LEGISLATIVE ISSUES BOOK

CONNECTICUT HOUSE REPUBLICANS

QUI TRANSTULIT SUSTINET

2019-2020

BUDGET OVERVIEW
SALES TAX EXPANSION
TRANSPORTATION FUNDING
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Legislative Process

The General Assembly operates on a biennial (two-year) calendar, which includes a long legislative session (January to June) during odd-numbered years, and a short session (February to May) during even-numbered years. The House and Senate adopt rules each biennium governing the committee process and the House and Senate proceedings, which are published in the *Connecticut Legislative Guide*. The House and Senate also follow the *Rules and Precedents of the General Assembly* and *Mason's Manual of Legislative Procedure.*

The House of Representatives consists of 151 members. The Senate consists of 36 members. The Speaker of the House and the President Pro Tempore of the Senate – members of the majority party – are elected every two years by the full membership of their respective chambers. The Lieutenant Governor presides over the Senate debate.

Biennial Budget

The General Assembly enacts a biennial budget during the long session and makes budget adjustments during the short session. The state fiscal year runs July 1 through June 30.

At the start of each session, the Governor addresses a joint convention of the General Assembly to outline his priorities for the budget. The Governor's spending proposals are sent to the Appropriations Committee, while tax proposals are sent to the Finance, Revenue, and Bonding Committee. Other initiatives are sent to their respective committees (e.g., education initiatives to the Education Committee, crime initiatives to the Judiciary Committee.) After the committees hold hearings on the Governor's budget, the Appropriations Committee will then produce its own budget and the Finance Committee typically approves its own tax package. The Office of Policy and Management (OPM) serves as the Governor's budget office. The Office of Fiscal Analysis (OFA) is the General Assembly's budget office.

Introducing Bills and Amendments

Legislators can introduce bills on any matter during a long session, but bills introduced during a short session are restricted to budgetary matters, although committees are not subject to this restriction. Legislators may begin submitting legislation the day after election with a deadline for bill submission shortly after the start of the session. Legislators work with caucus attorneys and the Legislative Commissioner's Office (LCO) to draft proposals. The House and Senate refer proposed bills to the appropriate committee – legislators do not actually introduce bills in committee. Proposed bills are initially stated in informal language and are fleshed out in committee. If a committee approves a bill, it is reprinted as a File Copy before the bill is taken up in the House or Senate. The File Copy includes the text of the bill, a bill analysis produced by the Office

of Legislative Research (OLR), and a fiscal note, which lays out a bill's cost and/or revenue impact produced by OFA.

Legislators may propose amendments to bills in committee, in the House or in the Senate. Amendments offered in committee may be offered verbally or in writing, depending upon the committee's guidelines. Amendments offered in the House or in the Senate must be drafted by LCO and must include a fiscal note produced by OFA. Amendments may propose modifications to the underlying bill, but often times, amendments propose to "strike" the underlying bill and substitute new language.

Since the majority party sets the agenda for debate in committee and in the House and Senate, and writes the bills to be voted on, the amendment process is critical to the minority party's ability to craft legislation and debate issues it thinks are important.

Committees

Committees are joint committees made up of members of the House and Senate. Committees have two chairpersons – one senator and one state representative – appointed by the majority parties. Ranking members are the minority party's highest-ranking members on a committee. Typically, the ranking members work with the chairs to ensure that the minority has a voice in matters before a committee.

Committees hold public hearings at which time legislators hear input from the public, agency heads, and other legislators on proposed legislation. Votes on proposed legislation are held at a later date, if at all, and the chairs of the committees decide which bills will be brought to a vote.

Voting

Roll call votes on bills in committee and in the House must be recorded; this includes a tally of each member's vote. No recording is done if a voice vote is taken. Votes on amendments in committee and in the House or Senate may be done by roll call or voice vote. Committees frequently approve multiple consensus items on a consent calendar to expedite the process. Votes on the consent calendar are usually unanimous. Any member can request that a particular item be pulled from the consent calendar and that it be voted on by roll call. Prior to voting in committee and in House and Senate sessions, members of the different parties meet separately in caucus to review the agenda and to determine their respective strategies for debate.

Special Session

The State Constitution specifies a deadline for the General Assembly to complete its work each year, but the General Assembly and the Governor each have the authority to call a special legislative session. In recent years, the General Assembly has held special sessions to make minor changes to the budget, override vetoes, extend the conveyance tax, and other issues.

State Budget

▼ *Setting for Recent Budget Activity*

Two months after the 2018 election, recently-elected Ned Lamont took over as Governor going into the 2019 legislative session and facing General Fund biennial budget deficit of approximately $3.6 billion for FY 20 (7/1/19 to 6/30/20) and FY 21 (7/1/20 to 6/30/21) – the biennial budget.

Fortunately, thanks to Republicans' involvement in negotiating the previous biennial budget, the state, for the first time in recent history, had an effective set of financial caps on spending and borrowing. These caps would prove to be important tools to stop Governor Lamont from increasing spending significantly and for the Governor to use as a defense against Democrat legislators looking to spend even more. As a companion to the caps, Republicans have advocated for years to save or invest tax revenue that exceeded projected amounts. Finally, in 2017, two measures were put into law as tools to start refilling our Rainy Day Fund. This led to a $1.2 billion Rainy Day Fund when the Governor took office, and that cushion was expected to grow to almost $3 billion within a period of two years.

2019 SESSION BUDGET

▼ *2019 – Governor Lamont's Biennial Budget Proposal*

In addition to the burden of a billion-dollar broad-based toll proposal, Governor Lamont offered a biennial budget proposal that targeted the middle class to fix the deficit. On the tax side of the ledger, the Governor included a plastic bag tax, a sugary beverage tax, an additional tax on liquor, and a first-ever sales tax on hair salons, veterinarians, nail salons, dry cleaning, accounting, and other services.

On the spending side of the Governor's budget, one of the most controversial proposals was to shift a portion of the state's contributions to Teachers' Retirement onto cities and towns. While calling for additional funding for transportation infrastructure, Governor Lamont proposed diverting more than $500 million in sales tax revenue scheduled to go into the Transportation Fund back into the General Fund.

As an entire proposal, the Governor's budget was not what the people of Connecticut needed; however, there were some components that Republicans could support. The Governor proposed a reduction in borrowing – something that was desperately needed after the Malloy Administration put the state deep into debt. He also proposed eliminating the Business Entity Tax and restoring a portion of the Property Tax Credit.

▼ *2019 - Democrats' Budget Activity*

The budget proposal from legislative Democrats was even more destructive to the state. Democrats used the budget as a vehicle to implement their liberal agenda, including funding for their mandatory FMLA program, additional money due to state costs related to minimum wage increases, and revenue from the legalization of marijuana. The Democrats on the Finance Committee also approved a proposal to place a 2% surcharge on capital gains of wealthy people in the state. Whiles scaled back, the proposal also included some of middle-class sales tax increases.

▼ *2019 – Final Adopted Biennial Budget (HB 7424, PA 19-117)*

Before the biennial budget was even adopted and throughout the legislative session, Democrats began voting for union contracts that unionized new employees and committed the state to employee salary increases over multiple years. In all, there were 12 separate contracts approved with a total additional taxpayer cost of almost $100 million over the term of the contracts. While all other groups (mental health advocates, developmentally disabled, cities and towns) were waiting to find out their fate in the budget, unions were getting preferential treatment and crowding out funding for other worthwhile causes.

The adopted biennial budget increased spending by 2.4 percent in the first year, and 2.9 percent in the second year. That's a 5.3 percent increase over the biennium.

Democrats increased taxes by $1.75 Billion over the biennium:

FY20	**FY21**
$346 million $506 million hospital tax *$852.5 million FY20 total*	$406.8 million $496 million hospital tax *$902.8 million FY20 total*

The new budget is essentially a $50 million a year tax hike on Connecticut businesses (pass through entity tax issue.) Policy that kicked in just a year ago has businesses big and small operating as LLCs, etc., get taxed at a 6.99 percent entity level. However, businesses can write that off on federal taxes, and the owners can take the credit on their personal taxes. **Democrats are reducing that credit.** No question about it, it's an increase on every business in Connecticut—*many of them small businesses*—everything from small retailers to tradesmen.

Democrats and the governor are refinancing teacher pensions to save money today, and that means we'll pay more ($15.6 billion) in the long run. This is like taking a 15-year mortgage and refinancing it over 30 years. This is the same thing they did with state employees' retirement in 2017, which will cost taxpayers more than $11 billion over 30

years. This budget also includes a second refinancing of the State Employees' Retirement System – an additional $3.3 billion tax burden.

In the fall of 2020, Connecticut high school graduates would be eligible for debt-free community college. Full-time students would receive grants to cover any tuition and fees that are not covered by scholarships, federal student aid or other grants. The program was supposed to be funded by revenue from a new online lottery program; however, that program was never started. To date, the free community college is moving forward this year, but there is no way to pay for it.

The final budget contains a lot of political earmarks**:**

- $100k for the New Haven Arts and Ideas Festival
- $50k for South Windsor tennis court
- $450k for three women's business development centers
- $37,000 for a Boy Scout troop (Troop 105, but where? Lacks specificity)
- Money for little leagues (MG little league…Minnie Gonzalez little league)
- $33k **Bethel** High School All Sports Booster Club
- $50k Boys & Girls Club, Lower Naugatuck Valley, **Ansonia** branch
- $50k **Groton** little league
- $50k **Tolland** Public Schools, Social Equity & Skills for Adolescents
- $25,000 **Willington** PTA, after school support

To cover the cost of their unnecessarily large spending increases, Democrats relied on a slew of tax increases:

- Increased the tax on digital downloads from 1 percent to 6.35 percent, so you'll pay more for games, apps, movies and subscriptions such as Netflix. Democrats will call it "modernizing" the tax code, but it's nothing more than a tax hike. $64 million over two years.
- Through their new prepared foods tax, restaurant meals and prepared grocery foods will cost you more. Democrats added a one-percent surcharge on top of the 6.35 percent sales tax charged on prepared meals. Previous iterations of this proposal at least saw this new tax revenue go to municipalities. Now this new revenue simply goes into the general fund. This includes taxing fountain drink sodas, hot dog carts, catered food, and more.
- Democrats have no problem targeting the middle class, the very group they say they're fight for—they're taxing parking at 6.35 percent (doesn't even go into the STF, $1.8 million in FY20, $3.7 million in FY21.) Additionally, they tax dry cleaning and laundry services (for example, someone who drops off their laundry for wash and folding. *Coin-op laundry is exempt.*) Interior design services will now be taxed, and this will hurt little mom and pop shop designers in this burgeoning industry (primarily women-owned business, Connecticut is perhaps in the top five in number of interior design businesses.)

- *Other taxes include the following:*
  - Plastic bag tax (10-cent fee)
  - Vehicle trade-in fees
  - Rideshare (Uber, Lyft) 25 cent to 30 cent fee
  - Alcohol excise taxes
  - Repeal sales tax exemption on safety apparel
- The so-called mansion tax—a thinly-veiled exit tax to appease progressives in the Democrat caucus. It's a 1 percent tax on properties sold at or above $2.5 million. If the seller remains in Connecticut for three years, he/she can take the credit on their tax filing.
- After 17 years of Republican proposals to eliminate the business entity tax, Democrats finally did it in this budget. But there's always a catch: they're also increasing the Secretary of State's (SOTS) filing fees by $60! Goes from $20 to $80.
- The business community expected the corporate surcharge to go away (was scheduled to) but Democrats, again, are continuing this surcharge another two years.

▼ *2019 – Republican Response to Democrat Budget*

During the budget debate on HB 7424, Republicans offered a series of amendments to call attention to the misguided priorities of the Democrats' budget:

STF Transfer Amendment (LCO 10635, Schedule F)
Funding (from the existing sales tax on new cars) was scheduled to go into the Special Transportation Fund to help pay for transportation infrastructure improvements. The Democrats' budget included a sweep (diversion, intercept, whatever you want to call it) of a portion of that money to help balance the General Fund. The total sweep amount was $52.3 million in FY 20 and $113.4 million in FY 21

- Republican amendment: Undo the Democrats' sweep of STF money above and implement the following in order to keep the budget in balance:
  - Eliminate funding of Citizens' Election Fund grants and sweep the balance of the fund into the General Fund $20.5 million in FY 20 and $11.5 million in FY 21. (This is taxpayer money that pays for campaign mailers, campaign robo-calls, campaign pins, shirts, etc…)
  - Require three furlough days for non-union employees. $4.5 million each year
  - Require a procurement reform plan from Contracting Standards Board to save $25 million and $55 million.
  - Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)

- Consolidate back-office functions (Human resources, finance, etc…) with a target of achieving $5 million in FY 20 and $10 million in FY 21 in savings
- Eliminate $4 million additional PILOT payment to Middletown in both fiscal years. (This was a political favor to Democrats in Middletown)
- Eliminate additional propose funding for UConn Health Center Bioscience $4.1 million each year.

Teachers' Pension Re-amortization (LCO 10657, Schedule K)
To save money in the short-term, Democrats included a provision to re-amortize the unfunded liability in the Teachers' Pension Fund. This is just like refinancing a mortgage from 15 years to 30 years; your monthly payments are less, but you pay more over the long run. But, the Democrats are refinancing over an additional 17 years (not 15). The result is that it will cost taxpayers an additional $15.6 BILLION dollars over the next 30 years.

Republican Amendment: Eliminate the re-amortization provision and fully fund our current required contribution for the next two years by implementing the following:

- Eliminate funding of Citizens' Election Fund grants and sweep the balance of the fund into the General Fund $20.5 million in FY 20 and $11.5 million in FY 21. (This is taxpayer money that pays for campaign mailers, campaign robo-calls, campaign pins, shirts, etc…)
- Require three furlough days for non-union employees. $4.5 million each year
- Require a procurement reform plan from Contracting Standards Board to save $25 million in FY 20 and $55 million in FY 21
- Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)
- Consolidate back-office functions (Human resources, finance, etc…) with a target of achieving $5 million and $10 million in savings
- Eliminate $4 million additional PILOT payment to Middletown in both fiscal years. (This was a political favor to Democrats in Middletown)
- Eliminate additional propose funding for UConn Health Center Bioscience $4.1 million each year.
- Hard hiring freeze. Do not refill state employee positions that become vacant due to retirement or other reason. However, we would continue to allow refilling critical positions such as state police and corrections workers. $30 million in FY 20 and $100 million in FY 21
- Eliminate the Earned Income Tax Credit for people who don't have a tax liability. This is a program that requires our Department of Revenue Services to send a tax refund check to poorer people even if they don't pay taxes. $90.5 million in FY 20 and $93.6 million in FY 21

Property Tax Credit and Pass-Through Entity Amendment (LCO 10636, Schedule E)
The current Property Tax Credit applies only to elderly and individuals with dependents. However, the credit was supposed to be expanded to include **anyone** within the established income and property tax levels. Democrats included a provision in the budget to continue to apply the tax credit only to elderly and individuals with dependents. Separately, current law gives pass-through entities (LLCs, partnerships, etc…) a credit toward their person income taxes for business taxes paid. Democrats included a provision to reduce this credit, which will cost businesses (small, medium, and large) more money each year.

- Republican Amendment: Eliminate both of the tax increases above and implement the following to keep the budget balanced:
    - Eliminate funding of Citizens' Election Fund grants and sweep the balance of the fund into the General Fund $20.5 million in FY 20 and $11.5 million in FY 21. (This is taxpayer money that pays for campaign mailers, campaign robo-calls, campaign pins, shirts, etc…)
    - Require three furlough days for non-union employees. $4.5 million each year
    - Require a procurement reform plan from Contracting Standards Board to save $25 million and $55 million.
    - Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)
    - Consolidate back-office functions (Human resources, finance, etc…) with a target of achieving $5 million and $10 million in savings
    - Eliminate $4 million additional PILOT payment to Middletown in both fiscal years. (This was a political favor to Democrats in Middletown)
    - Eliminate additional propose funding for UConn Health Center Bioscience $4.1 million each year.
    - Eliminate funding for O'Neill Endowed. The money for this position at Central Connecticut State University is a political favor to a former Democrat legislator, who is the O'Neill Endowed Chair of the political science department. $150,000 a year.
    - Hard hiring freeze. Do not refill state employee positions that become vacant due to retirement or other reason. However, we would continue to allow refilling critical positions such as state police and corrections workers. $30 million in FY 20 and $100 million in FY 21

Omnibus Pro-Business Amendment (LCO 10647, Schedule C)
In their budget, Democrats eliminate the Business Entity Tax for small businesses; however, they also increase business filing fees. Their budget also reduced some business tax credits for businesses that make investments in key areas of our economy. In addition, Democrats passed two other bills during the session: an increase in

minimum wage to $15 an hour plus annual increases after the minimum wage hits $15 an hour. They also passed a payroll tax up to .5% of peoples' incomes in order to fund a family and medical leave program to pay people for time off. The payroll tax will cost people $400 million a year.

- Republican Amendment: The amendment would have undone the Democrats' anti-business proposals above and more. Here are the elements of the amendment:
    - Eliminate the Business Entity Tax, as the Democrats did in the budget; however, we would also eliminate the Democrats' proposed business filing fee increases.
    - Eliminate Democrats' reductions to Urban Reinvestment Act and Research and Development Tax Credits
    - Eliminate the Democrats' payroll tax and FMLA plan and replace it with a cost-saving, voluntary private sector alternative plan
    - Eliminate Minimum Wage Indexing (annual increases after it hits $15 an hour)
    - Repeal Democrats' existing state-run retirement plan that will require another employee payroll tax of 3% once the plan is implemented. (Employees are able to opt out). This will be a major administrative burden on employers, especially small employers.
    - Phaseout the existing business tax that applies to business' capital assets. This tax takes a heavy toll on start-up companies that have to pay the tax because they have assets, but they may not have income to pay the tax.
- To achieve the above Republican proposals and keep the budget in balance, the amendment includes the following:
    - Eliminate funding of Citizens' Election Fund grants and sweep the balance of the fund into the General Fund $20.5 million in FY 20 and $11.5 million in FY 21. (This is taxpayer money that pays for campaign mailers, campaign robo-calls, campaign pins, shirts, etc…)
    - Require three furlough days for non-union employees. $4.5 million each year
    - Require a procurement reform plan from Contracting Standards Board to save $25 million and $55 million.
    - Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)
    - Consolidate back-office functions (Human resources, finance, etc…) with a target of achieving $5 million and $10 million in savings
    - Eliminate $4 million additional PILOT payment to Middletown in both fiscal years. (This was a political favor to Democrats in Middletown)
    - Eliminate additional propose funding for UConn Health Center Bioscience $4.1 million each year

Municipal Aid Amendment (LCO 10637, Schedule I)
Democrats included municipal aid funding that mostly flat-funded those grants. However, ECS funding was increased for some towns, but decreased for the majority of others.

- Republican Amendment: Provide additional municipal aid that increases each grant for each town (compared to the underlying bill) by 2.5% for FY 20 and by 5% for FY 21. Increases will apply to ECS grants as well. This increased funding would be offset by the following reductions:
    - Require three furlough days for non-union employees. $4.5 million each year
    - Require a procurement reform plan from Contracting Standards Board to save $25 million and $55 million.
    - Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)
    - Consolidate back-office functions (Human resources, finance, etc…) with a target of achieving $5 million and $10 million in savings
    - Eliminate $4 million additional PILOT payment to Middletown in both fiscal years. (This was a political favor to Democrats in Middletown)
    - Eliminate additional propose funding for UConn Health Center Bioscience $4.1 million each year.
    - Hard hiring freeze. Do not refill state employee positions that become vacant due to retirement or other reason. However, we would continue to allow refilling critical positions such as state police and corrections workers. $30 million in FY 20 and $100 million in FY 21

Fee Increases – (LCO 10652, Schedule H)
Democrats' budget included a requirement that the state increase various fees by $50 million – to be determined over the next several months. The fee increases would be implemented in July 2020.

- Republican Amendment: Eliminate the 2nd year fee increases proposed in the underlying bill. The following items will offset the revenue loss:
    - Eliminate funding of Citizens' Election Fund grants and sweep the balance of the fund into the General Fund $20.5 million in FY 20 and $11.5 million in FY 21. (This is taxpayer money that pays for campaign mailers, campaign robo-calls, campaign pins, shirts, etc…)
    - Require three furlough days for non-union employees. $4.5 million each year
    - Require a procurement reform plan from Contracting Standards Board to save $25 million and $55 million.
    - Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)

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- Eliminate additional propose funding for UConn Health Center Bioscience $4.1 million each year
- Hard hiring freeze. Do not refill state employee positions that become vacant due to retirement or other reason. However, we would continue to allow refilling critical positions such as state police and corrections workers. $30 million in FY 20 and $100 million in FY 21

Non-Profit Funding (LCO 10639, Schedule D)
Non-profits are a critical when it comes to the state providing low-cost, high-quality services for state programs. Democrats did not include a specific increase in their budget for non-profits.

- Republican Amendment: Provide $50 million each year for non-profit rate increases, the cost of which will be offset by the following:
    - Require three furlough days for non-union employees. $4.5 million each year
    - Require a procurement reform plan from Contracting Standards Board to save $25 million and $55 million.
    - Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)
    - Consolidate back-office functions (Human resources, finance, etc…) with a target of achieving $5 million and $10 million in savings
    - Eliminate $4 million additional PILOT payment to Middletown in both fiscal years. (This was a political favor to Democrats in Middletown)
    - Eliminate additional propose funding for UConn Health Center Bioscience $4.1 million each year.

National Consultant Appropriation (LCO 10633, Schedule J)
In 2018, the legislature adopted a proposal of the Fiscal Sustainability Commission to require the Office of Policy and Management to do an RFP for consultants to evaluate state government and find $500 million in savings. However, the legislation did not include an appropriation for OPM to hire the consultant. Despite funding many other unnecessary programs and political favors, Democrats did not include funding that could potentially uncover massive waste and abuse in state government.

Republican Amendment: Include an appropriation of a million dollars to fund the cost of a consulting company to find savings. To offset the additional million-dollar cost and to keep the budget balanced, we proposed the following:

- Adopt Governor Lamont's proposals to privatize DMHAS services. $2.2 million in FY 20 and $4.2 million in FY 21. (This proposal was not in the final budget)

Current Budget Situation

With a two-year budget in place, Governor Lamont proposed a relatively unremarkable set of mid-term budget adjustments at the start of the 2020 legislative session, except that he continued to push multiple versions of road tolls. And, when Coronavirus hit, the work on the state budget (like all other legislative work) came to a halt. Now, economists and budget analysts are doing their best to understand the full impact of the pandemic…or at least enough to be able to make revenue and spending projections that are somewhat accurate. In short, we may not know all of the details, but our fiscal situation is not good. Thankfully, we will have a Rainy Day Fund in excess of $2.5 billion, which will be sufficient to get us through this year. (If the legislature decides to use that money to fix the deficit) However, development of the next biennial budget during the next session will require painful decisions.

When businesses were shut down, and hundreds of thousands of people in Connecticut lost their jobs, it was clear that tax revenue was going to suffer. The first real indication of the magnitude of the revenue loss came when the Office of Fiscal Analysis and the Office of Policy and Management released their regularly-scheduled Consensus Revenue Estimates and budget deficit projections at the end of April:

- $1 billion deficit in FY20, $1.9 billion in FY21 starting in July, and over $3 billion in FY22.
- General Fund revenue was down 4.8% last year (FY 20). Down 11% and 11.8% in FY 21 and FY 22, respectively.
- Glimpse at next budget cycle revenue: Compared to OFA's projections from this past November, we will experience a $2.3 billion loss of revenue in FY 22.

Over the past three months since the April Consensus Revenue Estimates were released, OFA and OPM believe that the situation has become slightly less catastrophic. However, one of the complicating factors is the shifting of revenue between last year (FY 20) and this year (FY 21). The Governor's Executive Order to delay tax filings and payments may mean that revenue that would normally accrue to last fiscal year may end up being recognized this year. Conversely, $476 million in federal revenue was originally projected to come in this year, but the federal government accelerated funding, so it is now being booked as part of last year's revenue. Tax collections have also improved since April's projections.

According to OFA, here is the net impact of accelerated federal revenue, delayed tax payments, and improvements in tax collections **since April**: Last year's revenue is up $637 million; next year's revenue is down $337 million. And, last year's deficit is down to $68.2 million and projected to get better before last year's books are finally closed.

The deficits for this year and next year have not officially been updated. In April the deficit projections were as follows: Current Year (FY 21) - $2 billion; FY 22 - $3.2 billion.

Long-Term Obligations

Unfunded liabilities are legal commitments incurred during the current or a prior year that must be paid at some time in the future but for which no reserves have been set aside. The State of Connecticut's unfunded obligations are primarily in four areas: (1) bonded indebtedness (debt outstanding), (2) state employee and teachers' retirement, (3) state employee and teachers' post-employment benefits and (4) the Generally Accepted Accounting Principles (GAAP) deficit.

Today, the state's long-term liabilities are almost $7.5 billion higher than they were just two years ago.

State Long-Term Liabilities	Liability Amount (in billions)
Debt Outstanding (General Obligation)	26.1
State Employee Retirement System	21.2
Teachers' Retirement System	16.8
State Other Post-Employment Benefits (OPEB)	17.4
Teachers' Post Employment Health	3.1
Generally Accepted Accounting Principles Deficit	0.2
TOTAL	**84.8**

Debt Outstanding

This figure includes debt that is backed by revenue derived from the General Fund and a variety of other revenue sources such as the Clean Water Fund and Bradley International Airport.

State Employee Retirement System (SERS)

The SERS unfunded liability increased by $7.9 billion since the 2012 valuation, from $13.3 billion to $21.2 billion. As of 2018, SERS had a funded ratio (assets to liabilities) of 36.8%. Toward the end of the Malloy administration, the assumed rate of return on fund investments was reduced from 8% to a more realistic rate of 6.9%. In addition, Governor Malloy and Democrats voted to "restructure" unfunded liabilities, taking 15 years of state contributions and spreading them out over 30 years, which increases taxpayer costs by more than $11 billion over the long-term. (This is the equivalent of refinancing a 15-year mortgage and, instead, paying it off over 30 years. Annual payments are reduced, but long-term costs are much greater). The next valuation will be completed during the fall of this year.

