



2016 MAJOR PUBLIC ACTS



NOTICE TO READERS

The Office of Legislative Research (OLR), with the assistance of the Office of Fiscal Analysis, composed these brief summaries of the most significant, far-reaching, and publicly

debated acts passed by the General Assembly in its 2016 regular and special sessions. (This report updates [2016-R-0103](#) to incorporate summaries of major legislation enacted during the 2016 May and June special sessions, which includes the budget and bond acts, as well as acts affecting economic development, taxes, and social services.) The summaries are listed below by the laws' public act (PA) numbers.

More detailed summaries of the major acts can be found at <http://cga.ct.gov/olr>. The summaries of these and all other PAs will be provided in our *2016 Public Act Summary Book*, which will be available later this year.

OLR also produces a number of specific reports highlighting timely legislation in various policy areas, such as Acts Affecting Children, Municipalities, the Environment, and Businesses and Jobs. These reports will also be available at the above website.

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BANKING

Foreclosures and Small Loans

A new law changes provisions governing foreclosures, small loans, and other banking-related statutes.

With regard to the foreclosure-related provisions, the law, among other things, creates a new process whereby a court may enter a judgment of loss mitigation as an alternative to foreclosure for certain “underwater mortgages,” authorizes foreclosure mediators to excuse certain parties from mediation sessions for good cause, and simplifies the foreclosure by market sale process.

Regarding the changes to the small loan statutes, the law, among other things, expands the scope of activities that require licensure, simplifies the definition of a “small loan,” and converts the existing interest rate structure to an APR capped at the maximum 36% allowed under the federal Military Lending Act.

([PA 16-65](#), various effective dates; the foreclosure provisions are effective October 1, 2016, and the small loans provisions are effective July 1, 2016)

Gift Card Balances

A new law requires (1) someone selling or issuing a gift card to provide the purchaser with an electronic or paper copy of a proof of purchase or gift receipt and (2) someone accepting a gift card as payment for goods or services to provide the purchaser, under specified conditions, with cash for the remaining balance on the card after the purchase.

([PA 16-140](#), effective October 1, 2016)

BONDING

The bond act cancels \$1,000.9 million in previously authorized general obligation (GO) bond projects and \$1.7 million in previously authorized special tax obligation (STO) bond projects. For FY 17, the act authorizes \$358.6 million in new GO bonds and \$70.4 million in new STO bonds. As a result of the act, net indebtedness of the state, measured by GO bond authorization levels, is reduced by \$642.3 million. The treasurer has certified that the package would place the state at 88.34% of the statutory bond cap; the state is approximately \$412.4 million from the 90% threshold for the bond cap.

The new GO authorizations include, but are not limited to, the following:

1. \$181 million for the State Office Building rehabilitation project,
2. \$60 million for a new heating and cooling system at the York Correctional Institution,
3. \$25 million for projects under the Urban Action Program, and
4. \$8 million for transit-oriented development.

The new STO authorizations include, but are not limited to, the following:

1. \$60 million for bus and rail facilities and
2. \$10 million for the State Bridge Program.

CHILDREN AND FAMILIES

Family Assessment Response Program (FAR)

Under FAR, when the Department of Children and Families (DCF) receives a report of child abuse or neglect, it can make referrals to appropriate community providers for a family assessment and services. DCF can make these referrals either when it decides not to investigate a case that it classifies as presenting a

lower safety risk or, if it decides to investigate, at any time during the investigation.

A new law requires DCF, in response to an accepted family assessment report (i.e., an initial determination that a family is eligible for FAR), to conduct a comprehensive family assessment, including an assessment of (1) safety and risk and (2) family strengths and needs. It also prohibits DCF from referring specified types of suspected child abuse or neglect reports to FAR, including sexual abuse and abuse or neglect in an out-of-home placement.

The new law also requires DCF to develop a service plan prior to referring a report designated for FAR to the appropriate community provider. This plan must (1) meet the family's immediate needs for services and supports and (2) guide the community provider's development of the family's long-term care plan. It also requires community providers to develop a plan of care for each family referred for services through the FAR program.

