
OLR Bill Analysis

sSB 1 (File 692, as amended by Senate "A")*

AN ACT CONCERNING AFFORDABILITY.

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SUMMARY

§§ 1-53 — BUDGET PROVISIONS

Please refer to the Fiscal Note for a summary of these sections

§ 54 — SUPPLEMENTAL REVENUE SHARING GRANTS TO WATERBURY, MANCHESTER, AND VERNON

Requires additional FY 27 supplemental revenue sharing grants for Waterbury (\$3 million), Manchester (\$800,000), and Vernon (\$500,000)

§ 55 — DELAY OF SHB 5001 ABSENTEE BALLOT APPLICATION PROVISION

Delays until July 1, 2027, a provision in sHB 5001 establishing procedures for voters to have absentee ballot applications automatically sent to them

§§ 56 & 57 — CONNECTICUT MUNICIPAL DEVELOPMENT AUTHORITY AGREEMENTS

Modifies requirements for CMDA when it enters into agreements for PILOTs

§ 58 — CLARIFYING CHANGE TO HOUSING COMMISSIONER'S POWERS

Clarifies the housing commissioner's general powers

§ 59 — EXTENDING CERTAIN LANDLORD-TENANT LAWS TO THIRD PARTY AGENTS

Extends existing limitations on fees and payments that landlords may require from prospective or departing tenants to third parties acting on behalf of landlords or the state; extends existing requirements on tenant screening reports to the same third parties

§§ 60 & 61 — TAX ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES

Repeals the 6% tax on nursing home and ICF revenue scheduled to take effect on July 1, 2026, and instead retains the current user fee on these facilities

§ 62 — PIZZA STATE COMMEMORATIVE LICENSE PLATES

Starting July 1, 2026, requires the DMV commissioner to issue Pizza State commemorative license plates to increase public awareness of the state's pizza-making tradition and to provide funding to Connecticut Foodshare.

§ 63 — ADDITIONAL DESPP DEPUTY COMMISSIONER AUTHORIZED

Authorizes the DESPP commissioner to appoint an additional deputy commissioner

§ 64 — HISPANIC AMERICAN VETERANS OF CONNECTICUT ACCOUNT DISTRIBUTION

Decreases OPM's distribution of funds to the Hispanic-American Veterans of Connecticut account from quarterly to annually

§ 65 — OPM ENERGY POLICY

Removes an obsolete provision that generally gives OPM responsibility for determining state energy policy

§ 66 — NEGLECTED CEMETERIES ACCOUNT

Requires the DPH commissioner to, beginning by October 31, 2026, quarterly certify to OPM the (1) amount of fees collected for certified marriage and death certificates and (2) neglected cemetery account's balance

§ 67 — REMOVES CHRO FROM DOL

Removes CHRO from DOL

§§ 68-161 — OFFICE OF HEALTH STRATEGY ELIMINATION

Eliminates OHS and generally transfers its powers, duties, and functions to DPH, OPM, DSS, and OHA; makes related minor changes

§§ 162 & 163 — VOLUNTARY DELIVERY OR SURRENDER OF FIREARMS OR AMMUNITION TO POLICE

Modifies sHB 5043, as amended by House "A," by (1) reducing, from two years to one year, the maximum time period that DESPP and local police departments must hold firearms and ammunition that are delivered or surrendered to them and (2) adjusting when DESPP must promulgate a related return form

§ 164 — ADRIAEN'S LANDING

Specifies conditions under which soil and groundwater pollution can be managed in place to satisfy environmental remediation requirements in Adriaen's Landing; requires CRDA to (1) make a protocol on disturbing contaminated soil and (2) annually inspect polluted sites managed under the conditions the bill prescribes

§ 165 — OPIOID ANTAGONISTS

Allows any person to give someone a non-legend opioid antagonist to treat or prevent an opioid overdose and gives them immunity for doing so; exempts non-legend opioid antagonist distributors from needing a permit

§§ 166 & 170 — TWEED-NEW HAVEN AIRPORT AUTHORITY BONDS

Makes numerous changes related to bonds issued by the Tweed-New Haven Airport Authority, including authorizing revenue bonds to benefit a participating corporation involved with certain airport projects

§§ 166, 168, 169, 171 & 172 — TWEED-NEW HAVEN AIRPORT AUTHORITY

Modifies the appointments of the Tweed-New Haven Airport Authority board of directors 30 days after a building permit is issued for a passenger terminal facility; generally requires certain board actions to have the affirmative vote of at least 10 board members; expands and modifies the authority's powers and duties

§ 167 — PILOT PAYMENTS RELATED TO TWEED-NEW HAVEN AIRPORT

Requires annual PILOT payments of \$4.4 million to East Haven and \$2.9 million to New Haven, once a passenger terminal facility located beside Tweed-New Haven Airport has opened and is operational

§ 173 — TWEED NEW HAVEN AIRPORT DEVELOPMENT ZONE

Requires DECD to establish an airport development zone surrounding Tweed New Haven Airport if East Haven or New Haven submits, or the two jointly submit, a proposal to do so

§ 174 — LATE PAYMENT INTEREST WAIVERS FOR CERTAIN COMMON INTEREST COMMUNITIES

For certain common interest communities, allows municipalities and WPCAs to waive late payment interest that has accrued on their property tax and sewer use bills

§ 175 — MUNICIPAL SPENDING CAP HOLD HARMLESS

For FY 27, allows municipalities to exceed the statutory spending cap without having their municipal revenue sharing grant amount reduced as a result

§ 176 — SPRB COMPENSATION AND MEMBERSHIP

Increases the compensation rates and limits for SPRB members; narrows the prohibition on persons holding state or municipal positions from serving on the board

§ 177 — EXECUTIVE BOARDS AND COMMISSIONS MEETING SCHEDULES

Specifies that executive branch boards and commissions that compensate their members on a per diem basis may not set a meeting schedule that would cause them to overspend their appropriated funds for per diems without prior written approval from OPM to do so

§ 178 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID

Authorizes municipalities and regional boards of education to amend their adopted budgets and adjust tax levies if they receive more state aid than projected

§ 179 — COMBINED PUBLIC BENEFITS CHARGE REPORT

Delays, from October 1, 2026, to January 15, 2027, the deadline for OCC to submit a report about the combined public benefits charge on electric bills

§ 180 — AT-GRADE PEDESTRIAN RAIL CROSSING IN NEWTOWN

Requires DOT to allow Newtown to build an at-grade pedestrian crossing on the Housatonic Railroad, if the crossing is (1) approved by Newtown and the Housatonic Railroad and (2) built according to DOT's recommendations

§ 181 — EXEMPTIONS FROM STATE EMPLOYEE CLASSIFIED SERVICE

Exempts certain positions from the state employee classified service

§ 182 — CRIMINAL BACKGROUND CHECKS OF EMPLOYEES WITH ACCESS TO TAX RECORDS

Changes who must perform criminal history checks for state employees with access to federal tax information

§§ 183-185 — UNLICENSED INDIVIDUALS OR FACILITIES

Allows DPH to impose civil penalties on people who provide professional services without a required DPH license or certificate; similarly allows DPH to impose civil penalties, and sets criminal penalties, for anyone who opens, manages, or operates a health care facility without a required DPH license or certificate

§ 186 — DISPOSAL OF ABANDONED BODIES OR REMAINS

Allows DPH to appoint an embalmer to dispose of an abandoned dead body or abandoned cremated remains after a funeral director or embalmer has voluntarily or improperly relinquished control of the body or remains in violation of state law

§ 187 — ELECTRONIC DEATH RECORDS

Requires DPH, upon request, to issue death records electronically regardless of when the death occurred (with the SSN generally redacted), instead of only for deaths since July 1, 1997, as under current law

§ 188 — TECHNICAL CHANGE

Makes a technical change

§§ 189-191 — FOOD CODE

Makes minor and clarifying changes to laws related to the state's food code

§ 192 — MOLST PROGRAM

Provides that under the state's program, a MOLST is invalid unless it is completed on a DPH form and executed in line with statutory and regulatory requirements; allows PAs to make the determination that a patient's condition is advanced enough to qualify for the program; requires that the program's regulations allow providers to give patients a copy of or access to the order rather than the original

§ 193 — HIV/AIDS SERVICES FUNDING

Allows DPH's contracted program for HIV PrEP and PEP drug assistance to also provide funding for associated lab testing and related costs

§ 194 — CONSENT ORDERS

Explicitly allows DPH to enforce compliance with DPH laws, regulations, permits, and orders through an agreed settlement or consent order

§ 195 — NON-CHARGE FOR EMPLOYEES PAID BENEFITS THROUGH THE SHARED WORK PROGRAM

Reinstates an unemployment insurance tax non-charge for employers using a shared work program during an extended benefit period or a high unemployment period

[§ 196 — DOL UNEMPLOYMENT NEGOTIATIONS WITH REIMBURSING EMPLOYERS](#)

Allows the DOL commissioner to negotiate and compromise with reimbursing employers who owe payments to the unemployment system under certain circumstances

[§§ 197-200 — EMPLOYMENT SECURITY ADVISORY BOARD REPEAL](#)

Eliminates the Employment Security Advisory Board and makes conforming changes

[§§ 201 & 202 — PRE- AND POST-SHIFT HOURS AND WORKPLACE HEAT SAFETY STANDARDS TASK FORCE](#)

Specifies that "hours worked" in state overtime law includes time employees spend in employer-required security screenings; creates a taskforce to study workplace heat safety

[§§ 203 & 204 — PER DIEM RATE FOR BOARD OF LABOR RELATIONS MEMBERS AND COMPENSATION FOR BOARD OF MEDIATION AND ARBITRATION MEMBERS](#)

Increases the (1) per diem rate for members of the State Board of Labor Relations and (2) compensation for members of the Board of Mediation and Arbitration

[§ 205 — COMPTROLLER TNC STUDY](#)

Extends, from July 1, 2026, to October 1, 2026, the deadline for the comptroller to submit his TNC study report

[§ 206 — DOUBLE UTILITY POLES](#)