Teachers' Retirement System (TRS)

These figures are an actuarial estimate of the cost of the future retirement payments for Connecticut public school teachers. The unfunded liability increased by $2.3 billion, from $13.1 billion in the 2016 valuation to $16.8 billion in the 2018 valuation. As of June 30, 2018, TRS had a funded ratio (assets to liabilities) of 51.7%, which represents a decrease from the 56% funded ratio in the June 30, 2016 valuation. The next valuation will be completed during the fall of this year.

State Other Post-Employment Benefits (OPEB)

This figure is an actuarial estimate of non-pension post-employment benefits (primarily retiree health insurance) for state employees. Pursuant to the 2009 and 2011 SEBAC agreements, retiree health benefits for current employees will be funded partially through employee contributions. The state began matching employee contributions into OPEB starting in 2017. The 2018 valuation reported an unfunded liability of $17.4 billion.

Teachers' Other Post-Employment Benefits

This figure is an actuarial estimate of retiree health insurance plan for retired members of the Connecticut State Teachers' Retirement System for which reserves have not been set aside. The 2016 valuation reported an unfunded liability of $3.1 billion, which was an increase over the previous valuation at $2.9 billion.

Generally Accepted Accounting Principles

This figure represents the unfunded liability associated with the state converting from a modified cash basis of accounting to an accrual basis of accounting. Under Generally Accepted Accounting Principles (GAAP), an accrual basis of accounting would be used whereby expenditures would be charged when owed (rather than paid) and all revenues would be recognized when earned (rather than received).

State Government Borrowing

Bond Process
These are the basic steps of the bond process in Connecticut:

1. The General Assembly's Finance Revenue and Bonding Committee votes on a bond bill, which, when approved, goes to the full General Assembly for a vote.
2. The General Assembly must approve the authorization of specific dollar amounts for capital programs. This bond package may be the same as what was approved by the Finance Committee or it may be amended by both chambers of the legislature.
3. From the pool of General Assembly bond authorizations, the State Bond Commission (SBC) selects specific projects to which capital funds will be allocated. The agenda for SBC meetings is controlled by the Office of Policy and Management – the Governor's budget office.
4. At various times throughout a given year, the State Treasurer issues bonds for programs and projects that have been allocated by the SBC. Cash from bonds sold by the Treasurer is used to make payments to contractors, suppliers, and other providers who work on capital projects.
5. The Governor and General Assembly must include the cost of paying back bond purchasers in the state budget. This cost includes the principal and the interest of the borrowing, typically for a period of 20 years for each issuance. The line item in the budget is titled, "Debt Service".

State Bonding Situation
After Governor Malloy went on a borrowing spree in the first six years of his tenure in office, the legislature (due to Republican gains in the both legislative chambers) began to take steps to control our debt. As part of the 2017 bipartisan budget, Republicans required caps at each step of the bonding process – authorizations, allocations, and issuances. These caps were established in addition to the existing cap on state debt. (See Caps, Covenants, and Rainy Day Fund write-up for a full explanation of recent, additional bond caps).

Since coming into office, Governor Lamont has pushed a "debt diet" to help control state bonding – keeping bonding levels at amounts even less than what is allowed under our caps. Democrats in the legislature have challenged and will continue to challenge his position.

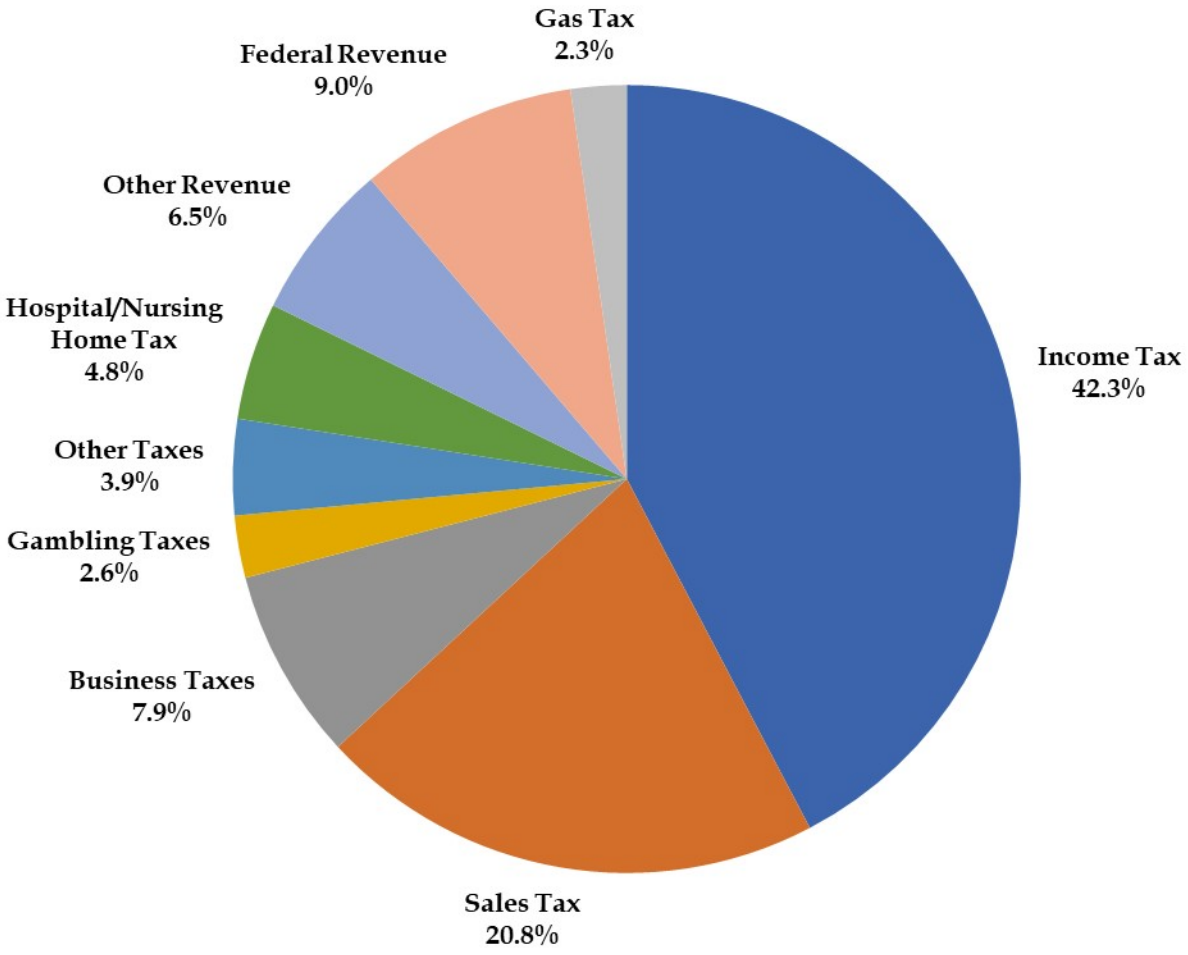
This year, Democrats and Governor Lamont have been subjected to criticism related to their lax attitude regarding the state debt cap. The cap on state debt is directly related to the state's General Fund tax revenue: the more revenue we project, the more we can borrow. However, to delay the appearance of debt problems and action by the Governor to remedy the situation, Democrats continue to rely on tax revenue

projections that were adopted when the budget passed in June 2019. Since then, tax revenue projections have declined by $2.7 billion. Democrat chairs of the Finance Committee were supposed to call a meeting to update tax revenue projections before the end of the last fiscal year, but they never convened the meeting.

If new tax revenue estimates were adopted by the Finance Committee, the state would officially be in a precarious situation. Without a doubt, the state would exceed what is known as the "soft cap", which requires the Governor to propose cancellation of existing bond authorizations. However, there is a small possibility that the state would be unable to issue bonds according to our debt cap statute.

Where the Money Comes From – FY 21

Currently, the state is projected to generate just under $21.5 billion in revenue, which includes taxes from various sources, fees, federal revenue, and other transfers for FY 21. The following chart shows (generally) where state revenue comes from:

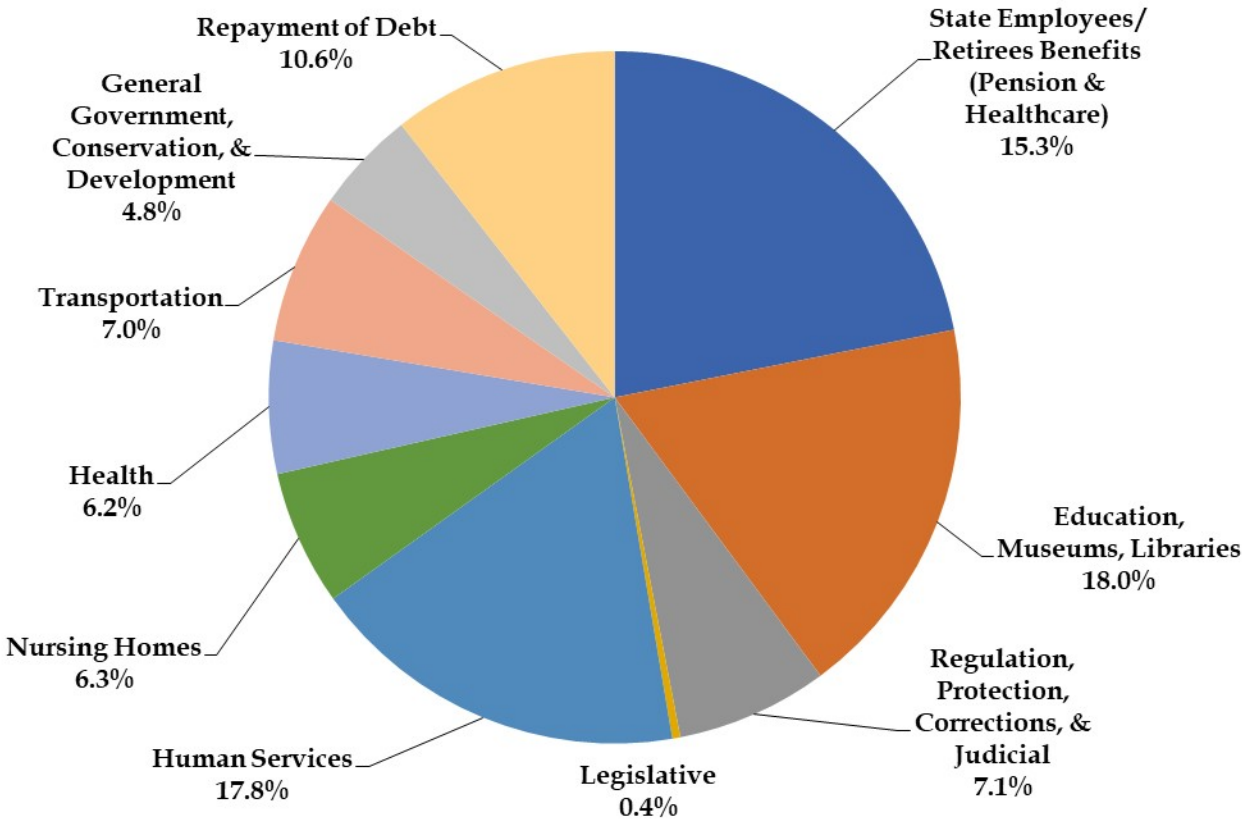


Notes:

- Income Tax includes Pass-Through Entity Tax revenue.
- Business Taxes include the corporation tax, insurance tax, public service corporation tax, and oil companies tax (Petroleum Gross Receipts).
- Gambling Taxes include state revenue from the casinos, as well as a tax on lottery ticket sales.
- Other Taxes include the cigarette tax, alcohol tax, real estate conveyance tax, and others.
- Other Revenue includes licenses, permits, fees, sale of goods, fund transfers, and miscellaneous other revenues.

Where the Money Goes – FY 21

During FY 21, the state budgeted $22.41 billion for all spending. The following chart shows general categories of where the money is spent:



Notes:

- Transportation includes $767.9 million in debt service payments for transportation projects. To avoid duplication, that amount is not included in the Repayment of Debt.
- The largest portion of Human Services is Medicaid – more than $2.8 billion. Federal portion of Medicaid is no longer included in Human Services.

Caps, Covenants, and the Rainy Day Fund

Background Information:

In 1991, more than 80% of voters supported a constitutional spending cap. However, the General Assembly never acted to implement the cap until decades later. The 2017 budget included several new caps and changes to existing caps, including the spending cap, revenue cap, volatility cap, and bond allocation/issuance cap.

The state cannot enact any law that alters the Caps stated below, except in limited circumstances. The state must follow a specific procedure in order to alter the Cap but may only do so for the fiscal year in progress. If the state changes any part of the Caps, the state would be breaking the pledge, or covenant, to bondholders, thus opening the state up to a lawsuit by bondholders.

- The ***Spending Cap***, which is now a Constitutional Cap, prevents the Legislature from increasing spending for any fiscal year that exceeds the growth in personal income or inflation (whichever is greater).
- The so-called ***Revenue Cap*** will likely be more restrictive than the Constitutional Spending Cap, at least in the near future. The Revenue Cap limits spending to a percentage of the adopted revenue, according to the schedule below. This ensures that some revenue will be left over each year to be deposited into the Budget Reserve Fund (BRF) – commonly referred to as the Rainy Day Fund:
    - FY 20 – 99.5% of revenue
    - FY 21 – 99.25% of revenue
    - FY 22 – 99% of revenue
    - FY 23 – 98.75% of revenue
    - FY 24 – 98.5% of revenue
    - FY 25 – 98.25% of revenue
    - FY 26 – 98% of revenue
- The Volatility Cap states that revenue from personal income tax estimates and final payments that exceeds a projected threshold is required to go into the Rainy Day Fund. The threshold for the current fiscal year is approximately $3.40 billion and is adjusted each year based on the five-year average annual percentage change in personal income. The Legislature, under specified circumstances, may transfer this money from the BRF to the General Fund when there is a declared deficit and to pay unfunded pension liabilities.
- The ***Bond Issuance/Allocation Cap*** limits the amount the Treasurer may *issue* in a fiscal year to $1.9 billion dollars. This Cap also limits the amount of General Obligation and Credit Revenue bonds that can be *allocated* in a year to $2.0 billion dollars. In the 2017 budget, these Caps were included within the bond covenants for all bonds issued on or after May 15, 2018 and prior to July 1, 2020.

- The state ***Debt Limit*** constrains the amount of outstanding debt and authorized debt to a maximum of 1.6 times the amount of the General Fund tax revenue.

All bonds issued on or after May 15, 2018 and prior to July 1, 2020 are required to have the Volatility Cap, Spending Cap, Revenue Cap, and Bond Allocation/Issuance Cap, as part of the bond covenant with the bond holders. The bond covenants lock in these Caps for a period of five years- until 2023 or until the bonds are paid off.

The legislation does allow for the bond covenants to be broken under specific circumstances. The bond covenants can only be broken for the fiscal year in progress, with the following conditions being met:

1) Bondholders are legally protected in another way and;
2) The Governor issues a state of emergency and a three-fifths vote is taken by the General Assembly (both chambers).

Recent Legislation:

The 2019 budget increased spending by a total of 5.3% over the biennium. As originally passed, the budget remains under the spending cap by $0.2 million in FY 20 and $5.0 million in FY 21.

As a result of the volatility cap, the Budget Reserve Fund (BRF) or Rainy Day Fund has reached historic highs. At the end of FY 19, the Rainy Day Fund totaled $2.5B. The Rainy Day Fund is projected to reach $2.7B after a volatility cap transfer of $318M in FY 20. At the end of FY 21, the Rainy Day Fund was expected to increase to $2.9B exceeding the 15% mark.

The COVID-19 pandemic has taken a toll on state revenues and will affect the Caps. For FY 20, the revenue losses will total approximately $958.5M. While federal assistance is available to cover costs incurred by states directly related to COVID, these funds cannot be used to cover lost revenue. To cover this loss due to the pandemic, the Rainy Day fund is expected to be drained. To cover budget shortfalls in FY 20, $278.3M will likely be pulled from the Rainy Day Fund and the remaining balance used in FY 21 to cover the deficit. Due to impact of COVID, the Rainy Day Fund is expected to be completely depleted.

Since the Allocation/Issuance Cap is tied to revenue, the amount of bonds that the General Assembly may authorize will be lower in FY 21. To date, no discussions from the Finance, Revenue, and Bonding Committee has indicated to what extent authorizations may be cut in order to remain under the caps. The state is projected to be at 84% of the debt limit at the start FY 21. It's likely that the Treasurer would note

that the state is over the debt limit if the Finance, Revenue, and Bonding Committee were to adopt updated consensus revenues.

Republican Perspective:

Republicans support the bond covenants and locking in the Caps. These Caps are necessary for fiscal stability in our state and ultimately will result in better budgeting and spending. These covenants ensure that future bodies of the General Assembly abide by fiscally conservative principles regardless of the political makeup of state government.

Democrats in the past have claimed that these policies prevent the state from investing in critical services such as education, mental health and addiction services, and infrastructure projects. This policy does not prevent the state from investing in critical services but requires the state to think strategically and prioritize projects. Because of policies like the volatility cap and locking in the caps through bond covenants, Connecticut had one of the strongest cash positions in the country and was able to weather COVID-19 far better than many other states across the country. It is because of conservative principles like these pushed by republicans, that Connecticut was able to avoid costly short-term bonds and other measures that would negatively impact state services and the economy.

Special Transportation Fund Diversions

Issue Background:

Over a nine-year period up to 2017, the legislature consistently swept revenue out of the Special Transportation Fund (STF) in order to fix holes in the General Fund budget. In total the sweeps amounted to $650 million. This is one of the reasons that the STF does not have sufficient funding to pay for transportation infrastructure upgrades.

The STF, is primarily funded through tax revenue including approximately 26% from the sales and use tax derived from general sales and revenue from new and used car sales. It wasn't until the bipartisan budget in 2017 that the General Assembly enacted legislation that would actually begin to reverse the STF sweeps by phasing in a revenue diversion schedule for motor vehicle sales and use tax from the General Fund to the STF in order to maintain solvency in the STF with 100% of motor vehicle sales and use tax being deposited into the STF by FY 23. The 2018 budget, PA 18-81, amended the original transfer schedule by advancing the start date of the transfers to FY19 and adjusted the percentage for each subsequent year in order to smooth out the impact of the transfer on the General Fund.

Recent Legislative Action:

The budget, PA 19-117, reduced the amount of revenue diverted to the STF from the motor vehicle sales tax and keeps these funds in the General Fund. The diversion from the STF resulted in a cut to the STF of $52.8 million in FY 20 and $113.4 million in FY 21 for a total of approximately $166.2 million over the two-year period.

Schedule of Motor Vehicle Sales and Use Tax Diversion to STF

FY	% of Revenue Diverted to STF	
	Prior Law	Act
20	33	17
21	56	25
22	75	75
23 and thereafter	100	100

Republican Perspective:

Republicans were against the diversion of funds from the STF. The diversion was another way Democrats could fill budget holes in the General Fund without having to make structural changes and necessary cuts to spending. By cutting funding to the STF, Democrats undermine the state's ability to fund necessary capital projects and attempt to manufacture a need for tolls.

Tolls

Issue Background:

Prior to 1983, Connecticut operated and collected revenue from tolls on I-95, Route 52 (today's I-395), the Merritt and Wilbur Cross Parkways, and three bridges in the Hartford area. In the final years of operation, the state grossed approximately $72.3 million from its toll collections. However, in 1983, a tractor-trailer crash at a Stratford toll facility that killed seven people prompted a debate to eliminate all tolls. Environmentalists and others joined the cause arguing that tolls added to congestion and pollution and were burdensome to commuters. That same year, the legislature ordered the closing of all toll stations in the state. As a result, the state became eligible for federal funds for the resurfacing, restoration, rehabilitation, and reconstruction of its highways (the federal "Interstate 4R" program). The state currently receives approximately $600 million a year in federal transportation dollars as a result.

States that currently have open-border highways are required to be toll-free according to federal law. However, there are exceptions to the federal law that allow states to seek approval to institute tolls for specific use and which carry revenue restrictions. None of the exceptions allow for tolls exclusively on all state borders. It is unclear what penalties we would face should the state decide to build tolls that do not conform to at least one of the exceptions. Although federal law does not explicitly require repayment of federal highway assistance dollars, precedent for such a requirement has been set in other states.

Connecticut has allowed the free flow of traffic on its highways since the late 1980s, being the only state among its neighbors with no tolls on its roads. But in recent years, our deteriorating transportation infrastructure has caused many to reconsider this revenue source as a way to pay for maintenance and expansion of our transportation system. Nevertheless, polling data shows that Connecticut voters generally oppose placing tolls on state highways unless toll proceeds are guaranteed to be used to repair the state's highway infrastructure.

Legislation reintroducing tolls to Connecticut was first proposed by the Transportation Committee during the 2015 legislative session. House Bill 6818 would have required the state Department of Transportation to develop a program for the establishment and commencement of tolls within the state and to require that toll revenue be placed in the Special Transportation Fund. It was voted out of committee 18-13 largely along party-lines but died on the House Calendar awaiting further action.

At the federal level, the "Fixing America's Surface Transportation (FAST) Act" was signed into law later that same year. The FAST Act provided $305 billion in federal

funding for transportation projects over five federal fiscal years (FFYs 2016 to 2020) and was the first long-term comprehensive transportation law since 2005. As part of the FAST Act, a Federal Highway Administration pilot program permits up to three states to toll existing Interstate highways that they could not otherwise adequately maintain or improve.

Connecticut's participation in that program authorizes it to study ways to regulate traffic flow through "congestion pricing" or other strategies, including border tolling and distance tolling. However, these alternatives are not only strategies for traffic management, but also new tools for raising the large amounts of revenue necessary to maintain and upgrade our transportation infrastructure.

In every legislative session since 2017, majority democrats have engaged in a persistent effort to start our state down the toll road, including the introduction and committee passage of no less than four separate tolls proposals during the 2018 session. After multiple failed attempts at passage, all of those bills died awaiting further action in one chamber or the other.

Recent Legislative Action:

With the election of Governor Lamont – along with comfortable democrat majorities in the House and Senate and the reintroduction of three separate tolls proposals – it seemed that the 2019 session would see the passage of legislation at least authorizing tolls.

2019 Legislative Session

One of the bills (HB 7280, introduced by the Transportation committee) would have created a new quasi-public authority which would construct and maintain tolls and collect all toll revenue. The other two bills (HB 7202, proposed by the governor, and SB 423, proposed by the democrat leadership in the Senate) would have authorized the DOT to construct and maintain tolls with the revenue going to the Special Transportation Fund. Unlike the other two proposals, HB 7280 would also have required the DOT to create a detailed tolls plan and submit it to the legislature for approval (or "deemed" approval) before tolls could be implemented, but the implementation language was essentially the same as the other bills. All of the bills contemplated electronic congestion tolling using approximately 50 gantries on at least the Wilbur Cross & Merritt Parkways, I-84, I-91, and I-95, but only HB 7280 would have required a 5 cent gas tax reduction over 5 years.

While all three bills were reported favorably by the Transportation committee, they all died in their respective chambers awaiting action.

2019 Interim

Although the 2019 legislative session closed without any action on a tolls bill, Governor Lamont continued to fight for tolls – even going so far as to hold municipal funding hostage until a tolls plan could be approved during a special session. The governor's staff met with federal transportation officials over the summer of 2019 to explore different transportation financing options and in September pitched the use of new federal loan programs to fund our infrastructure.

The Administration's plan had evolved over the course of the year from tolling trucks-only, to a state-wide tolling program involving approximately 50 different tolling locations, back to trucks-only, and finally – by November – to a plan to temporarily toll large trucks over 14 bridges. Dubbed "CT2030," this latest plan would have:

- Allowed the state Department of Transportation to charge & collect tolls from large trucks on at least 12 bridges.
- Set the initial toll rate from $6.00 - $13.00 ($9-19.50 for trucks without a transponder), but the rate could be increased.
- Claimed to not toll cars until at least July 1, 2030, although this guarantee was suspect.

Notably, though these bridge tolls were pitched as only "temporary" – until the loans financing their rebuilding are paid off – there was no provision in the language to remove the tolls or the gantries.

2020 Legislative Session

Ever since the majority democrats have been proposing tolls as a way to fund transportation, Republicans have been proposing alternatives - known broadly as "Prioritze Progress" - to create predictable and sustainable funding streams to restore and support transportation infrastructure without having to resort to tolls. During the 2020 session, the latest version of this plan (HB 5323) would have provided $19 billion in transportation infrastructure investment over 10 years by adopting the following:

- Leveraged new federal loan opportunities,
- Reserved a set amount of General Obligation Bonds to be used solely for transportation purposes
- Committed current Special Tax Obligations bonds dedicated to transportation
- Freed up funding by reducing record high administrative costs
- Freed up funding by shifting employee-related costs (salaries, healthcare, and pension) back into the General Fund
- Most importantly, it would have done so without the need for tolls or other tax increases.

Although the 2020 session started with "CT2030" ready to be acted on, democrat leadership in both chambers were wary of actually having a vote. As a result, in dramatic fashion, Governor Lamont announced on February 19 that he would no longer push for tolls this year. The legislature adjourned the session without taking action on any transportation bills, including tolls legislation.

Republican Perspective:

We all agree that one of the core functions of government is to create and maintain adequate and safe transportation systems for our state's residents, but we believe that the best way to support our transportation system is to be smarter with the money our state's residents have already entrusted to us, prioritize our borrowing and spending, and take advantage of grants and long-term federal loan options to fund long-term transportation investments.

Democrats in Connecticut have a 40-year track record of ignoring spending problems and, instead, going right to tax payers to ask for more money. In contrast, the Republican plan to fund transportation needs requires a serious look at how DOT spends money now and refocusing the Transportation Fund so that it is dedicated to infrastructure, not employee salaries and pension costs.

While tolls may need to be reinstituted at some point, now is certainly not the time to impose what is essentially an additional tax on our state's motorists, especially when not coupled with a more substantial decrease – or even elimination – of the gas tax. Connecticut has a credibility problem when it comes to adopting new revenue streams and we ought to prioritize our spending on transportation infrastructure before seeking to increase revenue.

Union Contracts

Issue Background:

Between 1991 and 2017, 124 union contracts were approved without a vote by the legislature. During that period of time, the Democrat-controlled legislature adopted rules that allow union contracts to go into effect if the General Assembly does not take action on them within 30 days of being referred to each of the chambers. Those contracts dictated wages and benefits for state employees which make up a significant portion of the state's budget. However, the 2017 budget put an end to that practice and provided a way for the legislature to have a say in such a large portion of the budget. Union contracts are now required to be acted on by the House and Senate, and if not approved within 30 days, they are deemed rejected.

