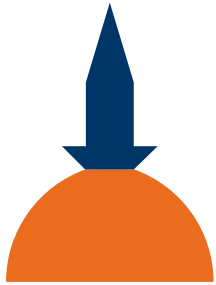


GOVERNMENT AFFAIRS INSIGHTS

DECEMBER 2016

TEN THINGS YOU SHOULD KNOW ABOUT THE 2017 SESSION OF THE CONNECTICUT GENERAL ASSEMBLY



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

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1. Politically, the Connecticut legislature will be moving in uncharted waters. Not since 1893 has there been an even split for parties in the State Senate. With 18 Democrats and 18 Republicans, party leaders will be forced to agree on a majority of the legislation brought to a vote on the Senate floor. Even with the Constitutional tie breaker in Democrat Lt. Gov. Nancy Wyman's vote, ideological splits in each party's caucus will encourage consensus legislation.
2. Actions by the various committees will take on a greater importance. In a typical legislative year, committee chairs approve the release of hundreds of bills to satisfy members and various interest groups. With the proposed structure of Senate Democrats and Republicans having co-chairs on committees, additional legislative scrutiny will reduce the volume of bills reported out of committees. Proposals for a reduction in the number of committees could further decrease the number of bills.
3. Like Bill Murray, trapped in the seemingly endless time-loop in "Groundhog Day," the Malloy administration and the legislature again will need to confront daunting budget deficits totaling \$1.2 billion in FY18 and \$1.4 billion in FY19. As fixed budget costs ratchet up to 53% by FY18, along with the uncertainty of federal funding, a resolution to this fiscal quagmire may not be reached by the Constitutional adjournment date of June 7.
4. As the slow process of preparing the biennial budget proceeds, the legislature will turn its attention to proposals for job growth. While the average nationwide employment grew 2.1% from 2014, Connecticut's growth was 0.6%. Legislators realize that without job growth and attendant increases in personal income, state and municipal budget dilemmas will continue. Look for efforts to stabilize the economic climate for large employers and the promotion of small to medium-sized enterprises through the availability of competitive grants, revolving loan funds and new access to capital to support emerging businesses.
5. In preparation for Congressional action on Medicaid "block granting," the legislature's human services committees will begin to explore state mechanisms for allocating entitlement dollars to impacted programs.
6. Anticipating the Trump administration's plan to boost infrastructure investment through public-private partnerships, the legislature will likely reauthorize an expired state program permitting contracts with private entities for the finance, design,

construction, development, operation or maintenance of eligible public works and transportation projects. Trump's plan calls for a tax credit equal to 82% of the equity amount that investors commit to financing infrastructure.

7. The more than year-long effort by the Governor's Health Care Cabinet to develop and implement recommendations to curb health care costs in the state will be put on hold due to state agency opposition, potential changes in the federal Affordable Care Act, lack of financial backing and opposition from advocates and health care providers skeptical of the risk and reward model proposed to reshape the delivery of health care in Connecticut.

8. Expect contentious battles in the Labor and Public Employees Committee over legislation dealing with minimum hourly wage requirements, paid family and medical leave, predictive scheduling and bills restricting an employer's right to assess background information on prospective employees. The Connecticut Low Wage Employer Advisory Board recently recommended raising the state's minimum wage to \$15 an hour "gradually over a reasonable period of time." Connecticut's hourly minimum wage is scheduled to rise on January 1, 2017 from \$9.60 to \$10.10. Republican leaders have vowed to block further increases.

9. Following a difficult election cycle in which business groups targeted Democratic legislative seats, look for the leadership of that party to seek additional resources to increase public grants for candidates running for office in 2018 and new disclosure rules for independent expenditures by special interest political action committees.

10. Human service advocates will seek new revenue sources for the state budget which may include legalizing and taxing recreational marijuana and a restructuring of the state income tax.

QUESTIONS & CONTACT

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