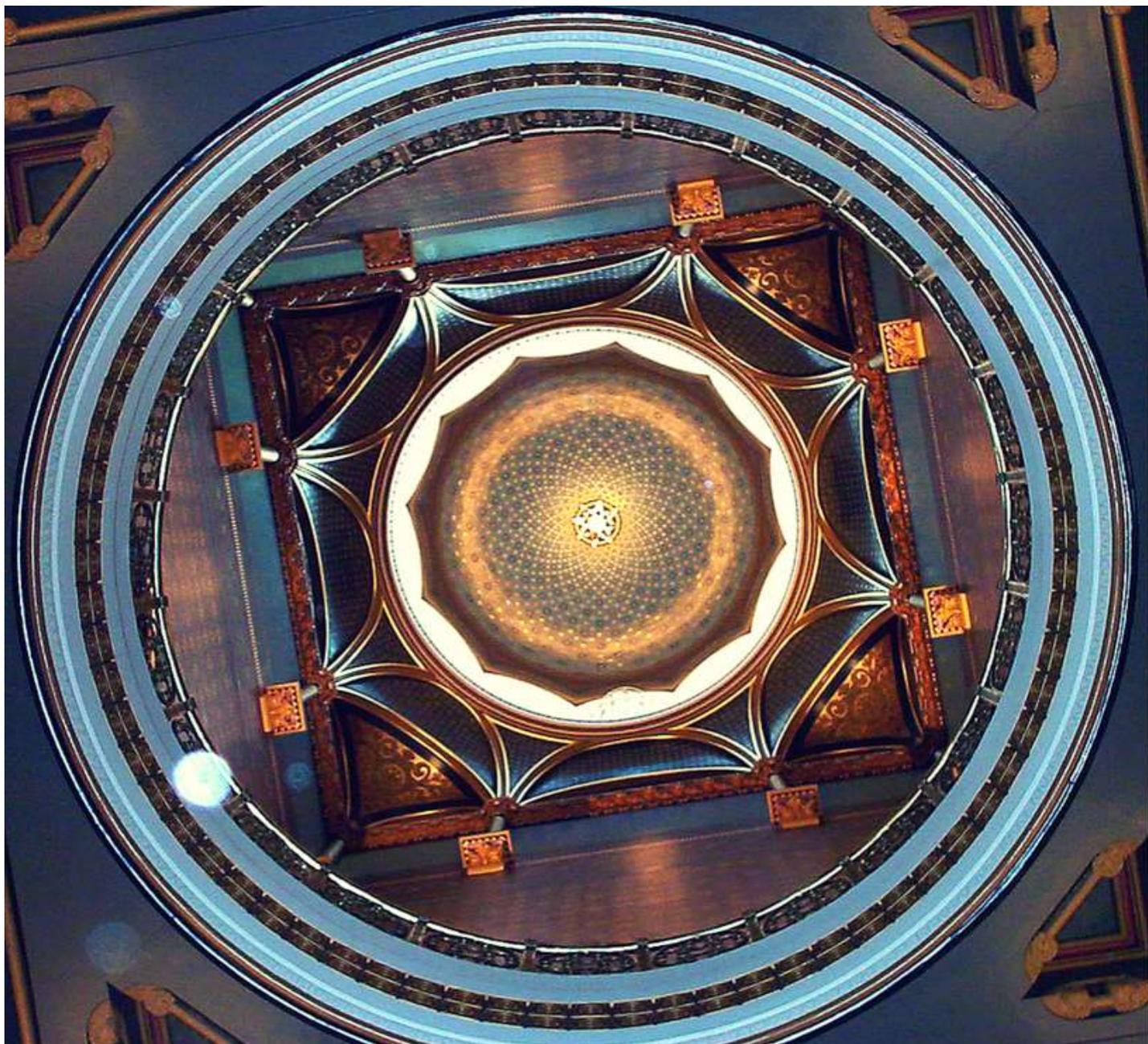


MAJOR PUBLIC ACTS

2018 LEGISLATIVE SESSION



OFFICE OF LEGISLATIVE RESEARCH

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Notice to Readers

These summaries, composed by the Office of Legislative Research (OLR) with the assistance of the Office of Fiscal Analysis (OFA), briefly describe the most significant, far-reaching, and publicly debated acts adopted by the General Assembly in its 2018 regular session. Acts that the secretary of the state has assigned a public act (PA) or special act (SA) number are identified by that number; otherwise, we refer to the bill or resolution number.

