



State Budget Update

GFOA-CT Spring Meeting
April 18, 2019

545 Long Wharf, 8th Floor, New Haven, CT 06511

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www.ccm-ct.org

About CCM

- › Connecticut's statewide association of towns and cities
- › Represents municipalities at the General Assembly, before state agencies, and in the courts
- › Services include advocacy, research, education and training, purchasing discounts, and insurance and risk management



Legislative Activity

- › Legislative session ends June 5
- › Appropriations and Finance committees' deadlines are May 3 and May 2, respectively
- › Other committee deadlines have passed
- › Consensus revenue estimates due April 30
- › Relatively quiet right now, but much is happening behind the scenes



CCM Meetings and Negotiations

- › Executive and Policy committees will be meeting with the governor on TRS and other issues
- › Will be meeting with the senate president on property tax reform and other issues
- › Meeting with CAFE on MBR and other education issues



Education Cost Sharing

- › HB 7150
- › Base is FY 17 amount
- › Underfunded towns receive the base amount plus 10.66% of the difference through FY 27
- › Accelerates phase-out for towns seeing a decrease in ECS through FY 22
- › Awaiting action in Appropriations Committee



Teachers' Retirement System

- › SB 873
- › Proposed changes to TRS
- › Reduces assumed rate of return from 8.0% to 6.9%
- › Creates fund to secure repayment of 2008 POBs
- › Re-amortizes unfunded liability over a new 30-year period
- › Transitions from level percent of payroll to level dollar amortization, phased in over five years
- › Awaiting action in Appropriations Committee



Teachers' Retirement System (cont'd)

- › Governor proposed municipalities contributing to TRS
- › Base contribution would be 25% of normal cost, phased-in over three years
- › Distressed municipalities would see contribution rate of 5% of normal cost
- › Language was removed from education bill (HB 7150) by Education Committee
- › Proposal could return in some form



Minimum Budget Requirement

- › SB 1068
- › Maintains current MBR, with some modifications
- › Can use five-year look-back when calculating enrollment decline (allows 50% reduction of NCEP)
- › Eliminates the cap on reductions due to lower enrollment
- › Removes increased costs due to catastrophic event for self-insured districts
- › Continues prohibition of MBR reduction for Alliance Districts
- › Awaiting action in the Senate



Property Tax Reform

› SB 431

- Creates a \$50K homestead exemption on one- to four-family owner-occupied residences
- Creates a statewide property tax of one mill on real property with homestead exemption
- Replaces the local motor vehicle property tax with a statewide tax of between 15 and 19 mills
- Distributes these new statewide revenues to PILOT and education
- Exempts the first \$25K in business personal property
- Proposed bill awaiting action in Finance Committee



Property Tax Reform (cont'd)

> HB 7408

- Allows new public safety and infrastructure fee to be assessed on non-profit property
- Awaiting action in Finance Committee



Revenue Diversification

> SB 475

- Increases sales tax by 0.5%
- Distributes the revenue to the town in which the sales occurred
- Sales at “large regional shopping malls” would be distributed differently
 - > 60% to the town(s) where the sale occurred
 - > 40% on a per-capita basis to contiguous towns
- Proposed bill awaiting action in Finance Committee



Revenue Diversification (cont'd)

› HB 7408

- Adds 1% food and beverage tax
 - › Revenue goes into new Municipal Diversification Fund
 - › Revenue distributed to town where the sale occurred
 - › Local legislative body must approve acceptance of funds
 - › In point of sale can't be identified, funds go into regional planning incentive account
 - › Any balance carries over to following year
- Authorizes stormwater authority
- Allows towns to opt out of certain provisions related to enterprise zones
- Awaiting action in Finance Committee



Regionalization

› HB 7192

- OPM to review audit reports and report municipalities under fiscal stress to the Municipal Finance Advisory Commission
- Modifies ACIR membership
- Would have ACIR analyze and recommend regionalization options
- Funds COGs through the regional planning incentive account
- Changes inspection for multifamily buildings
 - › Three to six-family buildings inspected once every three years
 - › Seven to sixteen-family buildings inspected once every two years.
- Regionalizes property assessment
- Awaiting action in House



Labor Relations

› SB 882

– CMERS

- › Increases employee contributions by 1% per year for three years
- › Does not address Retirement Commission approved recommendations to lower assumed rate of return from 8% to 7%
- › CCM still working to establish a new tier for CMERS

– Reduces number of neutral arbitrators from 20 to 10

– Changes term of arbitrators from two years to five years

– Awaiting action in Senate



Labor Relations (cont'd)

> HB 6935

- Requires municipalities to allow union representatives access to municipal buildings, resources, and employee orientations
- Requires municipalities to regularly update employee contact information and report that information to the union
- Requires municipalities to direct requests for certain union-related payroll deductions to the union
- Awaiting action in the House



Municipal Spending Cap

- › Remains in place
- › Penalty is 50 cents of MRSA sales tax sharing for every dollar over the cap
- › No MRSA sales tax sharing, so no penalty
- › OPM still required to calculate the spending changes for each town
- › MRSA may be addressed, which may impact cap



Minimum Wage

› HB 7191

- Increases would be phased-in over 4 years:
 - › Effective 1/1/20 -\$11.25
 - › Effective 1/1/21 -\$12.50
 - › Effective 1/1/22 -\$13.75
 - › Effective 1/1/23 -\$15.00
- Indexes further increases to the BLS employment cost index
- Allows training wage as low as 75% of the minimum wage for 90 calendar days
- Awaiting action in House



Minimum Wage (cont'd)

> SB 2

- Increases would be phased-in over 3 years:
 - > Effective 1/1/20 -\$12.00
 - > Effective 1/1/21 -\$13.50
 - > Effective 1/1/22 -\$15.00
- Indexes further increases to the BLS consumer price index
- Awaiting action in Senate



Paid Family Medical Leave

› HB 5003

- Up to 12 weeks of coverage over 12-month period
- 100% wage replacement up to \$1,000 per week
- Employee payroll contribution of 0.5%
- Awaiting action in Finance Committee

› SB 1

- Identical to HB 5003
- Awaiting action in Finance Committee



Marijuana

› HB 5595

- Authorize and regulates the sale for recreational use
- Still a proposed bill with no specifics
- Awaiting action in Finance Committee

› HB 7371

- Authorizes and regulates the sale for recreational use
- Establishes Cannabis Commission within the Department of Consumer Protection
- Allows towns to prohibit an establishment or restrict hours and signage, but prohibits local fees
- Awaiting action in House



Tolls

- › HB 7202
 - Awaiting action in the House
- › HB 7280
 - Awaiting Action in the house
- › SB 423
 - Awaiting action in the Senate



Sports Betting

› HB 7331

- Would allow Mohegan and Pequot tribes to offer in-person and online wagering once new compacts are negotiated
- 10% tax
- Does not relieve tribes of current slot revenue obligations
- Awaiting action in the House



Other Items

- › School consolidation (SB 454 and 457)
- › Grants for Municipal Projects waiver
- › PTSD benefits for first responders
- › Pensions and OPEB





Connecticut Conference
of Municipalities

collaborating for the common good

Thank you!

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