



## **CRCOG Weekly Legislative Report**

### **2019 Legislative Session**

**February 14, 2019**

#### **Weekly Legislative Feature Issues:**

The Connecticut General Assembly's work continues with a full week of committee meetings and public hearings. The Capitol and Legislative Office Buildings are filled with members of the public who have come from across the state and around the country to testify before the various committees holding hearings.

In other news, Governor Lamont has begun rolling out components of his budget proposal set to be released next week on Wednesday, February 20<sup>th</sup>. He announced a plan to cut state bonding by about \$600 million or nearly 40% of the \$1.6 billion that was the standard over recent years. He described this as a self-imposed "debt diet." His spokesman, Chris McClure said that "there is no intention to make adjustments to the existing authorizations for crumbling foundations." He continued noting that "Governor Lamont is committed to helping homeowners through this program."

Moreover, Governor Lamont announced that he is working to ensure that state government reflects the needs of Connecticut's residents. He intends to bring Connecticut state government into the 21<sup>st</sup> century. As such, he proposed simplifying residents' DMV experiences, streamlining partnerships between state agencies and the private sector, and making it easier to participate in the electoral process. While this is just a preview of his budget proposal, it is clear Governor Lamont intends to make some changes.

#### **This past week has revealed new developments of particular interest to you:**

##### **Joe DeLong: Pensions will Sink Connecticut**

Joe DeLong, Executive Director of the Connecticut Conference for Municipalities, laments that there are "no easy solutions" to Connecticut's pension problem. DeLong observes that required contributions to local pension plans are taking funds away from education and infrastructure. CCM recently formed a Pension Liabilities Task Force. DeLong urges lawmakers to use the information from this task force to have honest, tough discussions. Wisconsin, he argues, has already made that tough decision; the state merged its state and local plans, developed risk-sharing, and created a "modern" pension system.

Connecticut has tried a lot to get the funds for pensions, but tax-payers continue to flee the state for lower tax environments. CCM has debated merging the 206 local plans with the Connecticut Municipal

Employee Retirement System. Assuming this happens, the new fund would still be put under a lot of stress. The State Retirement Commission is lowering the long-term expected return on assets assumption from 8 percent to 7 percent, leading to an immediate increase of 15-to-20 percent in municipal employer contributions. Again: there are no easy solutions. CCM urges Governor Lamont to create a larger task force to create a shared risk pension model and a transition plan.

[NewsTimes: Joe DeLong: Pensions will sink Connecticut](#)

### **Lamont Wants to Slam the Brakes on State Borrowing**

Governor Lamont is calling for a 'debt diet' this fiscal year. Lamont plans to cap general obligation bond borrowing at \$960 million this year—about 50% of the \$1.9 billion G.O. bonding cap that legislators approved in 2017. In the past, much of these funds went toward education projects around the state. Lamont wants to continue to fund school renovation, but says we must be "selective," adding that he expects regional schools to be prioritized for funding. Programs such as the PILOT Grant, which reimburses communities for a portion of local tax receipts they lose, could also be at risk due to funding issues.

State finances have been on track to run \$1.5 billion in deficit next fiscal year; Lamont's budget aims to soften that blow. Organizations, such as the Board of Regents for Higher Education and the University of Connecticut, plan to be in close contact with Lamont regarding the budget cuts. Although Lamont's proposed cuts would not affect the fund targeting transportation projects, it will affect the funds aimed at community-based projects—what critics might call "pork-barrel spending." As such, Senate Minority Leader Len Fasano praised Lamont's new 'debt-diet' mentality, advocating that Connecticut should focus on "essential spending." Lamont hopes to end the "bonding binge" Connecticut has been on and instead prioritize economic development and new investments in state technology.

[CTMirror: Lamont wants to slam the brakes on state borrowing](#)

### **Senate Republicans Unveil Economic Agenda: No Tolls, Limits on Bonding, Tax Breaks for Defense Contractors**

This week, Senate Republican leader Len Fasano introduced a package of bills that his caucus believes will provide a path for greater stability and economic growth for the state. This package included proposals for new limits on bonding, tax breaks for defense contractors working with Connecticut-based subcontractors, and a transportation plan that does not rely on tolls.

Senator Fasano stated that "We've always talked about the need to have predictability and stability in the state and the way you do that is by creating opportunities to enhance state services... and reduce the cost of government." He argued that this can be achieved "by leveraging private-public partnerships, investments in transportation and investing in our defense industry."

The Senate Republicans have proposed establishing a more formal partnership between private nonprofit providers and state human services agencies. Another proposal would provide sales tax exemptions and R&D tax credits to encourage defense contractors to continue working with hundreds of in-state subcontractors that provide services and products used in the downstream supply chain. They have also sought to limit state borrowing by proposing strict new limits saying that the state can no longer afford to underwrite local projects, no matter how worthy they are. Lastly, they criticized the current system for funding roads and bridges and suggested that the Commissioner of the Department of Transportation should submit an annual list of prioritized projects. More specifically, this was a transportation funding plan aimed at working within current state resources without relying on tolls or increased taxes.

[Courant: Senate Republicans Unveil Economic Agenda: No Tolls, Limits on Bonding, Tax Breaks for Defense Contractors](#)

**Tracked Bills:**

**Please see attached document.**