Not all provisions of the acts are included. More detailed summaries can be found at <https://cga.ct.gov/olr>. Summaries of the major acts and all other public acts will be provided in our 2018 Public Act Summary Book, which will be available later this year.

OLR also produces a number of “Acts Affecting” reports highlighting legislation in the following policy areas: agriculture, banks, business and jobs, children, criminal justice and public safety, people with disabilities, education, energy, environment, firefighters, health professionals, housing, insurance, municipalities, real estate, seniors, taxes, town clerks and elections, transportation, and veterans and military. These reports will be available on the OLR website in late June.

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Banking

Consumer Protections for Reverse Mortgages

The legislature expanded the counseling and certification requirements for reverse mortgages, a type of mortgage that allows homeowners to convert accumulated home equity into liquid assets. Among other things, the new law requires prospective applicants, or their representatives, to receive counseling from a federal Housing and Urban Development-approved agency before a reverse mortgage lender may accept a final loan application or assess any related fees. Failure to meet the law's counseling and certification requirements is a violation of the state's unfair trade practices law ([PA 18-38](#), effective October 1, 2018).

Major Banking Law Revisions

A new law makes substantial changes to Connecticut banking laws. It grants the banking commissioner new powers over certain license types and extends his existing powers to additional licenses. Among other things, it also:

1. codifies two commissioner orders requiring licensees to use the Nationwide Mortgage Licensing System and Registry;
2. establishes a 36% maximum annual percentage rate for certain small loans;
3. changes the factors considered when deciding to approve a bank application;
4. requires sales finance companies to acquire, maintain, and report certain demographic information; and
5. makes changes to several license types ([sHB 5490](#), as amended by House "A," various effective dates).

Security Freezes

The legislature passed a new law prohibiting credit rating agencies from (1) charging fees to place or remove a credit security freeze and (2) requiring a consumer, as a condition of placing a freeze, to limit claims he or she may have against the agency. The new law also increases, from 12 to 24 months, the length of time certain businesses must provide identity theft mitigation services to customers after a data breach ([sSB 472](#), as amended by Senate "A," effective October 1, 2018).

Bonding

The bond act cancels \$466.3 million in previously authorized general obligation (GO) bond projects, including \$60 million previously set to become effective after FY 19. For FY 19, the act authorizes \$182 million in new GO bonds. As a result of the act, net indebtedness of the state, measured by GO bond authorization levels, is reduced by \$284.3 million. Accounting for the changes to GO authorizations within the bond package, the treasurer has certified that the state will be at 89.33% of the statutory debt limit at the start of FY 19; the state is expected to be approximately \$170.3 million below the 90% threshold for the debt limit at that time.

The new GO authorizations include the following:

1. \$100 million, for projects under the Urban Action Program;
2. \$25 million, for dredging and navigational improvements;
3. \$10 million, for certain school security projects; and
4. \$3 million, for greenways and recreational trails ([sHB 5590](#), as amended by House “A,” effective July 1, 2018).

Budget Revisions

The budget revision act modified appropriations in the General Fund, the Special Transportation Fund (STF), and the Insurance Fund. Under the act, revised FY 19 net appropriations total \$20.9 billion for all appropriated funds. The revised budget has a projected operating surplus of \$8.3 million in the General Fund and \$20.6 million across all appropriated funds ([SB 543](#), various effective dates).

Net Appropriations Changes

The act increases FY 19 General Fund net appropriations by \$207.5 million, from \$18.791 billion to \$18.998 billion, as compared to the originally adopted FY 19 budget. The act’s FY 19 net appropriation increase in all appropriated funds is \$197.2 million, due to a reduction in STF appropriations.

Budget Growth and Spending Cap

Original FY 19 General Fund appropriations grew by 0.5% over the original FY 18 appropriations in such fund (1.1% for all appropriated funds). The revised budget's growth rate is 1.6% in the General Fund (2.1% in all funds), when comparing FY 19 revised appropriations to original FY 18 appropriations. The revised budget is under the spending cap by \$734.4 million in FY 18 and \$0.5 million in FY 19.

