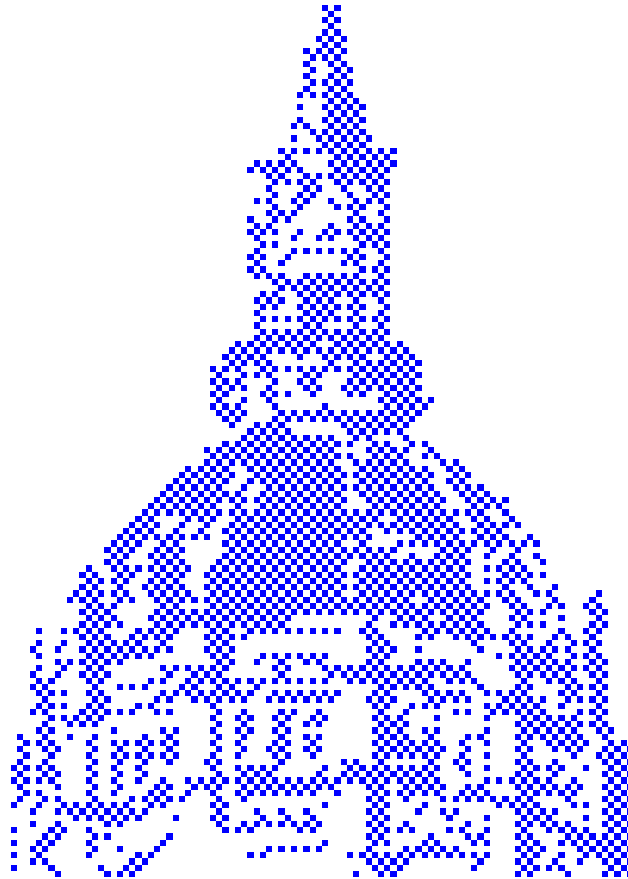




ACTS AFFECTING BUSINESS AND JOBS



2015-R-0170

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NOTICE TO READERS

This report provides highlights of new laws (public acts) that affect the ability of many different kinds of businesses to expand and create jobs. It does not summarize acts that affect only specific types of businesses. In each summary, we indicate the public act (PA) number.

The report summarizes only the acts' major provisions. Complete summaries of 2015 public acts are available on OLR's webpage:

<http://cga.ct.gov/olr/olrpassums.asp>.

Readers are encouraged to obtain the full texts of the acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website: <http://www.cga.ct.gov>.

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ARMED FORCES MEMBERS AND VETERANS

Subsidizing Transportation Expenses with Veteran's Subsidized Training and Employment Program (STEP) Funds

Under a new law, the Department of Labor (DOL) can cover the transportation expenses of veterans hired by businesses participating in the Unemployed Armed Forces Member STEP program by using some of the funds set aside for the program's administrative costs.

([PA 15-127](#), effective October 1, 2015)

Veterans To Agriculture Program

A new law makes it easier for certain veterans to start a farming business by relaxing the conditions they must meet to qualify for the sales and use tax exemption for personal property used exclusively in commercial agricultural production. Under the act, a veteran qualifies for the exemption if he or she never owned or leased property for commercial agricultural production or did so for less than two years.

The act also allows the Department of Agriculture (DoAg) to collaborate with the Labor and Veterans' Affairs departments and UConn Cooperative Extension Service to (1) encourage and help veterans start or expand an agricultural business and (2) provide education and training opportunities to

veterans in farming and agricultural operations.

([PA 15-117](#), effective upon passage)

BUSINESS LAW AND PRACTICE

Booting Vehicles on Commercial Property

A new law regulates the use of wheel locking devices used to immobilize unauthorized vehicles on private commercial property (i.e., "booting"). Among other things, the act: (1) establishes signage and notification requirements, (2) limits boot removal fees to \$50 or less, and (3) imposes penalties on those who violate the law's provisions.