([PA 16-190](#), effective upon passage)

CONSUMER PROTECTION

Residential and Commercial Concrete Foundations

A new law establishes requirements related to the installation and assessment of residential and commercial concrete foundations. Among other things, it (1) establishes additional requirements for obtaining a certificate of occupancy for a new structure for which a concrete foundation was installed; (2) requires municipalities, at an owner's request, to reassess residential properties with foundation problems; and (3) requires the Department of Consumer Protection to investigate the cause or causes of concrete foundation failure.

([PA 16-45](#), various effective dates)

Alcoholic Liquor

New laws extend the hours certain alcoholic liquor permittees may sell or dispense alcohol. They generally allow permittees that sell or dispense alcohol for on-premises consumption (e.g., restaurants, cafes, and taverns) and manufacturer permittees for farm wineries to sell and dispense alcohol an hour earlier on Sunday, starting at 10:00 a.m. instead of 11:00 a.m.

Additionally, farm winery permittees may sell and offer free samples of wine two hours earlier on Monday through Saturday, starting at 8:00 a.m. instead of 10:00 a.m.

([PA 16-103, §§ 2 & 3](#), effective upon passage; [PA 16-117, § 6](#), effective upon passage)

CRIMINAL JUSTICE

Domestic Violence, Orders of Protection, and Firearms Possession

A new law makes changes to various laws relating to orders of protection, service of process, and firearms and ammunition possession.

With regard to the service of civil restraining orders, the law, among other things, (1) revises the civil restraining order application form to allow an applicant to indicate whether the respondent (i.e., the accused) has a firearm eligibility or ammunition certificate and (2) reduces, from five to three, the number of days before a hearing date by which process must be served.

The law extends certain firearms and ammunition prohibitions to a person subject to an ex parte civil restraining or protection order issued in a case involving physical

force.

It also shortens, from two business days to 24 hours, the deadline by which a person who becomes subject to any type of order of protection in a case involving physical force must transfer, deliver, or surrender his or her firearms and ammunition to law enforcement agencies or the Department of Emergency Services and Public Protection (DESPP). It provides for the request and return of firearms and ammunition when an order expires or is rescinded.

([PA 16-34](#), effective October 1, 2016)

Human Trafficking

A new law makes a number of changes to combat human trafficking. Its most significant provisions include the following:

1. requiring hotel, motel, inn, and similar lodging operators to maintain a system to keep records of all guest transactions and receipts for at least six months and ensure that their employees receive training on human trafficking;
2. requiring each state's attorney and municipal police chief to annually report information on trafficking cases and their anti-trafficking efforts to the

Children's and Judiciary committees;

3. expanding the crime of enticing a minor to include enticing a minor age 16 or 17 or someone reasonably believed to be under age 18; and
4. changing the scope of penalties for various trafficking-related crimes, including prostitution; patronizing a prostitute; and trafficking in persons.

([PA 16-71](#), effective October 1, 2016, except the annual reporting requirement for each state's attorney and municipal police chief is effective upon passage)

Juvenile Justice and Related Matters

This session, the legislature passed a law making several changes affecting juvenile detention and other juvenile justice matters, children returning to school after a juvenile justice placement, and other school disciplinary and related matters. The changes include the following:

1. limiting the conditions under which a child may be detained and allowing graduated sanctions as an alternative to detention,

2. requiring the Court Support Services Division to develop and implement a detention risk assessment instrument and adopt release policies and procedures,
3. requiring the Juvenile Justice Policy and Oversight Committee to report to select committees on a plan for a community-based diversion system,
4. requiring schools to offer an alternative education opportunity to a larger category of expelled students, and
5. requiring schools with a disproportionately high truancy rate to implement an approved intervention model.