Amends a provision in sHB 5003, § 44, as amended by House "A" (File 745), to require electric distribution companies that have equipment on a utility pole, but do not own the pole, to transfer the equipment within 45 days after receiving notification about removal and replacement work on the pole

[§ 207 — GREYFIELD REVITALIZATION PROGRAM](#)

Limits the greyfield revitalization program to East Hartford and the Capital City Economic Development District and expands the program's scope to include the renovation of commercial retail and office space

[§ 208 — CLAY ARSENAL](#)

Requires the CWO to establish the Clay Arsenal Workforce Readiness Program to connect Hartford's Clay Arsenal neighborhood's residents with employment, training, and career advancement opportunities; requires the CWO to annually report to the General Assembly on the program

[§§ 209 & 210 — FIREFIGHTER CANCER RELIEF](#)

Requires certain telephone and telecommunication companies to report and remit the monthly five cent firefighters cancer relief account fee when they file a sales and use tax return; requires the DRS commissioner to deposit fees into the firefighters cancer relief account

[§§ 211-214 — UCHC MEDICAID REVENUE DIVERSION](#)

Requires DSS to divert a specified amount of federal Medicaid revenue to support UCHC-JVI's operational costs; allows DSS to establish receivables for anticipated FY 27 hospital tax revenue; appropriates \$1.5 million to DSS in FY 27 to allow for the expansion of UCHC's Medicaid supplemental payment and correspondingly reduces its appropriation for operating expenses

§§ 215 & 216 — COST NOTIFICATION FOR INFUSION AND INJECTION SERVICES

Requires hospitals, health systems, health carriers, and utilization review companies to notify patients in writing that infusion and injection services provided at hospital-based off-campus infusion centers may cost more than those provided at non-hospital-based infusion centers

§ 217 — INSURANCE DEPARTMENT STUDY

Directs the Insurance Department, in consultation with OHA, to study cost-lowering methods for outpatient infusions and injections performed at hospital-based off-campus infusion centers, patient protections for certain stop-loss insurance policies, and surprise billing for ground ambulance services

§ 218 — ANTI-STEERING CLAUSES

Clarifies that health carriers and health plan administrators may use utilization management tools to encourage enrollees to use certain hospitals or health systems by adding utilization management to the definition of anti-steering clauses

§ 219 — ALLOWING BRIDGEPORT TO IMPOSE HIGHER MILL RATE ON VEHICLES

Allows Bridgeport to set its mill rate for motor vehicles at a rate that is equal to or higher than the one it sets for other types of property, if it is under the statutory cap

§ 220 — TECHNICAL CORRECTIONS DURING CODIFICATION

Requires LCO to make necessary technical, grammatical, and punctuation changes when codifying the act

§ 221 — STATE VIRTUAL CURRENCY INVESTMENT

Under certain conditions, allows the state to invest in (1) regulated securities made up of virtual currency or (2) companies, entities, or funds with virtual currency investments

§ 222 — STATE EMPLOYEE HAZARDOUS DUTY DISABILITY BENEFITS

Qualifies health care providers employed at state-operated health care facilities or institutions for state employee hazardous duty disability benefits if they are assaulted while performing their duties

§ 223 — FILM AND DIGITAL MEDIA TAX CREDIT

Extends, to the 2026 and 2027 income years, the increased redemption rate for film and digital media tax credits claimed against the sales tax

§§ 224 & 225 — HOMESTEAD PROPERTY TAX EXEMPTION

Allows municipalities to provide a \$50,000 property tax exemption for taxpayers' primary residences that are single-family homes or units in common interest communities or condominiums

§§ 226-246 — CERTIFICATE OF NEED PROGRAM

Starting in July 2027, replaces OHS's health care facility CON program with a new CON program within DPH, with final decision-making authority vested in a panel of the DPH and DSS commissioners and OPM secretary or their designees

§ 247 — WORKER RETENTION

Permits terminated contractors to take disciplinary actions against an employee under certain circumstances

§ 248 — HOSPITAL SUPPLEMENTAL PAYMENT ACCOUNT REPORTS

Requires DSS to annually report on hospital supplemental payment account deposits and the use of the account's funds

§ 249 — PAYROLL TAX WORKING GROUP

Creates a working group to study and provide recommendations on establishing a payroll tax program for state employees

§§ 250 & 251 — INNOCENCE PROJECT REVOLVING LOAN ACCOUNT

Creates the "innocence project revolving loan account" to be used by the judicial branch to provide loans to claimants who may qualify for wrongful incarceration compensation from the state

§ 252 — SCHOOL BUDGET REFERENDUM NOTIFICATIONS BY SCHOOLS

Explicitly authorizes school superintendents to give written notice to parents and legal guardians of an upcoming referendum about the school district

§ 253 — LOBSTERS

Delays the effective date, from upon passage to July 1, 2027, of a provision in sHB 5003, as amended by House "A" (File 745), that generally allows food service establishments and licensed seafood dealers to sell lobsters that are outside of minimum and maximum length requirements, under certain conditions

§§ 254 & 255 — REFUNDABLE SALES AND USE TAX CREDIT FOR PEOPLESBANK ARENA FACILITY MANAGER

Creates a refundable sales and use tax credit up to \$10 million under which, generally, the PeoplesBank Arena's facility management company may qualify if it contracts with UConn to host at least 20 events per academic year at the arena for an agreed upon period of time

§ 256 — VOLATILITY CAP THRESHOLD

Increases the volatility cap threshold for FY 26 by \$813.7 million, from \$4,728.6 million to \$5,542.3 million, and resets it for FY 27 at \$5,002.5 million

§§ 257 & 258 — TRANSFER OF FY 26 GENERAL FUND REVENUE TO FY 27

Modifies the amount of FY 26 General Fund resources the state comptroller must transfer to be accounted for as FY 27 General Fund revenue

§ 259 — GENERAL FUND TRANSFER TO THE FEDERAL CUTS RESPONSE FUND

Transfers \$50 million of FY 26 General Fund resources to the Federal Cuts Response Fund

§ 260 — GENERAL FUND TRANSFERS TO THE MUNICIPAL REVENUE SHARING FUND

Decreases, by \$13.1 million for FY 26 and \$15 million for FY 27, the required transfers from the General Fund to the Municipal Revenue Sharing Fund

§ 261 — HOUSING TRUST FUND TRANSFER

For FYs 26 and 27, suspends the requirement that the state comptroller transfer conveyance tax revenue that exceeds \$300 million each fiscal year, annually adjusted for inflation, to the Housing Trust Fund

§ 262 — EXPANSION OF SALES TAX FREE WEEK

Increases the exemption amount for “sales tax free week” from \$100 to \$300 and adds backpacks and cleated shoes to the list of items that can be bought tax-free

§ 263 — ICHRA TAX CREDIT

Establishes a tax credit for two income years against certain state business taxes for qualified small businesses (those with fewer than 50 employees) that offer employees an Individual Coverage Health Reimbursement Arrangement

§ 264 — TAX ON CANNABIS SALES

Replaces the current state taxes on retail sales of cannabis plant material, cannabis edible products, and other cannabis with a single tax

§§ 265 & 266 — CORPORATION BUSINESS TAX

Decouples the state corporation business tax from the federal bonus depreciation deduction for qualified production property, starting with the 2026 income year; delays, by one year, conforming the state corporation business tax to recent changes in the federal deduction for domestic R&E expenditures and disallows the retroactive application of these changes for the 2022 to 2025 income years; generally exempts corporation business taxpayers from penalties and interest on any additional tax due to these changes

§ 267 — RESEARCH AND DEVELOPMENT TAX CREDIT FOR QUALIFIED SMALL BUSINESSES

Creates an income tax credit for qualifying small businesses that incur eligible R&D spending in Connecticut and requires DECD to administer a tax credit voucher system for the credit; caps the maximum amount of these credits that DECD can reserve each tax year at \$1.5 million per business and \$25 million in total

§ 268 — FILM AND DIGITAL MEDIA TAX CREDIT

Extends, to the 2026 and 2027 income years, the increased redemption rate for film and digital media tax credits claimed against the sales tax

§§ 269 & 270 — MUNICIPAL AID TO LEDYARD AND MONTVILLE

Shifts the funding source for municipal aid grants to Ledyard and Montville in FY 27 from Other Expenses to the Mashantucket Pequot and Mohegan Fund

§ 271 — TAX CREDIT FOR FAMILY CAREGIVER EXPENDITURES

Creates a nonrefundable income tax credit of up to \$2,000 for income-eligible family caregivers who incur eligible expenditures to care for and support an eligible family member

§ 272 — SALES AND USE TAX EXEMPTION FOR NONELECTRONIC SCHOOL SUPPLIES

Creates a sales and use tax exemption for nonelectronic school supplies

§ 273 — SOURCING REVENUE TO MUNICIPALITIES

Adds insurance premiums taxes to the list of state taxes that DRS must track and record by municipality, starting with FY 26

[§ 274 — CONNECTICUT WORKFORCE AND PRODUCTIVITY GAP PLAN](#)

Requires OPM to submit a plan to the General Assembly that includes a formula for a (1) surcharge against employers that maintain a productivity gap and (2) tax exemption for employers' augmented productivity

[§ 275 — ADDITIONAL FILM AND DIGITAL MEDIA PRODUCTION TAX CREDIT](#)

Creates an additional film and digital media production tax credit for certain eligible production companies that film in Bridgeport, Hartford, or New Haven

[§ 276 — TRANSFER OF FY 26 STF REVENUE TO FY 27](#)

Transfers \$100 million of FY 26 STF revenue to FY 27

[§ 277 — INCOME TAX EXEMPTION FOR U.S. PUBLIC HEALTH SERVICE COMMISSIONED CORPS](#)

Creates an income tax deduction for income received by the U.S. Public Health Service's commissioned corps

[§§ 278-288 — REVENUE ESTIMATES](#)

Modifies previously adopted revenue estimates for FY 27

[§§ 289-303, 352 & 354 — NEW BOND AUTHORIZATIONS FOR STATE CAPITAL PROJECTS AND GRANTS](#)

