change in federal law and (2) requires the social services commissioner, when setting the amount of the tax every two years, to use a percentage rate as determined by the policy and management secretary. (The actual tax is currently just under 5.5 %.)

(PA 07-2, JSS, § 1, JSS, effective July 1, 2007)

Diesel Fuel Tax

During the regular session, the legislature adopted a three-step increase in the motor fuel tax on diesel fuel used in any type of motor vehicle and then opted for a one-step increase

during the subsequent special session. Consequently, it increased the tax from 26 to 37 cents per gallon as of July 1, 2007 and required the revenues services commissioner to calculate a new diesel tax annually starting by June 15, 2008 and specifies the formula for calculating the tax.

The legislature also expanded the petroleum products gross earnings tax exemption in PA 07-199 to include all diesel fuel except that used in an electric generation plant to generate electricity. PA 07-199 exempted only diesel fuel used exclusively by motor carriers.

(PA 07-1, JSS, §§ 135-138, effective July 1, 2007)

TELECOMMUNICATIONS

Connecticut Siting Council and Cellular Towers

The legislature required each telecommunications services provider, by January 1, 2008, to submit to the Siting Council, at its request, all information on (1) locations in a municipality that do not have coverage or have inconsistent coverage and (2) the provider's existing and projected demand for coverage in a municipality. The council, by January 1, 2008, must develop a telecommunications coverage assessment for a municipality that requests one.

The legislature (1) modified how the Siting Council must assess telecommunications companies, (2) increased the maximum assessment on electric retailers from \$1 million to \$1.5 million, and (3) imposed penalties on late assessments

(PA 07-222, effective upon passage, with the telecommunications assessment calculation changes applicable to assessment period beginning on or after July 1, 2006)

Certified Competitive Video Service

A new law requires companies providing video programming (other than cable TV companies and their affiliates) to be certified by the Department of Public Utility Control and subjects them to the 5% gross earnings tax applicable to cable TV companies and direct broadcast satellite companies. This tax is in lieu of the property tax for the company's tangible personal property. The new law also subjects the services the providers sell to the sales tax and modifies how the sales tax applies to other telecommunications services.

(PA 07-253, effective October 1, 2007, except that the gross earnings tax provisions are effective July 1, 2007)

JR:ts