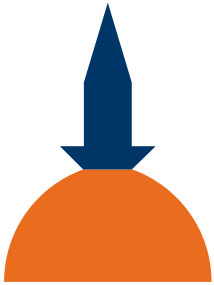


GOVERNMENT AFFAIRS INSIGHTS

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An update on Connecticut State Government and Politics from The Government Affairs Group of Murtha Cullina LLP.

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With five weeks left before the November 8 election, the state's federal candidates and candidates for the 187 seats in the Connecticut General Assembly are courting voters during what has turned out to be a contentious presidential election year. The following is a quick review of the issues likely to be considered when our legislature convenes on January 4, 2017.

OUTLOOK

For those candidates fortunate enough (some would say cursed) to be elected to our legislature, they immediately will be confronted with budgetary headwinds. Non-partisan projections place the FY18 budget in deficit by \$1.1 billion and the FY19 budget in arrears by \$1.5 billion. Responding to these projections, the Governor's budget office has asked all state agencies to prepare options that would reduce FY17 baseline budgets by 10%.

SPENDING CAP

A companion to the shaky budget is the spending cap issue. The Spending Cap Commission, created in December 2015, is scheduled to define the economic elements used to limit the expenditure side of the state budget. In past administrations, both the General Assembly and the executive branch have used emergency contingencies and budgetary gimmicks to comply with spending limit requirements. Fixing this problem will create a new economic reality for legislators.

DEBT OBLIGATIONS

Connecticut, like most states, has underfunded state employee retiree pension and health care liabilities and debt obligations. Liabilities currently amount to approximately

\$70 billion. Connecticut has been rated 48th in the nation for underfunding these obligations. Legislators will have to balance the need to invest new dollars in education, municipal aid and infrastructure with required funding for pension and debt obligations.

ENERGY

High energy costs continue to plague residents and businesses in Connecticut. With the average price of electricity in our state 8.2% higher than neighboring New England states and a full 55.2% higher than national rates, our state's competitive advantage continues to erode when factoring in other costs such as taxes, labor and regulatory structures. Adding to these concerns is a proposal being promoted by the owners of the Millstone power plants in Groton to support a required purchase power agreement with the state's utilities adding to residential, commercial and industrial energy costs.

TRANSPORTATION FUND

The legislature will again seek to pass a "lockbox" amendment to the state's Constitution which ensures that funds deposited in the Special Transportation Fund are used for transportation purposes. Approval of the amendment would place it on the November 2018 ballot. Currently, thirty states have constitutional restrictions on how revenues in such funds can be spent.

MUNICIPAL AID

With a ninety-page decision, *CCJEF v Rell*, Hartford Superior Court Judge Thomas Moukawsher tossed a hot potato to the legislature by ruling the three decades of formula-based education aid to municipalities was irrational and unconstitutional. At stake is a statutory formula that divides more than \$3 billion in municipal education grants and provides an additional \$2 billion to towns and cities through the Educational Cost Sharing program. The State has appealed Moukawsher's decision to the Connecticut Supreme Court which has agreed to hear the challenge.

RETIREMENT PROGRAM

With passage of the "Connecticut Retirement Security Program" act, our state joined California, Illinois, Oregon and Maryland establishing a state administered retirement program for employees not covered by private-sector employer retirement programs. A fifteen-member authority will administer the program which begins January 1, 2018 for qualified employers and employees. The business community may seek to amend this act to make it a voluntary program in the upcoming session of the legislature.

MINIMUM BOTTLE LAW

The perennial fight over the cost of alcohol in our state may pop up again. The Malloy administration has been unsuccessful in convincing the General Assembly to eliminate "minimum bottle pricing" for wine and spirits. Maryland-based Total Wine & More recently sued Department of Consumer Protection Commissioner Jonathan Harris in federal court seeking to overturn Connecticut's "min-bottle" law. Total Wine has been fined \$37,500 by Consumer Protection for violating the minimum pricing law.

MINIMUM WAGE

The Low Wage Advisory Task Force is scheduled to report back its findings to the General Assembly in January. Connecticut's minimum wage is scheduled to rise from its current level of \$9.60 an hour to \$10.10 an hour on January 1, 2017. The task force is almost assured to recommend an increase to \$15 an hour over a stretch of years. Many large and small businesses have testified that such increases will chase jobs away from Connecticut.

TASK FORCES

Our legislature seems to have a penchant for creating task forces. Most are scheduled to meet in the off-session to report back when the legislature convenes in January. Like procrastinating students, many of these task forces start late and totally miss their deadlines. Here are a few: a Task Force to Study Methods for Reducing Consumer-Based Packaging Material, a Task Force to Study Value-Based Pricing of Prescription Drug, a Task Force to Improve Access to Legal Counsel in Civil Matters, a Task Force to Study Student Data Privacy, a Task Force to Study Fair Chance Employment for individuals with criminal histories, a Task Force to Support Safe School Climate Standards and Plans and a Task Force to Study the Furnishing of Medical Records.

PHYSICIAN-ASSISTED SUICIDE

There is a strong possibility that legislation legalizing physician-assisted suicide will again be introduced next session. Having failed to achieve a chamber vote for this measure in two previous sessions, proponents will seek to build on the momentum of the five states legalizing the procedure (CA, OR, VT, WA and MT) to have legislators reconsider their positions.

QUESTIONS & CONTACT

If you have questions regarding any issues discussed within this publication, please contact one of the members of our Government Affairs Group:

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