Authorizes new state GO bonds for FY 27 for various state capital projects

[§§ 304, 314, 316, 323, 325, 326, 330-332 & 334-336 — BOND AUTHORIZATIONS FOR PREVIOUSLY ENACTED PROGRAMS AND GRANTS](#)

Increases bond authorizations for various existing grants and purposes by authorizing new bonding for these purposes in FY 27

[§§ 305-308, 314, 317, 320, 321, 325, 327, 328, 330 & 333 — UCONN RELATED BOND CHANGES](#)

Cancels and adds various bond authorizations for specified programs and projects related to UConn, including the UConn 2000 infrastructure program

[§ 309 — CONNECTICUT HOUSING FINANCE AUTHORITY BOND AUTHORIZATION ALLOWABLE USES](#)

Expands the allowable uses of an existing bond authorization for CHFA

[§§ 310 & 311 — OTHER BOND CANCELLATION](#)

Cancels a \$75 million bond authorization to OPM for state matching funds for projects and programs allowed under the federal Infrastructure Investment and Jobs Act or the Inflation Reduction Act of 2022

[§ 312 — CHANGE TO DEPARTMENT OF AGRICULTURE GRANT PROGRAM](#)

Modifies a bond-funded DoAg grant program for capital improvements by making support food systems eligible

§§ 313, 318 & 322 — CHANGES TO DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION GRANT PROGRAM

Modifies a bond-funded DEEP grant program for purchasing or leasing zero-emission school buses and electric vehicle charging or fueling infrastructure

§ 315 — CHANGES TO DAS CAPITAL PROJECT

Modifies a bond-funded DAS capital project by specifying what it includes

§ 319 — CHANGES TO DEPARTMENT OF PUBLIC HEALTH GRANT PROGRAM

Modifies a bond-funded DPH grant program for water bottle filling stations at certain schools by making municipalities eligible and expanding allowable grant uses to include automated external defibrillators

§ 324 — CHANGES TO STUDENT LOAN PROGRAM

Modifies the purpose of a bond-funded nursing student loan subsidy program and changes the program's administrator

§ 329 — CHANGES TO DEEP GRANT PROGRAM

Modifies a bond-funded DEEP grant program for renovations and expansion of, and equipment for, solid waste facilities to instead support solid waste reduction strategies

§§ 337 & 338 — REPORTING CHANGES

Changes the frequency of certain reporting by DAS and CSCU so that they are done semiannually instead of quarterly

§ 339 — CTECS FIVE-YEAR CAPITAL PLAN REPORTING

Requires CTECS to additionally submit its five-year capital plans to the Education Committee

§§ 340 & 341 — SUPPLEMENTAL GRADUATE LOAN PROGRAM

Creates the Supplemental Graduate Loan Program to provide loans to eligible graduate students and authorizes \$30 million in GO bonds for the program

§ 342 — GRANTS PROGRAM FOR WAR OR VETERANS' MEMORIALS OR MONUMENTS

Requires DECD to administer a grant program for capital expenditure projects to place or maintain war or veterans' memorials or monuments

§ 343 — AGING-IN-PLACE GRANT PROGRAM

Creates a grant program to aid certain homeowners with making accessibility modifications so they can remain in their primary residences

§ 344 — CHESLA BONDS

Increases, from \$300 million to \$750 million, the aggregate amount of outstanding CHESLA bonds that may be secured by special capital reserve funds

§§ 345 & 346 — "HOMES FOR CT" LOAN PROGRAM CHANGES

Makes several changes to the "Homes for CT" loan program, including modifying the interest rate used to set the cap on what participating lenders may charge

§ 347 — TOWN AID ROAD GRANTS

Expands the purposes for which municipalities may use TAR grants, allowing them to buy certain equipment

§ 348 — FEDERAL TRANSPORTATION LOAN PROGRAM ASSISTANCE AND STATE SPECIAL TAX OBLIGATION BONDS

Allows certain state transportation bonds issued under a federal program to mature at any time allowed under the federal program, but not longer than the useful life of the projects being financed

§ 349 — COMMUNITY INVESTMENT FUND 2030 BOARD

Allows the board's appointed members to vote by proxy and changes the cap on the total cost of its recommended projects

§ 350 — BONDING PROGRAM FOR HIGH POVERTY-LOW OPPORTUNITY CENSUS TRACTS

Allows the bonding program for high poverty-low opportunity census tracts to fund certified community development corporation projects

§ 351 — WORKFORCE HOUSING OPTIONS

Requires the housing commissioner and CHFA executive director to seek and report on a partnership with municipalities or hospitals to increase workforce housing options

§ 353 — WINDHAM TECHNICAL HIGH SCHOOL SITE

Requires the OPM secretary to evaluate alternative sites for relocating Windham Technical High School proposed by local officials and state legislators; prohibits OPM from proceeding with final site selection unless the evaluation shows that no alternative site located closer to the existing school is both feasible and capable of meeting certain criteria

§§ 355 & 356 — HOSPITAL FINANCIAL ASSISTANCE POLICIES

Requires hospitals to (1) have written financial assistance policies with certain components, (2) include related information with their billing statements and on their websites, and (3) deem patients enrolled in certain public assistance program as having met the income requirements for their financial assistance programs

§§ 357-362 — HOSPITAL PROVIDER TAX

Makes various changes to the hospital tax including (1) decreasing the tax on inpatient hospital services from 6% to 4% for FYs 27 through 31 and 3.5% starting in FY 32, (2) decreasing the total revenue on which the outpatient hospital services tax is calculated, (3) changing the applicable federal fiscal year used to calculate the tax, and (4) requiring children's general hospitals to pay the tax starting July 1, 2026; also diverts hospital tax revenue to a new dedicated account that must be used to make specified supplemental payments and requires certain actions if the account has insufficient funds for these payments; requires the tax and related supplemental payments to hospitals to revert to the structure and amounts in effect on June 1, 2025, under specified circumstances

§ 363 — MEDICAID SUPPLEMENTAL PAYMENTS

Creates several supplemental payment pools and sets a payment schedule for each pool; sets requirements for various DSH payments, payment adjustments, and upper payment limits

§§ 364-369 — HEALTH CARE COST GROWTH AND QUALITY BENCHMARKS AND SPENDING TARGETS

Transfers to OPM current law's requirements for OHS pertaining to benchmarks for health care quality and cost growth and primary care spending targets; makes several changes to this process, such as (1) establishing annual cost growth benchmarks for certain calendar years, a hospital payment growth methodology and benchmark, and factors to consider in assessing compliance and (2) allowing the development of a cost growth benchmark plan to achieve compliance; makes technical and conforming changes

§ 370 — MEDICAID VALUE-BASED WORKING GROUP

Creates a Medicaid Value-Based Payment Working Group to collaboratively design, evaluate readiness for, and recommend scalable, voluntary, value-based payment models for the Medicaid population

§§ 371-373 — PREVAILING WAGE

Delays, until January 1, 2027, the effective date of a provision in sHB 5003 (File 745) that generally requires the benefit portion of the prevailing wage to be determined at the journeyman rate

§ 374 — DOL STUDY OF WORKERS' RIGHTS

Requires the labor commissioner to study the rights of workers

§§ 375 & 387 — EARLY CHILDHOOD EDUCATION ENDOWMENT

Requires OEC to annually develop a proposed spending plan for released Early Childhood Education Endowment funds; makes minor changes to the law on transfers to the fund

§ 376 — WATERBURY 2025-26 SCHOOL YEAR NOTWITHSTANDING

Allows the Waterbury school board to reduce the number of actual school sessions for the 2025-26 school year to 176 days

§§ 377, 379 & 390-395 — EDUCATION GRANTS

Provides (1) supplemental education grants to towns and choice schools and (2) district relief and compensatory use learning grants and exempts these grants from the MBR calculation; adjusts existing education grants (see Fiscal Note)

§ 378 — GRANTS FOR HEALTH SERVICES FOR PRIVATE SCHOOL STUDENTS

Extends to FY 27 the requirement to proportionately reduce grants for health services provided to private school students under state law

§ 380 — ROBERTA B. WILLIS SCHOLARSHIP FUNDING CONTRACTS WITH HIGHER EDUCATION INSTITUTIONS

Permits OHE, with OPM approval, to enter contracts with higher education institutions to commit funds for Roberta B. Willis needs-based scholarships

§ 381 — TEACHER APPRENTICESHIP PROGRAM

Starting in FY 27, requires SDE to administer a teacher apprenticeship program within available appropriations

§ 382 — OHE PROGRAM TO SUPPORT PROMISE PROGRAMS

Requires OHE to create a program to support the establishment of new promise programs

§§ 383 & 384 — PARENT TRAINING AND INFORMATION CENTERS

Creates a new SDE grant to establish parent training and information centers; repeals the law creating OEO (which in practice, has not been established)

§§ 385, 386 & 485 — STUDENT LOAN OMBUDSMAN

Transfers, from DOB to OHE, the Office of the Student Loan Ombudsman; requires the ombudsman to report to the legislature on the office's 2025 and 2026 activities

§§ 388 & 389 — REVIEWING BOARD OF EDUCATION FINANCIAL CONDITIONS AND MEMBER ADDED TO MARB

Creates a process for BOEs to ask SDE for a fiscal intervention and oversight plan; requires (1) MARB to review the plan and (2) the OPM secretary and SBE to approve the plan before a BOE implements it; requires BOEs with a plan to meet with MARB to discuss compliance; adds the SDE commissioner to MARB

§ 396 — PRIORITY LIST GRANT COMMITMENTS

Authorizes school construction state grant commitments totaling \$150.6 million toward total estimated project costs of \$305.6 million

§ 397 — THE SCHOOL CONSTRUCTION PROGRAM GRANT REIMBURSEMENT RATE

Caps the total reimbursement percentage a board of education may receive for school construction grants at 95% of eligible costs; creates a new bonus of an additional 20% for any school district that has increased enrollment by 20% or more over a 10-year period