Recent Legislative Action:

During the 2019 session, the legislature approved 12 union contracts that expanded union membership, increased compensation, and expanded benefits for over 4,600 individuals. These contracts were approved before a budget was ever adopted; therefore, democrats were required to find enough revenue to pay for $54 million in budget adjustments to the biennial budget in order to cover these additional obligations. Overall, taxpayers will ultimately be on the hook for an additional $91 million to fulfill the promises made in these contracts. Eleven of the contracts covered state employees, and the twelfth affected family child care providers who received rate increases through the Care 4 Kids program.

Some of the contract highlights include:

- Paying $18,000 in lump-sum payments to assistant Attorney General department heads
- Unionizing 6 Department of Revenue Services attorneys
- Unionizing Department of Corrections Wardens
- Providing 16.25 days of additional pay each year to state police for their meal breaks
- The development of a Home Repair Program for family child care providers to comply with licensing requirements

2019 Union Agreements												
	House Resultion	Number of Employees	Number of Supervisors	Newly Unionized	FY 19	FY 20	FY 21	FY 22	Final Annual Cost	Accumilative Contract Cost	Approps Vote	House Vote
Public Defenders	HR 11	183			$906,708	$1,501,301	$3,057,173		$3,057,173	$5,465,182	11-Feb	20-Feb
Judicial	HR 12	20		20	$80,920	$223,073	$433,737		$90,851	$737,730	11-Feb	20-Feb
Assistant AGs (Dept Heads)	HR 21	199	14	199		$1,631,788	$3,107,055		$3,315,172	$4,738,843	18-Mar	27-Mar
DRS Tax Attorneys	HR 23	6		6	$20,071	$40,180	$81,566		$88,012	$141,817	1-Apr	17-Apr
Deputy Wardens	HR 24	34	34	34	$89,193	$218,877	$510,170		$579,206	$818,240	15-Apr	23-Apr
Various Agency Managers	HR 32	64		64	$318,494	$471,922	$981,610		$1,046,052	$1,772,026	17-May	22-May
Plant Facilities Engineer 1	HR 31	7		7	$21,097	$65,137	$153,204		$160,612	$239,438	17-May	22-May
Judicial Branch Counsel and Legal Services	HR 29	7		7	$20,374	$62,042	$119,601	$157,632	$157,632	$359,649	17-May	22-May
Judicial various employees	HR 28	122		122	$359,165	$930,035	$1,706,104		$1,848,991	$2,995,304	17-May	22-May
Judicial IT	HR 30	165		165	$430,038	$1,256,904	$2,512,971	$3,170,558	$3,170,558	$7,370,471	17-May	22-May
State Police	HR 33	913			$1,232,719	$11,370,913	$16,363,958	$21,018,182	$23,379,836	$49,985,772	17-May	23-May
Family Childcare Providers	HR 34	2914			$638,263	$2,608,348	$5,089,176	$8,037,824	$7,118,336	$16,373,611	28-May	29-May
		4,634	48	624	$4,117,042	$20,380,520	$34,116,325	$32,384,196	$44,012,431	$90,998,083		

During the 2020 legislative session, the legislature approved one union contract applicable to 99 supervisors in the DCF Program Supervisors Unit (P-8). Prior to 2017, the job title of these employees was "Program Manger" and under statute were not allowed to unionize. The Office of Labor Relations within the Governor's Office of Policy and Management changed their job title to Program Supervisor before the group unionized claiming the roles and responsibilities of these employees do not meet the statutory definition of a "Managerial Employee". This arbitration award included:

- Pay increases of 5.5% each year (FY 20 and FY 21). Increases are retroactive to July 1, 2019.
- Additional $2,000 one-time payment in FY 20
- Over the next two fiscal years, the average salaries will increase from $99,579 to $110,135 annually – an increase of approximately $10,500.

The total annualized cost of the contract amounts to $1,208,297 with the total cost of wage increasing by $1,789,920.

Republican Perspective:

Republicans have been against these contracts due to the fiscal impact on already deficit-ridden budgets. Many of these contracts include wage increases that the state cannot afford while taxpayers in the state are struggling. While Republicans acknowledge and appreciate the invaluable work performed by state employees, the wage and benefit increases are consuming a larger portion of the budget crowding out funding for nonprofits and the actual services provided by these employees.

On July 1, 2020, approximately $132 million worth of raises will go into effect as a result of the 2017 SEBAC agreement. Given the impact of COVID-19 on the budget, Republicans have urged the Governor to work with labor to delay these raises. During a time when businesses are closing and people are being laid off *en masse*, a delay would give the legislature time to consider whether the $132 million cost can be worked into a state budget that will be in deficit approximately $2 billion next year.

Teachers' Retirement System

Issue Background:

In order to fund the Teacher's Retirement System, TRS, the state pays 100% of the Actuarially Determined Employer Contribution (ADEC). In addition to the state's contribution, active teachers contribute a portion of their salary to the fund as well as an additional percentage to cover retired teachers' healthcare costs.

In the 2018 budget, the Legislature increased the teacher pension contribution from 6% to 7% of salary starting January 1, 2018. Additionally, teachers continue to be required to pay 1.25% of salary to cover retired teachers' healthcare costs. This resulted in teachers contributing $19 million more to the pension fund in FY 18 and $76 million more into the pension fund in FY 19. The result reduced the state's contribution into pension fund. In 2018, the system assumed a rate of return on investments made by the fund at a rate of 8%.

Despite these funding mechanisms, Connecticut has one of the worst funded retirement systems in the country – a funded ratio of approximately 52%. Based on the revised actuarial valuation of the fund, the TRS's current unfunded liability equals $16.8 billion. The state's contribution to the fund equals approximately $1.20 billion in FY 20 and $1.24 billion in FY 21. The TRS's unfunded liability can be attributed to the late adoption of actuarial prefunding, consistent underpayment by previous legislatures, and overly optimistic investment return assumptions.

Recent Legislative Action:

The 2019 budget, PA 19-117, made significant changes to the TRS, similar to those made in 2017 to the State Employees Retirement System, SERS. This budget included:

- Reducing the assumed rate of return from 8% to a more GAAP acceptable 6.9%;
- Transitions the fund from a level-percentage of payroll amortization, to a level-dollar amortization;
- Replaces the prior 40-year amortization schedule with a new 30-year schedule for the unfunded accrued actuarial liability and;
- Allows future gains or losses to be amortized over new 25-year period.

The 2019 budget also created the Connecticut Teacher's Retirement Fund Bonds Special Capital Reserve Fund, TRF-SCRF, with an initial appropriation of $380.9 million. This account is designed to provide additional protection to bond holders of the 2008 pension obligation bonds (POBs). Funds held in this account may only be used to pay these bonds and the account must be have a minimum balance equaled to the highest remaining annual payment, including principal and interest, of these bonds. If the

reserve account drops below this amount, the Connecticut Lottery Corporation must redirect payments into the SCRF instead of into the General Fund. When the bonds are paid off, any excess funds will be deposited in the Budget Reserve Fund, more commonly referred to as the Rainy Day Fund.

In his original 2019 budget proposal, Governor Lamont (like Governor Malloy before him) proposed shifting a portion of the pension costs to municipalities, albeit at an amount less than Governor Malloy proposed. Under this policy, towns would be responsible for covering 25% of normal costs. Distressed municipalities would be required to cover 5% of the normal costs. While this did not get included in PA 19-117, shifting pension costs to the state would have required most, if not all, municipalities to increase property tax rates to cover their portion of the liability.

Republican Perspective:

Republicans for the last few budget cycles have urged the democrats to make structural changes to the way we handle our spending; focusing on paying down the state's unfunded liabilities in both the TRS and SERS and strategically prioritizing where tax payer dollars are spent. While saving money initially and helping to cover immediate deficits, re-amortizing comes at a long-term cost of $15.6 billion and only perpetuates the problem by kicking the can down the road for future legislatures to solve.

Medicaid and HUSKY

Medicaid is a joint, federal-state program. States operate their programs within certain guidelines established by the federal government. States are reimbursed by the federal government for a portion of their expenses related to the program. Most Medicaid programs receive approximately a 50% federal reimbursement. Some programs (such as Husky D) receive a higher reimbursement. In Connecticut, the Department of Social Services (DSS) is responsible for the administration of the State's Medicaid programs. In total, CT spends over $6.6 billion (state and federal expenditures) annually on Medicaid.

Medicaid benefits are limited to categories of individuals: children, caretakers of children, pregnant women, and the aged, the blind or disabled. However, states are allowed to expand Medicaid and waive certain Medicaid rules by applying for federal waivers. Therefore, states have wide flexibility to modify their state Medicaid plans to fit their unique medical care needs. All Medicaid programs are limited to U.S. citizens or legal residents, as defined by federal law

HUSKY A:

This family Medicaid program provides medical, dental, and behavioral health coverage for kids under 19 and their parents or guardians. The income limit for children to qualify for coverage is 201% of Federal Poverty Level (FPL). For adults and caretakers to be covered income may not exceed 160 % FPL[1]. There are no co-payments or premiums for the over 480,000 enrollees under HUSKY A. (see Federal Poverty Level table at the end of the Medicaid write-up). Total FY 19 HUSKY A expenditures (state and federal) for the program were nearly $1.9 billion with an annual average per member per month (PMPM) cost of $327.

HUSKY B:

HUSKY B (also known as the Children's Health Insurance Program) is not a Medicaid program and therefore is not an entitlement program. It provides health care to non-Medicaid-qualifying children with family incomes between 155% of FPL and 323% of FPL. Cost shares and premiums for the insurance policies are determined on a sliding scale. Parents making over 323% of FPL are no longer eligible to purchase into the program[2]. There are more than 19,000 kids enrolled in the program. FY 19 expenditures (state and federal) totaled $42 million, with a PMPM cost of $183.

[1] 263% FPL for pregnant women

HUSKY C:

This provides Medicaid coverage for low-income seniors aged 65 and older or people with disabilities. HUSKY C has over 95,000 enrollees. Husky C is primarily the expenditure that helps cover the state's long-term care costs. Not surprisingly, Husky C has the lowest census count of the Medicaid programs but accounts for nearly half (46%) of all the Medicaid expenditures due to the population's high care needs. Total FY 19 HUSKY C expenditures (state and federal) for the program were $2.68 billion with an annual average PMPM of $2,350.

HUSKY D:

Public Act 10-1 put an end to the State Administered General Assistance (SAGA) medical program, which was entirely state funded, and moved those clients (childless adults ages 19 through 64) into Medicaid. This Medicaid coverage is known today as Husky D. The conversion allowed the state to receive federal reimbursement opportunities to cover medical costs for this population. At the same time, the conversion also meant that the state would have less control of the program, since it was now an entitlement program.

Over the years, the programs income eligibility increased to 138% of FPL to utilize increased funding under the Affordable Care Act (ObamaCare). States, like CT, that expanded their Medicaid plans to cover adults up to 138% of FPL were fully covered by federal funds with the expectation that states will only be required to cover 10% of the costs going forward starting in year 2020[3].

The Husky D program has over 260,000 adults enrolled. Total FY 19 expenditures (state and federal) for the program were $1.83 billion with an annual average PMPM cost of $580.

[3] Federal financing for newly eligibles was 100% for 2014-2016; 95% for 2017; 94% for 2018, 93% for 2019; 90% for 2020 and beyond.

2020 Federal Poverty Income Levels

Persons in Household	48 Contiguous States and D.C. Poverty Guidelines (Annual)							
	100%	133%	138%	150%	200%	250%	300%	400%
1	$12,760	$16,971	$17,609	$19,140	$25,520	$31,900	$38,280	$51,040
2	$17,240	$22,929	$23,791	$25,860	$34,480	$43,100	$51,720	$68,960
3	$21,720	$28,888	$29,974	$32,580	$43,440	$54,300	$65,160	$86,880
4	$26,200	$34,846	$36,156	$39,300	$52,400	$65,500	$78,600	$104,800
5	$30,680	$40,804	$42,338	$46,020	$61,360	$76,700	$92,040	$122,720
6	$35,160	$46,763	$48,521	$52,740	$70,320	$87,900	$105,480	$140,640
7	$39,640	$52,721	$54,703	$59,460	$79,280	$99,100	$118,920	$158,560
8	$44,120	$58,680	$60,886	$66,180	$88,240	$110,300	$132,360	$176,480
Add $4,480 for each person over 8								

Medicare (Federal Program) – A Primer

Medicare is a federal program that provides health insurance coverage for people aged 65 and over, people with certain disabilities, and anyone with end-stage renal disease. Medicare is partially financed by a 2.9% payroll tax (Federal Insurance Contribution ACT, a.k.a. FICA), beneficiary premiums, and general federal revenues. Medicare is broken into four parts:

Medicare Part A
Known as ***hospital insurance,*** Part A provides coverage for inpatient care at hospitals, rehabilitation facilities, skilled nursing facilities, hospice and home health care services.

Medicare Part B
Commonly referred to as ***medical insurance***, Part B provides 80% coverage for doctor services and outpatient care. Enrollees are required to pay a monthly premium.

Medicare Part C
Known as the ***Medicare Advantage Plan***, Part C enrollees can choose from a list of approved private companies. Part C plans include coverage for hospital stays, medical expenses, and general prescription drugs. Sometimes additional coverage is provided for services that Medicare Part A and B won't cover, such as dental, vision or hearing. Premiums for these plans vary depending on the individual plan.

Medicare Part D
Part D provides ***prescription drug coverage*** either through a Medicare Advantage Plan or through a separate, federally approved drug plan. There are three phases to Medicare Part D, the initial coverage, the coverage gap period, and the catastrophic coverage.

- *Initial Coverage Phase*: For 2020, the annual deductible maximum for all plans is $405 and plans may charge copays/cost shares. During initial coverage, the plans will cover up to $4,020 worth of prescription costs
- *Coverage Gap Period*: After $4,020 worth of drug coverage is exhausted, the individual enters a coverage gap (often referred to as the donut hole). During this gap period there's a temporary limit on what the plan will cover for drugs. However, the beneficiary is responsible for 25% of prescription costs. After $6,350 in total out-of-pocket drug expenses have been incurred, the individual enters the catastrophic stage.
- *Catastrophic Coverage*: Under catastrophic coverage, the beneficiary is only responsible for paying whichever amount is greater - 5% of their prescription costs or $3.60 for generics and $8.95 for brand name drugs.

The Medicare prescription drug plans reset January 1st of each year.

Medicare Savings Plans
Medicare Savings Plans (MSP) provide assistance through the Medicaid program to qualified low-income individuals by providing coverage for Medicare Part A premiums, Part B premiums, or any annual deductibles. All MSP enrollees are eligible for the full Medicare Part D Low-Income Subsidy.

Low-Income Subsidy (LIS)
Low income Medicare beneficiaries are eligible for LIS to pay Part D premiums, co-payments, and drug costs in the "donut hole." Those who qualify for the Medicare Savings Plans are automatically eligible for LIS.

Education Cost Sharing (ECS) & the Minimum Budget Requirement (MBR)

Issue Background:

The most recent education funding plan was adopted as part of the state budget (PA 17-2) in October 2017. The plan was a mix of elements retained from existing funding mechanisms, as well as the integration of some elements proposed by the School Finance Project:

- The basic funding structure did not change. There was no consolidation of funding programs as proposed by SFP. The structure still included separate appropriations for ECS, Excess Cost, Magnet Schools, Charter Schools, Priority School Districts, etc.
- A new Foundation level was adopted, similar to versions proposed by SFP.
- Appropriations for ECS were increased.
- In the outyears, overfunded towns would have their ECS funding decreased incrementally each year; however, they were held harmless for the two-year budget.
- Underfunded towns would begin to see increases in their ECS funding immediately.
- Wealthy towns continued to receive a base amount of ECS funding.
- Special Education funding remained as it previously existed. The General Assembly REJECTED Governor Malloy's proposal to 1) separate special education costs from the ECS grant and 2) distribute special education funding based on town wealth.

Alliance Districts
Alliance Districts receive additional ECS funding pending the Education Commissioner's approval of their plan to improve both student and school performance through a variety of efforts, including extended day, extended year, and reading recovery programs. Today the 33 lowest performing districts receive Alliance District funding.

The Minimum Budget Requirement (MBR) & ECS
According to the MBR, towns are bound by law to budget the same amount in education spending as they did in the previous year, and add additional funding for any increases in ECS funds. For example, in general, if a town receives an increase in ECS funding of $100,000, the town's overall education funding must increase by at least $100,000. They are prohibited from budgeting any less, with certain limited exceptions.

MBR Exemptions
In the 2015 Legislative Session, Legislators voted to extend, for FY 16-17, greater flexibility for certain eligible towns to lower their MBR. Towns can now lower their MBR by increasing the per-student reduction allowable for decreased enrollment, raising the cap on how much a town can reduce its overall MBR, and, removed the limit on the number of ways a town can qualify for an MBR reduction. Towns looking to claim an MBR reduction for declining enrollment must follow a formula dependent upon the percentage of students eligible for free and reduced priced lunch under the federal school lunch law. Current law allows towns to claim an MBR exemption if they are among the top 10% of all districts in performance.

Protecting Education Funding
In November of 2017, shortly after the adoption of the budget and education funding plan, the Governor announced he was using his executive branch authority to make budgetary holdbacks, (cuts) to state education funding for school districts and towns across Connecticut. Among the reductions to state education funding included in the holdbacks was a $58 million cut to the ECS grant, a $3.6 million cut to the Excess Cost Grant (for special education funding), and an $18.5 million cut to the State Magnet School Grant.

The mid-year education funding reductions by Governor Malloy came at a time when towns had already set their education budgets for the FY 18 year, and would now have to make up for the loss elsewhere.

In response to the 2017 holdbacks, Republicans led a successful effort to prevent mid-year reductions by Governor Malloy and any future Governor.

Recent Legislative Action:

In 2019, the Legislature left the ECS formula untouched, but renewed and modified the MBR for local education budgets for FY 20 and 21. Again, while the MBR prohibits a town from budgeting less for education than it did the previous fiscal year, exemptions remain in certain limited circumstances for an MBR reduction. Also, as passed in the 2019 Budget, (PA 19-117), towns now have the option to increase the amount of unspent education dollars from its budgeted education appropriation into a non-lapsing account that may carry over into the next fiscal year from 1% to 2%. Existing law already allows towns to avail themselves of this option, and they may now choose to add an additional one percent to the account.

Republican Perspective:

House Republicans led the way to ensure that towns will never have to live through the unprecedented and crippling mid-year cuts again.

House Republicans will continue to provide a voice for municipalities across the state, fighting for education dollars to remain intact.

Further, the Caucus is supportive of ways in which cities and towns can seek savings and cost containment within their budgets. Supporting local choice in budgeting remains a high priority for the House Republican

Liquor Control Act

Issue Background:

Liquor statutes, which had previously been stagnant for decades, received an update during the 2019 legislative session. Legislators and stakeholders felt it necessary to modernize the statutes to fit the business model of the liquor industry within the state of Connecticut. This Republican-led initiative became a bipartisan effort to increase productivity and streamline operations for Connecticut small businesses, such as breweries, distilleries, farm wineries, and restaurants.

Recent Legislative Action:

In 2019, the General Assembly passed a bill to make several significant changes to Connecticut's liquor statutes. Public Act 19-24: An Act Streamlining the Liquor Control Act, limited manufacturer permits to producing spirits, consolidated four manufacturer beer permits into a single permit, created a new permit for wine, cider, and mead and allowed manufacturer permittees to hold either a restaurant permit or a Connecticut craft café permit. The Connecticut new craft café permit allows a permittee to sell other types of alcoholic liquor for on-premises consumption.

Public Act 19-24 changed the current manufacturer permits from selling alcoholic liquor to only manufacturing spirits. It increased the threshold from 25,000 to 50,000 gallons under which a permittee may sell spirits for off-premises consumption and it increased the amount one can sell from 1.5 liters to 3 liters per person per day.

The bill consolidated the manufacturer permits for beer, brew pub, beer and brew pub, and farm brewery into a single permit. Consistent with current law, the consolidated beer permit allows for the manufacture, storage and bottling of beer. Increases were made for the amount a beer manufacturer permittee may sell for off-premises consumption from nine liters to nine gallons--the equivalent of 3 cases of 16-ounce beers or 72 cans.

In addition, Public Act 19-24 allowed manufacturer permittees who operate a farm and use farm products to apply for permission to use the words “Connecticut Farm Winery,” “Connecticut Farm Brewery,” or “Connecticut 4 Farm Cidery.” Twenty-five percent of the ingredients used in these products must be grown in our state. The bill also allowed a manufacturer permittee that uses Connecticut grown farm products to apply to use the words “Connecticut Grown” when advertising such product so long as 51% of the total annual ingredients are grown in our state.
During the 2020 legislative session, HB 5173 received unanimous support in the General Law Committee. This bill made minor technical and clarifying revisions to Public Act

19-24. This bill did not move forward in the legislative process following the premature end of the 2020 session due to coronavirus.

Republican Perspective

The House Republican Caucus supported updating the liquor statutes to fit the current business model of the liquor industry, to eliminate bureaucratic red tape and to streamline business operations for many of our states' small businesses. Public Act 19-24 helped put Connecticut's liquor industry on equal footing with our neighboring states.

Hospital Settlement

Issue Background:

In 2011, the Legislature passed the hospital provider tax. The reason for reinstating the tax was to receive matching federal dollars that could be used by the state for other General Fund programs, not necessarily related to hospitals or healthcare. Due to deficits and budgetary constraints, the originally agreed upon payments to the hospitals dropped and the amount paid by the hospitals collectively increased. In 2015, the Connecticut Hospital Association filed a lawsuit against the state claiming the state had abused the provider tax.

History of Hospital Tax Changes:

- *FY 12 to FY 15*. Hospitals were assessed a tax of $349,122,277. The tax rate was 5.5% on net inpatient revenue and 3.83% of net outpatient revenue using a base year of 2009.
- *FY 16.* The tax assessment increased to $556,087,268. The increase is a result of equalizing inpatient and outpatient tax rates at 6% (the federal maximum) as well as updating the base year from 2009 to 2013.
- *FY 18 to FY 19*. In an agreement between the CT Hospital Association and the Governor's office, the hospital tax assessment was increased to $900 million. As part of the agreement, hospitals received increases in provider Medicaid rate reimbursements.
- *FY 20 budget*. The tax assessment was maintained at FY 19 levels. The tax assessment base year was required to change thus, requiring the base year for FY 20-21 biennium to be FY 17 instead of FY 16.

Initially, hospitals were able to offset some of the tax liability by purchasing Urban and Industrial Sites Reinvestment Tax credits. However, starting in FY 18 this credit was eliminated for hospitals.

History of Payments to Hospitals

During the first year of the tax, hospitals paid $349 million in taxes and received $399.5 million in payments from the state. The state used the $199.8 million in federal matching funds to fill its budget gap, and the hospitals received a net gain of $50.4 million. But in the following years, the hospitals continually paid more in taxes than they received back, and the state benefited by taking the revenues to fill its deficits.

The payments hospitals receive are referred to as "Supplemental Payments". All the acute hospitals paying a tax receive supplemental payments. In addition, some hospitals receive funds through the "small hospital "and "mid-size" hospital pools.

The "small hospital" pool helps hospitals that usually experience less revenue due to higher-than-average shares of patients covered by Medicare and Medicaid, and lower-than-average Medicaid expenses per case. Parameters were established in 2015 to require these hospitals to have bed capacity of 160 or less, not be located in contiguous towns with another hospital, and not part of a hospital group. For FY 18 small hospitals were expected to receive payments from the Small Hospital Pool totaling nearly $12 million.

The "mid-size hospital" pool helps privately-operated hospitals that have between 150 and 300 staffed beds and have Medicaid gross revenues between 6% and 18% of total revenue. For FY 18 mid-sized hospitals were expected to receive payments from the mid-hospital pool totaling $65 million.

For years, the Governor has threatened to withhold quarterly payments to hospitals because of state budget deficits. In 2015, the Department of Social Services, DSS, withheld payments in its rescission package due to budget constraints. The Legislature addressed the budget shortfalls in a December special session, and payments eventually resumed. In 2017, the Legislature adopted as part of its biennial budget, a compromise between the CT Hospital Association and the Governor's office referred to as the "second hospital user fee." The compromise language increases taxes on the hospitals to $900 million but also increases and guarantees payments to hospitals. The compromise:

- Guaranteed $598.4 million in hospital payments in FY 18 and $496.3 million in FY 19.
- Reduced hospitals tax liabilities proportionately should DSS withhold quarterly funding from hospitals for any reason.
- Increased hospital Medicaid provider rates, adding $73 million additional funds to hospitals in FY 18 and $175.1 million in FY 19 and beyond.

In 2018, the Legislature delayed $299.2 million in hospital payments from FY 18 to FY 19. This was done because the federal government was not expected to approve and pay for the new agreement until FY 19. This delay does not affect the agreement nor the state's obligations to make the payments.

Recent Legislative Action:

On December 18, 2019 in Special Session, the Legislature unanimously passed a settlement agreement between the State and the Hospital Association. The agreement spans from FY 20 through FY 26. In total the hospitals will receive $1.8 billion over the term of the agreement and drop their legal claims against the state. The state will be relieved of approximately $4 billion of financial liability. Due to the agreement's dependence on access to federal funds, the agreement allows the state to terminate the contract if increased state costs exceed $100 million in one fiscal year. If the state

terminates the contract, the hospitals may reinstate their legal claims at a reduced rate depending on what has been paid out during the agreement. Both parties can negotiate and amend the agreement based on mutually agreed upon adjustments.