Budget Reserve Fund (BRF) and Volatility Cap

The state's "volatility cap" law limits the amount of estimated and final income tax payment revenue that is available to the General Fund and requires all revenue received in excess of that amount (currently \$3.15 billion) to be deposited in the BRF. The revised budget requires the cap to be adjusted annually by the five-year growth rate in state personal income. For FY 19, this adjustment increases the volatility cap by 1.5% to \$3.197 billion, increasing General Fund revenue by \$47 million and reducing the amount available to the BRF by the same amount.

Municipal Aid

The legislature made three major changes to original FY 19 budgeted municipal aid by:

1. providing \$15.7 million in additional funding for Motor Vehicle Mill Rate Cap reimbursement grants, which ensures that towns are reimbursed at their current mill rates, rather than at their FY 15 mill rates, for the revenue loss resulting from the motor vehicle mill rate cap;
2. providing \$2.9 million in Education Cost Sharing funding for students displaced by Fall 2017 Caribbean hurricanes; and
3. prohibiting the Office of Policy and Management (OPM) from achieving any bottom line budgeted lapses via municipal aid reductions, and eliminating a specific lapse in the original FY 19 budget that was to be achieved via municipal aid reductions (this municipal aid lapse was to be distributed based on the cost of the Renters' Rebate Program in each town).

Overall, the revised FY 19 budget increases municipal aid by about \$21 million over original FY 19 amounts.

Criminal Justice and Public Safety

Bump Stocks

A new law generally makes it a class D felony for anyone to sell, transfer, purchase, possess, use, or manufacture a “rate of fire enhancement” (e.g., a bump stock). The law, among other things, (1) exempts manufacturers fulfilling military contracts; (2) provides a 90-day grace period for individuals, including military personnel, who move into or return to the state to render their rate of fire enhancement permanently inoperable, remove it from Connecticut, or surrender it to the Department of Emergency Services and Public Protection (DESPP); (3) reduces the penalty to a class D misdemeanor for certain first time offenders who possess valid firearms permits and eligibility certificates; and (4) gives the court specific discretion to suspend prosecution for violations not serious in nature ([PA 18-29](#), most provisions effective October 1, 2018).

Dominant Aggressor in Family Violence Complaints

A new law (1) requires a peace officer, in responding to a family violence complaint made by two or more opposing parties, to arrest the person the officer determines is the dominant aggressor and (2) gives the officer immunity from civil liability based on these actions. It establishes the factors a peace officer must consider in determining who the dominant aggressor is, such as the need to protect domestic violence victims, whether one person acted to defend him- or herself or a third person, and the relative degree of any injury. The act does not prohibit dual arrests, but discourages them when appropriate ([PA-18-5](#), effective January 1, 2019).

Juvenile Justice

Starting July 1, 2018, a new law transfers, from the Department of Children and Families (DCF) to the judicial branch, legal authority over any child who was committed to DCF as a delinquent pursuant to a juvenile court order entered before that date. The branch's Court Support Services Division must, in turn, assume responsibility for supervising the children. The act also makes several other changes to juvenile justice laws, such as (1) limiting and modifying the ways that a juvenile court may dispose of a delinquency adjudication and adding to the factors the court must consider when making a disposition, (2) modifying the probation conditions the court may order, and (3) imposing various new juvenile justice-related reporting requirements on the Juvenile Justice Policy and Oversight Committee and certain state agencies ([PA 18-31](#), various effective dates).

Pregnant Inmates

The legislature made several changes in laws that govern the treatment of inmates by the Department of Correction, primarily establishing new requirements applicable to pregnant inmates. Among other things, the act:

1. requires that each inmate be assessed for pregnancy upon admission to the correctional institution;
2. gives pregnant inmates the right to receive specified services and supplies, including counseling, medical care, and appropriate clothing and sanitary materials; and
3. generally prohibits the use of restraints on pregnant inmates, including during transportation, labor and delivery, and during the postpartum period ([PA 18-4](#), various effective dates).