§§ 398-403 — RENAMING THE SCHOOL BUILDING PROJECTS ADVISORY COUNCIL AS THE SCHOOL SAFETY AND SECURITY INFRASTRUCTURE ADVISORY COUNCIL

Renames the School Building Projects Advisory Council as the School Safety and Security Infrastructure Advisory Council and revises its responsibilities

§ 404 — ENDOWED HIGH SCHOOL OR ACADEMY AND SCHOOL CONSTRUCTION

Authorizes the DAS commissioner to waive the school construction grant requirements to provide school construction grants to the state's three endowed high schools or academies

§§ 405-441 — SCHOOL CONSTRUCTION PROJECTS EXEMPTIONS, WAIVERS, AND MODIFICATIONS

Exempts school construction projects in 26 towns and three regional school districts from statutory and regulatory requirements to allow them to qualify for state reimbursement, receive a higher reimbursement rate, or have their project reauthorized, among other things (commonly referred to as "notwithstanding")

§ 442 — SAGA BENEFITS

Sets a standardized \$269 monthly cash benefit for SAGA beneficiaries, thereby eliminating current law's payment reduction for certain transitional people

§ 443 — MEDICAID PREFERRED DRUG LIST AND ANTIRETROVIRAL DRUGS

Adds antiretroviral drugs to the Medicaid preferred drug list, allowing the state to negotiate supplemental rebates with drug manufacturers for these drugs

§ 444 — PERIODIC REVIEW OF MEDICAID PRESCRIPTION DRUGS

Authorizes the DSS commissioner to periodically review available data on the clinical effectiveness of certain Medicaid-covered outpatient prescription drugs

§ 445 — WAGE INCREASES FOR NURSING HOME EMPLOYEES

Specifies that for nurses, the wage increases for nursing home employees authorized under PA 25-168 are only for those who solely provide direct patient care

§§ 446 & 447 — NURSING HOME MEDICAID REIMBURSEMENT

For nursing homes, establishes an enhanced Medicaid performance payment for improving their quality-based metrics, paid from a pool of \$10 million each year; requires DSS to phase in PDPM; establishes enhanced payments for homes whose payor mixes are more than 75% Medicaid residents; allows DSS to recalculate Medicaid reimbursement rates outside of the normal schedule under certain circumstances that may interfere with a home's ability to meet patient day requirements

§ 448 — MEDICAID RATE INCREASE FOR FAMILY PLANNING CLINICS

Requires DSS to amend the Medicaid state plan to increase reimbursement rates for licensed family planning clinics, give at least \$500,000 in Medicaid state share funds to do so, and use funds appropriated for family planning services for FY 27 for this purpose

§ 449 — MAPOC MEMBERSHIP

Adds a health care worker labor organization member to MAPOC

§ 450 — MEDICAID RATE REVIEWS

Requires DSS, when reviewing Medicaid rates, to include rates (1) required to be studied under the recent Medicaid rate study and (2) with no corresponding Medicare code or average five-state benchmark; requires Medicaid behavioral health services rates to include medication administration by licensed home health agencies to people with psychiatric conditions

§ 451 — EXCEPTION FOR ENTITIES PURSUING SMALL-HOUSE STYLE NURSING FACILITY

Waives certain requirements on per-room bed limits for nursing homes developing a new small-house style facility

§ 452 — UCONN HEALTH CENTER MEDICAID REPORT

Requires UConn Health Center to report on payer mix, increased access to specialists for Medicaid enrollees, and efforts to increase the proportion of Medicaid days

§ 453 — CONNECTICUT OPTION STUDY AND TRANSITIONAL HEALTH CARE PREMIUM ASSISTANCE PLAN

Allows OPM to study the feasibility of establishing a Connecticut Option program; authorizes OPM to direct state agencies to pursue federal approval for the Connecticut Option program under certain circumstances, and requires OPM to design a plan for transitional health care premium assistance to offset 2027 Access Health CT premium and cost-sharing increases

§§ 454 & 455 — BASIC HEALTH PROGRAM

Requires DSS to seek approvals to establish a BHP or continue Covered Connecticut as state-funded program if CMS fails to renew the federal waiver currently supporting Covered Connecticut; sets related planning and reporting requirements

§ 456 — STAKEHOLDER ENGAGEMENT FOR CONNECTICUT OPTION PROGRAM AND BHP

Requires OPM to hold stakeholder engagement meetings to develop the Connecticut Option program or the BHP

§ 457 — SAFETY NET MITIGATION WORKING GROUP

Establishes a safety net mitigation working group to advise on, monitor, and coordinate the state's response to significant changes to federal law or policy that impact safety net programs

§ 458 — “MEDICAL FRAILITY” ASSESSMENT

Requires the DSS commissioner to identify parameters for an effective “medical frailty” assessment, if needed to verify exemptions from work and community engagement requirements

§ 459 — LEGISLATIVE REVIEW OF MEDICAID STATE PLAN AMENDMENTS

Extends legislative review requirements to any proposed SPA to provide medical assistance through a Medicaid managed care organization

§§ 460 & 461 — FORMULARY REQUIREMENTS FOR GENERIC AND BIOSIMILAR DRUGS

Requires health benefit plans to make certain generic and biosimilar drugs available on formularies with lower cost sharing relative to the respective reference product already on the formulary

§ 462 — COVERED CONNECTICUT

Allows, rather than requires, Covered Connecticut to cover nonemergency medical transportation and dental services, removes references to OHS, allows DSS to make waiver changes, and delays a reporting requirement

§§ 463, 467, 477-483 & 490 — BUDGET PROVISIONS

Please refer to the Fiscal Note for a summary of these sections

§§ 464-466 — MUNICIPAL GRANTS AND YOUTH SERVICE PREVENTION GRANTS

Please refer to the Fiscal Note for a summary of these sections

§§ 468 & 469 — LEGISLATIVE APPROVAL OF PCA AND CHILDCARE MOUS

Gives legislative approval to recent MOUs with the PCA and childcare provider unions

§ 470 — FINISH LINE SCHOLAR PROGRAM MODIFICATIONS

The bill modifies the qualifying student and reporting requirements under the Finish Line Scholars program

§§ 471-475 — FY 26 APPROPRIATIONS ADJUSTMENTS

Please refer to the Fiscal Note for a summary of these sections

§ 476 — LEGISLATIVE EMPLOYEES

Requires OLM to apply to legislative employees the same terms, including a 2.5% general wage increase, for FY 27 as required under a collective bargaining agreement with other state employees

§ 484 — STATUS REPORT OF DESPP-SCSU SOCIAL WORK AND LAW ENFORCEMENT PROJECT

Requires an annual report on the status of the DESPP-SCSU social work and law enforcement project

§§ 486 & 487 — GOVERNOR’S GUARD ACCOUNTS

Renames the “Governor’s Guards account” as the “Governor’s Foot Guards account” and establishes subaccounts in the Governor’s Guards horse account for each horse guard company

§ 488 — PILOT PAYMENT FOR MASHANTUCKET LAND

Requires PILOT payments for Mashantucket Pequot reservation land to be based on all land taken into trust by the federal government, rather than only those lands included within the 1983 settlement boundary

§ 489 — LEGISLATIVE INTERN STIPEND

Codifies a \$500 stipend for General Assembly interns

SUMMARY

A section-by-section analysis follows.

*Senate Amendment “A” replaces the underlying bill, which included the same provisions creating a (1) family caregiver tax credit and (2) sales tax exemption for nonelectronic school supplies. It also would have (1) increased the maximum property tax credit against the state income tax, beginning in 2027; (2) created a refundable tax credit for eligible renters; (3) fully exempted Social Security benefits from state income tax, regardless of taxpayer income; and (4) created sales and use tax exemptions for certain (a) clothing and footwear costing less than \$100; (b) energy efficient home appliances, and (c) sandwiches, grinders, coffee, and tea sold in a grocery store for takeout.

EFFECTIVE DATE: Various, see below.

§§ 1-53 — BUDGET PROVISIONS

Please refer to the Fiscal Note for a summary of these sections

Please refer to the Fiscal Note for a summary of these sections.

§ 54 — SUPPLEMENTAL REVENUE SHARING GRANTS TO WATERBURY, MANCHESTER, AND VERNON

Requires additional FY 27 supplemental revenue sharing grants for Waterbury (\$3 million), Manchester (\$800,000), and Vernon (\$500,000)

For FY 27, the bill requires additional supplemental revenue sharing grants to be made from the General Fund to Waterbury (\$3 million), Manchester (\$800,000), and Vernon (\$500,000).

EFFECTIVE DATE: Upon passage

§ 55 — DELAY OF SHB 5001 ABSENTEE BALLOT APPLICATION PROVISION

Delays until July 1, 2027, a provision in sHB 5001 establishing procedures for voters to have absentee ballot applications automatically sent to them

Effective July 1, 2026, sHB 5001 would establish procedures for voters to automatically receive absentee ballot applications for each election, primary, or referendum held in the municipality where they are eligible to vote. The bill delays this until July 1, 2027.

EFFECTIVE DATE: Upon passage

§§ 56 & 57 — CONNECTICUT MUNICIPAL DEVELOPMENT AUTHORITY AGREEMENTS

Modifies requirements for CMDA when it enters into agreements for PILOTs

The bill makes changes related to the Connecticut Municipal Development Authority (CMDA) and the agreements it makes with developers or property owners for payments in lieu of real property taxes (PILOT). By law, CMDA is a quasi-public agency authorized to stimulate economic development and transit-oriented development in development districts by, among other things, developing property and managing facilities. A “development district” is an area encompassing a transit station or downtown in which zoning regulations create a “housing growth zone” to facilitate housing development (CGS § 8-169hh et seq.).

Under current law, CMDA may negotiate, and, with the Office of Policy and Management (OPM) secretary’s approval, enter into an agreement with a private developer, owner, or lessee of a building or improvement in a development district providing for a payment to

CMDA in lieu of real property taxes. Currently, these agreements are required as a condition of any private right of development within a district. The bill removes this requirement. The bill also requires CMDA to get the host municipality's consent before entering into these PILOT agreements.

The bill also makes a technical change.