Table 1: Financial Summary of the Hospital Settlement Agreement

SETTLEMENT AGREEMENT - FINANCIAL SUMMARY *(in millions)*

		Enacted	Settlement Agreement						
	SFY 2019	SFY 2020	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026
Hospital User Fee	$900.0	$900.0	$890.0	$882.0	$850.0	$850.0	$850.0	$850.0	$820.0
Supplemental Payments	493.3	453.3	548.3	548.3	568.3	568.3	568.3	568.3	568.3
Projection of Hospital Rate Increase	175.1	175.1	180.7	202.7	235.9	269.7	304.3	339.5	375.4
One-Time Payments to Certain Hospitals			9.3	-	-	-	-	-	-
User Fee Refunds			70.0	-	-	-	-	-	-
Net Hospital Position	($231.6)	($271.6)	($81.7)	($131.0)	($45.8)	($12.0)	$22.6	$57.8	$123.7
									Cumulative Total
State Impact (from SFY 2019)			($107.9)	($46.0)	($95.7)	($107.0)	($118.5)	($130.3)	($172.3)	($777.7)
Hospital Impact (from SFY 2019)			149.9	$100.6	185.8	219.6	254.2	289.4	355.3	1,554.8
State Impact (from SFY 2020 enacted budget)			($121.3)	($59.4)	($109.1)	($120.4)	($131.9)	($143.7)	($185.7)	($871.5)
Hospital Impact (from SFY 2020 enacted budget)			189.9	$140.6	225.8	259.6	294.2	329.4	395.3	1,834.8

- Medicaid payments to all hospitals totaled $2.396 billion in SFY 2019.
- Funding to cover state costs of $180.7 million in current biennium available pursuant to PA 19-117.
- Estimates above assume 66.6% federal reimbursement on hospital payments.
- Estimates above assume no enrollment/utilization increases after SFY 2021.

Hospital Provider Tax:

In the agreement, the hospital user fee is reduced to $890 million in FY 20, and gradually reduced to $820 million by FY 26. The agreement also sets the base for calculating the user fee at each hospital's audited FY 16 net revenue.

The provider tax or "user fee" has two parts. The first is a flat rate of 6% on inpatient hospital services. The second part is a rate on hospital outpatient services, which DSS sets. The outpatient rate is reduced over the life of the agreement.

Table 2: User Fee Rates

FY	Effective User Fee Rates	
	Inpatient Hospital Services	Outpatient Hospital Services
20	6%	12.0942%
21		11.7503
22-25		11.0976
26		10.4858

If hospitals merge, consolidate, or reorganize, the agreement requires that the surviving hospital or the newly formed entity is liable for the entire user fee owed by the merging,

consolidating, acquired hospitals including any outstanding liabilities from previous periods.

Limitation on Taxing Hospitals:

The agreement states that the state cannot make changes to hospitals' current tax exemptions, including municipal property taxes, corporation business tax, sales and use taxes, and motor vehicle fuels tax. For the term of the agreement, no more than 15% of revenue from new or amended taxes can come from hospitals.

Supplemental Payments:
The agreement requires the state to pay supplemental payments during the term of the agreement to members of the settlement (see Table 1 above). If a hospital ceases to operate or hold a short-term general hospital services license, the other hospitals will collect the closed hospital's share of the payment based on the pool the following fiscal year.

User Fee Refunds:
The agreement requires the state to pay a one-time user fee refund to each hospital based on the amount they claimed as an "overbreadth amount" in their pending refund claims filed with the Department of Revenue Services (DRS). In order to receive these funds, each hospital must publicly disclose tax return information contained in the agreement.

One-time Payments to Certain Hospitals:
The agreement requires the Department of Social Services to pay a total of $9.3 million in Medicaid payments to resolve claims.

Medicaid Rate Payments:
The agreement requires DSS to provide an annual rate increase:

- Inpatient hospital all-patient refined-diagnosis related groups (APR-DRG) base rate by 2%
- Inpatient hospital behavioral health per diem rate, inpatient psychiatric services and rehabilitation per diem rates, and inpatient behavioral health child discharge delay per diem rate, each by 2%
- Outpatient hospital ambulatory payment classification (APC) conversion factor by 2.2%
- Revenue center codes listed on the hospital outpatient flat fee schedule by 2.2%

Value-Based Payments to Hospitals and Other Quality of Care Initiatives Related to Hospitals
The agreement requires the state and the hospital association to work together to create a value-based system as well as prevents the state for mandating a "downside risk"

Medicaid system. The agreement allows the state to implement an "upside-only" payment system by July 1, 2022 if the state has consulted with parties involved.

Republican Perspective:

Republicans unanimously supported the hospital settlement in both chambers. Republicans have historically opposed balancing the budget on the backs of hospitals and opposed budgets, like the 2011 and subsequent budgets, that have done just that. However, this agreement provides stability to hospitals throughout Connecticut and allows the state to plan moving forward without a $4 billion looming liability on the books. The cost of approximately $1.8 billion over a seven-year agreement outweighs the risk of losing a court battle with the Hospital Association.

Business Entity Tax / Filing Fees

Issue Background:

The business entity tax is a $250 tax that is due every other taxable year. This tax is applicable to businesses organized as:

- S corporations
- Limited partnerships
- Limited liability partnerships
- Limited liability companies

Prior to 2013, the $250 tax was collected on an annual basis. Between 2013 and 2019, it was effectively cut in half since companies had to pay that amount only once every two years.

In addition to the taxes businesses must pay, there are a variety of filing fees required of them as well. The filing fees and their amounts depend on how the business is organized (i.e. LLC, sole proprietor, etc.) and the nature of the business.

Recent Legislative Action:

The adopted budget contained various provisions that are related to business taxes:

- Sunset the $250 business entity tax beginning January 1, 2020.
- Extended the corporation business tax surcharge for two additional years, to the 2019- and 2020-income years
- Increased the annual business filing fees to $80, from $20

The total amount of revenue projected to come from the Corporate Surcharge is $60 million in FY 20 and $35.7 million in FY 20.
The filing fee increases were projected to result in an increase of $12M in FY 21.
A reduction of $44 million in FY 21 is projected due to the sunset of the business entity tax.
In 2020, the governor's budget revisions recommended that the Corporate Surcharge be maintained permanently. This would have resulted in a FY 21 revenue gain of $22.5 million. The legislative session was cut short by the COVID-19 pandemic which resulted in no adjusted revenue package being passed by the General Assembly.

Republican Perspective:

The Business Entity Tax has long been regarded as a nuisance by small businesses and was supposed to be a temporary tax. Republicans have made many attempts to get rid of the tax since it was first put into place 18 years ago.

Small businesses were baffled by the Democrats' budget, which finally eliminated the Business Entity Tax, but at the same time, it increased business filing fees.

Republicans have traditionally been supporters of pro-growth policies and have resisted attempts to increase taxes on businesses. Businesses have left for other, more favorable tax friendly states. Famously, General Electric left because the state enacted a tax increase that they warned about long before leaving. The fact that businesses are leaving the state hurts the economy and our growth. Republicans have considered tax increases put on businesses as a disregard for them by Democrats. At a time where the state's business climate is poor, reforms are needed in order to bring businesses back into the state and revive the economy.

Sales and Use Tax Expansion

Issue Background:

Behind the Income Tax, Sales and Use Taxes are the second-largest revenue generator for the state. In 2011, the legislature increased the sales tax to 6.35% from 6% to cover ballooning deficits. From 2011 and onward there have been numerous attempts by the legislature to expand the sales and use tax.

In 2015, the legislature extended the sales and use tax to car wash services and website development. Additionally, the budget eliminated sales and use tax exemptions for clothing and footwear costing less than $50. The bill also reduced the amount that is exempt from sales and use taxes during "sales tax free week". The 2018 budget established a panel to examine the Commission on Fiscal Stability's recommendations regarding the sales and use tax, which would eventually be the foundation for future tax increases. Additionally, the budget reduced the sales tax on boat and marine motor sales to 2.99%.

Recent Legislative Action:

As part of the 2019 Governor's budget proposal, he hoped to expand the sales tax to a number of previously exempt goods and services, from accounting services to vegetable seeds. The revenue from the tax expansion resulted in an increase of $292 million in FY 20 and $505 million in FY 21. The Governor claimed that the sales tax expansion was about broadening and modernizing the sales tax.[4]

In the adopted FY 20 - FY 21 budget, Democrats in the legislature and Governor Lamont ultimately settled on a less aggressive schedule of sales tax expansion, which included :

- Parking services and parking lots that had fewer than 30 spaces, metered parking, parking in seasonal lots operated by the state or political subdivisions and municipally-owned lots, and railroad lots owned by municipalities and the state in towns that have severe ozone pollution.
- Laundry and dry-cleaning services, with the exemption of coin-operated services.
- Interior design services, with the exception of business to business services.

The threshold for the sales tax nexus was also lowered, resulting in a revenue gain of $3.5 million over the biennium.

[4]Office of Policy and Management, Governor's 2020-2021 Biennial Budget

Additionally, the budget increased the sales tax on digital goods from 1% to 6.35%. The digital goods that were included are:

- Electronically accessed or transferred audio, video, or audio-video works
- Reading materials
- Ring tones
- Canned or prewritten software that is electronically accessed or transferred except when purchased by a business for use by the business

The total revenue gained from the sales and use tax expansion was $40.8 million in FY 20 and $63.9 million in FY 21.

Republican Perspective:

Republicans have traditionally been against any sales tax increase or expansion, and overwhelmingly voted against the revenue package. Expansion of the sales tax would only amount to a tax increase on already struggling Connecticut residents. The expansion of the sales tax is just another money grab by the Democrats; as a quick fix to years of bad budgeting and showcasing their inability to connect with the residents of this state.

The sales tax is a regressive tax, which disproportionately affects low-middle socioeconomic groups. In addition to the detrimental effects on residents, increasing the sales tax would burden already struggling businesses.

Plastic Bag Tax/Ban

Issue Background:

Multiple municipalities have banned plastic bags and have enacted ordinances to require a fee for paper bags. In response to pressure from environmental groups and constituents, the legislature passed a statewide fee on plastic bags and eventual ban of them. This new fee was expected to bring in approximately $28 million for FY 20. However, during the annual fiscal accountability meeting, collections data showed that only $7 million is being collected from this fee annually.

Recent Legislative Action:

During the 2019 session, the legislature's Environment Committee entertained numerous proposals to ban and/or tax plastic bags.

The adopted budget included the Governor's proposal for a 10-cent fee on plastic bags and added a ban beginning in July 2021. The scope of the legislation applied to "single-use checkout bags" with specific thickness requirements. For example, a plastic bag that the lunchmeat comes in would not be subject to the fee.

Recently, due to the coronavirus pandemic and the possibility of reusable bags transmitting the virus, the Governor in Executive Order No. 7N suspended the tax until May 15, 2020. Subsequently, Executive order No. 7NN extended the suspension through June 30, 2020, at which point in time the 10-cent tax resumed.

Republican Perspective:

Republicans overwhelmingly voted against the budget, which included this new fee. While banning single use plastic bags gained bi-partisan support in committee, adding the 10-cent tax to these bags before the ban was seen as a money grab by the Democrats. This new fee adds insult to injury to the residents of Connecticut who are already struggling.

Bottle Bill

Issue Background:

Connecticut's "bottle bill" law established the system for recycling certain beverage containers; the cycle involves distributors, retailers, and consumers. First, the retailer pays the distributor five cents for certain beverage containers delivered. Then the consumer pays the retailer the five cents for each beer, soft drink, or water container purchased. If returned to the retailer or redeemed at a redemption center, the consumer receives five cents back for each container. The distributor reimburses a retailer or redemption center the five cents plus a tipping fee for returned containers. Any unclaimed deposits are paid to the Department of Revenue Services.

Recent proposals have included increasing the deposit to 10 cents, adding more types of containers, and increasing the handling fees. Proponents of these reforms have said that the bottle bill is outdated, and that increasing the fees would be appropriate. Legislators have also considered replacing the deposit with a nonrefundable recycling fee to fund recycling and anti-littering programs.

Recent Legislative Action:

In 2018, the Environment Committee endorsed House Bill 5457, which would have only increased the tipping fee for redemption centers. The bill would have decreased, by 1 cent, the amount the consumer receives for redeeming a beverage container at a redemption center, providing the redemption centers with an additional penny. This bill would have had no impact on state finances. HB 5457 made it out of committee, but no action was taken on it by the House.

Governor Lamont's budget proposal included a 5-cent fee on 50 milliliter (“nip”) liquor bottles and a 25-cent fee placed on liquor and wine bottles. These new fees were expected to bring in $4.9M in FY 20 and $6.6M in FY 21. Governor Lamont's proposal did not become law.

In 2019, the Environment Committee passed House Bill 7294, which would have revamped Connecticut's bottle redemption program. The bill would have:

- Expanded the list of containers subject to the scope of the law to include most juices, teas, sport and energy drinks
- Increased the bottle deposit fee to 10 cents by July 2022
- Increased the handling fee by 2 or 2.5 cents, depending on the type of container
- Reduced by 20% the amount of unclaimed bottle deposit fees that are paid to the state

- Allowed retailers to refuse returns if there is a redemption center nearby
- Established a state redemption goal of 90%.

The bill passed the House on a bipartisan basis but was never taken up by the Senate. In the 2020 legislative session, the Environment Committee held a public hearing on House Bill 5340, which would have amended the state's current bottle bill redemption program to:

- Increase the scope of the law to include juice, tea, sport and energy drinks
- Increase the redemption fee to 10 cents
- Increase the handling fees to 3.5 cents per beer or other malt beverage container and 3.5 cents per container of water, soda, other carbonated soft drinks, or noncarbonated soft drinks
- Reduce the amount of unredeemed deposits that a retailor pays to the state

Due to the legislative session being cut short, the committee never passed the bill.

Republican Perspective:

Republicans have changed their perspective over the years on the bottle bill. Traditionally, Republicans have had concerns over how the distribution industry would be affected if changes were made to the system. Additionally, a large majority of people view this fee as a tax. The burden is on the person purchasing the beverage container to return it in order to receive the fee back. If they do not, someone else will redeem them or the containers will be recycled, and the state will keep the money. This process comes back to the industry where they need to account for the nickels and submit the funds to the state.

Republicans have, more recently, supported reforms to the bottle bill. One such reform is to allow the industry to keep a percentage of the unredeemed fees. This was included in the most recent attempt to revise the program, which gained broad Republican support in committee and on the House floor.

Grocery Tax

Issue Background:

The state's sales and use tax is assessed at a rate of 6.35% on goods and services unless stated otherwise in statute. For example, food products sold at grocery stores are exempt from the sales tax, which results in an approximate $430-440 million annual loss in revenue to the state. However, prepared, catered, or "ready to consume" food products are subject to the sales tax, commonly referred to as the meals or prepared food tax. In 2002, the Department of Revenue Services (DRS) published a Policy Statement[5] outlining the types and conditions under which an item would be considered a prepared meal versus a traditional food product. The Statement described the following specific situations when meals sold in grocery stores/supermarkets should be taxed: meals sold for catering; prepared meals; and meals sold in areas of a store where meals are intended to be eaten (e.g. food court, snack bar).

Recent Legislative Action:

In 2019 as part of the Democrats' biennial budget, the meals tax was increased from 6.35% to 7.35%. The tax increase resulted in a revenue gain of $48.3 million in fiscal year 2020 and $65.8 million in fiscal year 2021. Additionally, the language of the bill added "grocery stores", as a venue where prepared meals would be taxed. The change created widespread confusion among grocery store owners with respect to the types of food products that should be taxed.

In September 2019, DRS issued a policy statement[6] interpreting the new grocery tax to include many previously exempt items in grocery stores. Examples of items that were subject to sales tax at 7.35% included ice cream and other desserts sold in containers of one pint or less, donuts and other pastries sold as 5 or fewer, and whole cooked chickens. Under DRS's interpretation of the new law, food products sold at grocery stores that could be considered "ready to consume" were now subject to sales tax.

After pressure from the Governor's office and legislative leadership, DRS issued a new policy statement,[7] revoking the September 2019 statement. DRS concluded that after further review of the law and prior policy statements, the new law does not expand the meals tax to new items, but only increases the tax by 1% on existing items. After full review of the statute, DRS determined there was an "alternative, and defensible

[5] Department of Revenue Services, PS 2002(2), *Sales and Use Taxes on Meals*
[6] Department of Revenue Services, PS 2019(5), *Sales and Use Taxes on Meals*
[7] Department of Revenue Services PS 2019(10), *Information about Sales and Use Tax Rate Increase on Meals and Revocation of Policy Statement 2019(5), Sales and Use Tax on Meals*

interpretation that more closely aligns with the language of the statue and the clear intent of the Legislature."

Republican Perspective:

Republicans did not support the increase in the meals tax or any expansion of the sales a tax contained in the Democrats' budget. The 1% meals tax increase is an example of another money grab and yet another example of how out of touch democrats are with middle class families.

Republicans were vocal with their disapproval of the lack of clarity and apparent expansion of the meals tax to items that would harm primarily lower- and middle-class residents. This tax increase and expansion was met with additional skepticism since the Governor had proposed a 2% sales tax on food products at the beginning of the session, which was shot down by taxpayers and advocacy organizations across the state.

While republicans appreciate the efforts made to revisit and revoke the original DRS policy statement, a legislative fix is needed in addition to the re-issued policy statement. Republicans believe an agency policy statement does not supersede what is actually written in state statute.

Taxation and Retail Sale of Marijuana

Issue Background:

Connecticut has seen major changes regarding the use of marijuana over the past decade. In 2011, the legislature approved Public Act 11-71, which reduced the penalty for possessing less than one-half an ounce of marijuana. Violators no longer face jail time for such possession but are charged with a series of fines. Under the law, an individual is assessed a $150 fine for a first offense, a $200 fine for a second offense, and $500 for each subsequent offense.

Recent Legislative Action:

Several different bills were proposed during the 2019 legislative session regarding the legalization, taxation, and sale of recreational marijuana. Democrat leadership attempted to address the marijuana issue with a three-pronged approach which allowed each relevant committee of jurisdiction—the Judiciary, Finance, and General Law Committees, respectively—to work separately on the different facets of legalization. This process ultimately proved too complicated and cumbersome.

SB 1085, the Judiciary portion, proposed legalization with restrictions mirroring tobacco, such as a ban on smoking in public and an age requirement of 21 and over to purchase, among others. The bill also would have eliminated the criminality of possession and allowed for the erasure of criminal possession convictions. SB 1085 passed the Judiciary Committee by one vote, and then died in the Senate.

HB 7371 was introduced by the General Law Committee in 2019 to legalize the retail sale of marijuana. The bill created a cannabis commission, comprised of five commissioners appointed by the governor. The commission would have overseen all retail sale of marijuana and assisted marijuana retailers and cultivators. HB 7371 passed in the General Law Committee but died in the House.

Also introduced in 2019 was SB 1138, which created a framework for the taxation of cannabis upon legalization. The bill assessed an excise tax of $35 per ounce for cannabis flowers and $13.50 per ounce for cannabis trim. Municipalities would have been permitted to charge a 3% local sales tax in addition to the standard 6.35% sales tax. Funds from the excise tax would have been directed to the Community Development Corporation Trust Fund and ultimately distributed back into communities most affected by current marijuana laws. SB 1139 passed the Finance, Revenue & Bonding Committee but died in the Senate.

During the 2020 legislative session, the Judiciary Committee introduced an omnibus proposal for the legalization of marijuana which included several pieces from the three-pronged approach package from 2019. SB 16 only received a public hearing before session was suspended due to coronavirus.

Republican Perspective

Opponents of the legalization of recreational marijuana have concerns regarding the negative health effects of marijuana and the impact legalization may have on crime rates and youth drug use. Opponents argue that we should not use marijuana as a revenue source to balance the budget.

Palliative Marijuana

Issue Background:

During the 2012 legislative session the General Assembly passed Public Act 12-55. This bill established the state's medical marijuana program, which allows a licensed physician to certify an adult patient's use of marijuana after determining that the patient has a debilitating medical condition and could potentially benefit from the palliative use of marijuana.

In 2016, the legislature further expanded our medical marijuana program by approving use by minors in Public Act 16-23. Prior to being able to use marijuana for medical reasons, minors must have a written certification by a physician who determined that the patient has a qualifying debilitating medical condition under the law. The law prohibits physicians from issuing a written certification for a minor's marijuana use in a dosage form requiring that the marijuana be smoked, inhaled, or vaporized. Minors may only ingest the marijuana.

Recent Legislative Action:

The Department of Consumer Protection, charged with the administration of the medical marijuana program, routinely examines and accepts additional debilitating medical conditions eligible for participation in the program. The Department has approved the following debilitating medical conditions for adult participants to include, among others:

- Cancer
- Glaucoma
- Positive Status for Human Immunodeficiency Virus or Acquired Immune Deficiency Syndrome
- Parkinson's Disease
- Multiple Sclerosis
- Epilepsy
- Crohn's Disease
- Post-Traumatic Stress Disorder
- Sickle Cell Disease
- Post Laminectomy Syndrome with Chronic Radiculopathy
- Severe Psoriasis and Psoriatic Arthritis
- Amyotrophic Lateral Sclerosis
- Ulcerative Colitis
- Cerebral Palsy
- Cystic Fibrosis
- Irreversible Spinal Cord Injury with Objective Neurological Indication of Intractable Spasticity

- Terminal Illness Requiring End-Of-Life Care
- Uncontrolled Intractable Seizure Disorder
- Chronic Pain of at least 6 months duration associated with a specified underlying chronic condition refractory to other treatment intervention
- Ehlers-Danlos Syndrome Associated with Chronic Pain

In 2019 the General Assembly sought to add Opioid Use Disorder as a qualifying condition to receive medical marijuana. The bill, H.B. 7287, passed out of the General Law Committee but eventually died in the House.

During the 2020 legislative session H.B. 5295 was considered by the General Law Committee. The bill, among other things, removed application and administrative fees on medical marijuana patients, allowed patients to have access to more than one dispensary and includes chronic pain, of at least six months, to the list of debilitating medical conditions. The bill received overwhelming bipartisan support in committee but died after the legislative session was suspended. Chronic pain of at least 6 months associated with a specified underlying chronic condition refractory to other treatment intervention was eventually approved by the Regulation Review Committee via the recommendation of the Board of Physicians and Commissioner of Consumer Protection.

Republican Perspective:

The issue of medical marijuana is hotly contested, and the caucus does not support a single position. Proponents of allowing medical marijuana to be consumed by minors are impassioned and hold their view strongly that use by children is the last best option for treatment. In most cases, proponents argue that traditional therapies have been attempted, but to no avail.

Those opposed to use by minors and adults are concerned about the lasting effects of consuming marijuana for such purposes. They argue that there has been a lack of scientific research and results in terms of the use of marijuana by minors, and this concern is valid and cannot be overlooked. A variety of factors come into play when discussing palliative marijuana, especially by minors. Certain legislative districts have constituents that are impassioned about the issue, and for others, the individual member's decision is weighed heavily on not just one factor, but many.

Sports Wagering and Online Gaming

Issue Background:

In 1992, Congress passed the Professional and Amateur Sports Protection Act (PASPA) [8] effectively outlawing sports betting in the country. In doing so, it grandfathered states that already had some forms of sports wagering. Delaware, Oregon, and Montana were granted permission to operate sports lotteries, and Nevada was granted permission to operate licensed sports pools. New Jersey was offered a one-year window to enact sports wagering, but the state did not take the opportunity at that time. Years later, with Atlantic City casinos facing economic hardships, New Jersey had a change in heart and passed a state law in 2012 to allow sports wagering at its casinos. However, NCAA and the sports leagues quickly fought the new law on the ground that it violated PASPA. On May 14, 2018, the United States Supreme Court ruled that PASPA is unconstitutional and a violation of the Tenth Amendment. The court ruled that Congress can regulate sports wagering, however it is up to the individual states to decide on what residents can and cannot do. What has followed since the repeal of PASPA is several states legalizing sports wagering. Currently 22 states have some form of legalized gambling.

Connecticut's attempt to implement sports wagering is complicated due to the unique gaming arrangement the state has with the Mashantucket Pequot and Mohegan Tribes. The two tribes are the only entities authorized to operate casino gaming in Connecticut. The tribes assert that they have exclusive rights to sports wagering in the state and authorizing anyone else without their consent would be a violation of the compact. Some, including the legal opinion of former Attorney General Jepsen, argue that the current arrangement does not provide the tribes such exclusive rights.

Recent Legislative Action:

In 2019, several bills were introduced by the Public Safety Committee to expand sports wagering. House Bill 7331 would have authorized onsite and online sports wagering for the two tribes, off-track betting facilities, and the Connecticut Lottery Corporation. It also would have created three additional licenses for online only platforms that would have gone through an RFP process. Conversely, Senate Bill 17 would have provided the tribes with exclusive right to conduct not only sports wagering, but also online gaming This bill also would have granted the tribes and the Connecticut Lottery Corporation the ability to offer online Keno. Both bills made it out of committee but were not taken up in either chamber.

[8] PL 102-559

During the 2020 legislative session, the Public Safety Committee raised HB 5168 which would have allowed all gaming entities (Tribes, OTBs and CT Lottery) to offer sports wagering. Additionally, Senate Bill 21 was introduced by the Southeastern CT delegation with the support of the tribes. This bill would have granted exclusive right to the tribe to offer sports wagering. However, due to the COVID legislative shutdown, no actions were taken by the committee on these issues.

Republican Perspective:

On the topic of gaming, Republicans are divided. Some legislators believe that expanding gaming creates social problems such as gambling addiction and that the state will ultimately pay for the financial losses incurred by gamblers through increased government programs and social services.

There are others who are supportive of sports gaming and believe it could provide an economic boom for the state. Unlike traditional casino games where the outcome is determined by chance, sport outcomes require elements of skill. For that reason, some legislators have been supportive of sports wagering, but hesitant to expand casino games online. However, even among supporters of sports wagering, there are differing opinions on what such wagering should entail and who should have the right to operate.

Casino Expansion

Issue Background:

Since the early 1990s, the Mashantucket Pequot and Mohegan tribes have exclusively operated resort casinos on their respective sovereign tribal lands. The fiscal impact of the tribes to the state's general fund has been significant. The tribes transfer 25% of all the slot revenues to the state. The two tribal casinos have collectively contributed over $8 billion dollars to the general fund since they started their operations. Casino revenue transfers to the general fund had been steadily increasing until 2007. Since then, casino revenues have continually dropped. During the casinos' prime the general fund received more than $430 million. In comparison, the revenue for FY 2019 totaled $255 million.

Recent Legislative Action:

In an attempt to mitigate projected revenue and jobs loss, the legislature in 2015 passed Special Act 15-7, granting the tribes the right to form a joint entity for the purpose of finding a viable casino location and entering into a development agreement with any interested municipalities. The tribes formed MMCT and selected the former Showcase Cinemas in East Windsor as the site for the casino. This site is no more than 15 miles from the new Springfield casino.