([PA 16-147](#), various effective dates)

ECONOMIC DEVELOPMENT

Innovation and Entrepreneurship

A new law creates a number of initiatives to stimulate and support innovation and entrepreneurship in Connecticut and funds them by earmarking \$90 million in existing bond authorizations. Among other things, it does the following:

1. creates "CTNext" as a Connecticut Innovations (CI) subsidiary to support the entrepreneurship community

and new business development and oversee the law's new initiatives;

2. creates a program that (a) designates, through a competitive process, compact, mixed-use geographic areas with innovation and entrepreneurship potential as "innovation places" and (b) provides grants to develop these areas;
3. authorizes new mechanisms for CI to fund new businesses (e.g., by investing its funds and funds it receives from state residents in private equity funds) and allows CI to invest in certain later-stage businesses;
4. creates an estate tax reduction, equal to 50% of the eligible investment, for individuals who make investments in private equity funds through CI;
5. establishes a Technology Talent Advisory Committee within the Department of Economic and Community Development to identify talent shortages in technology sectors and develop pilot programs to address them;
6. creates a (a) working group of college and university presidents to develop a master plan for fostering innovation and entrepreneurship at in-

state public and private colleges and universities and (b) mechanism to fund institutions' initiatives that further the master plan; and

7. establishes the Connecticut 500 project, administered by the Commission on Economic Competitiveness, to set and achieve the state's economic development goals (e.g., a net increase of 500,000 jobs over 25 years).

([PA 16-3, May Special Session, §§ 1-35](#), various effective dates)

EDUCATION AND SCHOOLS

Teacher Certification Reform

Under a new law, prospective teachers will no longer have to receive a satisfactory score on the Praxis competency exam for reading, writing, and math as an entrance requirement for teacher preparation programs. Scores on these exams will instead be used to help diagnose the academic weaknesses of those entering the programs. For most types of teacher certification endorsements, an applicant will still be required to pass a Praxis subject matter exam that matches his or her endorsement area.

([PA 16-41, § 4](#), effective July 1, 2016)

Investigatory Measures for Hiring Education Personnel

A new law requires education employers (i.e., boards of education, charter school governing councils, magnet school operators) and contractors who work for them to take additional investigatory steps to determine, prior to employment, whether an applicant for a position with direct student contact has a history of sexual misconduct or abuse or neglect involving children.

Such steps include, among other things, (1) making a good faith effort to contact applicants' previous and current employers using a standardized questionnaire designed by the State Department of Education and (2) requiring applicants to give a written statement about past investigations, discipline, job loss, or license or certificate revocation relating to sexual misconduct or abuse or neglect.

([PA 16-67](#), effective July 1, 2016, with the standardized questionnaire provision taking effect upon passage)

Student Data Privacy

A new law (1) restricts how website and mobile app operators and consultants who contract with

boards of education may process or access student data and (2) requires operators and consultants to use reasonable security practices to safeguard student data. Among other things, it prohibits operators and consultants from using students' personally identifiable information to engage in targeted advertising, and it requires boards to notify parents when contracting with these entities and when such entities experience a security breach involving student data.

([PA 16-189](#), effective October 1, 2016, with certain provisions taking effect upon passage)

EMPLOYMENT

Firefighters Cancer Relief Program

A new law creates a firefighters cancer relief program to provide wage replacement benefits to eligible paid and volunteer firefighters diagnosed with cancer.

The program will be funded through a diversion from the enhanced emergency 9-1-1 program, which is funded through an existing monthly subscriber fee imposed on phone service.

([PA 16-10](#), effective February 1, 2017)

Employee Retirement Account Program

Many private sector employees who previously did not have access to individual retirement accounts (IRAs) will be automatically enrolled in Roth IRAs under a new law, which also creates the Connecticut Retirement Security Authority to establish and administer the retirement account program.

The law's requirements apply to all private sector employers that employ at least five people who are each paid at least \$5,000. Employees must be at least 19 years old and have worked for the employer for at least 120 days.

If the employee does not affirmatively opt in (contribution options are provided), then the employer must automatically enroll the employee with a contribution of 3% of the employee's taxable wages. An employee may opt out of the program by selecting a contribution level of zero.

([PA 16-29](#), effective upon passage, and [PA 16-3, May Special Session, §§ 95-108](#), effective January 1, 2017, except the sections establishing the authority and changing the effective date of parts of PA 16-29 take effect upon passage)

Criminal Record Questions on Applications

A new law prohibits employers from asking about a prospective employee's prior arrests, criminal charges, or convictions on an initial employment application unless (1) state or federal law requires it or (2) the prospective employee is applying for a position for which the employer must obtain a security or fidelity bond or equivalent bond.