EFFECTIVE DATE: Upon passage

§ 58 — CLARIFYING CHANGE TO HOUSING COMMISSIONER'S POWERS

Clarifies the housing commissioner's general powers

The bill makes a minor change to clarify that the housing commissioner's general powers include those related to planning and constructing housing projects. Existing law explicitly allows the commissioner to develop housing projects on land the state owns or otherwise controls, sell or lease these projects, and provide for their management (CGS § 8-37r(e)).

By law, "housing project" is broadly defined and includes various actions related to providing housing for low- and moderate-income households.

EFFECTIVE DATE: Upon passage

§ 59 — EXTENDING CERTAIN LANDLORD-TENANT LAWS TO THIRD PARTY AGENTS

Extends existing limitations on fees and payments that landlords may require from prospective or departing tenants to third parties acting on behalf of landlords or the state; extends existing requirements on tenant screening reports to the same third parties

The bill extends certain limitations on landlord-imposed fees and payments and tenant screening reports to third parties acting on behalf of landlords or the state. Currently, the law specifies these requirements apply to landlords.

Since 2023, state law generally prohibits landlords from requiring prospective tenants to pay any fees, charges, or payments for reviewing, processing, or accepting a rental application, or make any other

payments before or at the start of tenancy, with certain exceptions. (Excluded from this prohibition are (1) security deposits, (2) advance payments for first month's rent, (3) deposits for a key or other special equipment, and (4) fees for a tenant screening report.) Existing law also prohibits landlords from charging tenants a move-in or move-out fee. Under the bill, the same prohibitions on imposing fees, charges, and payments apply to third parties acting on behalf of landlords or the state.

Existing law also limits the fee a landlord may charge for a tenant screening report to \$50 (adjusted for inflation). Landlords that charge a prospective tenant a fee for a report must give him or her (1) (a) a copy of it or (b) information that would allow the tenant to request it from the service provider that made it, if the landlord is prohibited from doing so, and (2) a receipt or invoice from the entity that made the report. Under the bill, the same requirements for tenant screening reports that currently apply to landlords also apply to third parties acting on behalf of landlords or the state.

(By law, a "tenant screening report" is a credit report, criminal background report, employment history report, rental history report, or any combination of these that a landlord uses to determine a prospective tenant's suitability.)

EFFECTIVE DATE: Upon passage

§§ 60 & 61 — TAX ON NURSING HOMES AND INTERMEDIATE CARE FACILITIES

Repeals the 6% tax on nursing home and ICF revenue scheduled to take effect on July 1, 2026, and instead retains the current user fee on these facilities

The bill repeals provisions in the FY 26-27 biennial budget act that, as of July 1, 2026, terminate the quarterly user fee on nursing homes and intermediate care facilities (ICFs) for individuals with intellectual disabilities, and instead generally impose a quarterly 6% tax on their revenue as of that date. In doing so, it retains the current quarterly user fee on these facilities of (1) \$16.13 for municipally owned nursing homes and facilities with more than 230 beds, (2) \$21.02 for all other nursing homes, and (3) \$27.76 for ICFs. The amount due from each facility is

determined by multiplying the user fee by the facility's resident days for the calendar quarter.

The bill similarly eliminates provisions in the budget act that require:

1. the Department of Social Services (DSS) commissioner to seek approval from the Centers for Medicare and Medicaid Services (CMS) to (a) exempt certain continuing care retirement communities licensed on or before July 1, 2017, from the nursing home tax and (b) impose a 4.6% tax on nursing facility service revenue received by municipally owned nursing homes and nursing homes licensed for more than 230 beds;
2. the tax to cease and the user fees to be reimposed if CMS determines that the tax is impermissible; and
3. these facilities to include the amount of their nursing facility and ICF service revenue on their quarterly provider tax returns to DRS.

EFFECTIVE DATE: Upon passage, except the conforming change to provider tax returns is effective July 1, 2026, and applicable to calendar quarters starting July 1, 2026.

§ 62 — PIZZA STATE COMMEMORATIVE LICENSE PLATES

Starting July 1, 2026, requires the DMV commissioner to issue Pizza State commemorative license plates to increase public awareness of the state's pizza-making tradition and to provide funding to Connecticut Foodshare.

Starting July 1, 2026, the bill requires the Department of Motor Vehicles (DMV) commissioner to issue Pizza State commemorative license plates designed to increase public awareness of the state's pizza-making tradition and to provide funding to Connecticut Foodshare. The bill requires the DMV commissioner to determine the plate design and prohibits anyone from using them other than as official registration marker plates.

Under the bill, the Pizza State license plate fee is \$65, in addition to the regular motor vehicle registration fees. The commissioner must deposit \$15 of this fee into a DMV-controlled account for the cost of

producing, issuing, renewing, and replacing these license plates. He must deposit the remaining \$50 of the fee into the Pizza State commemorative account that the bill correspondingly establishes as a separate, nonlapsing account. Under the bill, the account must contain any money the law requires to be deposited in it, as described above. DMV must distribute the money in the account annually to Connecticut Foodshare. The bill also allows the commissioner to receive and deposit private donations into the account.

The bill requires that no additional fees be charged for the (1) renewal of this license plate or (2) transfer of an existing registration to or from a registration with a Pizza State plate. However, the DMV commissioner may allow these registrants to make an additional, voluntary \$15 donation at the time of renewal, which must be deposited in the Pizza State commemorative account.

The plates must have numbers and letters selected by the DMV commissioner, but he may charge a higher fee for license plates that (1) have the numbers and letters from a previously-issued license plate or (2) have letters instead of numbers or are low number plates, in addition to the fees set for these registrations by law. It specifies that all fees established and collected related to the Pizza State license plate, except those designated for DMV's administrative costs, must be deposited in the Pizza State commemorative account.

The bill allows the DMV commissioner to provide for the Pizza State license plate image's reproduction and marketing on clothing, recreational equipment, posters, mementoes, or other products or programs he deems suitable for supporting the Pizza State commemorative account. The bill requires any money the commissioner receives from this marketing to be deposited in the account.

The bill also allows the DMV commissioner to adopt regulations setting standards and procedures for issuing, renewing, and replacing Pizza State license plates.

EFFECTIVE DATE: July 1, 2026

§ 63 — ADDITIONAL DESPP DEPUTY COMMISSIONER AUTHORIZED

Authorizes the DESPP commissioner to appoint an additional deputy commissioner

The bill expands, from two to three, the number of deputy commissioners the Department of Emergency Services and Public Protection (DESPP) commissioner is authorized to appoint.

By law, these deputies must help administer the agency under the DESPP commissioner's direction. The commissioner must appoint one deputy, with the powers and privileges of a state police officer, to head the Division of State Police and one deputy to head the Division of Emergency Management and Homeland Security (CGS § 29-1b).

EFFECTIVE DATE: Upon passage

§ 64 — HISPANIC AMERICAN VETERANS OF CONNECTICUT ACCOUNT DISTRIBUTION

Decreases OPM's distribution of funds to the Hispanic-American Veterans of Connecticut account from quarterly to annually

The bill changes, from quarterly to annually, OPM'S requirement to distribute funds to the Hispanic-American Veterans of Connecticut account.

By law, this account is a separate, nonlapsing account in the General Fund created to receive fees other than the money designated for DMV's cost to produce commemorative license plates in recognition of "The Borinqueneers" (the primarily Puerto Rican members of the 65th Infantry Regiment of the U.S. Army who served with distinction).

EFFECTIVE DATE: July 1, 2026

Background — Borinqueneers License Plate Fees

Existing law requires a \$60 fee for this plate, in addition to the regular fees for registering a motor vehicle:

1. \$15 of the fee must be deposited in an account controlled by DMV for the cost of producing, issuing, renewing, and replacing the license plates; and

2. \$45 of the fee must be deposited in an account for Hispanic-American Veterans of Connecticut, Inc. to provide bilingual services and assistance to Connecticut veterans and armed forces members.

§ 65 — OPM ENERGY POLICY

Removes an obsolete provision that generally gives OPM responsibility for determining state energy policy

The bill removes an obsolete provision that makes OPM responsible for all aspects of state staff planning and analysis for determining and evaluating energy policy. Existing law has generally given the Department of Energy and Environmental Protection jurisdiction over the state's energy policy planning and regulation since 2011 (CGS § 22a-2d).

EFFECTIVE DATE: Upon passage

§ 66 — NEGLECTED CEMETERIES ACCOUNT

Requires the DPH commissioner to, beginning by October 31, 2026, quarterly certify to OPM the (1) amount of fees collected for certified marriage and death certificates and (2) neglected cemetery account's balance

By law, a certified marriage or death certificate costs \$20, and any fee the Department of Public Health (DPH) receives for death certificates must be deposited into the General Fund's neglected cemetery account. (Generally, money in this account is used to make grants for municipal maintenance of certain neglected cemeteries.)

The bill requires, beginning by October 31, 2026, the DPH commissioner to quarterly certify to the OPM secretary the (1) amount of fees collected for certified marriage and death certificates in the previous quarter and (2) neglected cemetery account's balance as of the last day of the previous quarter.

EFFECTIVE DATE: July 1, 2026

§ 67 — REMOVES CHRO FROM DOL

Removes CHRO from DOL

Currently, the Commission on Human Rights and Opportunities (CHRO) is within the Department of Labor (DOL) for administrative purposes only, meaning that DOL may manage its business operations, such as providing administrative and clerical support, sending required notices or orders, and including it in the department budget (CGS § 4-38f). The bill removes CHRO from DOL, so that it operates independently.

EFFECTIVE DATE: July 1, 2026

§§ 68-161 — OFFICE OF HEALTH STRATEGY ELIMINATION

Eliminates OHS and generally transfers its powers, duties, and functions to DPH, OPM, DSS, and OHA; makes related minor changes

The bill eliminates the Office of Health Strategy (OHS) and generally transfers its powers, duties, and functions to DPH, OPM, DSS, and the Office of the Healthcare Advocate (OHA). It eliminates certain OHS functions without transferring them to another agency (such as eliminating the Health Care Cabinet, which is currently within OHS). It also makes numerous related minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2026

Transferred Functions

The bill makes DPH, DSS, OHA, and OPM the successor agencies to OHS for the functions, powers, and duties under various laws and programs, as shown in the following table.