Almost immediately, MGM filed a lawsuit to block the East Windsor casino from moving forward. In 2017, the legislature passed PA 17-89 granting MMCT the authorization to build and operate a casino in East Windsor upon approval of the arrangement by the Bureau of Indian Affairs (BIA), within the U.S. Department of Interior. Specifically, the legislation required the BIA to approve an amendment allowing the tribes to operate an off-reservation casino without jeopardizing the revenue sharing agreement between the state and the tribes. Initially, the BIA took no action on the matter and never published a decision as required in the federal register. Without approving such an amendment, the tribes were potentially violating the exclusivity clause provision under the existing amendments since MMCT is a tribal business entity. The tribes, along with the State of Connecticut, filed a lawsuit to compel the BIA to act on the matter, and the BIA eventually published in the register the approval for the amendments.

Even with the approvals, there are potentially years of litigation ahead on the grounds that providing an exclusive commercial right to a casino gaming facility off reservation violates the commerce clause. To date, construction on the East Windsor casino has not commenced.

More recently, there have been attempts to create a Bridgeport casino. MGM had pursued legislation to allow any casino developer and operator to build a casino in the state with the promise to make Bridgeport the location of their casino if selected. Bills were proposed[9] to establish an open competitive bid process for the development, management and operation of a commercial casino. The tribes believe that such a process would violate the agreement between the tribes and the state, thereby jeopardizing the revenue share. Some legislators, armed with the latest legal opinion of former Attorney General Jepsen, are of the opinion that the RFP process would not violate the MOU until the legislature acted to approve a casino after the RFP was completed.

During the 2020 legislative session, a competitive bid bill was not proposed, but a bill to allow a casino in Bridgeport operated by MMCT was proposed as part of a larger bill to establish online gaming and sports wagering[10] However, legislative session was cut short due to the coronavirus. While the Tribes are generally supportive of MMCT operating a scaled down casino in Bridgeport, they are opposed to making it a resort casino since it would detract from their on-reservation resorts in Eastern CT.

Republican Perspective:

Republican views on casino gaming are wide ranging. Those who supported the tribes' efforts to operate a casino in East Windsor argued that a north central satellite casino could recapture gaming revenue and preserve existing casino related jobs. There is no doubt that the two tribes play a major economic role in South Eastern CT and are one of the largest employers in the state. Tribal supporters believe that MGM has no real interest in developing a casino in Bridgeport and was simply utilizing delay tactics to ensure the East Windsor casino opens as late as possible. The Bridgeport area legislators have been vocal about being included in any casino expansion efforts given the city's location and need for jobs and economic development.

Those supporting the competitive bid process argue that revenue from the tribes is diminishing and the true value of a commercial casino to the state will not be known until all interested parties compete; ultimately providing the best revenue arrangements for the state.

Legislators who oppose the expansion of gambling in Connecticut are concerned with the social issues that come along with gaming including problems related to gambling addiction and crime. Further, those who oppose the expansion have concerns about whether a competitive bid process would jeopardize our compact with the tribes.

[9] HB 5305 (2018), HB 7055 (2019)
[10] SB 21 (2020)

Debt-Free Community College

Issue Background:

The cost of a college education has increased dramatically over the years, and the crippling debt saddling college graduates often prevents them from achieving both personal and professional goals. In 2019, the General Assembly passed first of its kind legislation that will enable eligible Connecticut high school graduates to attend community colleges at no cost to the student and require them to achieve certain benchmarks in order to continue to be eligible for membership in the program.

Recent Legislative Action:

The debt free community college concept first arose in 2018 in the Higher Education and Employment Advancement Committee. It was not until the 2019 session that the bill reached both the House and Senate floors, included within the 2019 Budget Bill, PA 19-117, Section 362.

As passed, the new law requires the Board of Regents for Higher Education to establish a debt-free community college program for Connecticut high school graduates who enroll as first-time, full-time students. Students must complete a FAFSA application, attend community college full time (12 or more credits per semester), participate in a degree or credit-bearing certificate program, and once enrolled, remain in good academic standing. The program will provide students with fall and spring semester monetary awards that cover the unpaid portion of tuition and fees, or provide a minimum $250 grant, whichever is greater. Awards under this program apply to the first 72 credit hours earned by a student in the first 36 months of community college enrollment in a program leading to a degree or certificate.

The program, administered by the Connecticut State Colleges and Universities System (CSCU) is now known as "PACT" (Pledge to Advance Connecticut), and is set to begin in the fall 2020 semester, pending available appropriations. Funding for the program was not appropriated in the FY 20 – FY 21 Budget, and to date, a FY 21 Revised Budget has not been adopted. The proposed CSCU budget is under review by the Board of Regents' Finance and Infrastructure Committee, and in it, explains that community colleges are planning to begin the program in fall 2020 using $3 million in community college system-level reserves to fund the program in the fall semester. The budget proposal indicates the program will be "relying on a future state appropriation for the spring."

Republican Perspective:

It is no secret that the costs associated with a college education have been on the rise in recent years. The House Republicans are dedicated to ensuring that Connecticut students are able to attain personal goals after high school - whether it be through a college education or through workforce training. The caucus continually offers proposals to incentivize businesses to take on interns or apprenticeships by establishing tax credits, as well as increasing and establishing dual high school and college degree programs. The debt free college initiative, however, differs from other commendable Republican initiatives with one stark difference - the cost. Debt free community college may be free to some, but ultimately the cost will become the responsibility of others, and in the present case, the state of Connecticut's General Fund. In times of surplus, this type of program may be better instituted, yet under the current and likely future fiscal situation, it is simply not prudent.

Family Medical Leave

Issue Background:

The federal Family and Medical Leave Act (FMLA) was signed into law in 1993. It applies to employers with at least 50 employees and covers employees who have worked at least 1,250 hours during the 12 months before taking leave. If these conditions are met, a covered employee may take up to 12 weeks of unpaid leave from their job during a 12-month period. Reasons for which leave may be taken include time for certain health and family reasons, taking maternity leave, time to care for a newborn, or time to care for themselves or for a family member with a serious medical condition. The centerpiece of the law is that it guarantees that the employee will be able to return to his or her job after they return from leave.

While Connecticut had a similar law, which passed three years before the federal law, in recent years, there has been a push to convert the state FMLA program from unpaid leave to paid leave – mandating that covered employers not only allow their employees to take leave, but to pay them their wages while they are away. Only seven states and the District of Columbia have passed paid FMLA laws. The first four - California, New Jersey, Rhode Island, and New York – developed programs that relied on disability mandates that already existed on their states' employers.

Connecticut Democrats proposed paid FMLA legislation every year since 2015, but each year the effort died for lack of action in one chamber or the other. Republicans proposed FMLA savings accounts as an alternative. Modeled after Connecticut's Flexible Spending Plan (MediFlex) and the Dependent Care Spending Plan (DCAP), this bill would have created a simple, optional employee payroll savings plan that pays for itself, established a pretax payroll deduction under personal income tax for contributions to a FMLA benefit savings account, and established a trust to pay for FMLA related costs. Unfortunately, though the Republicans' bill received a public hearing in the Finance Committee, it was never voted on.

During the 2018 session, legislative Democrats again proposed companion bills (SB 1 and HB 5387) which were identical to the previous year's bills. House Republicans proposed HB 5584 as another alternative: that would have established a tax credit for employers that provide paid FMLA and would have allowed families to establish tax-exempt FMLA savings accounts. None of these FMLA bill received a vote in the House or Senate chambers.

Recent Legislative Action:

After multiple attempts during previous sessions, in 2019 legislative Democrats again proposed Senate and House versions of a bill which became law. Public Act 19-25 creates a new state-administered paid family & medical leave program funded by a new payroll tax of up to .5% on virtually every worker's paycheck and entitles certain employees to paid leave of up to $606 per week for a period of 12 weeks. The paycheck withholding starts sometime between January 1 and February 1, 2021 and benefits start being provided between January 1 and February 1, 2022 (1-year ramp up to fund the program). The withholding rate is adjusted and announced annually starting November 1, 2022 and effective the following January.

The program's estimated startup costs are over $13 million, and it will cost up to $18.6 million annually to run. Every employee of an employer with one or more employees would see a new tax on their paycheck to provide sufficient funding for this new program, costing taxpayers approximately $400 million a year. The bill also expands the current eligibility requirements for family and medical leave.

Republican Perspective:
We believe that individuals should be free to choose how best to provide for their family's needs. Expanding government and raising taxes to fund a new state-run program is the wrong choice at the wrong time. Disability insurance policies are already available and provide a wide variety of choice for consumers, and Republicans have offered alternatives to encourage employers to provide additional paid leave and to help families fund private savings accounts to cover any gaps left by disability policies.

Considering our current economic climate, we should not have added another administrative burden to our state's business community. Even "unpaid" FMLA creates costs for employers. They must continue to pay the costs of the employee's health insurance and other benefits while they are on leave, and they may have to pay extra to hire a temporary employee to cover the workload or at least redistribute the work to others. FMLA can also be very complex to administer, adding to compliance costs. All of these costs grow when FMLA leave is paid, as more employees have additional incentive to take advantage of the program.

This is a government imposed "one-size-fits-all" approach which doesn't allow employers the flexibility to tailor their employee benefits in ways which would be beneficial to both employer and employee. We believe an optional, self-funded, pre-tax savings plan would have been a better way to provide paid FMLA without burdening all of our taxpayers and businesses with new tax mandates and without adding an additional drag on our state budget.

State-Run Retirement Plan

Issue Background:

Provision for one's retirement has traditionally relied on the "three-legged stool" of Social Security, Private Pension Plans, and Personal Savings. However, in recent years, all three of those legs have been eroding. Social Security continues to be threatened at the federal level, personal savings rates continue to decline, and fewer companies are providing pension plans.

According to the Schwartz Center for Economic Policy Analysis, the number of employers offering retirement plans continues to trend downward. 50% of workers in Connecticut between the ages of 25 and 64 are not covered by an employer-sponsored retirement plan and more than 4 out of 10 – or 600,000 – Connecticut workers of all ages do not have access to a retirement plan through their employer.

Decreased access to employer-sponsored retirement plans is considered by some to be the primary reason people don't have enough resources to support themselves in retirement. Increasingly, retirees are relying more heavily on Social Security because they don't have enough savings set aside. This is especially true of those on the lower rungs of the economic ladder.

Initial attempts by Democrats in the House and Senate to establish a state-run retirement plan for private sector workers failed primarily due to anticipated costs and the likelihood of preemption by federal ERISA law. However, during the 2014 session, the legislature established the Connecticut Retirement Security Board (CRSB) to conduct a market study regarding the implementation of a public retirement plan and to develop a comprehensive proposal for the implementation of such a plan. The Board submitted its final report in December 2015, recommending the creation of a state-administered retirement savings plan for private sector workers who do not have a retirement plan through their employer.

The Democrat majority proposed another plan, based on the recommendations submitted by the CRSB. The bill went through three different versions before it ultimately passed on a party-line vote making Connecticut the first state to provide this type of plan (Public Act 16-29, as amended by sections 95-108 of Public Act 16-3 of the May, 2016 Special Session).

Among other things, this new law:

- Established the Connecticut Retirement Security Authority to run a program (the "Connecticut Retirement Security Exchange" or CRSE) for IRAs for private-sector employees that do not have an employer-provided retirement plan;

- Applies to employers with 5 or more employees who must enroll all their employees that are at least 19 years old, have earned at least $5,000 during the previous year, and have worked at least 120 days;
- Automatically enrolls covered employees at a 3% contribution rate (meaning their take-home pay will be reduced) with no cap;
- Allows covered employees to opt-out, but they must do so in writing;
- Enrolls employees into a RothIRA by default (a traditional IRA, with its tax advantages, is not an option);
- Beginning January 1, 2018, requires covered employers to provide informational materials to covered employees within 30 days of hiring and must enroll employees within 60 days of their becoming eligible (but see "Recent Developments" below);
- Penalizes covered employers that fail to comply.

In addition to Connecticut, California, Illinois, Maryland, and Oregon have similar programs.

Recent Developments:

The Connecticut Retirement Security Board had its first monthly meeting in August of 2017. However, while the Connecticut Retirement Security Exchange program was supposed to start as of January 1, 2018, the CRSB determined that the program would not be ready to enroll workers as originally scheduled and voted in September to defer the start date pending an updated timeline to be developed later. At their March 2018 meeting, the Board voted to defer the implementation date to January 1, 2019.

Although the CRSB finally hired an Executive Director in January 2019, as of June 2020 the program still has not been implemented. 2019 proved to be a tumultuous year for the program, with additional deferral notices being issued and the RFP for an investment consulting firm attracting little interest. By November, the Board realized that it did not have anywhere near the amount of money it needs to get the program started. The state of Oregon needed $9 million and California needed $12 million to start their programs. According to a study by the Center for Retirement Research, estimated startup costs for Connecticut would be approximately $11 million and it was estimated that - given accrual of interest and expenses – the Program would be $40 million in deficit over the first five years until revenue/contributions would start covering operations.

The CRSA has access only to a $1 million line of credit and by December 2019, the Governor – through his Office of Policy and Management (OPM) – made it clear that, while he supports the mission of the CRSA, given the questionable viability of the program, OPM would not be extending the line of credit. Later that month, the CRSA determined that it would run out of money by the end of the following month and

raised the prospect of having to lay off the Executive Director whom they had hired only 11 months before. On Christmas Eve, the CRSA suspended all financial expenditures and on January 6, 2020, the Executive Director was laid-off with $13,461.54 in severance, equivalent to four weeks' pay.

Despite its setbacks, the CRSA continues. In March 2020, a federal court upheld California's state-run retirement plan despite a claim that it is preempted by ERISA. That case continues to be litigated. In April, the CRSA moved into the Comptroller's office for administrative and operational purposes, with the Comptroller as chairman. Later that same month, after a competitive bidding process, SUMDAY (a subsidiary of BNY Mellon) was selected as administrator of the program.

Republican Perspective:

One of the House Republicans' Common Sense Principles is *the more government does, the less government does well.* We believe government shouldn't be in the private retirement savings business. Our state is already in the public pension business and its record there has been abysmal, with massive unfunded liabilities to public sector workers in the *billions* of dollars. There is absolutely no evidence to suggest that the state will do any better managing retirement savings for private sector workers and, in fact, the past 18 months especially have shown how difficult it will be for the state to actually provide this benefit.

This plan is the wrong solution. While there is some evidence that the decline in retirement savings may be the result of employers no longer offering retirement plans, there is also abundant evidence that retirement savings typically declines during lean economic times. People may very well need all their financial resources during those times to pay their bills and provide basic needs. And, of course, no amount of employer-sponsored retirement helps a person who is unemployed. The best thing our state government can do to address this problem is to concentrate on creating a job-friendly environment rather than put another mandate on employers.

Furthermore, this policy puts government in direct competition with private providers of retirement savings plans. Just because an employer doesn't offer a retirement plan, doesn't mean that the employee can't choose to save for retirement if he/she wants to. There is no shortage of retirement plans and options available for private sector workers, above and beyond what used to be offered by employers. The market has filled any void created by the reduction of employer-sponsored pension plans.
If there is an actual problem in this area, it's lack of education, not the availability of options. We need to do a better job of educating people about what retirement savings options are available and not create a whole new government bureaucracy which will give people false hope and little actual benefit.

Public Option

Issue Background:

At its core, a "public option" entails a government-run health insurance agency that competes with private health insurance companies. For the past two years, the Democrat's Progressive Caucus put forth legislation to create such a program.

Recent Legislative Activity:

In 2019, the Insurance and Real Estate and Appropriations Committees passed HB 7267: An Act Concerning Public Options for Health Care in Connecticut, which would have required the Comptroller to create the "ConnectHealth Plan" to either (1) establish a group health insurance and pharmacy plan for small businesses, or (2) allow small employers to join the state health insurance plan.

The concept of a government-run health plan generated significant controversy and by the end of the session, the legislation was significantly amended. The final version removed the public option portion and replaced it with language establishing (1) a health care cost growth benchmark, (2) a reinsurance program for the purpose of reducing premiums, and (3) a Canadian drug importation program.

The House passed this language, but it was never called in the Senate.

In 2020, SB 346: An Act Concerning Public Options for Health Care in Connecticut, proposed the same concept with a few minor changes. Notably, it would have also expanded the coverage option to nonprofit employers as well.

While the bill passed out of committee, no further action was taken due to the COVID-19 pandemic.

Republican Perspective:

Republicans have fundamental concerns with the concept of a government-run health insurance program.

- The state employee plan is already running a $10,000,000 deficit. With that in mind, the idea of expanding the program is problematic.
- A public option threatens the roughly 25,000 Connecticut residents who are employed by the health insurance industry.
- The proposal does not address the myriad ways the state itself contributes to rising premiums through assessments and mandates.

- As various iterations have been written, the concept defers a significant amount of power to the Comptroller. As a result, a public option would not be subject to the same oversight private insurers are subject to. This results in fewer protections and an uneven playing field.

Minimum Wage

Issue Background:

The Fair Labor Standards Act of 1938 established the first federal minimum wage, and at a current rate of $7.25 per hour[11] (with some exceptions for certain types of workers), it provides the minimum labor rate that states must use. States are, however, free to require a minimum wage that is higher than what federal law requires, and Connecticut has raised its minimum wage rate fifteen times in the last nineteen years.

Sixty-five percent of businesses in Connecticut say that the cost of doing business is the greatest challenge they face. At a current rate of $11.00 per hour, Connecticut's minimum wage rate ties with New Jersey and Maryland as the 9th highest rate in the country. However, as of September 1, 2020 the state's minimum wage rate will increase to $12.00 per hour which will put Connecticut at the 4th highest rate in the nation, tied with Arizona, Colorado, and Maine. Only Massachusetts ($12.75), California ($13.00), and Washington ($13.50) will have higher wage rates than Connecticut. Interestingly, New Hampshire doesn't have a state minimum wage, deciding to use the federal minimum wage of $7.25 per hour instead. Twenty other states have set their minimum wage at the federal rate as well.

Increasing the minimum wage increases the cost of doing business and results in job loss. When labor costs go up, employers tend to cut payroll, put off new hiring, reduce their workers' hours and hire fewer people. Many are left with no choice but to lay off workers. The "true minimum wage" is actually $0.00 per hour since employers don't have to hire additional workers, and a higher minimum wage prices many unskilled and inexperienced workers out of the labor market entirely.

This is especially true for younger workers who have seen over 300,000 jobs eliminated nationwide due to minimum wage increases. They're losing an opportunity to learn important job skills and work their way up as the bottom rung of the career ladder continues to erode.

Recent Legislative Action:

In 2019, after minimum wage increases in almost every year during the prior 15 years, Connecticut passed "Fight for $15" legislation, which raises the minimum wage rate almost 50% over the course of four years. Starting October 1, 2019, the rate increased from $10.10 to $11.00 per hour and will increase by $1.00 every 11 months until it reaches $15.00 per hour on June 1, 2023. (House Bill 5004, Public Act 19-4). It also limited the "learner's wage" to minors only for the first 90 days of employment.

[11] As of June, 2020 (originally effective July 24, 2009).

Significantly, and in an attempt to eliminate the need for legislative debate on future minimum wage rate increases, after June 1, 2023 the minimum wage rate will increase automatically with increases in inflation. The governor can suspend any such increase after two consecutive quarters of negative GDP, but it's unclear whether this provision will ever be used.

Republican Perspective:

We need to make it easier to do business in Connecticut, not make it more difficult. Unfortunately, increasing labor costs tends to eliminate jobs rather than create them, and in this economy, we should be doing everything we can to provide wage opportunities through new jobs rather than artificially increasing wages at the risk of losing jobs. While Connecticut is supposed to be "open for business," measures like increasing the state's minimum wage rate are further evidence of the state's hostile business climate. The legislature's locking in automatic wage rate hikes into the future increases the cost of doing business in this state makes absolutely no sense.

Pay Equity

Issue Background:

Women, on average, tend to make less than men make for equivalent jobs. According to the US Census, the median annual pay for women who are employed full time is $45,097, compared to a median annual pay of $55,291 for men who are employed full time. Employer hiring practices which require prospective employees to disclose their salary history tend to perpetuate this disparity. If you're required to disclose what you've made in the past, it's likely that information will be used to establish what salary is offered in the future.

While the federal Equal Pay Act already prohibits wage discrimination based on gender, the law does not impose any strict prohibition on the use of salary history. Therefore, states have started addressing the practice of asking about wage and salary history prior to making an employment offer, arguing that this practice tends to result in pay inequity over time.

Connecticut first passed a "Pay Equity and Fairness" law five years ago (PA 15-196). That law bans employers from 1) prohibiting employees from disclosing, inquiring about or discussing wages with another employee, 2) requiring employees to sign a waiver giving up these rights, and 3) discharging, disciplining, or discriminating against employees for exercising these rights. It also allows aggrieved employees to take the employer to court for damages, attorney's fees, costs, punitive damages and equitable relief, provided they do so within two years of the alleged violation.

Just three years later, bipartisan efforts resulted in the passage of PA 18-8, which passed overwhelmingly with a vote of 142-4 in the House and 35-1 in the Senate. The legislation was effective starting January 1, 2019 and prohibits employers from asking about a prospective employee's wage and salary history. However, they may ask about the elements of compensation structure provided they do not ask about the specific value of each of those elements. With the passage of this bill, Connecticut became the fifth state to enact a ban asking about wage and salary history during the interview process.

Recent Legislative Action:

Public Act 18-8 had barely taken effect when Senate Bill 765 was introduced for the 2019 session. This bill would have prohibited employers from using a seniority system as a basis for defending wage differences if the calculation of seniority would deduct time for pregnancy or protected family and medical-related leave. The bill came out of the Labor committee on a bipartisan vote (11-1) primarily because it included a provision

allowing employers to reduce damages in wage discrimination lawsuits by completing an equal pay analysis and meeting certain other requirements. Unfortunately, that section of the bill was stripped by the Senate which voted 34-2 to send the bill to the House. The bill died awaiting further action.

For the 2020 legislative session, the Labor Committee reintroduced SB 765, including the provisions that were stripped by the Senate the previous year. House Bill 5385 received a public hearing on March 3rd but received no further action before the legislature adjourned.

Republican Perspective:

We believe in equal pay for equal work; we also recognize that it is often difficult to determine what work is truly "equal." Pay equity laws are a step in the right direction, seeking to address inequities in pay that result from a history of depressed wages and salary. However, we in government need to be very careful not to impose too heavy a burden on employers or create an environment where employers are afraid of making sound business decisions at the risk of expensive litigation.

Right of a Public Employee to Join or Support a Union

Issue Background:

On June 27, 2018, the US Supreme Court issued its decision in *Janus v. AFSCME*. Under Illinois state law, public employees had been required to subsidize public employee unions through "Agency" or "Fair Share" fees even if they weren't members of the union and strongly objected to the union's position on political issues. The court held that "this arrangement violates the free speech rights of nonmembers by compelling them to subsidize private speech on matters of substantial public concern." By doing so, the court made similar arrangements in 22 other states unconstitutional.

The practical effect of this ruling is that public employees that choose not join the public employee union or choose to opt-out of the public employee union, will no longer be required to pay any fee to the union. Public-sector unions can no longer collect fees from non-members and public employees must affirmatively join the union in order to have any fee charged to them.

Even though the US Supreme Court affirmed the right of a public employee to leave his or her union or choose not to join the union in the first place, pro-union legislators nationwide have sponsored legislation to limit the scope of the *Janus* decision and give public sector unions more control and influence over state and municipal employees, making it more difficult to leave public sector unions, and easier for those unions to recruit new members.

Recent Legislative Action:

During the 2019 legislative session, this effort in Connecticut first took the form of House Bill 6935. This bill would have required public employers (state, towns, boards of education) to provide to public employee unions:

- its employees' personal contact information in a digital, file-readable format, and in real time if possible,
- access to employee orientations and direct access to the employees themselves,
- access to the public employer's email system for communicating union business with employees, and
- access to public buildings for union meetings.

Failure to reach agreement on access would have been subject to arbitration.

The bill also would have required the following:

- all employee inquiries regarding dues and opting out of dues to be directed to the union rather than to the employer,
- limited a court's ability to award damages against public unions for any violations,
- preempted any award for dues improperly collected in the past, and
- limited an employee's opportunity to exercise his or her right to opt-out of the union – making dues authorizations in union membership cards a matter of state law.

Significantly, this legislation would also have made it a prohibited labor practice for the public employer to knowingly share its employees' information with any other outside organization, thereby severely limiting any balanced presentation of the pros and cons of joining a union.

House Bill 6935 passed the House on a mostly party-line vote, with all Republicans voting against it, joined by only two Democrats. It died awaiting action in the Senate.

The bill was introduced again for the 2020 session (House Bill 5270) and passed out of the Labor Committee on a party-line vote during the last meeting the committee had during the regular session. There was no further business conducted during regular session after March 11, 2020 so HB 5270 died awaiting further action. It is expected to be reintroduced during the 2021 session.

Republican Perspective:

We believe workers should be allowed to exercise their Constitutional rights to free speech and privacy, and they should certainly be able to have their decision whether to join a union be the result of a free and considered choice. Tipping the balance of power so far in favor of unions and their representatives leaves workers with little protection against coercion to join a union in the first place, and little power to leave the union once they're in.

Opposing anti-*Janus* legislation gives Republicans yet another opportunity to support and encourage workers' exercise of their rights to free speech and freedom of association, as well as support their free choice to make decisions that are in the best financial interests for them and their families.

Prohibiting On-Call Shift Scheduling

Issue Background:

On-call shift scheduling is used by employers to provide maximum flexibility in managing their workforce on a particular day. Employees who are scheduled to work on-call shifts are typically provided very short notice regarding whether or not they will be required to show up for work on a particular day. The practice is used primarily by big box stores, restaurants, and retailers seeking to manage their labor costs and be responsive to rapidly changing markets. In 2015, San Francisco became the first jurisdiction to ban on on-call shift scheduling, but no state currently has a ban against this practice. However, these scheduling practices are being subject to greater scrutiny as lawsuits are brought claiming they may violate state reporting time pay laws.

The San Francisco law requires employers to provide two weeks' notice of an employee's work schedule, and if a change is made to that schedule with less than one week's notice, the employer is required to pay the employee one hour of pay at the employee's regular rate. If a change is made with less than 24 hours' notice, the employer must pay two hours' pay or – if the changed shift is longer than 4 hours – the employer must pay four hours' pay. Even if the employee's schedule is not changed but the employee is "on-call," the employer must pay either two or four hours' pay even if the employee does no work at all (as with changed schedules, the amount of pay depends on the duration of the "on-call" shift).

In recent years, prohibitions of "on-call" shift scheduling have been proposed in Illinois, Indiana, Maryland, Massachusetts, Michigan, Minnesota, and Oregon, but none of these proposals have become law.