([PA 16-83](#), effective January 1, 2017)

ENERGY AND UTILITIES

Shared Clean Energy Pilot Program

Last year, the legislature created the Shared Clean Energy Pilot Program to allow certain customers to purchase subscriptions in a clean energy-powered electricity generating facility for a (1) portion of the total amount of electricity produced or (2) set amount of electricity produced. The subscriber's share of the electricity produced is then used to offset the subscriber's electric costs at another billing meter identified by the subscriber.

A new law requires the program to be financed by one or more tariff mechanisms (i.e., rate schedules) approved by the Public Utilities

Regulatory Authority (PURA) for the state's electric distribution companies (EDCs) (i.e., Eversource and United Illuminating). It also allows the EDCs to (1) purchase power from facilities in the program, (2) issue billing credits to the facilities' subscribers, and (3) recover their costs for implementing the program.

([PA 16-116](#), effective upon passage)

Electric Vehicles

A new law requires (1) the state to collect and analyze data on electric vehicles registered in Connecticut and (2) Eversource and United Illuminating to integrate electric vehicle charging load projections into their distribution planning.

The new law also establishes requirements for public electric vehicle charging stations, including restrictions on what types of vehicles may park in such stations, disclosure requirements for the stations' location and characteristics, subscription and payment requirements, and annual registration requirements.

([PA 16-135](#), effective July 1, 2016)

ENVIRONMENT

Pollinators

Responding to recent declines in pollinator populations, the legislature passed a new law establishing numerous requirements relating to pollinator health and habitats. Pollinators are organisms that spread pollen between flowers, such as bees and butterflies. Among other things, the new law limits neonicotinoid pesticide use and establishes ways to promote new pollinator habitat, including (1) compiling a guide for the public to follow when developing pollinator habitat and (2) involving state agencies in pollinator habitat development.

([PA 16-17](#), effective upon passage)

Increased Animal Cruelty Penalty for Repeat Offenders

A new law increases the penalty, from a class D felony to a class C felony, for a subsequent offense of malicious and intentional animal cruelty. By law, a first offense of malicious and intentional animal cruelty is a class D felony, and specified people are exempt from this crime (e.g., veterinarians following accepted standards of practice).

([PA 16-96](#), effective October 1, 2016)

GOVERNMENT ADMINISTRATION

Sale of State Property

The legislature took the first step towards amending the state constitution by passing a resolution restricting its ability to pass legislation requiring the sale, transfer, or disposal of state property to non-state entities. Under the resolution, the legislature could require such actions only if it (1) holds a public hearing on the subject property and (2) passes, by a two-thirds majority of the membership of each house, an act whose subject matter is limited to such sale, transfer, or disposal.

Because the resolution did not pass by a three-fourths vote in each chamber, it will be referred to the 2017 session of the legislature. If it passes in that session by a majority of each house, it will appear on the 2018 general election ballot. If a majority of those voting in the general election approve the amendment, it will become part of the state constitution.

([Resolution Act 16-1](#), referred to the 2017 legislative session)

Symbol of Access for People with Disabilities

A new law requires the Department of Administrative Services commissioner, by January 1, 2017, to promulgate a policy and adopt regulations designating a new symbol of access for people with disabilities.

The symbol, which replaces the international access symbol, must (1) depict a logo with a dynamic character leaning forward with a sense of movement, be readily identifiable, and be simply designed with no secondary meaning and (2) provide facilitation and accessibility equivalent to the international access symbol.

Among other things, the law also replaces the international access symbol with the new symbol (1) in the state building code; (2) in all buildings and structures constructed, substantially renovated, or expanded on or after January 1, 2017; (3) on special license plates and temporary windshield placards for people with disabilities; and (4) on parking space signs for such individuals that are repaired, replaced, or erected on and after January 1, 2017.