([PA 15-42](#), effective October 1, 2015)

Business Corporation Law Changes

The legislature made several changes to business corporation laws, including:

1. removing time limits on the validity of voting trusts and shareholder agreements and allowing the agreements creating them to set their term,
2. requiring qualifications for corporate directors or director nominees to be reasonable and adds specific provisions about qualifications, and

3. limiting when business corporations may indemnify and advance expenses to officers.

([PA 15-48](#), effective October 1, 2015)

Connecticut-Grown Farm Products

A new law sets rules for selling a claimed Connecticut-grown farm product at a farmers' market. It requires people selling such products to do so in the immediate proximity of a sign that (1) identifies it as Connecticut grown and (2) discloses the name and address of the person or business that grew or produced it. Violators receive a warning for a first violation and a \$100 fine for each subsequent violation.

The act also increases, from \$25 to \$100, the fine for violating the Connecticut-Grown law. Under the law, only products grown or produced in Connecticut may be advertised or sold as Connecticut-grown. By law, products grown or produced in Connecticut or within a 10-mile radius of the point of sale may be labeled as native, native grown, local, or locally grown.

([PA 15-245](#), effective October 1, 2015)

E-Cigarettes

A new law imposes restrictions on the use of e-cigarettes in certain establishments and public areas that are similar to existing restrictions on smoking in these areas. For example, it

bans the use of e-cigarettes in state buildings, restaurants, places serving alcohol, schools, and child and health care facilities, among others. It makes exceptions for e-cigarette use in certain areas and facilities, including designated smoking areas, tobacco bars, and outdoor areas in establishments that serve alcohol.

([PA 15-206](#), effective October 1, 2015)

Industrial Hemp

A new law eliminates industrial hemp's status as a controlled substance and allows it to be grown, used, and sold under state law.

([PA 15-202](#), effective July 1, 2015)

Liquor Law Changes

The legislature made numerous changes to the Liquor Control Act, including:

1. banning powdered alcohol;
2. generally allowing businesses that hold liquor permits to employ anyone age 16 or older, rather than 18 or older; and
3. allows certain manufacturers to sell liquor at retail.

([PA 15-24](#), effective upon passage, except certain provisions are effective July 1, 2015 or October 1, 2015)

Signs Required to Tow or Boot Vehicles

New legislation requires that owners or lessees of private commercial property, in order to tow or boot vehicles, post conspicuous signs on the property stating that unauthorized vehicles may be booted or towed along with information on (1) where towed or booted vehicles may be stored, (2) how vehicles can be redeemed, and (3) fees that may be charged.

The implementer act creates several exceptions to this rule, such as allowing private commercial property owners or lessees to tow vehicles parked in an area reserved for emergency vehicles without posting signs.

([PA 15-42](#) and [PA 15-5, June Special Session](#), § 233, both effective October 1, 2015)

CONSUMER PROTECTION

Cottage Food Production

A new law allows the preparation of food in private residences for sale if it is done according to regulations that the act requires the Department of Consumer Protection (DCP) commissioner to adopt. The act also exempts home bakeries from the law's bakery licensing requirement.

([PA 15-76](#), as amended by [PA 15-242](#), § 57, effective October 1, 2015)

Express Warranties

A new law prohibits manufacturers, distributors, or retailers from conditioning the initial term of an express warranty for consumer goods on the consumer registering the goods.

([PA 15-136](#), effective July 1, 2015)

Restitution for Unfair Trade Practices

A new law increases, from \$5,000 to \$10,000, the maximum restitution amount the DCP commissioner may order a respondent (the subject of a hearing) to pay a consumer under the Connecticut Unfair Trade Practices Act.

([PA 15-60](#), effective October 1, 2015)

ECONOMIC DEVELOPMENT

Airport Development Zone (ADZ) Administration

A new law transfers the Connecticut Airport Authority's (CAA) ADZ administrative functions to the Department of Economic and Community Development (DECD), including the responsibility for issuing certificates to businesses it determines to be eligible for ADZ benefits.