Recent Legislative Action:

Connecticut democrats have also proposed such legislation during the past few years and introduced companion bills in both the House and Senate during the 2019 session. House Bill 6924 would have required employers to give employees at least 24 hours' notice before cancelling a shift and would have prevented employers from requiring employees to call to confirm they're needed prior to coming in to work. The bill was voted out of the Labor Committee 9-4, but died awaiting further action in the House.

Senate Bill 764 would have required employers to pay ½ of the employee's regular pay if they cancel the employee's shift with less than 72 hours' notice, or if it was cancelled after the employee showed up for work. It would have also required the employer to pay 150% of the employee's regular pay (time and a half) if the employee agreed to work a shift that began less than 11 hours after the end of the employee's previous shift.

Like the House version of the bill, SB 764 passed out of the Labor Committee on a 9-4 vote, and it died awaiting further action in the Senate.

Majority democrats renewed their effort for the 2020 legislative session, proposing Senate Bill 227 which was essentially the same bill as SB 764 from the previous year. It was voted out of the Labor Committee but died when the legislature adjourned the session.

Republican Perspective:

We recognize that employers and employees alike need flexibility in establishing work schedules. Employers need the flexibility to respond to rapidly changing work needs – whether due to fluctuations in customer demand or even the weather - and employees are often drawn to businesses known for their flexible schedules in order to accommodate their individual life circumstances. Most employers already provide schedules far in advance since such predictability is good for both employer and employee. But requiring advance notice in all circumstances – and penalizing the employer when they are unable to do so - is unworkable for many industries in our state, particularly the restaurant and hospitality industries which must by their nature be nimble in responding to changing circumstances. And the practical effect of such a policy would be for employers to hire fewer part-time employees and schedule fewer employees per shift.

Prohibiting on-call shift scheduling is another in a growing list of well-intentioned ideas that do more harm than good. Such "one-size-fits-all" approaches tend to hamstring the businesses in our state, add to the cost of doing business, and reduce job opportunities for employees. Given its precarious business climate, Connecticut certainly should not be the first state to experiment with enacting such a policy.

Sexual Harassment and Assault

Issue Background:

Since 2017, the "Time's Up" and "Me Too" movements pushed the issue of sexual harassment and assault to the forefront of the national consciousness, as victims became increasingly empowered to come forward, share their stories, and hold perpetrators accountable. The increased attention on the topic of sexual harassment has prompted businesses large and small, as well as government agencies, to update their workplace sexual harassment policies. During the 2018 session, the legislative leaders tasked a bipartisan working group to review the General Assembly's own sexual harassment policy.

During the 2018 session, multiple committees attempted to address sexual harassment. SB 132 passed in the Senate but was not call in the House. The bill proposed a number of changes to business practices, as well as civil and criminal law, including: expanding business training requirements and reducing the employee threshold for the size of business that must comply, expanding the responsibilities and enforcement power of the Commission on Human Rights and Opportunities (CHRO) and extending the statute of limitations for filing both civil and criminal actions arising from incidents of sexual assault.

Recent Legislative Action

Building off 2018's legislation, the Senate in 2019 once again took the lead on a comprehensive sexual harassment and assault proposal, culminating in SB 3: An Act Combatting Sexual Assault and Sexual Harassment. While the bill passed the Senate unanimously, several House members requested changes to the language, culminating in SB 3 passing in the House with a vote of 121-23 under the agreement that it would be later amended by another piece of legislation. Early the next week, both chambers took up and overwhelmingly passed SB 1111, making modest changes to walk back some of SB 3's most aggressive policies. This unorthodox procedure led to the passage of companion public acts: PA 19-16 and PA 19-93.

In combination, this package of legislation made the following notable policy changes:

- Makes failure to provide sexual harassment training a discriminatory practice and reduces the size of employer subject to the training requirement from fifty employees to three, and to any supervisory employee if the business has less than three employees;
- Allows CHRO to bring civil actions under certain circumstances and requires the court to award CHRO costs and fees as well to impose a civil penalty of up to

$10,000 if a discriminatory practice has been established by clear and convincing evidence;
- Allows CHRO to appoint magistrate judges to act as presiding officers in administrative hearings to help clear CHRO backlogs;
- Increases the penalty for failure to post sexual harassment materials in the workplace and properly train employees from $250 to $750 per violation;
- Allows CHRO to send an investigator into a workplace to inspect postings, training records, etc. if, within the previous 12 months, a complaint has been filed against the employer or if CHRO reasonably believes an employer to be in violation of training and posting requirements;
- Allows for punitive damages in cases that have been released from CHRO jurisdiction to Superior Court;
- Increases the statute of limitations under which a victim under the age of 21 when the crime of sexual assault, abuse, or exploitation occurred to file a civil suit until the victim's 51st birthday;
- Extends various criminal statutes of limitations pertaining to sexual assault or abuse;
- Creates a task force to study and recommend whether the civil statute of limitations should be further amended or eliminated.

The task force was slow to convene and ultimately missed its reporting deadline, but it did informally recommend that all civil statutes of limitations be eliminated, even retroactively. Determining that this major policy shift was not appropriate for the 2020 short session, the Judiciary Committee voted against raising a bill to implement the task force's recommendations.

Republican Perspective

The House Republican Caucus supports policy changes to address the issue of sexual harassment in all arenas. Republicans acknowledge the need to combat sexual harassment in a meaningful manner without putting undue hardship on businesses in Connecticut. The caucus will continue to work to address the issue of sexual harassment in a bipartisan manner to protect every citizen in Connecticut.

Immigration and Updates to the Trust Act

Issue Background:

Under federal law, Immigration and Customs Enforcement, acting under color of its parent agency, the Department of Homeland Security, issues a civil immigration detainer to another law enforcement agency. It informs the agency of its intent to assume custody of an alien in the agency's custody and requests that the agency advise ICE before releasing the alien in order to allow ICE to arrange to assume custody of the individual. In 2013, the legislature enacted PA 13-155: An Act Concerning Civil Immigration Detainers, colloquially known as the "Trust Act."' Viewed at the time as a reasonable approach, the original Trust Act passed both chambers of the legislature unanimously.

The Trust Act created new procedures for state and local law enforcement to follow when they receive a civil immigration detainer. Under this legislation, law enforcement officers are required to release an alien subject to a civil immigration detainer unless they determine the alien presents one of seven public safety risk factors (a felony conviction, pending criminal charges, an outstanding warrant, is a known gang member or possible match as a suspected terrorist, is subject to a federal final order of deportation or removal, or finally, if the officer determines the alien "presents an unacceptable risk to the public safety"). Law enforcement must immediately notify ICE of their determination to detain or release the alien, and any detention pursuant to the civil immigration detainer must not last more than 48 hours. If ICE fails to take custody within those 48 hours, the alien must be released.

Recent Legislative Action:

In 2019, a group of legislative Democrats proposed to make Connecticut the 11th sanctuary state in the nation. However, the proponents of this legislation were met with resistance from Republicans along with a handful of moderate Democrats. SB 992 passed the Senate but ran into opposition in the House. Faced with a lengthy House debate during the last week of session, an agreement was reached to walk back some of the bill's more egregious provisions in a subsequent piece of legislation. This unorthodox process led to two different public acts on the topic, PA 19-20 which contained the more-expansive amendments to the Trust Act, and PA 19-23, which made modifications to PA 19-20. When combined, the two public acts dramatically expanded 2013's Trust Act, although not as radically as was originally proposed.

Ultimately, the following changes were made to the Trust Act:

- Expanded the definition of law enforcement to include bail commissioners, probation officers, and school or university police or security departments;
- Eliminates five of the public safety exceptions and limits a sixth, so that an arrest or detention based on a civil immigration detainer must also involve a signed judicial warrant except in cases where the alien has been convicted of a class A or class B felony or is identified as a possible match in the federal Terrorist Screening Database;
- Except in narrow circumstances, eliminates law enforcement's ability to utilize any resources to communicate to ICE or DHS about the custody status of an alien;
- Prohibits law enforcement from giving ICE access to interview an alien in law enforcement custody unless pursuant to a federal district court order, or unless the alien has previously been convicted of a class A or class B felony or is identified as a potential match on the Terrorist Screening Database;
- Requires the head of a law enforcement agency to review and approve any response to a federal request for notification about the release date and time of an alien in custody;
- Requires law enforcement to provide a copy of a civil immigration detainer and the justification for compliance with such to an alien's attorney or, if there is no attorney, to make a good faith effort to provide the copy and justification to a designee of the alien.

Republican Perspective:

While legislative Republicans unanimously supported the 2013 Trust Act, understanding that someone who does not pose a risk to public safety should be able to interact with law enforcement in innocuous ways - as a witness, for a speeding ticket, etc.—and trust that they will not be detained and deported. The 2019 updates, however, eliminated important public safety protections, putting the citizens of Connecticut at risk in order to shield illegal aliens who are convicted felons, known gang members, and those subject to outstanding warrants from federal immigration consequences. Republicans in the House and Senate opposed this reckless expansion and will continue to fight for public safety, personal responsibility, and the constitutional principle that a state should not be able to "opt out" of federal law.

Opioid Abuse and Prevention

Issue Background:

Opioid abuse has gripped our nation. The epidemic knows no educational or socioeconomic boundaries and has proven to be one of the largest and far-reaching social and public health epidemics of our time. Opioid abuse takes the lives of high school and college students, as well as adults. Abusers use both recreational street drugs and prescription painkillers. Due to the alarming number of deaths caused by heroin and opioid overdoses in Connecticut, the legislature acted affirmatively on the issue; and in 2018, passed comprehensive legislation that targets all three areas of drug abuse: prevention, treatment, and awareness. The legislature continues to address ways to increase access to opioid abuse treatment, and more importantly, ways in which to prevent unauthorized access to opioids.

Recent Legislative Action:

During the 2016 session, the legislature responded to the epidemic by passing Public Act 16-43 which broadly addressed opioid abuse. Under the 2016 legislation, the state required each municipality to equip their Emergency Medical Service (EMS) first responders with an opioid antagonist (such as Narcan) and required them to be trained in administering it.

In 2017, the legislature continued to address the opioid abuse crisis by allowing easier access to opioid antagonists (Narcan). With the passage of PA 17-131, a doctor who is authorized to prescribe opioid antagonists is now able to issue a standing order (a non-patient specific prescription) to a pharmacist to dispense it. The opioid antagonist must be administered nasally or by auto-injection, approved by the federal Food and Drug Administration, and dispensed by a pharmacist to a person who is at risk of an overdose, or a family member, friend, or another person who may be able to assist the person at risk of suffering an overdose.

Attempts to reduce the over-prescribing of opioid drugs by practitioners were also addressed in the 2017 legislation. PA 17-131 amended the law to reduce prescription dosages for opioids.

In the 2018 session, the General Assembly passed Public Act 18-166 with overwhelming support. This legislation made the following changes to the law:

- Established overdose reporting requirements for hospitals or EMS personnel that treat patients with opioid overdoses and requires each municipal health department and health district to use the data to develop preventative initiatives;

- Prohibited prescribing practitioners from prescribing, dispensing, or administering schedule II to IV controlled substances to themselves or immediate family members, with the exception of emergency situations;

- Required the Alcohol and Drug Policy Council to establish a working group to evaluate ways to combat the opioid epidemic in Connecticut.

In 2019, the legislature addressed opioid abuse on Connecticut's college campuses with the passage of PA 19-191, which requires that colleges develop and implement a policy which informs students and staff of the availability of opioid antagonists (Narcan) on campus.

Also in 2019, the legislature passed PA 19-38 which was a House Republican proposal to increase the penalties for the sale of fentanyl, a deadly chemical linked to many opioid overdoses in Connecticut, by defining the chemical as a narcotic substance.

Republican Perspective:

Since 2015, House Republican caucus members have hosted numerous town hall meetings that address the opioid abuse crisis in our state. Based on feedback received by their constituents at these meetings as well as through constituent outreach, it is evident that the legislature must do all it can to protect our citizenry from the dangers of opioid abuse. Over the past few sessions, several House Republican legislators have offered comprehensive and thoughtful solutions to help those suffering from opioid abuse, along with ways to prevent the disease of drug addiction. Our legislators play a constant and persistent role in fighting for stronger measures regarding the over-prescribing of opioid drugs, and in seeking ways to ensure that drug treatment is available to those who need it. The House Republican caucus will continue to combat opioid abuse and will continue to offer educational outreach events in communities to do so.

Earned Risk Reduction Credit Program / Good Time Credits

Issue Background:

Throughout the years, the Connecticut corrections system has had various programs in place to incentivize inmates to exhibit good behavior while incarcerated with the goal of reducing their sentences.

Until 1993, Connecticut had a good time credit system which allowed inmates to earn "good time" credits toward a reduction in their sentences. Inmates earned these credits for good conduct by obeying prison rules. Misconduct or refusal to obey the rules subjected inmates to the loss of all or any portion of their earned credits. Under the good time credit system inmates earned 12 days a month off their sentence for good behavior.

In 1993, the General Assembly passed legislation abolishing good time credits for crimes committed after October 1, 1994 but not for crimes before that date. Therefore, inmates sentenced prior to the abolishment of the good times credit system are still currently earning good time credits for time off their sentence.

In 1995, the General Assembly adopted "Truth in Sentencing" legislation which requires persons who are convicted of violent offenses (which are statutorily defined) to serve at least 85% of their sentences before becoming eligible for parole. This new law applied to any crimes committed after July 1, 1996.In 2011, legislative Democrats passed Public Act 11-51 without any Republican support. This law created the earned risk reduction credit program to award eligible inmates with credits toward a reduction in their sentences. Inmates sentenced for crimes committed after October 1, 1994 were eligible to earn credits under this new system. Any inmate that is convicted of one of the following crimes is ineligible to earn credits under the risk reduction program: murder, murder with special circumstances, felony murder, arson murder, 1st degree manslaughter, 1st degree manslaughter with a firearm, 1st degree aggravated sexual assault, aggravated sexual assault of a minor, and home invasion. Inmates under the earned risk reduction system can earn up to 5 days a month off their sentence.

Credits under the earned risk reduction system were supposedly intended for inmates who participate in educational programming and are compliant with their offender accountability plan. However, inmates are currently earning credits without having to actively participate in programs or activities. Inmates are earning credits for just being on a waiting list for programs, school, or jobs; meaning inmates are being awarded days off their sentence for doing absolutely nothing.

Recent Legislative Action:

Good Time Credits
In 2017, 2018 and 2019, House Republicans proposed legislation to eliminate the ability for an inmate sentenced for a crime prior to October 1, 1994 to continue to earn good time credits. The bill passed in the House unanimously in 2017 but was never called in the Senate. In 2018 and 2019, the bill passed in the Judiciary Committee but was not called for a vote in the House.

Earned Risk Reduction Credits
In 2017, the House passed with overwhelming support a Republican proposal (House Bill 5992) to require that the Commissioner of Correction report to the Judiciary committee by January 1, 2018, with recommendations on ways to enhance the earned risk reduction credit program by providing for graduated sanctions for inmate misconduct, identifying offenses that would lead to the partial loss and total loss of an inmate's credits, and improving compliance by inmates with their inmate offender accountability plans. No further action was taken on this bill in the Senate.

Also in 2017, the Senate unanimously passed Senate Bill 575 which created a task force to study the practices and procedures of the risk reduction credit program including looking at additional offenses that should be added to the list of crimes for which an inmate convicted would be ineligible to participate in the earned risk reduction credit program. The House did not call this bill for a vote.

In 2018, a Republican proposal (HB 5547) to require that inmates fully adhere to their inmate offender accountability plans in order to earn risk reduction credits and required the loss of all of an inmate's credits if an inmate tested positive for drugs while incarcerated failed in the Judiciary Committee. The vote was party line with all Republicans voting yes and all Democrats voting no. The bill was re-proposed in 2019 (HB 5525) but met with the same fate.

Additionally in 2019, House Republicans proposed HB 5527, which would exclude those convicted of certain serious felonies from eligibility to participate in the earned risk reduction program, but that bill also failed in the Judiciary Committee on a straight party-line vote.

Republican Perspective:

House Republicans feel strongly that Connecticut's earned risk reduction credit and good time credit programs are broken. Inmates sentenced prior to 1994 should not be earning good time credits under an antiquated system that was abolished by the General Assembly well over a decade ago. The current earned risk reduction credit program allows inmates to automatically earn credits without doing anything

proactive. Moreover, there is a lack of accountability in the program. Inmates should not be able to earn credits after testing positive for drugs while in prison, and inmates should automatically lose all credits for committing violent and dangerous offenses that pose risk of injury or death to others. Finally, inmates serving sentences for violent and dangerous offenses should not be eligible to participate in any sentence reduction programs. Until we fix this program, we are doing both the inmates and the public an extreme disservice.

Police Accountability

Issue Background:

On May 25, 2020, George Floyd was killed in Minneapolis by arresting police officer Derek Chauvin. Officer Chauvin was seen using excessive force to restrain Mr. Floyd by pinning him to the ground with his knee pressed against his neck for over 7 minutes despite Mr. Floyd's cries that he was unable to breathe. His death sparked national outrage. Protests and riots erupted throughout the country with many calling for increased police accountability and restrictions on the use of force.

In response to this call for action, the chairs and ranking members of the Judiciary Committee met over the course of a month to work through ideas to improve policing in Connecticut with the goal of drafting bipartisan legislation. Republicans had hoped that a consensus could be reached, but ultimately there were several provisions in the bill that prevented bipartisan support.

Recent Legislative Action:

Due to the limitations on public gatherings, the Judiciary Committee held a listening session via Zoom that lasted 12 hours on the bill. The committee heard testimony from activists, law enforcement, criminal justice officials, and legislators.

On July 23, 2020, the House met in special session to consider House Bill 6004: An Act Concerning Police Accountability. The bill had several components, including:

- Increasing training for crowd control management and requiring implicit bias training
- Mandating body worn cameras and dashboard cameras for all police departments
- Restructuring the membership of the Police Officer and Standards Training Council (POST)
- Creating the Office of Inspector General to investigate police use of force cases
- Subjecting state police to the POST certification process
- Requiring drug testing of officers
- Providing periodic mental health assessments of law enforcement
- Requiring collective bargaining contracts to adhere to the Freedom of Information Act
- Prohibiting state police collective bargaining contracts from shielding disciplinary records
- Prohibiting municipalities from acquiring certain surplus military equipment

- Prohibiting chokeholds and other methods that restrict blood flow to the brain unless it's a last resort use for self-defense
- Requiring police and correction officers to intervene when they witness the use of excessive force.

The provision of the bill that that created the biggest divide between Republicans and Democrats was the section that limited qualified immunity protections for law enforcement. Qualified immunity allows police to avoid litigation over reasonable mistakes concerning constitutional rights that were not clearly established by law or case law. By eliminating qualified immunity, the bill could subject law enforcement to lawsuits and expose them financially for risks they must take in the line of duty. Republicans offered an amendment to preserve the qualified immunity protections for officers, but in a rare tie vote, the amendment failed.

The bill also removed an important policing tool utilized by police to take guns and drugs off the street. Under this legislation, law enforcement is no longer allowed to ask for consent to search a person or a vehicle. This tool allowed police to search a person or a vehicle without the delay of obtaining a warrant or establishing probable cause. Law enforcement officials testified that this was an effective tool in fighting crime.

Republican Perspective:

Republicans were disappointed that they were ultimately unable to vote for legislation on this important issue. There were provisions of HB 6004 that many Republicans supported, such as requiring collective bargaining contracts to be subject to FOIA and requiring the release of disciplinary records. The use of body worn cameras and periodic mental health assessments were also generally supported.

Some legislators believed that this bill was rushed for political reasons. In 2019 the legislature created the Police Accountability Taskforce for the specific reason of making police accountable to the public. The taskforce, consisting of law enforcement representatives and community stakeholders is currently in the process of reviewing many of the topics covered in the bill. Some felt that the taskforce should have finished its work, and it would have been more prudent to allow for a bill that was vetted through the normal legislative process.

Ultimately, the Democrats' determination to eliminate qualified immunity prevented support from Republicans. Republicans believe that bad police officers should be punished and fired, but eliminating qualified immunity will encourage frivolous lawsuits, which will discourage current police officers from remaining and new recruits from joining the police officer ranks.

Firearms Overview

Connecticut's firearm laws changed substantially over the last several decades. The most recent ranking of states by the Gifford Law Center[12] puts Connecticut third, behind California and New Jersey, for having the most stringent firearm laws in the nation. Below is a brief review of the several significant pieces of firearm legislation that have passed since the early 1990s.

Legislative Background

- In 1990, the legislature passed PA 90-144, which made a person criminally negligent if they failed to store a gun properly and that failure resulted in someone under the age of 16 using it to injure or kill. PA 90-340 established a 2-week waiting period for all rifle sales.
- In 1991, PA 91-212 made it a class D felony to possess rifles after having been convicted of various crimes, including a capital felony.
- In 1992, PA 92-1, a June Special Session act, made it a class D felony to possess a gun on school grounds.
- In 1993, PA 93-306 made selling or transporting an assault weapon a class C felony with a mandatory minimum sentence of two-years and an additional mandatory minimum if the sale was to a minor under the age of 18.
- In 1997, PA 97-56 made it illegal to destroy the serial numbers on rifles.
- In 1998, PA 98-129 made it a crime to carry a firearm while intoxicated (BAC of .1) and required gun retailers to provide a gunlock or trigger lock with all handguns sold. The legislature passed PA 99-186, which is known as the "turn in your neighbor" bill, which allowed police to take away firearms in a domestic violence arrest situation. The legislature also passed PA 99-212 which was a measure allowing police to seize guns under certain limited circumstances from people posing a risk to themselves or others.
- In 2001, the assault weapons ban was expanded by PA 01-130 to include firearms with certain characteristics that were not included in the original ban. The legislation also changed the pistol permitting process from a local to a state permit process.
- In 2002, the legislature amended the "turn in your neighbor" bill by adopting PA 02-120, which allows the police to seize a firearm (from a legal gun owner) that is in plain view at the scene of a family-related violent crime, even if no arrest was made.

[12] *Annual Gun Law Scorecard.* Gifford Law Center to Prevent Gun Violence. http://lawcenter.giffords.org/scorecard/

- In 2007, PA 07-163 made it a crime to not report lost or stolen firearms within 72 hours of discovering its loss or theft. It also established the crime of firearm trafficking.
- In 2011, PA 11-186 allowed gun owners to renew pistol permits through the mail instead of in person as State Police Barracks.
- In 2013, in response to the Sandy Hook school shooting, the legislature passed PA 13-3 which was amended by PA 13-220. This legislation:
    1. Created a long gun eligibility certificate for the purchase of long guns
    2. Created an ammunition certificate for the purchase of ammunition
    3. Expanded the definition of assault weapons
    4. Banned future purchase of large capacity magazines
    5. Required background checks for all firearm transfers (Private and retail)
    6. Increased penalties for illegal firearm use
    7. Increased mental health review periods for involuntary hospitalizations and requires a mental health lookback for voluntary commitments.
- In 2016, the legislature passed PA 16-34 requiring firearm owners subject to a temporary restraining order to temporarily surrender their firearms until the case is adjudicated by the court. The legislature also passed PA 16-152, which lowered the threshold for carrying a firearm while intoxicated from a BAC of .1 to .08.
- In 2018, the legislature passed Public Act 18-29 which bans the purchase, transfer, possession or the manufacture of (1) bump stocks (2) trigger cranks, and (3) binary triggers. Prior to July 1, 2019, a person in possession of a valid pistol or revolver permit who violates this ban was guilty of a Class A misdemeanor for a first offense and a class D felony for subsequent offenses. After July 1, 2019, all offenses were classified as a class D felony. This legislation gave discretion to the court by allowing the court to suspend prosecution upon the finding that a person 1) would likely not offend in the future, 2) has previously not been found guilty of a violation of this provision and 3) has not previously had a suspended sentence for such violation. This bill required the Department of Emergency Services and Public Protection (DESPP), within 30 days of passage, to put notification of the new law on their website and to provide electronic notification to federally licensed firearm dealers. DESPP was also required to provide written notification to all Connecticut residents with firearm credentials upon the renewal of such credentials not later than July 1, 2023.

Recent Legislative Action

In 2019, the legislature passed "ghost gun" legislation with the adoption of Public Act 19-6. The term “ghost guns” refers to guns without serial numbers, whether they are purchased, built, or 3-D printed. The public act, among other prohibitions, outlaws the

completion of manufacturing of any firearm without subsequently obtaining a serial number or unique identification mark and then engraving or permanently affixing such number or mark to the firearm. PA 19-6 also prohibits the sale or transfer of unfinished frames or lower receivers that are intended to be used in the construction of a firearm that is not serialized. Further, 3-D printed guns made from polymer plastic are banned outright unless they contain enough metal to be detectible by a metal detector calibrated to federal security guidelines.

Another major legislative action on firearms in 2019 was Public Act 19-5: An Act Concerning the Safe Storage of Firearms in the Home and Firearm Safety Programs in Public Schools, also known as Ethan's Law. This law stemmed from the tragic shooting death in January 2018 of Guilford teenager Ethan Song. This legislation amended the firearm safe storage statute to require storage of all firearms, not just loaded ones, in a manner that a reasonable person believes to be secure. The new law also expanded the definition of minor child from whom a firearm needs to be secured from those under sixteen years of age to those under eighteen years of age. The legislation also made mandatory the previously-optional production of a firearm safety curriculum by the State Board of Education.

After mass shootings in El Paso, TX and Dayton, OH in the summer of 2019, the focus on firearms for 2020 turned to updating and strengthening the statute authorizing risk protection orders or warrants. Due to the coronavirus, the legislature did not vote on any firearms legislation during the 2020 session. Bills under consideration prior to the closure of the Capitol included HB 5448, which would have allowed family members and medical professionals to join state's attorneys and police officers in their ability to swear out a risk protection order or warrant. This bill also eliminated the one-year time limit on the orders and warrants, instead requiring the subject of the order or warrant to prove to the court that he or she no longer poses an immediate risk of personal injury to themselves or others before an order will be lifted.