Sexual Assault Evidence Collection Procedures

Under a new law, health care facilities that collect sexual assault evidence must contact a sexual assault counselor when a person who identifies himself or herself as a sexual assault victim arrives at the facility. The new law also requires (1) DESPP, by October 1, 2018, to implement an electronic tracking system for sexual assault evidence collection kits and (2) the Commission on the Standardization of the Collection of Evidence in Sexual Assault Investigations to develop guidelines on how to use the kits and policies and procedures to ensure that each victim has access to information about his or her kit ([sSB 17](#), as amended by Senate “A,” effective July 1, 2018).

Education

Food Allergies in Schools

The legislature made several changes to education laws to better protect public school students with life-threatening food allergies. The changes include:

1. permitting any student with a medically diagnosed life-threatening allergic condition to possess and self-administer his or her medication with written authorization;
2. requiring school transportation carriers, by June 30, 2019, to provide specified training to all school bus drivers, including training on identifying anaphylaxis symptoms and administering EpiPens; and
3. extending the protections of the “Good Samaritan” law to cover school bus drivers rendering certain emergency first aid in response to a student's allergic reaction ([sHB 5452](#), as amended by House “A,” effective July 1, 2018).

Institutional Aid for Undocumented Students

A new law allows certain students without legal immigration status, including honorably discharged veterans, access to institutional aid to attend a state public higher education institution. The act extends eligibility to these students if they meet certain residency, age, and criminal history requirements and file with the institution an affidavit about their intent to legalize their immigration status ([PA 18-2](#), effective upon passage).

Program Approval for Independent Institutions of Higher Education

A new law (1) extends for two years, until July 1, 2020, the existing exemption for certain nonprofit, independent higher education institutions from the Office of Higher Education's (OHE) approval process for new programs and program modifications and (2) limits the new program exemption to 12 programs per year. It also adds new filing requirements for eligible institutions, requiring them to file an OHE-created form prior to students enrolling in any new or modified program ([PA 18-33](#), effective July 1, 2018).

Required Courses of Study in Public Schools

The legislature modified the required courses of study for public schools to include holocaust and genocide education, as well as opioid use and related disorders instruction ([PA 18-24](#) and [sHB 5446, § 2](#), as amended, both effective July 1, 2018).

It also added the following topics to those that the State Board of Education (SBE) must encourage and assist boards of education to include in their instructional programs: (1) climate change, consistent with the state's Next Generation Science Standards, and (2) the state's Safe Haven Act, which allows a parent, or a parent's lawful agent, to voluntarily give up custody of an infant, who is no more than 30 days old, to an emergency room without being arrested ([sHB 5360, § 6](#), as amended by House "A," effective October 1, 2018; [sHB 5446, § 2](#), as amended, effective July 1, 2018).

Teacher Alternative Route to Certification (ARC)

Under a new law, SDE must develop or approve an ARC program that will make it easier for people in specified alternate professions (e.g., paraeducators and veterans) to qualify for an initial educator certification (the first level of the state's three certification levels). Starting July 1, 2019, SBE must issue an initial certification to those who (1) successfully complete the new ARC and (2) meet the teacher certification testing requirements or related exceptions ([PA 18-34, § 2](#), effective July 1, 2018).

Energy and Environment

Greenhouse Gas Reductions

The legislature passed a law establishing a new interim greenhouse gas (GHG) emission reduction requirement. Existing law requires the state to reduce its GHG emissions to a level that is at least (1) 10% below 1990's emission level by 2020 and (2) 80% below 2001's emission level by 2050. The new law requires the state to also reduce its emissions level to one that is at least 45% below 2001's emissions level by 2030. It also integrates GHG reductions into various state planning efforts and documents, such as the state's Comprehensive Energy Strategy and its plan of conservation and development ([SB 7](#), as amended by Senate "A," effective upon passage).

New Clean Energy Programs

New legislation requires the Department of Energy and Environmental Protection (DEEP) and the Public Utilities Regulatory Authority (PURA) to develop new tariff-based renewable energy programs that generally require electric distribution companies (EDCs, i.e., Eversource and United Illuminating) to develop a procurement plan and 20-year tariffs (detailed rate schedules) for purchasing energy and renewable energy credits (RECs) from certain low-emission, zero-emission, shared clean energy, and residential Class I renewable energy sources.