([PA 15-192](#), §§ 3-6, effective upon passage)

Bioscience Innovation Fund Eligibility Changes

A new law (1) expands eligibility for financial assistance from the Bioscience

Innovation Fund to include businesses in operation between three and seven years and (2) limits Bioscience Innovation Fund eligibility to businesses in certain clinical trial phases.

([PA 15-222](#), § 5, effective upon passage)

Bonds for Economic Development

The legislature authorized up to:

1. \$20 million in bonds in each of FYs 16 and 17 for the Connecticut Manufacturing Innovation Fund;
2. \$50 million bonds in each of FYs 16 and 17 for the Small Business Express (SBE) program,
3. \$20 million in bonds in each of FYs 16 and 17 for brownfield remediation,
4. \$2 million in bonds in FY 16 for implementing a program to assist minority business enterprises (MBEs) in obtaining surety bonds to bid for capital construction projects, and
5. \$100 million in bonds in each of FYs 16 and 17 for purposes authorized under the Manufacturing Assistance Act.

([PA 15-1, June Special Session](#), §§ 13(e), 32(f), & 66, effective July 1, 2015 for FY 16 bond authorizations and July 1, 2016 for FY 17 authorizations)

Commission on Economic Competitiveness

A new 13-member commission must assess how the state's tax policies affect economic growth and recommend how the state can promote it. Specifically, among other things, it must (1) examine how this year's budget act tax changes (PA 15-244) affect the state's businesses and industries and (2) assess the needs of large and small businesses and industries that affect their ability to compete.

The commission consists of legislative appointees (which may include legislators), the DRS and DECD commissioners, and a Connecticut Business and Industry Association representative appointed by its president. The commission must annually report to the Finance, Revenue and Bonding committee; its first report is due January 1, 2016.

([PA 15-5, June Special Session](#), § 498, effective July 1, 2015)

Connecticut Competitiveness Council

A new law establishes a 10-member council within the legislative branch to advise the executive and legislative branches and businesses about Connecticut's economic performance, including how it compares with that of other jurisdictions. Legislative leaders and the governor must appoint the members by October 1, 2015. Starting January 31, 2017, the council must

submit an annual report to the governor, DECD commissioner, and several legislative committees on Connecticut's current economic competitiveness and ways to make the state more competitive.

([PA 15-212](#), effective July 1, 2015)

Cybersecurity Sector Study

A new law requires DOL, in consultation with DECD, to study Connecticut's cybersecurity sector and issue a final report, with recommendations, by February 1, 2016. DOL's analysis must, among other things, identify (1) cybersecurity sector stake holders and (2) barriers to the industry's growth.

([SA 15-21](#), effective upon passage)

First Five Plus Extension

The legislature extended the sunset date for the First Five Plus economic development program by one year, from June 30, 2015 to June 30, 2016. Under the program, the DECD commissioner can provide loans, tax incentives, and other forms of economic development assistance to businesses committing to create jobs and invest capital within the law's timeframes.

([PA 15-5, June Special Session](#), § 42, effective July 1, 2015)

Regenerative Medicine Research Fund Changes

A new law (1) allows Connecticut Innovations (CI) to award loans, equity,

and other forms of financing, rather than only grants, from the Regenerative Medicine Research Fund (RMRF) and (2) changes the peer review process for RMRF funding applications.

([PA 15-222](#), §§ 1-4, effective July 1, 2015)

Regional Economic Development Districts (REDD)

A new act increases, from eight to nine, the maximum number of REDDs that can be established in the state. By law, regional planning and economic development organizations may establish REDDs to coordinate economic development projects and prepare comprehensive economic development strategies, which are required for certain types of federal funding.

([PA 15-155](#), effective October 1, 2015)

Transit Oriented Development Grants

The act allows the Office of Policy and Management (OPM) secretary, in consultation with the transportation commissioner, to use available funds, including urban action bond funds, to make grants or loans to (1) support and encourage development projects within walking distance of public transit facilities ("transit-oriented development") and (2) encourage the development and use of port and rail freight facilities and services.