Table: Successor Agencies to OHS

Agency	OHS Functions Transferred to it Under the Bill
DPH	<ul style="list-style-type: none"> • Health Systems Planning Unit • Health care facility certificate of need (CON) program
OPM	<ul style="list-style-type: none"> • Statewide Health Information Exchange (“Connie”) • All-Payer Claims Database • Development, publication, and modification of health care cost growth and quality benchmarks

Agency	OHS Functions Transferred to it Under the Bill
	<ul style="list-style-type: none"> • Contracts, memoranda of understanding, or agreements related to funding from the federal American Rescue Plan Act (ARPA) of 2021
DSS	<ul style="list-style-type: none"> • Hospital financial health reporting
OHA	<ul style="list-style-type: none"> • Hospital community benefit program reporting

Under the bill, for purposes of the above-transferred functions (other than ARPA funding), OHS orders, decisions, agreed settlements, and regulations (collectively, “orders or regulations”) in force on July 1, 2026, continue in force and effect as orders or regulations under the relevant successor agency until amended, repealed, or superseded.

When any of OHS’s orders or regulations conflict with those of the successor agency, the latter agency may implement policies and procedures consistent with law while in the process of adopting regulations, as long as the agency publishes notice of intent to adopt regulations on its website and the eRegulations System within 20 days after implementation. The policies or procedures are valid until the regulations are adopted.

Under the bill, any reference to OHS or its commissioner in a (1) 2026 Public or Special Act or (2) existing statute related to these functions that is amended this year, is deemed to refer to the OHS successor agency or its head, as applicable.

Additionally, the bill transfers various other functions from OHS to these agencies or their executive heads (or in one case, another agency), as shown in the table below.

Table: Additional OHS Functions Transferred to Other Agencies

Transferee Agency (or Agency Head as Applicable)	Brief Summary
DPH	<ul style="list-style-type: none"> • Along with the attorney general, authority to approve the sale of nonprofit hospitals to for-profit purchasers • Agency to whom physician group practices (or in some cases, their affiliated hospitals or health systems) must send certain information, including (1) notice of material change transactions and (2) reports of the practice’s activities or related matters

<i>Transferee Agency (or Agency Head as Applicable)</i>	<i>Brief Summary</i>
	<ul style="list-style-type: none"> • Authority to impose civil penalties if a hospital, health system, or hospital-based facility charged facility fees in violation of legally permissible limits (and related requirements for hospitals and health systems to report on facility fees) • Entity to whom certain hospitals must report patient-identifiable inpatient discharge data and emergency department data (the bill (1) extends to these submissions existing provisions on the confidentiality of patient identifiable information submitted to DPH and permissible exceptions for medical or scientific research and (2) makes related changes) • Requirement to adopt regulations setting uniform debt collection standards for hospitals • Agency to whom sponsors must submit certain information about drug or biologics filings with the federal Food and Drug Administration • Authority to conduct annual studies on pharmaceutical manufacturers of certain pipeline drugs • In consultation with certain other agencies, duty to annually prepare a list of up to 10 outpatient drugs that are provided at substantial state cost or critical to public health; related reporting requirements for manufacturers and authority to impose penalties for violations • Agency housing the Community Health Worker Advisory Body (the bill also makes a minor change to membership)
DSS	<ul style="list-style-type: none"> • Duty to develop an annual summary and analysis of hospital community benefit reporting (while the bill gives overall oversight of that program to OHA) • Authority to seek a federal waiver to advance the purposes of the Covered Connecticut program
OPM	<ul style="list-style-type: none"> • Duty to (1) specify subgroup race and ethnicity categories for use by state entities collecting demographic data and (2) conduct reviews of demographic changes and health data and reevaluate the standard categories (along with certain other officials and stakeholders) • Administration of the consumer health information website (and related reporting duties) • Requirement to implement the state health information technology plan (and overall coordination of the state's health IT initiatives) • Authority to appoint an unclassified individual from the office to serve as a health information technology officer • Authority to monitor the development of accountable care organizations and patient-centered medical homes and the

<i>Transferee Agency (or Agency Head as Applicable)</i>	<i>Brief Summary</i>
	adoption of alternative payment methodologies in the state
Department of Revenue Services	<ul style="list-style-type: none"> • Agency to whom pharmaceutical manufacturers or wholesale distributors must give advance notice before withdrawing certain prescription drugs from sale in the state

Under existing law, domestic insurers and HMOs pay an annual assessment to the Insurance Department to cover the expenses of certain agencies and programs. The bill requires the assessment to cover the costs of OPM, rather than OHS, that are appropriated from the insurance fund, and makes related conforming changes.

Eliminated Functions

The bill eliminates the Health Care Cabinet (which is currently within OHS). Under current law, the cabinet must advise the governor on various issues related to the state's health care system.

The bill also eliminates certain other functions that are currently performed by OHS or its commissioner. For example, it (1) removes the commissioner or her designee from certain committees, councils, or other bodies; (2) removes OHS from the list of entities that must consult or collaborate with other agencies on specified matters; and (3) eliminates the requirement for OHS to annually study and report on how certain laws (such as limitations on removing drugs from formularies) impact the costs of health insurance plans.

It also eliminates the requirement that DSS, in seeking a section 1115 waiver for federal funds to support the Covered Connecticut program, consult with OHS and the insurance commissioner.

§§ 162 & 163 — VOLUNTARY DELIVERY OR SURRENDER OF FIREARMS OR AMMUNITION TO POLICE

Modifies sHB 5043, as amended by House “A,” by (1) reducing, from two years to one year, the maximum time period that DESPP and local police departments must hold firearms and ammunition that are delivered or surrendered to them and (2) adjusting when DESPP must promulgate a related return form

sHB 5043, as amended by House Amendment “A,” explicitly allows anyone to deliver or surrender any firearm or ammunition they possess to DESPP or a local police department, which must then hold them for at least 14 days, up to a maximum of two years. It also requires the departments to exercise due care in receiving and holding delivered or surrendered firearms and ammunition and establishes a process under which (1) the items may be returned to transferors after 14 days and (2) unreturned items must be destroyed after two years.

This bill reduces, from two years to one year, the maximum time period that DESPP and local police departments must hold firearms and ammunition that are delivered or surrendered to them and makes corresponding changes.

sHB 5043, as amended by House “A,” also requires the DESPP commissioner, by October 1, 2027, to promulgate and make available on the department’s website a form for requesting the return of firearms and ammunition delivered or surrendered under the bill. This bill adjusts the due date for this requirement to October 1, 2026, which matches the date that someone can first turn over firearms or ammunition to the departments under these provisions.

EFFECTIVE DATE: October 1, 2026, except the provision on the return request form is effective upon passage.

§ 164 — ADRIAEN’S LANDING

Specifies conditions under which soil and groundwater pollution can be managed in place to satisfy environmental remediation requirements in Adriaen’s Landing; requires CRDA to (1) make a protocol on disturbing contaminated soil and (2) annually inspect polluted sites managed under the conditions the bill prescribes

The bill specifies conditions under which environmental remediation requirements can be satisfied by managing soil and groundwater pollution in place (meaning without removing the contaminated soil or

groundwater) when an environmental use restriction is issued on land within Adriaen's Landing, which is a 33-acre area in Hartford that includes the convention center.

It also requires the Capital Region Development Authority (CRDA) to (1) create a protocol for disturbing polluted soil or groundwater managed under these conditions and (2) annually inspect these portions of Adriaen's Landing.

Lastly, the bill specifies that it does not prohibit any person from exercising an existing right to dig, excavate, or disturb soil within Adriaen's Landing if the person does so in a way that (1) protects human health and the environment and (2) is consistent with the bill's provisions so as to not create a condition reasonably expected to pollute Connecticut's waters.

EFFECTIVE DATE: July 1, 2026

Conditions for Managing Pollution in Place

Specifically, the bill allows soil and groundwater pollution within Adriaen's Landing to be managed in place if:

1. each owner of a parcel affected by the pollution records an affidavit of facts on Hartford's land records indicating that (a) there is polluted soil, groundwater, or both on or under the parcel and (b) any person who disturbs the soil or groundwater for any reason must return the soil to the approximate location and depth where it was removed or properly dispose the soil or groundwater as state and federal law requires;
2. the owner sends notice, including a copy of the affidavit described above, to all governmental authorities and public service companies that are reasonably expected to own, use, or maintain electric, natural gas, sewer, steam, or other utility infrastructure on, over, or under the portion of Adriaen's Landing where soil or groundwater pollution will be managed in place; and

3. any membrane, layer, or other barrier, if present, that isolates the polluted soil or groundwater is (a) identified in the required affidavit and (b) not removed, breached, or otherwise damaged without prior approval from CRDA.

The bill prohibits CRDA from unreasonably withholding the approval described above. It also requires that if any membrane, layer, or other barrier is removed, breached, or otherwise damaged, the person responsible must (1) implement measures to mitigate pollution exposure or migration risks and (2) repair or replace the membrane, layer, or barrier as soon as reasonably practicable.

CRDA Protocol

The bill requires CRDA, in consultation with the Department of Energy and Environmental Protection (DEEP), to make a protocol on disturbing polluted soil or groundwater on or under an Adriaen's Landing site that is managed under this bill's provisions. The protocol must prescribe a process for providing notice if a disturbance occurs and best practices for managing affected soil or groundwater. The bill requires CRDA to post the protocol on its website. Additionally, the protocol must be identified in the affidavit required as a condition of managing in place polluted soil or groundwater within Adriaen's Landing.

Annual Inspections

The bill requires CRDA to perform, or cause to be performed, annual inspections of any Adriaen's Landing site where soil or groundwater pollution is managed under this bill's provisions. The inspection must be performed by a licensed environmental professional and include a (1) physical inspection to determine compliance with any issued environmental remediation requirements and (2) review of records to verify compliance with any related recordkeeping or monitoring requirements. If the inspection finds conditions not in compliance with any issued requirements, CDRA must notify DEEP and propose a schedule for correcting the conditions.