The new law sets various requirements and conditions for the programs, including eligibility criteria for participants and caps on the aggregate total megawatts annually available under certain programs. Customers in certain programs will also be able to choose between a (1) "buy-all, sell-all" tariff under which the EDC will purchase all energy and RECs generated by the customer's system or (2) "net export" tariff under which the EDC will purchase any energy the customer produced but did not consume during a PURA-determined time period, plus all RECs generated by the customer's system ([PA 18-50, § 7](#), effective upon passage).

Renewable Portfolio Standard (RPS)

The state's RPS law requires EDCs and retail electric suppliers to procure an increasing portion of their power from certain renewable and other clean energy resources. For example, in 2018, at least 17% of their power must come from Class I renewable energy sources (e.g., fuel cells, solar, and wind).

Under prior law, this requirement would have hit 20% in 2020, and then stayed at that level. But under a new law, the Class I RPS will increase to 21% on January 1, 2020, and then further increase to specified percentages each year until it reaches 40% on January 1, 2030 ([PA 18-50, §§ 1-4](#), effective upon passage).

Sewage Spill Notice

A new law adds to the reporting requirements applicable to sewage treatment plants and collection systems. Specifically, beginning July 1, 2018, plant or system operators must, within two hours of becoming aware of a sewage spill, electronically report to DEEP about it. And if a spill exceeds 5,000 gallons, or is expected to do so, the operator must also notify the chief elected municipal official where the spill occurred, and the official must then also notify the public and public officials in other affected towns (i.e., downstream) of the spill. Failure to file is a violation and subject to civil or criminal penalties, as applicable ([sHB 5130, § 2](#), as amended by House “A,” effective upon passage).

Government Administration and Elections

Constitutional Amendment Protecting State Real Property

The legislature adopted a resolution proposing a constitutional amendment that, with limited exceptions, prohibits the legislature from enacting legislation requiring a state agency to sell, transfer, or otherwise dispose of real property or an interest in real property to non-state entities.

Under the resolution, the legislature may require an agency to take these actions only if the legislature (1) holds a public hearing on the sale, transfer, or disposition of the subject property or interest and (2) passes an act whose subject matter is limited to the same. The resolution imposes additional requirements for real property under the control of the Department of Agriculture or DEEP ([SJR 35](#), which will appear on the November 6, 2018 general election ballot; if a majority of those voting on the amendment in the election approves it, it will become part of the state constitution).

National Popular Vote

A new law adopts the interstate compact entitled “The Agreement Among the States to Elect the President by National Popular Vote,” under which Connecticut commits its presidential electors to the national popular vote winner in a presidential election. Any state or Washington, D.C. may join the compact, which takes effect when enough jurisdictions have done so to cumulatively possess a majority of Electoral College votes (270). To date, Washington, D.C and 11 states, including Connecticut, have adopted the compact. Together they hold 172 electoral votes ([PA 18-9](#), effective upon passage).

Insurance and Real Estate

Crumbling Foundations Insurance Surcharge

A new law establishes a \$12 homeowners insurance surcharge and requires that approximately 85% of the proceeds be deposited in the Crumbling Foundations Assistance Fund to assist homeowners with concrete foundations damaged by pyrrhotite. The surcharge begins on January 1, 2019 and sunsets after 11 years ([sHB 5209, § 1](#), as amended by House “B,” effective January 1, 2019, and applicable to policies delivered, issued, or renewed on or after that date).

Essential Health Benefits

A new law requires individual and small employer group health insurance policies to cover 10 essential health benefits and prohibits the policies from including annual or lifetime limits on their dollar value. The benefits, which most policies must already cover under the federal Affordable Care Act, include ambulatory patient services, emergency services, hospitalization, maternity and newborn health care, mental health and substance use disorder services, prescription drugs, rehabilitative and habilitative services, laboratory services, preventive and wellness services, and pediatric services. The new law also requires insurance policies to cover contraceptive drugs, devices, and products approved by the U.S. Food and Drug Administration, including a 12-month supply when prescribed by a licensed physician, physician assistant, or advanced practice registered nurse ([PA 18-10](#), effective January 1, 2019).