([PA 15-5, June Special Session](#), § 410, effective July 1, 2015)

FINANCE, INSURANCE, AND REAL ESTATE

Bank Acquisition Approval

By law, the banking commissioner may not approve the acquisition of a bank or holding company if the acquiring person (1) has inadequate anti-money laundering policies or (2) does not have a record of compliance with anti-money laundering laws. Under a new act, this applies only to the extent that the acquiring person is subject to anti-money laundering laws and regulations.

([PA 15-235](#), § 28, effective upon passage)

Unauthorized Insurers And Surplus Lines Insurance

A new law specifies that nonadmitted or unauthorized insurers may open an office in Connecticut to transact surplus lines insurance. By law, these insurers are those that have not been granted an Insurance Department certificate of authority to transact insurance business in Connecticut. Surplus lines insurance is property and casualty insurance coverage that is unavailable from Connecticut-licensed insurers (i.e., admitted insurers) and must therefore be purchased from a nonadmitted insurer.

([PA 15-166](#), effective October 1, 2015)

GOVERNMENT CONTRACTING

Data Sharing and Security

A new law establishes protocols to protect confidential information that an entity obtains from a state contracting agency under a written agreement to perform services for the state. It also requires the OPM secretary to develop a program to access, link, analyze, and share data maintained by executive agencies and respond to queries from state agencies and private requestors.

Under the act, if an agreement requires a state contracting agency to share confidential information with a contractor, the contractor must, at its own expense, take certain steps to prevent data breaches. Among other things, contractors must, at a minimum, (1) implement and maintain a comprehensive data security program to protect the confidential information and (2) report actual or suspected data breaches to the attorney general within 24 hours of the discovery.

([PA 15-142](#), effective July 1, 2015)

Small Business Express (SBE) and Minority Business Enterprises (MBEs)

A new law increases, from 4% to 5%, the percentage of SBE program funds that DECD may use to cover the program's administrative costs, but requires DECD to dedicate the additional 1% to develop capacity for capital construction projects for MBEs.

([PA 15-5, June Special Session](#), § 407, effective July 1, 2015)

State Subject to Statutes of Limitations for Construction-Related Actions and Claims

A new law subjects the state and its political subdivisions to the statute of limitations for bringing certain actions and claims arising out of construction-related work involving the improvement of real property. Under the act, the period of time for bringing such actions and claims depends on the date the work is substantially completed and the nature of the action or claim.

The act also (1) exempts certain actions and claims from these time limitations and (2) prohibits any additional limitation to actions brought in the name or for the benefit of the state and any claim of right based on the lapse of time against the state.

([PA 15-28](#), effective October 1, 2017)

Set-Aside Contracts

The legislature subjected certain municipal public works contracts to state set-aside requirements for small and minority contractors. It similarly applies these requirements to projects administered by certain entities receiving state assistance from quasi-public agencies. The act subjects contractors awarded such contracts to, among other things, (1) existing law's nondiscrimination and affirmative action requirements and (2) the Commission

on Human Rights and Opportunities' (CHRO) enforcement authority.

([PA 15-5, June Special Session](#), §§ 58-71 & 88, effective October 1, 2015, except the provision applying the act's requirements to CI and CRDA, which is effective January 1, 2016.)

LABOR

Civil Actions To Collect Past Due Payments To Employee Welfare Funds

A new law allows an employee to sue for unpaid wages over an employer's past due payments to an employee welfare fund (i.e., a fund that provides healthcare, disability, or retirement benefits for the employee). The payment must be past due under a written contract's terms or the rules and regulations adopted by the fund's trustees. In such actions, the law allows an employee to be awarded up to twice the amount owed, plus costs and attorney's fees.

The act also allows such an aggrieved employee to bring a civil action against (1) a sole proprietor or general partner, or officer, director, or member of a corporation or LLC who failed to make the required payment or (2) any employee of a corporation or LLC, who was designated to make the payment but failed. Under the act, these people can be found personally liable for the amount due, plus costs and attorney's fees.