State Credentials for Firearms:

Pistol Permit: The pistol permit is the most comprehensive of the different permits. A person holding a pistol permit does not need a separate long gun eligibility certificate, ammunition certificate, or pistol eligibility certificate. Only pistol permit holders are eligible to carry an open or concealed handgun. The pistol permit process begins at the local level with a completed application and applicable fees being delivered to either the municipal police department or the chief elected official if no police department exists. A full criminal background check will be conducted to determine if the individual meets the state's statutory qualifications and is "suitable" to carry a firearm. Suitability is not defined and therefore towns have some discretion in determining who is suitable to receive a permit. Towns have 8 weeks to render a determination. If an individual meets the qualifications and is suitable, they receive a temporary pistol

permit. They have 60 days to deliver the temporary pistol permit to the state police for a full 5-year pistol permit. A temporary pistol permit only allows for the carry and not the purchase of a firearm.

Long Gun Eligibility Certificate: Allows for the purchase of long guns (non-"assault weapons") at retail or through private sale. Application is through the state and applicants must meet the state's statutory qualifications. A long gun eligibility is not needed for those who have purchased a long gun before April 2014 and still own it.

Pistol Eligibility Certificate: Allows for the purchase of a firearm but does not permit carry. Application is through the state and applicants must meet the state's statutory qualifications.

Ammunition Certificate: Allows for the purchase of ammunition for anyone who does not hold a long gun eligibility certificate, pistol permit or pistol eligibility certificate. There is no restriction on caliber or amount of ammunition that can be purchased.

Assault Weapon Certificate: Allows for the legal possession of firearms that are considered "assault weapons" by state statute. Assault weapon certificates are no longer issued since the purchase of assault weapons is banned.

Voting and Elections

Issue Background:

Article VI, Section 7 of the Connecticut Constitution specifies four "excuses" that voters must attest to, under penalty of false statement, in order to vote by absentee ballot. The document provides that electors may vote by absentee ballot only if they are unable to vote on Election Day because (1) they are out of town, (2) they are sick, (3) they are physically disabled, or (4) the tenets of their religion prohibits secular activity on that day.

In 2012 and 2013, the General Assembly passed resolutions proposing a constitutional amendment to eliminate the requirement for electors to gather on Election Day to cast votes for state offices and to remove restrictions on absentee voting. Passage of this resolution meant that the following question was presented to Connecticut voters as they cast their ballots in November 2014: "Shall the Constitution of the State be amended to remove restrictions concerning absentee ballots and to permit a person to vote without appearing at a polling place on the day of an election?" The citizens of Connecticut rejected this ballot measure with a vote of 491,447 to 453,070.

Connecticut statutorily permits eligible but unregistered voters to register on Election Day at one location in their municipality (typically City Hall) through a process called Election Day Registration ("EDR"). If you can provide proof of residency and attest to your identity, you can complete your registration with only modest verification requirements before 8:00 pm on Election Day and then be moved into line to vote. Critics fret over how easy this process makes the possibility of double-voting. Others argue that the long lines and wait times in certain municipalities (college towns and larger cities) are a form of voter suppression and have advocated for more locations and fewer verification requirements.

The General Assembly is under pressure to restore voting rights to those in the criminal justice system. While proposals to restore voting rights to incarcerated individuals, as is the case in Maine and Vermont, fell flat, proposals to restore voting rights to those who have been released from incarceration but are still serving some portion of their sentence (either by being on parole or by function of not having paid all of the fines associated with their conviction) have gained traction. In 2018, for example, the Government Administration and Elections Committee passed HB 5418 on a party-line vote to restore voting rights to individuals on parole. Fifteen states across the political spectrum (from Massachusetts and Maryland to Montana and Utah) plus the District of Columbia currently restore voting privileges upon release from incarceration.

Recent Legislative Action

Early Voting
In 2017 and 2018, House Democrats moved overly-broad early voting resolutions through the House largely on party-line votes both times. Pointing to the 2014 ballot referendum's failure, Republicans almost uniformly declined to support these efforts and, by denying these resolutions the supermajority vote totals they needed to fast-track a question onto the 2018 ballot, the Senate opted not to call either resolution.

In 2019, legislative Democrats once again pushed forward with a constitutional amendment to allow for full no-excuse absentee voting as well as a constitutionally-mandated minimum of three days of in-person early voting. This earned no Republican votes in the Government Administration and Elections Committee. As the resolution was readied for action by the full House, the dynamic shifted. House Democrats and the Secretary of the State actively engaged House Republicans in an effort to reach a compromise that could garner enough Republican support to clear the 75% supermajority needed for the question to appear on the 2020 ballot. The negotiated substitute amendment to HJ 161 eliminated the no-excuse absentee ballot expansion as well as the mandatory minimums and permitted the General Assembly to allow early voting only in-person. The resolution, as amended, passed with a supermajority in the House. The Senate, however, only passed the resolution with a simple majority meaning the question would not go to the 2020 ballot and will instead hold over until the next legislative session in January 2021.

Voting Rights Expansion
In 2019, the GAE Committee passed SB 25 which would have restored the voting privileges of convicted felons who have been released from incarceration but are still on parole. The bill died due to inaction in the Senate. Additional efforts to restore voting rights to incarcerated individuals and to convicted felons who had not paid the fines associated with their convictions had public hearings but did not receive a vote. No bills on this topic were raised by the GAE Committee in 2020, as committee leadership felt the issue needed more time for consideration than the short session could offer.

Election Day Registration
In 2019, legislative Democrats proposed several bills expanding EDR including: placing an EDR location at every polling place; allowing anyone registering by 8:00pm on Election Day to vote regardless of whether they are in line by 8:00pm; eliminating the Registrars' requirement to cross-check with election officials in a registrant's former municipality of residence to ensure that the registrant has not already voted in the election: and mandating EDR locations on college campuses. During the July 2020 special session, two key EDR expansions were enacted, allowing towns to create

additional EDR locations and permitting those who are in line but not yet registered upon the close of the polls at 8:00pm to continue the registration process and vote.

House and Senate Republicans, on the other hand, proposed a series of positive reforms in HB 6048 to ensure the integrity of the EDR system. Some of the proposed reforms included requiring the Secretary of State to compile a report of Election Day registrants whose newly-registered addresses come back as unverifiable, enhancing the cross-check requirement to ensure against double voting, and increasing the use of provisional ballots for registrants for whom a cross-check cannot be successfully completed. The Government Administration and Elections Committee did not call HB 6048 for a vote.

Republican Perspective

While the right to vote is fundamental to being an American and preserving our democracy, some commonsense boundaries and limits must be applied to ensure to the integrity of our elections—to say nothing of adhering to our state Constitution's requirements. Voting early, while convenient, can lead to double voting. The expansion of absentee ballots can lead to fraud along with the disenfranchisement of rightful voters, given our complex two-envelope absentee ballot system. Election Day Registration is rife with potential abuse, and long lines and waits are wholly avoidable by better pre-election voter registration efforts. A balance must be struck to ensure widespread and equitable access to vote, while also ensuring the integrity of our elections and timely reporting of results.

Partnership for Connecticut

Issue Background:

In April 2019, Governor Lamont, in conjunction with Ray and Barbara Dalio announced the launch of an historic public-private philanthropic endeavor intended to strengthen public education and promote greater economic opportunities in the state. This endeavor, called Partnership for Connecticut, was to be funded with $100 million over five years from the state budget, matched by a $100 million gift from Dalio Philanthropies, with the Partnership tasked to raise an additional $100 million from outside charitable and philanthropic sources.

Recent Legislative Action:

The biennial budget passed in 2019 (PA 19-117) formally established the Partnership as a nonstock corporation required to seek tax-exempt status as a 501(c)(3) organization. Governance of the Partnership was entrusted to a 13-member board of directors: seven appointees, an individual to be hired as president of the corporation, the Governor, and the four legislative leaders. The legislation also exempted the Partnership from compliance with the Freedom of Information (FOI) statutes, over the objection of Republicans and many members of the Progressive Caucus.

After ongoing uproar about public funds being committed without appropriate transparency, House Republican leadership requested an opinion from Attorney General Tong on the issue. In August 2019, Attorney General Tong ruled that despite the carve out for the Partnership, the five public officials on the board were still subject to Connecticut's FOI laws.

Upon request from the House Republican Caucus, the Government Administration and Elections Committee committed to address this transparency issue during the 2020 session. The committee raised SB 367 which would have subjected the Partnership to FOI laws and the state Code of Ethics. The COVID-19 pandemic shuttered the legislative process for 2020 before the bill could be scheduled for a vote in committee.

After some successes—purchasing and distributing 60,000 laptops for students in need of assistance with distance learning—and failures such as the May 2020 public falling-out with the newly-hired corporation president, the Governor announced on May 19, 2020 the dissolution of the Partnership and an end to the state's contributions to the entity.

Republican Perspective:

Republicans were supportive and appreciative of the philanthropy of the Dalio family and agreed with the Partnership's mission of providing support to Connecticut's children to achieve academic and economic success. The Partnership, however, had a fatal flaw in its statutory underpinnings in that it was exempt from FOI and state ethics provisions. Republicans believe in a simple maxim: where public funds are spent, public accountability and transparency is required. To ensure full accountability of the Partnership and to ensure public trust, it was crucial that the provisions of FOI and the state code of ethics be applied to the venture. Unfortunately, the Dalios and the Governor found it easier to dissolve the Partnership and end its important mission than to simply make it transparent to the public.

Crumbling Foundations

Issue Background:

Over the past five years, the legislature has sought to address the issue of crumbling foundations plaguing northeastern Connecticut. Throughout this area, the concrete foundations of many homes built from the 1980s to approximately 2016 are crumbling due to the presence of a naturally occurring mineral called pyrrhotite which expands and causes extensive cracking. Consequently, affected homes dropped significantly in value and complete replacement of a foundation costs upwards of $150,000. Insurers have not covered the problem, and efforts to hold the concrete supplier liable have proven fruitless because the statute of limitations has passed and no law was violated. Homeowners, consequently, found themselves with no financial recourse. The repercussions of this issue extend well beyond these individuals. Municipalities in which these crumbling foundations are located experienced sharp declines in their grand lists and the broader housing market suffered. A March 2020 estimate from the Connecticut Foundation Solutions Indemnity Company projects the number of impacted buildings to be between 5,000 and 8,000, but some estimate the number of affected homes could be as high as 35,000.

Prior to 2019, legislation was approved to form a captive insurance company to administer grants to assist homeowners with remediation. Funds to assist affected homeowners are generated from a subsequently-adopted $12 annual surcharge on all insurance policies, as well as a $20 million annual commitment of bond funds.

Recent Legislative Action:

In 2019, the legislature adopted Public Act 19-192. This legislation makes many technical, minor, and conforming changes to past crumbling foundation-relief efforts, such as expanding eligibility for assistance programs to larger condominium units. More substantively, the act 1) expanded residential property disclosure requirements and created a private right of action to allow buyers to bring a civil suit to recover actual damages from sellers who fail to make required disclosures 2) created a supplemental loan program to guarantee loans made by financial institutions to owners of pyrrhotite-damaged buildings, and 3) broadened the scope of the Healthy Homes Fund to dedicate $1 million to a grant program for homeowners in New Haven and Woodbridge for certain instances of subsidence damage and water infiltration.

In 2020, additional efforts to expand relief to homeowners was proposed, but short-circuited by the abbreviated legislative session. Notably, HB 5425 would have required residential mortgages made by Connecticut-chartered financial institutions to include a

provision permitting mortgage forbearance during the period in which pyrrhotite-related repairs are being conducted, and HB 5370—which unanimously passed the Insurance and Real Estate Committee—would have extended by eight years the sunset date for the captive insurer and required the Insurance Commissioner to study methods available to accelerate responses by insurers to claims for coverage under homeowners insurance policies.

On July 22nd, the State Bond Commissioned approved an additional allocation of $20 million for the Crumbling Foundations program.

Republican Perspective:

Among Republicans, there are strong feelings on both sides of this issue. While all have supported basic actions, the surcharge has proven to be divisive. Many in the affected area have been the strongest voices for providing additional funding. They have argued that the state failed to address the issue earlier and that the financial impact of crumbling foundations will have a substantial ripple effect on the broader economy. Meanwhile, others have been highly critical of burdening residents throughout the state with yet another tax. Republicans content that the state already allotted $100 million in funding in 2019, and we do not even know the exact number of affected homes. Therefore, we may be committing ourselves to a much larger problem that will require an increase in the surcharge or a continuation after the stipulated eleven years.

Energy Policy

Issue Background:

Connecticut has a reputation for being a high-cost state, and one of those driving factors is the cost of energy. Connecticut continually ranks amongst the highest in electricity pricing in the continental United States. The high price of electricity has a profound impact on the daily expenses of our residents and limits economic development growth. Businesses requiring high energy use must factor in the cost of electricity when choosing where to locate their business, and the cost of electricity puts Connecticut at a huge disadvantage.

Further, Connecticut's location puts us at a disadvantage when trying to lower energy costs due to the lack of natural resources, high costs of the region, and aging infrastructure. Over the years, Connecticut's environmental policies have added to the burden Connecticut's ratepayers feel. Connecticut prides itself on having a strong Renewable Portfolio Standard (RPS) requiring a certain amount of electricity generation come from renewable sources like solar and wind. These policies lead to higher generation costs while subsidizing new more expensive generation.

Recent Legislative Action:

In 2019, the legislature supported HB 5002, which served as a vehicle for an array of energy policies. The legislation:

- Ends new net metering opportunities by December 31, 2021 and extends net metering for existing users from the end of 2039 to the end of 2041. Net metering allows customers that own renewable energy to earn billing credits at the retail electric rate for the difference in what they generate in power than they use. Net metering will be eventually replaced by a tariff system that is yet to be determined by PURA that more accurately reflects the true benefits and costs of solar on the grid.
- Extended the Renewable Energy Credit program by 2 years and opened it up to anaerobic digestion projects that are less than 2 MW in size. The REC program requires Eversource and UI to annually enter into 15-year contracts to procure $8 million in zero and low emission clean energy generation projects.
- Extended the Residential Solar Investment Program (RSIP) by increasing the capacity of the program from 300 MW to 350 MW. The RSIP program is administered by the Green Bank and offers financial assistance to residential households that purchase or lease solar photovoltaic systems. The program expires either the end of 2022 or when 350MW is deployed, whichever occurs first.
- Increased the aggregate virtual net metering credit cap from $10 million to $20 million. Virtual net metering allows state agencies, municipalities, and agricultural customers that own a renewable energy source to share their billing credits from renewable energy towards other "beneficial accounts".

- Authorizes Eversource and UI to build their own or operate energy storage systems on the grid side. As part of energy deregulation, Eversource and UI are prohibited from owning or operating generation assets. Battery storage assets will be excluded now.
- Extends from 2019 to 2024 the financing program to replace residential furnaces and boilers and purchase or lease propane fuel tanks. This program is funded through the systems benefits charge on ratepayer bills.
- Establishes a green jobs career ladder for jobs in the green technology industry that provides information on education requirements, schools and degree programs, and job availabilities related to green jobs in CT.

In 2019, the legislature also passed HB 7156 that set the framework for the Department of Energy and Environmental Protection (DEEP) to procure up to 2,000 megawatts (MW) of offshore wind in the aggregate by December 31, 2030. The electric distribution companies (Eversource and UI) are directed to enter into up to 20-year power purchase agreements to procure offshore wind power. Ultimately Vineyard Wind won the RFP to build an 804 MW offshore wind project. This wind farm will be situated offshore near Martha's Vineyard and Nantucket. This project will provide roughly 14% of the state's electricity supply. The project is expected to go online in 2025 and will infuse about $890 million in direct economic development into Bridgeport Harbor and the local supply chain. Bridgeport Harbor will serve as the assembly and maintenance hub for the project for the next 30 years. By Vineyard Wind's account, the Park City Wind Project will generate $1.6 billion in direct economic benefits and create up to 12,000 jobs.

The 2020 legislative session started off busy for the Energy Committee. One of the most heavily debated bills was DEEP's proposal dealing with natural gas infrastructure, HB 5350. The proposal had a provision that would have restricted natural gas infrastructure from expanding by limiting the number of years utilities can recoup investments from new customers (known as the hurdle rate). It could have reduced the current 25 year hurdle rate, thereby making natural gas less cost effective for businesses and residents by giving them a shorter schedule to pay off expansion costs. Additionally, the Governor introduced SB 10 that among other things, would have required all energy generation in the state to be carbon free by 2040. While clean energy has been heavily expanded in the state, this would ultimately increase generation costs by eliminating cheaper forms, such as natural gas and even fuel cell generation. The 2020 session was also likely to produce legislation to facilitate battery storage to help stabilize our electric grid system on the distribution and transmission side. The one inherent problem with renewable energy sources is their susceptibility to specific weather conditions that reduces or stops energy generation. Battery storage would play a vital role in hardening our electric infrastructure by providing stability and reliability during all hours of the day for intermittent energy sources. HB 5351 would have required the state to encourage the deployment of 1,000 MW of energy storage by the end of 2030.

Ultimately, no bills were passed in the 2020 legislative session due to the coronavirus and many of the 2020 issues are likely to be revisited next legislative session.

Republican Perspective:

Republicans supported the 2019 energy initiatives. In many ways, HB 5002 continued programs that would have lapsed with no viable alternatives to take their place. While the new tariff system will likely reduce green energy subsidies going forward, ending them now would not have served Connecticut's energy goals. Most members felt that the bill was a good balance. HB 7156 was supported by Republicans because out of the viable green energy generations, off shore wind is the most cost effective and has the largest potential for economic growth, especially near New London and Bridgeport.

5G Networks

Issue Background:

Fifth Generation technology for cellular networks, often referred to as 5G, is a cutting-edge technology that promises to provide mega speeds and bandwidth for users. It is an evolution from the 4G LTE networks of today. It utilizes a system of small cells distributed in clusters that emit data through shorter range wavelengths and aims at delivering data rates that are 30 to 50 times faster than current 4G networks with very low latency.

The increased demand for wireless networks has been crowding out many of the lower frequency networks. 5G operates on a higher frequency band that is less congested. However, higher frequency waves also have less penetrating power and can be absorbed by foliage and buildings, thereby requiring a closer cluster of small cells. There have been many opponents to 5G, mostly based on potential health risks due to the higher energy wave radiation. However, to date, scientific evidence has been inconclusive on the health effects.

Throughout the state, concerned citizens and advocacy groups have asked the state and municipalities to halt 5G development until more thorough medical research is performed on the health effects. Most recently, the Town of Easton passed a cease and desist resolution that effectively bans the development of 5G enabled cell antennas until December 31, 2020, with the hope that by then additional studies will be available to better review any health risks. However, the ordinance may be more symbolic than anything else. The FCC has ruled that 5G networks fall under the Telecommunications Act of 1996 which preempts most state and local requirements from prohibiting the deployment of 5G networks.

Recent Legislative Action:

In 2019, the legislature passed with overwhelming support Governor Lamont's initiative to jump start 5G. Public Act 19-163 established a framework for wireless carriers to deploy 5G on state owned property through a siting process and fee structure that would be consistent across most agencies. Properties owned by the Department of Energy and Environmental Protection and the Department of Transportation have a separate process to site wireless facilities from the council's jurisdiction. This legislation created a seven-member Council on 5G Technology that was tasked with establishing guidelines concerning the safe placement of 5G and is the authority tasked with accepting and reviewing the applications for site cells on state property within FCC guidelines. The bill also required the Office of Policy and

Management to work with municipalities and representatives of the wireless industry to encourage a streamlined process for siting 5G on property owned by municipalities.

Republican Perspective:

Republicans in the House and the Senate unanimously supported PA 19-163. While some towns, along with some legislators, have reservations about the health implications of 5G, it is mainly regulated by federal law. Health studies have been inconclusive and sometimes contradictory. States may adopt reasonable limited regulation of 5G, but they cannot outright ban 5G. The legislation passed in 2019 ensures Connecticut has a reasonable regulatory process for placing cells on state property.

PFAS and Firefighting Foam

Issue Background:

In June of 2019, a massive spill of firefighting foam used to put out fires at Bradley International Airport leaked into the sewer system and subsequently into the Farmington river. This firefighting foam contained a chemical known as Per- and polyfluoroalkyl substances or PFAS. These chemicals are hazardous to humans and animals.

Federal regulations require that airports use PFAS chemicals in firefighting foam. The Federal Aviation Administration (FAA) requires that in order to be certified to operate a commercial airport such as Bradley International, firefighting foam must contain these types of chemicals. The FAA is currently working on non-PFAS alternatives but still has to approve one for use by airports.

PFAS chemicals are not only found in firefighting foam. It has been documented that these chemicals can exist in landfills and products that humans use in everyday life. In response to this spill and the overwhelming public interest and involvement in the issue, the governor created the Connecticut Interagency PFAS Task Force to assemble a state action plan to address PFAS chemicals. The action plan laid out a comprehensive state strategy to:

- Minimize environmental exposure to PFAS chemicals to residents of Connecticut
- Mitigate future releases of PFAS chemicals into the environment
- Identify, assess, and clean up historical releases of PFAS chemicals into the environment

Recent Legislation:

In 2019, there were two bills introduced to restrict the use of PFAS. Senate Bill 78 would have prohibited PFAS chemicals in food packaging and firefighting foam. House Bill 5910 would have prohibited PFAS chemicals in firefighting foam. Neither bill was passed into law.

The legislature's Environment Committee held a public hearing on Senate Bill 297 in the 2020 legislative session. This bill would have prohibited the use of Class B firefighting foam that contains PFAS chemicals for training exercises beginning July 1, 2021. The prohibition would apply to individual people, local governments and state agencies.

Additionally, by 2022, the bill would have prohibited the use of PFAS chemicals in firefighting foam unless the foam was being used to fight petroleum-based fires. Due to

the pandemic and the shutdown of the legislature, no additional action was taken on any PFAS legislation during the regular session. This issue is expected to be taken up in a special session sometime in 2020.

Republican Perspective:

Republicans have been supportive of the removal of PFAS chemicals from firefighting foam. However, there are concerns about a ban being preempted by federal regulation, since, currently, airports like Bradley International are required to use PFAS chemicals in firefighting foam. Another concern has been with the cost of disposal of PFAS. This new prohibition would put a large cost on our municipalities which in turn could lead to tax increases at the local level.

Immunizations

Issue Background:

Under current law in Connecticut, individuals may exercise an exemption from school immunizations under two conditions: 1) if they present a statement that immunizations are contrary to their religious beliefs or, in the case of a minor child, the beliefs of the parent or guardian, or 2) the individual provides documentation that immunization is medically contraindicated. A parent or guardian must submit the religious exemption statement twice during a student's enrollment in public or private school: once before the student enrolls in public or private school and again when the student enrolls in seventh grade. According to the United States Centers for Disease Control and Prevention (CDC), it is recommended for states to each achieve a 95 percent vaccination rate for students in order to help achieve immunity among the population. Based on an examination of CDC data from the 2018-2019 school year, Connecticut's vaccination rate for entering kindergarteners for the Measles, Mumps and Rubella (MMR) vaccine was 95.9 %. The Connecticut Department of Public Health estimates that approximately 7,800 children were granted a religious exemption during the 2018-19 school year.

Recent Legislative Action:

Early in the 2020 legislative session, the Public Health Committee held one of the longest public hearings in modern history on House Bill 5044 which proposed to eliminate the religious exemption currently available from the student vaccination requirements.

In 2020, House Bill 5044: An Act Concerning Immunizations, started off with a strict barring of children who are not vaccinated by exercise of a religious exemption from entering public and private schools effective fall of 2020. After the public hearing, the bill was amended by the Public Health Committee to allow students with the exemption, and already enrolled in school, to finish their education, providing them with a one-time waiver. Going forward, only children entering the school system will be prohibited from claiming a religious exemption. The medical exemption currently available to individuals remains intact, and unchanged by the bill.

The Public Health Committee passed the bill by vote of 14 to 11. There was no further action taken on the bill due to the abrupt end the 2020 session because of the coronavirus pandemic.

Republican Perspective:

The House Republican caucus understands the health implications of ensuring that Connecticut students receive vaccinations while balancing the right of individuals to freely exercise their religion. Protecting both life and liberty are among the core values of our caucus. It is likely that this issue will come up again in the future and Republicans will continue to approach this issue in a balanced manner.

Insulin and Cost Containment

Issue Background:

At the outset of the 2020 legislative session, advocates for the diabetic community brought an issue to the General Assembly that garnered the attention of both Republicans and Democrats - the rising cost of insulin, a life-saving prescription drug for diabetics, and the unaffordability of the product, which creates a disparity in access to healthcare. The cost of insulin has increased dramatically in the past ten years, so much so, that some diabetics have had to make the decision to stretch out their insulin usage in order to make the medicine last for a longer period, based on their inability to afford it. In some cases, this has caused individuals to suffer diabetic shock, and in extreme cases, death.

Recent Legislative Action:

The 2020 session began with several bipartisan proposals intended to address the rising cost of insulin. These proposals included implementing a cap on the monthly cost of insulin and insulin supplies. Additionally, proposals were put forth to require that emergency supplies of insulin be made available at pharmacies for diabetics with an immediate life-saving need for insulin but with an expired prescription.

The Insurance and Real Estate Committee held a public hearing on SB 1. This bill, which was approved by the Committee with bipartisan support, would have:

- expanded the required health insurance coverage for prescription drugs, equipment, and supplies used to treat diabetes
- limited cost-sharing for such drugs, equipment, and supplies to $50 for each 30-day supply of medically necessary insulin, $50 for each 30-day supply of medically necessary noninsulin drug, and $100 for a 30-day supply of medically necessary diabetes equipment and supplies, and
- required pharmacists to dispense such drugs, equipment, and supplies without a prescription when the pharmacist deems necessary.

The bill did not come to vote in either chamber during the regular session due to the onset of Coronavirus and the closure of the General Assembly. However, the House of Representatives reconvened in Special Session on July 23, 2020 to take up Emergency Certified Bill 6003. Again, met with bipartisan support, the bill passed the House after advocates of the bill expressed the urgent need especially now, during the coronavirus pandemic, for diabetics to have access to affordable insulin and equipment. The Senate followed suit, and on July 28, 2020, they too passed E-Cert Bill 6003. The Bill currently awaits the Governor's signature.

E-Cert Bill 6003 impacts pharmacies in the following ways:

- permits pharmacists, in emergency situations, to prescribe and dispense up to a 30-day supply of certain diabetes-related drugs and devices, including diabetic ketoacidosis devices, to a patient in a 12-month period,
- limits how much pharmacists can charge for the emergency drugs and supplies in such situations, and
- going forward, includes them in the prescription drug monitoring program.