Health Carrier and Hospital Contract Disputes

A new law seeks to lessen the impact of contract disputes between health carriers and hospitals. Under the law, health carriers and hospitals must continue to follow a contract’s terms and conditions for at least 60 days after a nonrenewal or termination unless they (1) mutually agree to end the contract early and (2) make a good faith effort to notify all impacted patients at least 30 days before the contract ends. If the parties renew or enter into a new contract during the 60 day period, the contract’s reimbursement terms must be retroactive to the date the original contract ended ([sHB 5383](#), as amended by House “A,” effective July 1, 2018 and applicable to contracts entered into, renewed, amended, or continued on or after that date).

Prescription Drug Pricing

Under a new law, pharmacy benefit managers and health carriers must report to the insurance commissioner information on prescription drug rebates and outpatient prescription drug costs and expenses, respectively. The law also requires, among other things, (1) the Office of Health Strategy

(OHS) to annually identify up to 10 outpatient prescription drugs provided at substantial state cost, (2) drug manufacturers to report to OHS information on those drugs, and (3) health carriers to certify that they account for all rebates in plan premiums ([PA 18-41](#), effective January 1, 2020).

Labor and Economic Development

Apprenticeship Initiative

The bond act establishes a new initiative, called “Apprenticeship Connecticut,” to develop workforce pipeline programs that train qualified entry-level workers for jobs with manufacturers and employers in sectors experiencing workforce shortages. It earmarks \$50 million in economic development bonding to be transferred to the labor department to fund the workforce pipeline programs ([sHB 5590, §§ 45 & 51](#), as amended by House “A,” effective July 1, 2018).

Economic Development Tax Incentives

This session, the legislature passed laws creating and modifying business tax incentives. One new law seeks to increase the flow of venture capital to the state by allowing a state personal income tax deduction for the income a venture capital fund’s general partners receive from investing in Connecticut-based bioscience businesses. They may claim this deduction only for income from eligible investments made on or after January 1, 2018 through a fund established on or after that date ([sSB 266](#), as amended by Senate “A,” effective July 1, 2018, and applicable to tax years beginning on or after January 1, 2018).

Another new law allows manufacturers organized as pass-through businesses (e.g., partnerships or limited liability companies) to claim the existing apprenticeship credit against their personal income taxes instead of selling, assigning, or transferring it to a corporation or other type of business that owes business taxes. By law, the credit is the lesser of \$6 per hour, \$7,500, or 50% of the actual apprenticeship wages ([PA 18-80](#), effective July 1, 2018, and applicable to income and taxable years on or after January 1, 2018).

Pay Equity

A new law generally prohibits employers from asking about a prospective employee's salary history. The prohibition does not apply if (1) the prospective employee voluntarily discloses his or her salary history or (2) a federal or state law specifically authorizes the disclosure or verification of salary history for employment purposes. Employers may ask about the other elements of a prospective employee's compensation structure, but not about their value ([PA 18-8](#), effective January 1, 2019).

Municipalities

Municipal Budget Deadlines

Generally, to amend a charter, a municipality must (1) ask the General Assembly to make the change in the municipality's special act charter or (2) in the case of home rule charters, establish a charter revision commission and comply with statutory procedures. A new law authorizes municipal legislative bodies to, by a two-thirds vote, amend budget adoption dates in their charters (e.g., budget presentation and referenda deadlines), providing some relief to municipalities that have struggled to adopt budgets in light of uncertain state aid ([PA 18-12](#), effective upon passage).

Renters' Rebate

The budget revision act eliminates the requirement under the Renters' Rebate Program that OPM annually recover from each municipality 50% of the cost of issuing rebates, up to \$250,000. It thus shifts responsibility for funding the program entirely back to the state.

By law, the Renters' Rebate Program provides rent and utility reimbursements to older adults or totally disabled renters whose incomes do not exceed certain limits. Individuals apply annually to local assessors or their agents between April 1 and October 1 for reimbursement for payments made in the preceding calendar year ([SB 543, § 34](#), effective July 1, 2018).