It appears that the federal Employee Retirement Income Security Act (ERISA) may preempt some of the act's provisions from applying to private sector employers and employees.

([PA 15-5, June Special Session](#) § 112, effective October 1, 2015)

Domestic Worker Protections

Domestic workers who work for employers with at least three employees are now covered by the employment-related anti-discrimination laws administered by CHRO. Among other things, this protects them against employment-related discrimination based on race, color, age, sex, gender identity, and mental or physical disability.

([PA 15-249](#), effective January 1, 2016)

Failure to Pay Wages

With one exception, a new law requires, rather than allows, a court to award double damages plus court costs and attorney's fees if it finds that an employer failed to (1) pay an employee's wages, accrued fringe benefits, or arbitration award or (2) meet the law's requirements for an employee's minimum wage or overtime rates. The double-damage requirement does not apply to employers who show they had a good-faith belief that their underpayments were legal. Such employers must, however, pay the full amount of the wages (less any amount they already paid) plus court costs and

attorney's fees. By law, the labor commissioner can collect unpaid wages and payments or bring a civil suit on the employee's behalf.

([PA 15-86](#), effective October 1, 2015)

Online Privacy

A new act prohibits employers from requesting or requiring an employee or job applicant to provide the employer with a user name, password, or other way to access the employee's or applicant's personal online account (e.g., personal email or social media).

The act also prohibits employers from requiring that employees or job applicants (1) authenticate or access such an account in front of the employer or (2) invite, or accept an invitation from, the employer to join a group affiliated with such an account. The act allows employees and applicants to file complaints with the labor commissioner and allows her to impose certain penalties for violations.

([PA 15-6](#), effective October 1, 2015)

Sexual Harassment Protection for Interns

A new law prohibits an employer from discriminating against or sexually harassing interns, thus giving interns protections similar to those of paid employees. The act makes a violation of its provisions a "discriminatory practice" under state human rights law, which

means a person can file a complaint of an alleged violation with CHRO and pursue a civil action in Superior Court.

([PA 15-56](#), effective October 1, 2015)

Unemployment Taxes

A new law expands the circumstances in which a private-sector employer can discharge or suspend an employee without affecting the employer's unemployment taxes. It does so by creating a "non-charge" against an employer's experience rate for employees discharged or suspended because they failed a drug or alcohol test while off duty and subsequently lost a driver's license needed to perform the work for which they were hired. (The law disqualifies a person from operating a commercial motor vehicle for one year if he or she is convicted of driving under the influence). In effect, this allows the discharged or suspended employee to collect unemployment benefits without increasing the employer's unemployment taxes.

([PA 15-158](#), effective October 1, 2015)

Wage Information Sharing

A new act prohibits employers from taking certain steps to limit their employees' ability to share information about their wages. It bans employers from (1) prohibiting their employees from such sharing; (2) requiring employees to sign a waiver or document that denies their right to such

sharing; and (3) discharging, disciplining, discriminating or retaliating against, or otherwise penalizing employees for such sharing. It specifies that it does not require an employer or employee to disclose any employee's wages.

Employees may bring a lawsuit to redress a violation of its provisions in any court of competent jurisdiction, and employers can be found liable for compensatory damages, attorney's fees and costs, and punitive damages, among other things.

([PA 15-196](#), effective July 1, 2015)

Workers' Compensation Approved Provider Lists

By law, an employer may require its injured employees to receive their workers' compensation-related medical treatment from a list of approved medical care providers. A new act requires an employer who uses such a list to provide a copy of it to an injured employee within two business days after he or she reports a work-related injury or condition to the employer.

([PA 15-5, June Special Session](#), § 52, effective July 1, 2015)

Workers' Compensation Hospital Charges

Under a new law, any charges for workers' compensation-related hospital services rendered before a new fee schedule became effective on April 1, 2015 must be the hospital's actual costs

of treating an injured worker, as determined by a workers' compensation commissioner. (In 2012, a compensation commissioner ruled that a workers' compensation payor must pay a hospital's billed charges, rather than actual costs.) Disputes over a hospital's workers' compensation-related charges must be filed within one year after the initial payment for the services was remitted.