Additionally, the bill requires certain health insurance policies to:

- expand coverage for diabetes screening, drugs, and devices,
- limit out of pocket costs (coinsurance, copayments, and deductibles) for covered diabetes-related drugs (limited to $25) and devices (limited to $100), including diabetic ketoacidosis devices and
- cover emergency diabetes-related drugs and devices prescribed and dispensed by a pharmacist.

Republican Perspective:

The House Republican caucus supports the diabetic community and acknowledges the need to ensure affordable access to insulin. Always cognizant of the rising costs of health care in Connecticut, the House Republicans displayed their commitment to addressing this important issue, and overwhelmingly supported the passage of such measures.

Long-Term Care Insurance

Issue Background:

Long-term care (LTC) insurance, popularized in the 1990s, gives retirees and those nearing retirement a way to prepare for the expenses as they age. Policies typically cover the cost of care for between two and five years, although some older policies offer unlimited benefits for the remainder of an insured's life. The market is quite sizable, and Fitch Ratings estimates that between 6 and 7 million consumers are insured under an LTC policy, with insurers holding between $160 and $180 billion in LTC reserves.

Recently, LTC insurance premiums skyrocketed. Many policies were sold in the 1980s and 1990s at low cost which did not accurately forecast the decades' changing economics. Increased cost is attributed to some combination of: (1) people living longer with once-fatal infirmities than expected (i.e. new drugs that treat but do not cure Alzheimer's); (2) persistently low interest rates; (3) inequities across states for approved premiums; (4) insureds holding onto their policies at greater than expected numbers; (5) lack of claims experience when policies were initially sold more than 20 years ago; (6) increased health care costs, especially in Connecticut (the second-most expensive state for nursing home care in the country); and (7) individuals being over-insured. The increasing premiums force consumers into an impossible conundrum: whether to continue to pay cripplingly unaffordable premiums, to continue to adjust their coverage lower and lower, or relinquish the policy they paid into for decades. For example, Genworth, a leading insurer, increased premiums by an average of 45% in 2018, and last year General Electric forecasted $1.7 billion in increased LTC premiums over the next ten years.

The National Association of Insurance Commissioners (NAIC) is leading the conversation to develop a comprehensive solution to this problem. The NAIC's Long-Term Care Actuarial Working Group has 17 members, one of which is Director Lombardo of the Life and Health Division of the Connecticut Insurance Department. The group's work has unfortunately been impacted by the COVID-19 pandemic and the NAIC canceled its spring meeting and work session scheduled for the end of March 2020.

Recent Legislative Action:

Many efforts have been made to assist policyholders with the cost of LTC coverage. There have been several proposals to create a tax deduction or tax credit for LTC premiums. The Insurance and Real Estate Committee consistently passes bills to require premium rate increases of more than 20% be spread out over five years, instead

of the current statutorily-mandated three years. In 2020, the Committee took a slightly different approach, passing SB 329, An Act Concerning Long-Term Care Insurance Policies. This bill would have required the Insurance Commissioner to develop and make available a minimum set of affordable benefit options and require insurers to disclose such options to consumers. The bill also gave investigatory powers to the Attorney General to look into certain rate filings and take action against insurers. While the Committee passed SB 329 unanimously, support in the public hearing was tepid. Most of the testimony urged the Committee to incorporate additional protections, or to begin in earnest to address the underlying drivers of skyrocketing premiums.

Republican Perspective:

Republicans largely support private-sector solutions to allow consumers to plan and prepare for life events. Similar to private health, life, and property casualty insurance, making responsible choices with long-term care insurance can ensure payment for elder care and save the state considerable Medicaid resources. Republicans will continue to fight for structural reforms to lower the cost of care and address other drivers of the long-term care premium spike to ensure this option is available to Connecticut's consumers.

Veteran Resources

Issue Background:

Connecticut's veterans have proudly served our nation. Their families have made sacrifices that benefit us all. Our veterans deserve a foundation upon their return from service that provides them with the best available opportunities to achieve their goals, and to integrate into the civilian workforce.

The General Assembly has strongly supported efforts to improve the lives of veterans and ensure they have the resources they deserve, recognizing their selfless service as well as their indispensable value to the state. Each session legislators proactively seek new ways to address issues unique to veterans.

Recent Legislative Action:

Two impactful pieces of legislation were enacted in 2019 to facilitate needs outlined by the Connecticut Department of Veterans Affairs and advocates across the state. Public Act 19-171 increased the base property tax exemption for certain disabled service members and veterans by $500. By doing so, it increased the additional income-based exemption for service members and veterans, which is calculated using the base exemption, by $250 or $1,000 depending on income and disability rating.

Public Act 19-33 extends certain state war service benefits to veterans who served less than 90 days in a war but were separated from service because of an injury incurred in the line of duty, even if the injury was not a service-connected disability rated by the U.S. Veterans Affairs Department. These benefits include tuition waivers for Connecticut's public colleges and universities, special license plates and parking privileges for disabled veterans and temporary aid from the Soldiers', Sailors' and Marines' Fund, among others.

During the 2020 legislative session, the General Assembly continued to focus on legislation to improve and protect the lives of our veterans. HB 5087 was a priority for the House Republican caucus. The proposed bill would exempt veterans from paying the required $10.00 biennial fee used to fund the Passport to the Parks program. This bill received unanimous support from the Veterans' Affairs Committee. HB 5398 sought to allow military spouses with current occupational licenses from other states to have their licenses recognized in Connecticut for up to three years. The same concept was included in SB 13, which was taken up by the General Law Committee. HB 5398 and SB 13 both received unanimous support in committee. Unfortunately, the 2020 legislative session was cut short by COVID-19; therefore, none of these bills became law.

Republican Perspective:

House Republicans have led the charge in a strong bipartisan effort to ensure Connecticut's veterans have the resources and tools they need to maintain a healthy and productive lifestyle. The House Republican caucus has continually worked to resolve issues for veterans and constituents and have found creative ways in which to provide help and support. These initiatives have been enacted while being mindful of the state's current budget and fiscal crisis, and it is our hope to continue these efforts moving forward.

Emergency Declaration Process

In response to the COVID 19 global pandemic, Governor Lamont filed a Declaration of Public Health and Civil Preparedness Emergency on March 10, 2020 pursuant to Sections 19a-131a and 28-9 of the Connecticut General Statutes. Upon such filing, the Declaration of Public Health Emergency Committee comprised of the four legislative leaders and the chairs and ranking members of the Public Health Committee, had 72 hours to disapprove or nullify the declaration by a majority vote. The committee met on March 11, 2020 and did not vote to disapprove or nullify the declaration. Therefore, the declaration went into effect and remains in effect until September 9, 2020 unless terminated sooner by the Governor. Should the Governor seek to renew the declaration beyond September 9, 2020, the Declaration of Public Health Emergency Committee will have an opportunity to meet again to determine whether to disapprove of an extension.

Under the declaration the Governor has the authority to modify or suspend, in whole or in part, any statute, regulation or requirement that is in conflict with the efficient and expeditious execution of civil preparedness functions or the protection of public health. The Governor has made these modifications and suspensions to the law through a series of executive orders. With the exception of a few orders that have been overruled in the court system, the Governor has been governing in a unilateral manner with little check. He has been criticized for his failure to engage the legislature during this process.

Following a session on March 11, 2020, the General Assembly did not convene again during the 2020 regular session, which officially ended on May 6, 2020. While COVID 19 made it difficult for the General Assembly to meet for session, it was not impossible. The House Republicans attempted to use the petition process to call the legislature into special session for the purpose of enacting legislation related to the state budget and deficiency accounts, the allocation and distribution of federal COVID 19 relief funding and to form a bipartisan legislative commission charged with reviewing executive orders issued by the Governor. But without the participation of the legislative Democrats, the petition process was unsuccessful. The House Republicans sought to meet in special session in an effort to reassert the authority of the legislative branch and to provide a check on the Governor's emergency powers.

Federal Unemployment Programs under COVID-19

Issue Background:

The effect of the COVID-19 pandemic on businesses and workers has been unprecedented. Starting in early March 2020, Governor Lamont began issuing a number of Executive Orders to help contain the spread of the virus, including orders for non-essential businesses to close and people to "Stay Safe, Stay Home." As a result, in a matter of just three months, the state's unemployment rate increased from a relatively stable 3.4% to a projected 19% and the number of applications for unemployment benefits (UIC applications) went from an average of under 3,000 per week to over 23,000 per week in March, over 44,000 per week in April, and just under 30,000 per week in May. As of June 15, the Connecticut Department of Labor (DOL) had received over 625,000 applications for unemployment benefits – well over 4 years of applications in just 13 weeks – and had paid $884 million in state UIC benefits (compared to approximately $15 million per week prior to the pandemic).

Recent Legislative Action:

Recognizing that state unemployment benefit programs would be quickly overwhelmed and understanding that employees laid-off from their jobs, even if only temporarily, would need fast and adequate unemployment benefits, the federal government passed the "Coronavirus Aid, Relief, and Economic Security (CARES) Act" which the president signed on March 27, 2020. The CARES Act seeks to mitigate the economic effects of the COVID-19 pandemic through three new temporary programs which 1) provide additional UIC benefit payments to those who qualify, 2) expand eligibility for UIC benefits to persons that traditionally have not been eligible, and 3) extend the time during which such benefits may be collected. These programs are retroactive to claims filed as early as January 27th.

Federal Pandemic Unemployment Compensation (FPUC)

The FPUC program provides an additional $600 per week in UIC benefits on top of the state's weekly UIC benefit. In Connecticut, which has a UIC benefit rate of $15 to $649 per week, this additional payment could result in a weekly benefit of up to $1,249 per week. All UIC-eligible claimants, PEUC recipients and PUA recipients, and Shared Work and Trade Readjustment Allowance recipients are eligible for this additional benefit. FPUC is applicable to weeks beginning after March 29th and the benefit expires July 31st.

Pandemic Unemployment Assistance (PUA)
The PUA expands eligibility for unemployment benefits to people who traditionally have not been eligible for unemployment because they have not paid into the system. Under PUA, self-employed persons, sole proprietors, "gig economy" workers, 1099 workers, independent contractors, and others may now qualify for benefits. The program is intended for those who are not eligible for state UIC and federal rules require that an applicant first be found to be ineligible for state benefits before they can apply. Once found eligible, benefits are calculated according to the state formula, and the additional $600 FPUC benefit is added on top. Recipients also receive these benefits for a total of 39 weeks (state 26 weeks plus federal PEUC, see below).

Pandemic Emergency Unemployment Compensation (PEUC)
The PEUC program extends the UIC benefits period for an additional 13 weeks. For Connecticut UIC recipients who, under the state's program, receive 26 weeks of benefits, will now receive a total of 39 weeks of benefits. Payments are retroactive to the week of filing subsequent to April 4, 2020 and are available to all claimants who exhausted their regular UIC for the benefit year that ended after July 1, 2019.

State DOL Response
While these are federal programs, they are administered by the state Department of Labor. Fortunately, these additional benefits are fully funded by the federal government and are not charged to the employer's UIC account. Unfortunately, being brand new programs, the state DOL had to create new software and processes for implementing them – all while using a computer system that was in the process of being phased-out and in the face of overwhelming numbers of applications for benefits, including many applications from people who had never before qualified for UIC benefits. Unfortunately, the combination of these circumstances inundated the department and, despite an expansion of staff, it fell weeks behind in processing claims, and it was weeks before the federal programs were made available to qualified applicants. The FPUC payments weren't made available until April 24th; the PUA program wasn't available until May 7; and the additional weeks of benefits under the PEUC program didn't become available until May 26.

Republican Perspective:
Unemployment compensation helps people make ends meet when they've lost their job through no fault of their own and provides a much-needed cushion during tough times. By continuing to provide partial income to the unemployed, which is then put back into the economy, UIC benefits also help stabilize the economy during hard times.
The Coronavirus/COVID-19 pandemic has created an unprecedented need for these benefits and the new federal programs discussed above have provided critical support to Connecticut families. However, long-term UIC benefits delay economic recovery as persons choose to continue receiving benefits rather than return to work. Recognizing

this, the federal government's response is temporary with most programs ending at the end of the year and the most generous FPUC benefit expiring at the end of July, 2020. After this pandemic is over, and these federal programs expire, we remain committed to reforming our unemployment insurance compensation laws in order to ensure that our limited UIC resources are focused on helping those that need it most while also ensuring that we don't unintentionally – through increased taxes and overly generous benefits - undermine the businesses responsible for creating the jobs that unemployed workers so desperately need.

Nursing Homes and Assisted Living Facilities

The population most impacted by the coronavirus has been the elderly, especially those in long term care facilities. Of the more than 4,200 deaths associated with the pandemic, nearly 3,000 (72%) of those deaths originated from nursing homes or assisted living facilities. As of June 23rd, only 41of Connecticut's 241 nursing homes have managed to be COVID free through the pandemic. The pandemic was further exasperated by a shortage in the nursing home workforce and in the availability of personal protective equipment (PPE) that left nursing homes scrambling to cope with the caseload growths.

At the outset of the pandemic, Governor Lamont issued Executive Orders No. 7 and 7A to set restrictions on visitations to nursing homes. Since asymptomatic individuals may spread COVID 19, these orders were intended to limit the risk to nursing homes.

However, a quarantine protocol for nursing homes alone was not enough; the infection rate in nursing homes increased dramatically over a few weeks. Given the shortages in PPE and the nursing home workforce, nursing facilities became hesitant to accept residents back after hospitalization discharges. The reluctance by nursing homes to re-admit residents discharged from hospitals caused a serious concern among hospitals in terms of acute care bed capacity. In early April 2020, the Department of Public Health released a "Nursing Home Plan" that attempted to balance the concerns. The plan called for nursing home residents discharged from hospitals to go to COVID Recovery Centers until they are well enough to return to the nursing home or into the community.

The state also provided financial assistance to nursing to strengthen COVID protections and address workforce shortages. DSS was able to provide:

- 3-months of advanced Medicare payments,
- 15% Medicaid rate increases. This rate increase was eventually supplanted by the "Coronavirus Relief Fund", utilizing dollars from the federal CARES Act that had the effect of a 20% rate increase for nursing homes,
- $400 per diem rate for each COVID positive bed in a nursing home, and
- $600 per diem rate for each bed in a nursing home serving as a COVID Recovery Center.

The Medicaid rate increases and later the Coronavirus Relief Fund were provided to nursing homes on the condition that it was used to address PPE, increased safety measures, and for pay increases and hires of nursing home staff. Additional assistance was provided to address staffing issues through policies that:

- Fast tracked graduating medical students,
- Waived certain in-state licensure requirements to attract help from out-of-state medical professionals,

- Utilized the CT National Guard to inspect nursing facilities and provide logistical support,
- Mobilized the Medical Reserve Corp
- Encouraged furloughed and out-of-work medical professionals, such as ambulatory surgical nurses, to assist.

The Department of Public Health (DPH) has made on-site inspection visits to all nursing home facilities and tracks each nursing home and assisted living facility's PPE needs on a routine basis. In addition to the PPE that a nursing home secures through its own supply vendors, DPH distributes, on a weekly basis, PPE supplies to facilities that project a shortage for the week. DPH has also tested all nursing home residents and as of this writing, assisted living facilities are in the process of conducting testing for their residents. Staff will also be tested pursuant to Governor's EO 7aaa which requires all staff at nursing homes and assisted living facilities to be tested if there has been a COVID positive case in the facilities prior 14 days.

Expansion of Voting by Absentee Ballot

Issue Background:

After the public health emergency surrounding the COVID-19 pandemic was declared in March 2020, it soon became clear that all activities that involved face-to-face interaction would be examined and, if possible, modified to reduce the risk of spreading the virus. With municipal budget referenda and the April 28 Presidential Preference primary on the horizon, attention quickly turned to how voting could be conducted safely, securely, and without sacrificing electoral integrity.

Article VI, Section 7 of the Connecticut Constitution allows the legislature to permit voting by absentee ballot in four specific circumstances under which a voter is unable to vote on Election Day: (1) they are out of town, (2) they are sick, (3) they are physically disabled, or (4) the tenets of their religion prohibits secular activity on that day.

Connecticut General Statutes Section 9-135 implements this constitutional grant of power, authorizing any elector eligible to vote at a primary or an election and any person eligible to vote at a referendum to vote by absentee ballot if he or she is unable to appear at his or her polling place during the hours of voting for any of the following reasons: (1) his or her active service with the armed forces of the United States; (2) his or her absence from the town of his or her voting residence during all of the hours of voting; (3) his or her illness; (4) his or her physical disability; (5) the tenets of his or her religion forbid secular activity on the day of the primary, election or referendum; or (6) the required performance of his or her duties as a primary, election or referendum official, including as a town clerk or registrar of voters or as staff of the clerk or registrar, at a polling place other than his or her own during all of the hours of voting at such primary, election or referendum. Misrepresentation of an excuse is a class D felony, although this offense is seldom, if ever, prosecuted.

Executive Branch Response:

The first step taken by the administration to mitigate the fear of voting during a pandemic was to shift the date of the Presidential Preference primary, first to June 2, and then subsequently to August 11, in order to align it with primaries for legislative offices.

On May 2, 2020, the Secretary of State's office published a "voting plan" for the 2020 election cycle, focusing on safety, security, and accessibility. This plan calls for the Secretary to automatically mail absentee ballot applications to all eligible active voters for the August primary and November general elections. Postage will be paid by the State for all four legs of application and ballot transmission "so that neither voters nor

municipalities have to pay to mail absentee ballots and absentee ballot applications back and forth." For those voters who opt not to use their state-provided stamp but cannot or do not want to access their town clerk's office, the Secretary's office has contracted with a Minnesota-based company to provide each town with an absentee ballot drop box.

Next, on May 6th, the Secretary issued a Memorandum of Opinion as to the definition of "illness" for the purposes of CGS §9-135, the absentee ballot statute. Her opinion cited the broad Merriam-Webster definition of illness as "an unhealthy condition of body or mind or sickness" to assert the plain meaning of the word does not limit the applicable illness to one which leaves an individual with limited mobile function or is hospitalized or bedridden. The opinion went on to note certain pre-existing "illnesses" that the Centers for Disease Control and Prevention have identified that put certain individuals at increased risk when exposed to the novel coronavirus, included among them being a smoker (as a potential precursor to becoming immunocompromised), being severely obese, or being pregnant. Instead of settling on a defined and limited list of pre-existing conditions or illnesses, the opinion concludes by simply stating that "any registered voter who has a pre-existing illness" can vote by absentee ballot, seemingly including non-illness conditions such as pregnancy or obesity that are simply increased risk factors for COVID-19. The opinion also shoehorns into the newly-broadened definition of being ill all healthcare workers, first responders, those who care for individuals at increased risk, as well as those that just feel ill, think they might be ill, or think they may have possibly been in contact with the novel coronavirus.

Finally, on May 20th, Governor Lamont issued Executive Order 7QQ, which essentially does four things, ONLY applicable to the August 11 primary: (1) adds a 7th enumerated excuse for voting by absentee ballot to CGS §9-135, usable if one is "unable" to appear at their polling place because of the sickness of COVID-19 if there is no federally-approved and widely-available vaccine; (2) amends election materials such as the inner envelope of the absentee ballot, applications for such, printed materials regarding eligibility, etc. to reflect the additional eligibility for absentee voting; (3) allows the Secretary of State to select a mail vendor to step in for municipal clerks' offices to perform the mailing of absentee ballots; and (4) amends the term "mailed" in CGS §9-140b(c) to include putting the completed ballot in a secure drop box designated by the municipal clerk, per forthcoming instructions from the Secretary of State.

Recent Legislative Action:

One of the four pieces of legislation considered during the July special session was HB 6002, An Act Concerning Absentee Voting and Reporting of Results at the 2020 State Election and Election Day Registration. The bill not only addressed expanded absentee balloting for the 2020 election, but also made temporary tweaks to the reporting of election results and made a permanent expansion of the election day registration

("EDR") program. Similar to Executive Order 7QQ—which the bill officially ratified for the August primary—the bill expanded the excuses by which one could vote by absentee ballot to include the pandemic of COVID-19. In anticipation of a dramatic increase in absentee ballots, which are time-consuming to count, the bill extended by 48 hours all vote-counting and reporting deadlines. Additionally, the bill permits towns to apply to the Secretary of State to open additional election day registration locations if warranted by expected demand and permits those in line to register upon the close of the polls at 8:00pm to continue the registration process and vote.

Republican Perspective:

Concerns with the expansion of absentee ballot access seem to be focused on three major areas. First, as a threshold matter, many Republicans are of the opinion this expansion is unconstitutional. Many contend that "unable" is an absolute term and the original constitutional intent was to provide an alternative voting method by those that are truly unable to appear. Second, many have concerns over the cost of the plan. Although the Secretary of State asserts that the costs will be absorbed by federal relief funding, there is currently a 20% state matching requirement for these types of expenditures, which would amount to more than $1 million. Although the Secretary of State is hopeful that these matching requirements will be eliminated by future rounds of federal relief legislation, that is far from certain. And, third, are concerns over absentee ballot fraud and inadvertent disenfranchisement. While ballot fraud largely speaks for itself, our complicated absentee ballot process leads to a startingly-high rejection rate—around 5% of submitted ballots. Expanding voting by absentee ballot without making corresponding changes to reduce the rate by which ballots are rejected for technical reasons may inadvertently disenfranchise thousands of potential voters.

Business Assistance Programs

Issue Background:

On March 12, 2020, the Governor began to implement a series of executive orders that would eventually lead to a closure of Connecticut's non-essential businesses and social activities in order to lessen the effect of COVID-19. The pandemic greatly impacted businesses of all sizes across all industries. Essential businesses that were allowed to remain open included the healthcare, manufacturing, and a portion of the retail sectors. The lack of commerce for over 100 days had a significant impact on businesses and employees who were no longer collecting a paycheck.

Recent Legislation and Programs:

State Response:
In response to new challenges faced by businesses, the Department of Economic and Community Development in partnership with various organizations and state agencies, unveiled a series of small business supports.

- *Connecticut Recovery Bridge Loan Program*: Provided cash flow relief to small businesses and nonprofits. Eligible entities received loans equaling the lesser of either three months operating expenses or $75,000 based on demonstrated cash flow needs. This program initially was approved for $25M in available funds. After demand within the first 24-hours used the entire $25M, an additional $25M was made available.
- *Connecticut COVID-19 Business Emergency Response Unit*: Hotline and email designed to provide information regarding tools and resources available to businesses at both the state and federal level.
- *Manufacturing Innovation Fund Voucher Program Expansion For PPE:* Provided grants up to $75,000 to assist in the production of critical equipment and supplies needed to respond to the COVID-19 emergency.
- *Women and Minority Owned Business Line of Credit:* Offered qualifying women and minority small businesses potentially forgivable zero-interest lines of credit for up to $20,000 for working capital.
- *Local Tax and Utility Relief:* Businesses were eligible for local property and utility tax relief during the pandemic. Municipalities could reduce interest rates on any delinquent portion of taxes from 18% to 3%, or they could elect to defer tax payments 90 days for filing deadlines that between March 10th through July 1st.

The Governor through the Department of Revenue Services (DRS) extended many state filing deadlines to July 15th including estimates and finals payments for pass-through entities and corporations.

Federal Response:
In March, the federal government passed a historic pandemic relief package, The CARES Act, that included programs for small businesses. Connecticut small businesses received over $4B in support through various programs including:

- *Paycheck Protection Program- $349B*: Designed to help employers cover payroll and keep employees from needing unemployment insurance benefits. The loan amount was based on each company's payroll level. Principal and interest on loans will be forgiven if the company retains employees or rehires employees when they receive the loan.
- *Economic Injury Disaster Loans and Emergency Economic Injury Grants Program- $10B:* Provided loans up to $2M and a cash advance up to $10,000. The cash advance may be forgiven if used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments, however, EIDL loans must be repaid.
- *SBA Express Loan Program- $10B:* The SBA increased the maximum allowable loan from $350,000 to $1M through December 31, 2020. After that date, the maximum loan amount will revert to $350,000. The CARES Act permanently waived the fee for veteran owned businesses.
- *Small Business Debt Relief Program-$17B:* Provided debt relief to small businesses with non-disaster SBA loans including 7(a), 504, and microloans through September 27th.

Additional federal tax changes in the CARES Act included a temporary excise tax exemption for distilled spirits used to make hand sanitizer and suspension of various deduction limits for a wide range of business entities.

Republican Perspective:

Republicans appreciate the efforts made to assist small businesses during the pandemic. The state depends on small businesses to provide critical services to our communities. While efforts during the pandemic have been a great help, it is crucial that the state focus on reopening in a safe and effective manner. Government should continue to communicate with the business community when it comes to industry guidelines, available information, and ensuring that personal protective equipment (PPE) is available. The state should also continue to work with the federal government for additional efforts including possibly re-filling the state's Unemployment Fund and pro-business legislation.

Telehealth

Issue Background:

Prior to the onset of Coronavirus, telecommuting was used in selective situations and only in certain industries and professions. When the pandemic hit the United States in March, companies in every industry were forced to find ways that could continue to provide products and services, while large portions of the population remained isolated and quarantined.

In the healthcare industry, telehealth has been a topic of conversation since technology advanced enough to allow the practice to take place. In 2015, Connecticut adopted laws and regulations to allow certain health providers to practice telehealth. This framework was allowed only in situations when there is a visual component to the session between the provider and the patient. In other words, sessions could be done using video conferencing products, such as Zoom, Skype, Go To Meeting, etc… The more limited ability of patients to meet face-to-face with their doctors brought on by the pandemic prompted the state to look at expanding its telehealth laws.

Recent Legislative Action:

Shortly after the legislature shutdown and Governor Lamont was granted emergency powers, he ordered the expansion of telehealth laws including the following, which apply to in-network and CT Medical Assistance Programs (CMAP):

- Allow "audio-only" telehealth sessions to take place over telephone when appropriate (Executive Order 7-F,G)
- Expand the list of health providers who can offer telehealth (video or audio-only) to their patients (Executive Order 7-DD)
- Allow out-of-state health providers to conduct telehealth sessions with Connecticut residents. (Executive Order 7-F,G)

Concerned that these expansions would go away once the Governor's emergency powers expire on September 9th, the legislature took action during the July special session to extend these new telehealth provisions until March 15, 2021.

Republican Perspective:

Republicans and Democrats came together in July to unanimously approve an extension of the same provisions that were in the Governor's Executive Orders concerning telehealth.

Extending the telehealth expansions into March continues the flexibility for providers and their patients in the short term, while allowing the legislature to determine the long-term impact of the changes.