Public Health

Opioid Abuse

In recent years, the legislature has passed various measures intended to reduce opioid abuse and misuse. This year, the legislature further addressed this issue.

Among other things, a new law (1) requires the Chief Court Administrator to study the feasibility of establishing an opioid intervention court; (2) prohibits prescribing practitioners from prescribing certain controlled substances to themselves or immediate family members, except in emergencies; (3) authorizes prescribers to enter into agreements to distribute opioid antagonists to certain entities (e.g., community health organizations and law enforcement agencies); and (4) requires hospitals and emergency medical services personnel that treat patients for an opioid overdose to report the overdose to the Department of Public Health (DPH) ([sSB 483](#), as amended by Senate "A" and House "A", various effective dates).

Another new law requires, among other things, (1) Department of Consumer Protection-registered drug manufacturers and wholesalers to operate a system to identify and report suspicious controlled substance orders; (2) practitioners (e.g., physicians, veterinarians) to conduct annual, rather than biennial, controlled substance inventories; and (3) retail and institutional pharmacies to maintain a perpetual inventory of schedule II controlled substances (e.g., morphine, oxycodone) ([PA 18-16](#), effective January 1, 2019).

Regulation of Whiting Forensic Hospital

In December 2017, the governor issued Executive Order 63, which designated the Whiting Forensic Hospital as an independent division within the Department of Mental Health and Addiction Services (DMHAS), instead of a division of Connecticut Valley Hospital.

A new law makes various changes affecting Whiting Forensic Hospital, such as (1) subjecting the hospital to DPH licensure and regulation; (2) requiring DPH, by January 1, 2019, to conduct an on-site inspection and records review of the hospital; (3) establishing a task force to evaluate DMHAS facility operations and conditions; and (4) establishing the mandatory reporting and investigation of suspected patient abuse at DMHAS-operated behavioral health facilities ([sSB 404](#), as amended by Senate “A,” various effective dates).

Sober Living Homes

A new law addresses the oversight of sober living homes by, among other things, (1) allowing a certified sober living home’s owner to report the home’s certified status to DMHAS; (2) requiring DMHAS to post on its website a list of these certified homes, as well as the number of available beds at each home, and update the information weekly; and (3) establishing certain advertising requirements and restrictions for operators. It also requires operators who report their home’s certified status to maintain at least two doses of an opioid antagonist (i.e., Narcan) on the premises, and train all residents in how to administer it, whenever the home is occupied by at least one resident diagnosed with an opioid use disorder ([sHB 5149](#), as amended by House “A,” effective October 1, 2018).

Social Services

HUSKY A Medicaid Eligibility

The legislature expanded Medicaid eligibility for parents and caretakers under HUSKY A by raising the income limit from 133% of the federal poverty level (FPL) to 150% FPL (e.g., from \$27,637 to \$31,170 for a family of three for 2018), reversing a cut made in the 2017 budget act ([PA 17-2](#),

June Special Session (§§ 138 & 139)). Because federal law requires states to provide transitional medical assistance for a period of time after a person loses eligibility due to earned income, many of those affected by the 2017 cut would have lost Medicaid eligibility this year had the cut not been reversed ([SB 543, § 48](#), effective July 1, 2018).

Medicare Savings Program (MSP)

The budget revision act eliminates a decrease in MSP eligibility that was scheduled to take effect July 1, 2018. In doing so, it maintains the program’s current income eligibility limits shown in Table 1 below.

By law, the MSP covers certain Medicare cost-sharing for low-income Medicare beneficiaries. It generally consists of three separate tiers: (1) Qualified Medicare Beneficiaries (QMB), (2) Specified Low-Income Medicare Beneficiaries (SLMB), and (3) Qualified Individual (QI). MSP eligibility is based on the FPL, which is adjusted annually, and applicants at the lowest income levels qualify for the most benefits ([SB 543, § 13](#), effective July 1, 2018).

