



**Governor Ned Lamont
State of Connecticut**



FACT SHEET
2019 Legislative Session

**SENATE BILL 872
AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR
GENERAL GOVERNMENT**

Summary of Proposal:

This proposal makes various changes to the statutes that are necessary to implement the Governor's budget. See below for description of specific changes.

Reason for Proposal:

To implement the Governor's budget.

Significant Impacts:

Section 1 – Delays the tax incidence report as required in subsection (a) of section 12-7c of the general statutes until February 15, 2022 saving the Department of Revenue Services \$375,000 in FY 20.

Section 2 – Allows state agencies to contract directly with other states.

Section 3 – Repeals the requirement for OPM to create a pilot program that applies "Results First" principles to at least eight grant programs that meet certain criteria by 1/1/19 and report on such program by 4/1/19. Without additional staff, OPM could not create the pilot program. The repeal will streamline agency workload and use of state resources by focusing staff time on core agency services and a renewed focus on performance measurement.

Section 4 – Section 704 of Public Act 17-2, JSS increased the maximum limit on the Budget Reserve Fund (BRF) from 10% to 15%. Unfortunately, an equivalent change to the higher education matching grant that references the BRF was not made and it still references the former 10% BRF maximum. This proposed change would update the language in the higher education matching grant program to the existing 15% maximum BRF limit.

Section 5 – Makes the Finance Advisory Committee (FAC) threshold for higher education agencies consistent with section 4-87 of the general statutes.

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Sections 6 – 9 and 18 are needed to transfer expenditures from the Community Investment Account to the General Fund. Specifically, **sections 6 and 7** require land recording fees currently deposited to the Community Investment Account be deposited into the General Fund. **Sections 8 and 9** are technical changes to remove statutory references to the Community Investment Account which is repealed in **section 18**. The changes provide budget transparency by bringing expenditures for open space preservation, dairy farmer support, farmland preservation, historic preservation and housing on-budget. To implement this change, the Governor’s budget provides General Fund appropriations of approximately \$17.4M to the Departments of Agriculture (\$9.3M), Economic and Community Development (\$2.8M), Energy and Environmental Protection (\$2.8M), and Housing (\$2.5M) in each year of the biennium.

Section 10 – The budget provides \$29,596,908 in FY 20, and \$32,331,732 in FY 21 in Municipal Transition grants to municipalities for the difference between their motor vehicle property tax revenue at 45 mills and their motor vehicle tax revenue if their motor vehicle mill rate had been the same as their real and personal property mill rate, based on the assessment years commencing October 1, 2016, and October 1, 2017, respectively.

Sections 11-13 make minor adjustments to the Connecticut Department of Labor’s (CTDOL) statutes to facilitate modernization of its aged unemployment insurance (UI) information technology (IT) platform through a multi-state consortium. In order to decrease costs of implementation, and streamline onboarding, CTDOL must closely align its UI laws with other member states where possible. Failure to modify CT laws to align with other consortium-member states will result in increased design costs and substantial time delays.

Section 11 requires that special base period determinations (i.e., where an individual has not been working due to workers comp or medical leave of absence) be consecutive. Currently, CTDOL is permitted to look to the most recently employed 12 calendar quarters prior to the individual’s initial claim, regardless of whether the quarters are sequential.

Section 12 eliminates the use of penalty weeks against a claimant’s future filings for individuals who had penalty weeks before 2013 due to a fraudulent claim. In 2013, to comply with a federal change, CTDOL recouped penalty weeks via a monetary penalty. The consortium’s IT system lacks the capacity to apply the monetary collection of penalty weeks to future claims. As a result, the proposed change will cease monetary recoupment of penalty weeks as of October 1, 2019.

Although currently permitted under existing statute, **section 13** explicitly expresses CTDOL’s authority to enter into a consortium and enter into contracts and Memorandum of Understandings.

Section 14 – Establishes an industrial hemp program in accordance with the newly passed amended U.S. Agricultural Marketing Act. To carry out provisions of this section, funding of \$136,000 was provided to the Department of Agriculture for two Agriculture Marketing and Inspection Representative positions and one Fiscal/Administrative Assistant. In addition, one Lab

Technician was provided to the Agricultural Experiment Station at \$45,000. It is estimated that revenues would be approximately \$56,000 in FY 2020 and could grow to \$315,000 in FY 2021.

Section 15 –Requires that any over-collection of State Employees Retirement System funds be returned to the retirement fund. Currently, over-collection of pension funding is deposited as general fund revenue, while under-collections reduce available pension funding, this proposal would make both over-collection and under-collection be treated the same.

Section 16 – Changes the rate at which TRS member accounts are reduced as a result of received retirement benefits. Currently a portion of teacher contributions to the fund are returned to the member's estate when the teacher dies. The current amount that the member's estate receives is based on the members' contributions to the fund (plus interest) reduced by 1/4th of the retirement benefits the member has received. This change would make the reduction equal to one half of any benefits received after 6/30/19. This change is expected to result in a reduction in required state contributions to the fund totaling approximately \$18 million per year.

Section 17 – Removes mileage pay from the wage base used to calculate legislative pensions. This is expected to have a real, though minimal, impact on pension funding.