§ 165 — OPIOID ANTAGONISTS

Allows any person to give someone a non-legend opioid antagonist to treat or prevent an opioid overdose and gives them immunity for doing so; exempts non-legend opioid antagonist distributors from needing a permit

The bill allows any person to give someone a non-legend (over-the-counter) opioid antagonist (such as Narcan) to treat or prevent an opioid drug overdose and gives them immunity from civil and criminal liability for doing so. It also exempts anyone who distributes these medications for free from needing a non-legend drug permit to do so. Existing law already generally immunizes anyone who in good faith believes that another person is experiencing an opioid-related drug overdose and administers an opioid antagonist to the other person.

EFFECTIVE DATE: Upon passage

§§ 166 & 170 — TWEED-NEW HAVEN AIRPORT AUTHORITY BONDS

Makes numerous changes related to bonds issued by the Tweed-New Haven Airport Authority, including authorizing revenue bonds to benefit a participating corporation involved with certain airport projects

Participating Corporations

The bill allows the Tweed-New Haven Airport Authority to issue revenue bonds (bonds to be repaid using the authority's revenue sources) to benefit a participating corporation if the bondholders agree that the authority is not liable to repay the bonds except from its revenues or assets pledged for the bonds. Under the bill, a participating corporation is a business entity, quasi-public authority, or government entity involved with the authority for certain airport projects.

The bill specifies that an authority resolution authorizing bonds can pledge the authority's full faith and credit; a participating corporation's full faith and credit; revenues of a financing project or revenue-producing contract with a participating corporation; federally guaranteed security; or any other property, revenue, funds, or money legally available to the authority.

The bill allows authority bonds that it issues on behalf of a participating corporation to be subject to the authority's agreement with

that corporation.

The bill permits lease agreements with participating corporations and pledging or assigning lease or sale agreements with a corporation to benefit holders of bonds related to a financing project.

Other Changes

The bill also allows the board to:

1. authorize bonds for longer than 30 years and
2. adopt a resolution delegating authority to its chairperson or vice-chairperson or the authority's executive director or another officer to take certain actions related to bonds (set their sale date, receive bids or proposals, sell bonds, and take other actions), subject to board approval.

The bill adds numerous other provisions relating to authority bonds, covering topics such as:

1. issuance of bond anticipation notes;
2. bonds as securities that state and local officials, insurance companies, and various types of banks and fiduciaries can properly invest in;
3. paying bonds in lawful U.S. money, rather than any payment medium;
4. fixing and using for bonds authority rates, rents, fees, and charges;
5. using authority revenues for bonds;
6. issuing bonds with interest that is federally taxable or that are eligible for federal tax credits or exemptions;
7. refunding bonds; and
8. other minor and technical changes to bonding procedures.

EFFECTIVE DATE: July 1, 2026

§§ 166, 168, 169, 171 & 172 — TWEED-NEW HAVEN AIRPORT AUTHORITY

Modifies the appointments of the Tweed-New Haven Airport Authority board of directors 30 days after a building permit is issued for a passenger terminal facility; generally requires certain board actions to have the affirmative vote of at least 10 board members; expands and modifies the authority's powers and duties

The bill modifies the appointments of the Tweed-New Haven Airport Authority board of directors 30 days after a building permit is issued for a passenger terminal facility beside Tweed-New Haven Airport. It also (1) generally requires certain board actions to have the affirmative vote of at least 10 board members, such as constructing a new facility and (2) expands and modifies the authority's powers and duties.

The bill also makes minor and conforming changes concerning airport projects as they relate to an existing state and local tax exemption and annual report.

EFFECTIVE DATE: July 1, 2026

Board of Directors

The bill modifies the appointments of the Tweed-New Haven Airport Authority board of directors 30 days after a building permit is issued for a passenger terminal facility beside Tweed-New Haven Airport. The facility must be next to East Haven and be designed to support scheduled and charter commercial airline flights and have at least 2,100 parking spaces.

Currently, the authority consists of 15 members with the New Haven mayor appointing eight, the East Haven mayor appointing five, and the South Central Regional Council of Governments (COG) appointing two. Among the 13 mayoral appointments, six must be New Haven or East Haven residents and the two COG appointments must be residents of the following municipalities: Bethany, Branford, Guilford, Hamden, Madison, Milford, North Branford, North Haven, Orange, Wallingford, West Haven, or Woodbridge.

Thirty days after the local building official and fire marshal issues the

building permit for the facility, the bill increases the East Haven mayor's appointments from five to seven and eliminates the COG appointments, while retaining the New Haven's mayor's eight appointments and the requirement that six mayoral appointments be New Haven or East Haven residents. Any COG-appointed member serving at the time the building permit is issued continues to serve until the additional East Haven appointments are made.

Under current law, the 13 mayoral appointments are special directors vested with the additional powers set in the authority's bylaws. The bill correspondingly increases this to include all 15 members.

As under existing law:

1. the board must elect (a) a chairperson from among its members; (b) one of its members as vice-chairperson, annually; and (c) other members as officers;
2. the board must establish bylaws as necessary to operate the authority; and
3. board members are not paid for performing their duties and are prohibited from having any financial interest in the airport or any of its tenants or concessions.

Specified Actions That Require 10 Affirmative Votes

Under existing law and the bill, eight members of the board constitute a quorum and the affirmative vote of a majority of the members present at a meeting is sufficient for most actions the board takes.

Starting after the building permit is issued, the bill requires the following actions to have the affirmative vote of at least 10 members of the board, unless the actions are required to comply with applicable federal law, including mandatory conditions of grants of the Federal Aviation Administration, the airport operating certificate, safety or security directives, or any action necessary to maintain safe airport operations:

1. construction of any new facility, or the structural conversion of any existing airport facility, to provide or enable freight and cargo services;
2. any expansion project that increases the operational capacity, passenger capacity, or gate or landing position capacity, or increases use of airport facilities within East Haven, excluding any project that is part of, and consistent with, the already-approved terminal expansion project (including all associated supporting infrastructure needed to complete the expansion project);
3. any addition, material modification, or closing of any airport entrances or exits;
4. any lease agreement or renewal relating to general aviation services, including adding any fixed base operations;
5. any amendment to a lease or other agreement or renewal for private operation or management of the airport that would impact (a) cargo or freight operations, the construction of a facility, or modification of existing facilities to accommodate the operations, (b) community benefits, including mitigation payments paid by the private operator, (c) parking operations at the West Terminal and access to the terminal, and (D) additional property acquisitions;
6. the repeal or reduction of noise mitigation or abatement measures the board previously approved; and
7. any extension of Runway 2-20 of the airport exceeding 6,635 linear feet.

The bill also eliminates the current prohibition on expanding the existing paved runway length of Runway 2-20 of 5,600 linear feet.

Authority's Powers and Duties

The bill expands and modifies the authority's powers and duties.

Specifically, it gives the authority the following powers and allows it to exercise the powers in its own name to:

1. own, operate, lease, assign, pledge, sell, or dispose personal property for airport purposes, including securities, rights, and privileges in contract or at law, insurance, security, and trade fixtures;
2. fix, revise, charge, and collect rates, rents, fees, and charges for using a financing project or a portion of one and to contract with any person about the project;
3. make loans to any “participating corporation” (legal business entity, quasi-public authority, or government entity) for providing financing for a project based on an agreement between the authority and the corporation;
4. acquire and agree to acquire any federally guaranteed security and pledge or use the security in the authority’s best interest to secure, or as a repayment source for, its bonds, notes, or other obligations or to agree to make a loan to a participating corporation to acquire any federally guaranteed security;
5. enter into any contract or series of contracts that the authority deems necessary or appropriate concerning the authority’s bonds, notes, or other obligations;
6. accept from any public agency, insurance, loans, or grants for a financing project or any portion of one and to receive loans, grants, or other assistance, including money, property, or services, from any source as long as the assistance is used only for the purposes for which it is granted;
7. invest any funds not needed for immediate use or payouts, in reserve funds; federally guaranteed securities; state investments, including the Short Term Investment Fund or Medium-Term Investment Fund; or other securities; obligations; or investments described in a trust agreement or resolution providing bond fund

issuances; and

8. charge and equitably allocate administrative costs and expenses the authority incurs exercising its powers and duties among participating corporations.

Under current law, the authority has the power to (1) issue and sell bonds and to use the bond proceeds for capital improvements to the airport and (2) acquire property by purchase or lease for airport purposes. The bill expands these powers by allowing the authority to (1) issue and sell bonds and use the proceeds to provide for the financing of financing projects and to fund or refund the projects and (2) sell property for airport purposes.

The bill also allows the authority to engage in a financing project for two or more participating corporations jointly and may structure the financing as a single project or as related components of it. In these cases, the laws governing Tweed-New Haven apply for the benefit of the authority and the participating corporations.

§ 167 — PILOT PAYMENTS RELATED TO TWEED-NEW HAVEN AIRPORT

Requires annual PILOT payments of \$4.4 million to East Haven and \$2.9 million to New Haven, once a passenger terminal facility located beside Tweed-New Haven Airport has opened and is operational

Regardless of any state law, the bill requires the treasurer to make certain payments in lieu of taxes (PILOT), after the OPM secretary certifies that a passenger terminal facility located beside Tweed-New Haven Airport has opened (as described above) and is operational, and annually afterwards, until the facility stops operating. The PILOT payments are (1) \$4.4 million to East Haven and (2) \$2.9 million to New Haven

The treasurer must make these payments on behalf of the state and are in addition to any PILOT grants otherwise payable to East Haven or New Haven under state law.

EFFECTIVE DATE: July 1, 2026

§ 173 — TWEED NEW HAVEN AIRPORT DEVELOPMENT ZONE

Requires DECD to establish an airport development zone surrounding Tweed New Haven Airport if East Haven or New Haven submits, or the two jointly submit, a proposal to do so

The bill requires the Department of Economic and Community Development (DECD) commissioner to establish an airport development zone (see *Background*) surrounding Tweed New Haven Airport if East Haven or New Haven, or the two jointly submit, a proposal to do so.