([PA 15-5, June Special Session](#), § 459, effective upon passage)

LAND USE AND ENVIRONMENT

DECD Brownfields Programs Changes

The changes a new law makes to DECD's brownfield remediation programs include:

1. adding new components to the Municipal Brownfield Grant program,
2. increasing maximum loan amounts under the Brownfield Loan Program from \$2 million per year for up to two years to \$4 million per year for an unlimited number of years,
3. making it easier for developers that acquire brownfields they did not contaminate to participate in DECD's program that protects them from liability to the state and third parties, and

4. expanding the range of brownfields DECD can remediate and market to include those the state owned and transferred to other parties.

([PA 15-193](#), effective July 1, 2015)

Microbeads

Starting December 2017, a new law phases in a ban on manufacturing, importing, selling, or offering for sale personal care products and over-the-counter drugs with microbeads (synthetic solid plastic particles of five millimeters or less).

([PA 15-5](#), June Special Session, § 50, effective upon passage)

Vapor Recovery

A new law establishes a procedure for enforcing proper operation of stage I vapor control recovery systems at gasoline dispensing facilities. (Stage I systems prevent the discharge of gasoline vapors into the air when gas is transferred from a delivery vehicle to a facility.) DEEP may place a disabling device on a facility's dispenser if the system (1) was not tested within the past year or (2) is improperly operating. It also allows DEEP to enforce the law on sulfur content of home heating oil and off-road diesel fuel.

([PA 15-160](#), effective July 1, 2015)

TAXES AND FEES

Tax Changes

This session, the legislature made numerous changes to the sales, property, corporation, and income tax laws that affect businesses. Among other things, the budget act:

1. requires members of related corporate entities to determine their Connecticut tax liability based on the group's income or capital base ("combined reporting"),
2. extends the 20% business income tax surcharge for two years,
3. limits the amount of tax liability businesses can reduce with tax credits,
4. increases the marginal income tax rates for filers above certain incomes,
5. increases the sales tax rate on luxury items,
6. eliminates several sales tax exemptions, and
7. caps the motor vehicle tax mill rate.

([PA 15-244](#), various effective dates)

The legislature also made changes to several economic development related tax credit programs, including

increasing the overall cap on tax credits awarded under the Urban and Industrial Sites Reinvestment program, Neighborhood Assistance Act, and Insurance Reinvestment Act.

For more information on these and other tax changes, see [Acts Affecting Taxes](#).

WORKFORCE DEVELOPMENT

STEP Changes and Funding

This session's changes to the STEP program include: (1) generally prohibiting businesses and manufacturers from receiving STEP grants for new employees hired to replace workers they currently employ or terminated, (2) renaming the STEP "new apprentice" program the "preapprentice program" and expanding the eligible employees for which businesses may receive STEP grants, and (3) requiring the labor department to monitor the outside consultants or Workforce Investment Boards it retains to run the programs.

The legislature also authorized up to \$5 million in bonds in each of FYs 16 and 17 for STEP.

([PA 15-127](#), effective October 1, 2015, and [PA 15-1, June Special Session](#), §§ 13(c) and 32 (c), effective July 1, 2015 for FY 16 bond authorizations and July 1, 2016 for FY 17 authorizations)

Pilot Earn-and-Learn Program Task Force

A new law creates a task force to develop, for implementation no later than July 1, 2016, a pilot earn-and learn program at a community-technical college, a state university, and an independent institution of higher education. The pilot program must, among other things, provide opportunities for students of institutions of higher education to engage in applied, work-based learning while earning money to pay for higher education. The task force must submit its report with recommendations to the Higher Education and Workforce Advancement Committee by January 1, 2016.

([SA 15-9](#), effective upon passage)

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