([PA 16-78](#), effective upon passage, except that provisions concerning license plates, placards,

and parking spaces are effective January 1, 2017)

HIGHER EDUCATION

Foundation Transparency

The legislature passed a new law requiring foundations that support Connecticut public colleges and universities to perform specific tasks that increase transparency about their fundraising efforts and expenditures.

Under the new law, these foundations must (1) submit additional fiscal auditor opinions and annual reports to the attorney general and the executive authority of the respective institutions they support and (2) refrain from engaging in any acts prohibited by the state's Solicitation of Charitable Funds Act.

Additionally, the new law requires the UConn Foundation to submit annual filings to the legislature. These filings contain, among other things, a copy of the foundation's most recent IRS form 990 filing, donors' identities (unless the donor requests anonymity), and data about foundation disbursements made to the university. The law also requires the foundation's contract with the university to contain certain provisions about cash compensation

paid by UConn to the foundation and foundation efforts to raise funds each fiscal year for student support (e.g., scholarships, fellowships, awards).

([PA 16-93](#), effective July 1, 2017)

Affirmative Consent

A new law requires public and private Connecticut colleges and universities to use an affirmative consent standard when determining whether sexual activity is consensual as part of their respective policies on sexual assault, stalking, and intimate partner violence. It defines “affirmative consent” as an active, clear, and voluntary agreement by a person to engage in sexual activity with another person.

The institutions’ policies must include clear statements advising students and employees of the standard and describe investigatory procedures for students and employees. An official who is annually trained in these issues must conduct investigations involving student respondents. Additionally, institutions (except for Charter Oak State College) must explain the affirmative consent standard in the awareness programming they offer to students

and employees.

([PA 16-106](#), effective July 1, 2016)

Reciprocity Agreement for Distance Learning Programs

The legislature passed a law requiring the Office of Higher Education (OHE), by January 1, 2017, to enter into a multistate or regional reciprocity agreement that allows Connecticut and its higher education institutions to participate in distance learning programs across the country. The nationwide agreement must (1) establish uniform authorization standards across states and (2) eliminate the need for participating states to assess the quality of a program offered by an out-of-state institution.

Connecticut higher education institutions that seek to participate in the nationwide agreement must submit an application to OHE. The office must approve or reject the application in accordance with the agreement’s terms and establish a schedule of application and renewal fees. The schedule must be graduated based on the number of full-time equivalent students at each institution.

([PA 16-120](#), effective July 1,

2016)

Student Financial Aid

This year the legislature made numerous changes to the Governor's Scholarship Program, the state's financial aid program for Connecticut residents who attend a public or independent higher education institution in the state.

Renamed the Roberta B. Willis Scholarship Program by the act, the program had four award categories under prior law: a (1) need and merit-based ("merit") award, (2) need-based award, (3) performance incentive pool ("incentive award"), and (4) Charter Oak Grant. The legislature eliminated the incentive award category and also made the following changes, among others:

1. established a maximum award amount for the need award and required that, for part-time students, the amount be proportional to that of full-time students;
2. eliminated the requirement that need awards be made according to sliding scales annually determined by the Office of Higher Education (OHE), which administers the scholarship program;
3. revised the criteria for determining how need award funds must be allocated

among higher education institutions;

4. prohibited OHE from making merit award determinations based on the order a student lists institutions on the FAFSA (Free Application for Federal Student Aid);
5. earmarked 2.5% of the program's appropriation for use by the community-technical colleges for financial aid purposes; and
6. capped the percentage of the program's appropriation that must be allocated to the merit award.

([PA 16-179](#), effective July 1, 2016)

HOUSING

Bed Bug Infestations in Residential Rental Properties

A new law establishes a framework for the identification and treatment of bed bug infestations in residential rental properties, including public housing but excluding detached, single family homes. It creates separate duties and responsibilities for landlords and tenants about notice, inspection, and treatment. It also establishes remedies for landlords and tenants when one of these parties fails to fulfill its duties and responsibilities.

Specifically, the new law requires landlords to hire and pay a pest control agent to treat bed bug infestations if they are unable to successfully treat the infestations themselves. It makes tenants financially responsible for subsequent treatment costs for their unit and contiguous units if they knowingly and unreasonably fail to comply with treatment measures.