Table 1: Current MSP Income Limits

MSP Tier	Individual Income Limit (% FPL)	Individual Annual Income Limit
QMB	Less than 211%	\$25,615
SLMB	211% to 231%	\$28,043
QI	231% to 246%	\$29,864

Wages for Providers of Services to Individuals with Intellectual Disabilities

A new law allows the OPM secretary to allocate available FY 19 funds to increase the wages of certain employees who provide employment, day, and behavioral services and group home services to individuals with intellectual disabilities. It requires providers of these services to certify that they will use the funds only to increase, by January 1, 2019, (1) employees’ minimum wage to at least \$14.75 per hour and (2) wages for employees earning between \$14.76 and \$30.00 per hour, by up to 5%. OPM must also reimburse the providers, within available appropriations, for the cost of employer taxes, increased benefits, and other associated costs ([SA 18-5](#), effective upon passage).

Taxes

State's Response to Federal Tax Reform

In response to the federal Tax Cuts and Jobs Act of 2017, the legislature passed a new law making several state and local tax changes.

Two of its provisions are designed as workarounds to the new \$10,000 cap on the federal deduction for state and local taxes (SALT). The first is a new entity-level income tax on most pass-through businesses that is offset by a state personal or corporation income tax credit for the entity's members. Because entity-level taxes remain deductible at the federal level, pass-through businesses will be able to claim this new state tax as a deductible expense against their federal taxes and pass along the benefit of the deduction to their members. The second provision allows municipalities to provide a property tax credit to eligible taxpayers who make voluntary payments to municipally-approved nonprofits (i.e., community supporting organizations) and is designed to allow taxpayers that make these payments to claim a federal charitable contribution deduction for the donation to the nonprofit.

The new law also addresses additional provisions of the federal tax law, including bonus depreciation, asset expensing, and business interest deductions; repatriated foreign income; and gift and estate tax thresholds ([PA 18-49](#), various effective dates).

State Sales Tax Nexus

A new law expands the conditions under which out-of-state retailers must collect and remit sales tax on their Connecticut sales. It requires "marketplace facilitators" to be considered retailers for the sales they facilitate for sellers on their forum and to collect and remit sales tax on those sales. Marketplace facilitators are generally businesses that facilitate the sale of goods and services for sellers by providing a forum that lists or advertises the sellers' goods and services; they collect receipts from customers and remit payments to sellers. The new law also establishes sales and use tax notice and reporting requirements for referrers (i.e., people and businesses who connect sellers and consumers for a commission or fee) ([SB 417](#), as amended by Senate "A," effective December 1, 2018).

Transportation

Port Authority and Marine Pilots

A new law expands the powers of the Connecticut Port Authority, authorizing it to, among other things, (1) enter into joint ventures to form businesses to advance the authority's purposes; (2) charge fees for its services; and (3) provide loans, grants, and other forms of financial assistance. The new law also exempts certain recreational vessels from the state's pilotage requirement, which generally mandates that vessels entering or departing from a state port or crossing the Long Island Sound take on board a licensed marine pilot to help navigate the vessel in or out of port ([HB 5309](#), as amended by House "A," effective October 1, 2018).

Public Transit and Special Transportation Fund (STF) Shortfall

Prior to the 2018 session, the transportation commissioner announced proposed public transit fare hikes and service reductions that he would implement July 1, 2018, absent additional STF revenue, in order to cover a projected STF shortfall for FY 19. The legislature avoided these fare hikes and service cuts by modifying STF appropriations and accelerating the transfer of motor vehicle sales tax to the STF ([SB 543, §§ 2, 62, & 63](#), effective July 1, 2018)

Veterans

Veterans Benefits

The legislature extended certain benefits, available to veterans honorably discharged or released under honorable conditions from active service in the armed forces, to veterans who (1) were discharged under conditions other than dishonorable or for bad conduct and (2) have a qualifying condition (i.e., a diagnosis of post-traumatic stress disorder or traumatic brain injury made by, or a military sexual trauma experience disclosed to, an individual licensed to provide care at a U.S. Department of Veterans Affairs facility). The benefits extended include (1) tuition waivers for the state's public colleges and universities if the veteran served in time of war; (2) state-mandated wartime property tax exemptions (minimum \$1,500); (3) motor vehicle license and registration fee exemptions, under certain conditions; and (4) temporary aid (such as food, clothing, and medical aid) from the Soldiers, Sailors and Marines Fund ([PA 18-47](#), most provisions effective October 1, 2018).