([PA 16-51](#), effective October 1, 2016)

INSURANCE

Insurance Product Regulation Compact

This session, the General Assembly passed a law adopting the National Association of Insurance Commissioner's Interstate Insurance Product Regulation Compact for life insurance and annuity products in the state of Connecticut. The compact creates the Interstate Insurance Product Regulation Commission, a multistate public entity through which compacting states develop (1) uniform national product standards for life insurance, annuities, disability income, and long-term care insurance products and (2) a centralized filing process for insurers to use for related product filings. An insurer may sell commission-approved products in

each compacting state in which it is licensed to operate.

([PA 16-119](#), effective July 1, 2017)

Tomosynthesis

Beginning January 1, 2017, certain Connecticut health insurance policies must cover mammograms provided by tomosynthesis, a mammographic method that creates a three-dimensional picture of the breast. (Conventional mammograms are two-dimensional.) By law, policies must cover baseline mammograms for women age 35 through 39 and annual mammograms for women age 40 or older. Under the new law, breast tomosynthesis may be provided at the women's request and must be covered by insurance.

([PA 16-82](#), effective January 1, 2017)

JUDICIAL MATTERS

Claims against the State

A new law makes a number of changes to procedures governing claims against the state. It allows the claims commissioner to designate one or more magistrates (i.e., attorneys that meet certain criteria and are chosen by the chief court administrator) to hear and

make recommendations to the commissioner on claims. The new law requires inmates to exhaust their administrative remedies before filing a claim for an injury with the commissioner and limits when the commissioner can waive filing fees for inmates.

The new law also deals with claims that have missed certain statutory deadlines because of procedural problems and requires the commissioner to report to the Judiciary Committee on the status of certain claims.

Additionally, it makes a number of changes to procedures governing and allowable awards for wrongful incarceration claims, including expanding the eligibility criteria for awards and requiring the General Assembly to review any award that exceeds \$20,000 or for which a claimant requests review.

([PA 16-127](#), effective upon passage)

MUNICIPALITIES

Phosphorus Removal Project Grants

A new law allows more municipalities to qualify for increased Clean Water Fund grants to help finance phosphorus removal projects. Under prior law, only

those municipalities that entered into contracts for the projects by July 1, 2018 qualified for the increased grants. The legislature expanded eligibility for these increased grants to encompass municipalities that undertook these projects in the past or might do so in the future through July 1, 2019.

The legislature also modified the permitted phosphorus levels for eligible projects and eliminated a requirement that DEEP prioritize project funding based on permitted phosphorus discharge limits and the amount of phosphorus removed each year.

([PA 16-57](#), effective upon passage)

PUBLIC HEALTH

Medical Marijuana

A new law ([PA 16-23](#)) expands the state's medical marijuana program to include patients who are minors, subject to certain additional requirements and limitations beyond those that apply for adults.

The act also makes various changes to the medical marijuana program, such as (1) adding to the list of qualifying debilitating conditions for adults and (2) allowing the Department of Consumer Protection commissioner

to approve medical marijuana research programs.

Another act ([PA 16-39](#)) allows advanced practice registered nurses, rather than just physicians, to certify patients for medical marijuana use.

([PA 16-23](#), effective October 1, 2016; [PA 16-39](#), provisions about marijuana effective January 1, 2017)

Opioid Drug Abuse

A new law includes various provisions intended to reduce opioid drug abuse and misuse. Among other things, it does the following:

1. prohibits, with certain exceptions, a prescribing practitioner from issuing a prescription for more than a seven-day supply to a minor or an adult for the first time for outpatient use;
2. requires municipalities to update their local EMS plans to ensure that certain first responders are equipped with an opioid antagonist (e.g., Narcan) and trained in administering it;
3. prohibits certain health insurance policies that provide prescription drug coverage for opioid antagonists from requiring prior authorization

for these drugs; and

4. allows any licensed health care professional to administer an opioid antagonist to treat or prevent a drug overdose without civil or criminal liability.

([PA 16-43](#), various effective dates)

PUBLIC SAFETY

Building and Fire Code Adoption Process

A new law changes the process for adopting the state building and fire codes, which are now adopted under the Uniform Administrative Procedure Act (UAPA) (i.e., the act that agencies must follow when adopting regulations). The new law maintains many of UAPA's essential elements, including (1) a notice requirement, (2) a public comment period, and (3) approval by the Legislative Regulation Review Committee. But the committee may waive its review, and if it fails to meet or act on a proposed code or amendment within prescribed deadlines, the code is deemed approved.

([PA 16-215](#), effective upon passage)

REVISED FY 17 BUDGET

The revised FY 17 budget reduces the FY 17 General Fund appropriation by \$847.2 million, from \$18.71 billion to \$17.86 billion, as compared with the originally adopted FY 17 budget.

Budget Balance

The original FY 17 budget contained a \$2.5 million General Fund balance. The revised budget increases that balance by \$20.2 million to \$22.7 million.

Budget Growth

Original FY 17 budget appropriations grew by 3.0% over the original FY 16 appropriations in the General Fund (3.2% all funds). The revised budget has a growth rate of -1.1% in the General Fund (0.3% all funds) when comparing FY 17 revised appropriations to FY 16 estimated expenditures.

Spending Cap

The revised budget is under the spending cap by \$58 million in FY 16 and \$635.3 million in FY 17. This is \$35 million further from the cap than the original FY 16 budget due to the net impact of the deficiency provisions, which include a \$35 million increase to Debt Service (which is exempt from the cap). The revised budget is also \$529.1 million

further from the cap than the original FY 17 budget.

Budget Reserve Fund (BRF)

The revised budget is projected to have a \$22.7 million surplus. Depositing this surplus into the BRF would result in an estimated FY 17 ending balance of \$105.8 million.

Revenue

The revised budget includes various policy changes that yield a net revenue increase of \$272.1 million in FY 17 across the General Fund, Transportation Fund, and the new Municipal Revenue Sharing Fund (MRSF). Most of this net revenue increase (\$234.9 million) results from restructuring the Sales and Use Tax diversions to the Special Transportation Fund, the Municipal Revenue Sharing Account (MRSA), and MRSF. The remaining \$37.2 million results from the net increase in tax and other revenue sources across the General and Special Transportation Funds.

Position Changes

The revised budget eliminates 246 positions and cuts approximately \$32.8 million from all funds across various agencies. In total, Personal Services across all agencies is reduced by \$255 million.

Town Aid

The revised budget eliminates \$246.4 million in FY 17 grants to towns from MRSA, instead establishing MRSF and appropriating \$185 million to that fund. This results in a revenue loss to municipalities of about \$61.4 million.

The revised budget raises the motor vehicle mill rate cap from 32 mills to 37 mills in FY 17, and from 29.36 mills to 32 mills in FY 18 and annually thereafter. The imposition of a motor vehicle mill rate cap results in a revenue loss to municipalities and special taxing districts, and for FY 17 this loss is estimated at \$61.4 million.

The revised budget reduces all municipal aid (including MRSA/MRSF) by \$162.4 million (or 3.6%) from the original FY 17 budget. Revised FY 17 municipal aid is \$123.5 million higher than estimated FY 16 amounts.

Lapse (Bottom-Line) Reductions

The revised budget includes \$88 million in originally budgeted lapses, which are now distributed across agencies' budgets. The revised budget (1) maintains unallocated lapses of \$124.9 million and (2) establishes \$84.4 million in additional targeted lapses. This

results in a net change of \$3.6 million between the original FY 17 budget General Fund lapse amount (\$205.7 million) and the revised budget General Fund lapse amount (\$209.3 million).

([PA 16-2](#), May Special Session, various effective dates)

SENIORS

Elderly Abuse Reporting and Protective Services Expansion Study

A new law broadens the circumstances when the Department of Social Services commissioner must disclose the results of an investigation into suspected elderly abuse, but it limits the type of information that may be disclosed. Beginning July 1, 2016, the commissioner must also develop an educational training program that promotes accurate and prompt elder abuse reporting.

The law also requires the Commission on Aging to evaluate whether the state's current elderly protective services system should be expanded to serve all individuals age 18 and older. (PA 16-3, May Special Session creates the Commission on Women, Children, and Seniors and deems it the successor agency to the Commission on Aging, which it eliminates.)

([PA 16-149](#), effective July 1, 2016)

SOCIAL SERVICES

Autism Spectrum Disorder (ASD) Services

A new law makes the Department of Social Services (DSS), rather than the Department of Developmental Services (DDS), the lead agency for (1) coordinating functions of state agencies that are responsible for ASD services and (2) purposes of applying for funding associated with ASD responsibilities under federal law.

The law also moves the Division of ASD Services from DDS to DSS, but the DDS commissioner retains the authority to investigate reports alleging abuse or neglect of an individual receiving division services. The division provides statewide services to individuals with an ASD diagnosis who do not have a co-occurring diagnosis of intellectual disability.

([PA 16-3, May Special Session, §§ 47-59](#), effective July 1, 2016)

TAXES

Optional Municipal Admission Tax Surcharge

The state imposes a tax on most admission charges for movies,

theaters, sporting events, concerts, amusement parks, and similar places and events. The tax rate is 10% of the charge for most admissions and 6% for movie tickets costing more than \$5.

A new law allows municipalities to tap into this revenue stream by imposing a surcharge of up to 5% of the admission charges (up to 10% of the charges for admissions to Hartford's new Dunkin' Donuts Park baseball stadium). It bars municipalities from imposing the surcharge on pari-mutuel and off-track betting facilities, which are already subject to a local admissions tax, and events whose proceeds go to federally tax-exempt organizations.

([PA 16-3, May Special Session, §§ 185 & 186](#), effective upon passage)

Corporation and Personal Income Tax Reform

Companies operating in multiple states are subject to tax on the portion of their net income attributable to each state in which they do business. These companies must determine where their sales are made in order to calculate the portion of their income that is attributable to each state and thus subject to tax. A new law changes

the “sourcing rules” companies must use to determine which service sales are sourced to Connecticut. The rules apply to both the corporation and personal income tax.

The new rules are market-based, meaning that companies must source their service sales based on where their customers are located or receive the benefit of the services. Prior law required them to source service sales based on where the services were performed (i.e., origination-based sourcing).

The new law also changes the formula taxpayers must use to determine how much of a multistate company’s gains and losses are attributable to Connecticut for personal income tax purposes. (By law, the income from companies organized as pass-through entities flows from the company to the owner, members, or partners where it is taxed as personal income.)

Currently, taxpayers calculate this proportion by multiplying the company’s net income by the average of the percentage of property, payroll, and gross sales in Connecticut. Beginning with the 2017 income year, they will calculate it based on Connecticut sales alone.

([PA 16-3, May Special Session, §§ 202-204](#); corporation income tax provisions are effective upon passage and applicable to income years beginning on or after January 1, 2016, and the personal income tax provisions are effective January 1, 2017 and applicable to income years beginning on or after that date)

TRANSPORTATION

License and Registration Transactions

A new law allows the Department of Motor Vehicles (DMV) to contract with unspecified entities to (1) renew driver’s licenses and identity (ID) cards, (2) issue duplicate licenses and ID cards, and (3) conduct registration transactions. Prior law allowed DMV to contract with automobile clubs and associations (e.g., AAA) to conduct these transactions. The law increases, from \$3 to \$5, the amount AAA may charge for each transaction, and permits the new contractors to also charge a \$5 convenience fee. The new law also allows DMV to authorize municipal departments or offices to conduct these transactions.

([PA 16-55, § 24](#), effective upon passage)

VETERANS AND SERVICE MEMBERS

Veteran-Owned Small Businesses

A new law provides certain veteran-owned businesses with a price preference of up to 15% for certain Department of Administrative Services open-market orders or contracts. These businesses must have a gross revenue of up to \$3 million in the most recently completed fiscal year, and at least 51% of the ownership must be held by one or more veterans.

([PA 16-184](#), effective October 1, 2016)

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