Any proposal must comply with the state’s conservation and development plan and identify the following:

1. the geographical scope of the proposed zone, including all census blocks proposed for incorporation, which must (a) be in keeping with Tweed New Haven Airport’s master plan and (b) not extend beyond a two-mile radius of the airport without legislative approval;
2. economic benefits anticipated from establishing the zone, including the (a) types of business and industry to be developed and (b) number of jobs to be created; and
3. anticipated costs of establishing the zone.

The bill allows the commissioner to modify the geographic scope of the proposed zone to improve, within his discretion, the balance of anticipated economic benefits and the cost to the state and affected municipalities.

The bill specifies that an airport development zone established under the bill’s provisions must not include the land on which Tweed New Haven Airport operates, including any land the state owns or controls.

EFFECTIVE DATE: July 1, 2026

Background — Property Tax Exemptions Available in Airport Development Zones

Businesses located in airport development zones may receive a five-

year, 80% property tax exemption for acquiring, building, renovating, or expanding a qualifying manufacturing facility, which includes facilities housing specified business services if the DECD commissioner determines they depend on, or are directly related to, the airport. They may also receive the same partial exemption for acquiring machinery and equipment for these facilities. The state generally reimburses the municipality for half the forgone property tax revenue, depending on available funding.

Background — Advertising in Airport Development Zones

Airport development zones are also among the designated areas where the Department of Transportation (DOT) commissioner may approve billboards and advertising signs within 660 feet of the edge of the interstate and other limited access highways in areas owned, managed, or leased by a public authority. By law, these advertisements are subject to DOT approval and related regulations and cannot be built where state law, local ordinance, or zoning regulations prohibit them.

§ 174 — LATE PAYMENT INTEREST WAIVERS FOR CERTAIN COMMON INTEREST COMMUNITIES

For certain common interest communities, allows municipalities and WPCAs to waive late payment interest that has accrued on their property tax and sewer use bills

The bill allows municipalities, by a vote of their legislative bodies, to waive some or all of the interest on delinquent property taxes owed by a common interest community that has more than 500 units and is in a Superior Court-ordered receivership. Under the bill, municipalities may also refund all or some of the interest the common interest community has already paid.

The bill similarly allows water pollution control authorities (WPCAs) to vote to waive or refund some or all of the interest on delinquent sewer system use charges that a qualifying common interest community owes or owed.

EFFECTIVE DATE: Upon passage

§ 175 — MUNICIPAL SPENDING CAP HOLD HARMLESS

For FY 27, allows municipalities to exceed the statutory spending cap without having their municipal revenue sharing grant amount reduced as a result

Existing law generally requires OPM to reduce a municipality's municipal revenue sharing grant if the municipality's budget expenditures exceed the statutory spending cap. But the law provides an exception for FY 26, allowing municipalities to exceed the cap without their grant amounts being reduced. The bill extends this exception to cover FY 27 as well.

By law, the spending cap is the greater of the inflation rate or 2.5% of the prior fiscal year's "adopted budget expenditures" (spending from a municipality's general fund and any nonbudgeted funds). The reduction is equal to 50 cents for every dollar the municipality spends over the cap.

EFFECTIVE DATE: October 1, 2026

§ 176 — SPRB COMPENSATION AND MEMBERSHIP

Increases the compensation rates and limits for SPRB members; narrows the prohibition on persons holding state or municipal positions from serving on the board

The bill increases the compensation rates and limits for State Properties Review Board (SPRB) members. It does so by increasing the (1) per diem rate for all members from \$200 to \$300 and (2) annual maximum a member may collect by \$15,000. Under current law and the bill, the maximum depends on the position the member holds, as shown in the table below.

Table: Annual Maximum Compensation for SPRB Members

	<i>Current Law</i>	<i>The Bill</i>
Chairperson	\$30,000	\$45,000
Member	25,000	40,000

Current law prohibits people serving on the board from also holding a state or municipal government position. The bill narrows this prohibition by restricting it to only elected or paid positions.

The SPRB generally helps oversee state real estate activities,

acquisition of farm development rights, and the hiring of architects, engineers, and other construction-related professionals, as proposed by executive branch agencies. It gives guidance and assistance to state agencies to ensure that transactions are done in a prudent, business-like way; costs are reasonable; and proposals follow state laws, regulations, and procedures.

EFFECTIVE DATE: July 1, 2026

Background — Related Act

PA 26-1, § 61, increases the SPRB’s membership from six to eight.

§ 177 — EXECUTIVE BOARDS AND COMMISSIONS MEETING SCHEDULES

Specifies that executive branch boards and commissions that compensate their members on a per diem basis may not set a meeting schedule that would cause them to overspend their appropriated funds for per diems without prior written approval from OPM to do so

The bill generally specifies that no executive branch board or commission that compensates its members on a per diem basis may set a meeting schedule for any fiscal year that would cause it to overspend the amount of appropriated funds for providing the per diem. However, the board or commission may do so if it gets prior written approval of the proposed schedule from the OPM secretary.

EFFECTIVE DATE: July 1, 2026

§ 178 — LOCAL BUDGET AND TAX ADJUSTMENTS DUE TO INCREASED AID

Authorizes municipalities and regional boards of education to amend their adopted budgets and adjust tax levies if they receive more state aid than projected

The bill allows municipalities and regional boards of education that adopted a budget or levied taxes for FY 27 before the state adopted its FY 27 budget to change their budgets and levies if the state’s budget provides more state aid than the board or municipality projected.

Under the bill, municipalities (by vote of their legislative body or selectmen) and boards may (1) amend their budget, in an amount not exceeding the increase in state aid to the board or municipality, and (2) by July 1, 2026, adjust tax levies and any remaining tax installments.

The bill's provisions apply regardless of conflicting (1) statutes affecting education and boards of education, municipalities, and property tax levy and collection (including the provisions concerning installments); (2) special acts; or (3) municipal charters or home rule ordinances.

EFFECTIVE DATE: Upon passage

§ 179 — COMBINED PUBLIC BENEFITS CHARGE REPORT

Delays, from October 1, 2026, to January 15, 2027, the deadline for OCC to submit a report about the combined public benefits charge on electric bills

The bill delays, from October 1, 2026, to January 15, 2027, the deadline for the Office of Consumer Counsel (OCC), in consultation with the Public Utilities Regulatory Authority and DEEP commissioners, to submit a report about the combined public benefits charge on electric bills to the Energy and Technology Committee. By law, the report must describe the line items included in the charge and each line item's enabling authority, purpose, costs, and benefits.

EFFECTIVE DATE: Upon passage

§ 180 — AT-GRADE PEDESTRIAN RAIL CROSSING IN NEWTOWN

Requires DOT to allow Newtown to build an at-grade pedestrian crossing on the Housatonic Railroad, if the crossing is (1) approved by Newtown and the Housatonic Railroad and (2) built according to DOT's recommendations

The bill requires DOT to allow Newtown (or its authority or agent) to build an at-grade pedestrian crossing on the Housatonic Railroad as part of the Housatonic Valley Rail Trail. DOT must do so regardless of (1) the state law prohibiting the construction of at-grade public railroad crossings without the General Assembly's authorization by special act or (2) any other state laws, special acts, or regulations prohibiting the construction of any new at-grade highway railroad crossing.

The crossing must be (1) approved by Newtown's legislative body and the Housatonic Railroad and (2) built according to DOT's recommendations.

EFFECTIVE DATE: Upon passage

§ 181 — EXEMPTIONS FROM STATE EMPLOYEE CLASSIFIED SERVICE

Exempts certain positions from the state employee classified service

The bill exempts certain positions from the state employee classified service, which exempts them from various civil service exams and other hiring and promotion procedures. Specifically, the bill exempts positions titled (1) agency legal director, (2) Energy and Environmental Protection office director (legal), and (3) first assistant commissioner of Revenue Services.

EFFECTIVE DATE: Upon passage

§ 182 — CRIMINAL BACKGROUND CHECKS OF EMPLOYEES WITH ACCESS TO TAX RECORDS

Changes who must perform criminal history checks for state employees with access to federal tax information

The bill changes who must perform criminal history record checks (background checks) for state jobs with access to federal tax information. For these positions, the bill requires state agencies with custody of the information and, for executive branch agencies, the Department of Administrative Services (DAS), to require background checks for (1) job applicants and transferring employees and, (2) at least every five years, each current employee, contractor, and subcontractor. Currently, these checks must be done by the employing agency and DAS, if it provides human resources services for the employing agency.

The bill makes minor technical and conforming changes.

As under existing law, the applicant, transferring or current employee, contractor, or subcontractor must:

1. state in writing if he or she has been convicted of a crime or has pending criminal charges, and identify the crime and court for those charges; and
2. be fingerprinted and submit to state and national criminal history record checks.

EFFECTIVE DATE: Upon passage

§§ 183-185 — UNLICENSED INDIVIDUALS OR FACILITIES

Allows DPH to impose civil penalties on people who provide professional services without a required DPH license or certificate; similarly allows DPH to impose civil penalties, and sets criminal penalties, for anyone who opens, manages, or operates a health care facility without a required DPH license or certificate

The bill allows the Department of Public Health (DPH), after a hearing, to impose a civil penalty of up to \$25,000 per day against (1) a person who provides professional services without a required DPH license or certificate or (2) anyone who opens, manages, or operates a health care facility without a required DPH license (or certificate for nursing facility management services). For people providing services without the required credential, this action may be taken, as applicable, by DPH or its licensing boards or commissions.

The bill also imposes criminal penalties for opening, managing, or operating a health care facility without the required DPH license or certificate. It generally makes this a class D felony, punishable by up to five years in prison, and the bill sets a maximum \$5,000 daily fine for this offense. But the bill's criminal penalty does not apply to (1) an institution that applied to renew its license within 60 days after the license lapsed, even if the application was incomplete when submitted, or (2) a regulated financial institution taking ownership of a facility after a foreclosure when the operator continues to occupy it.

Under current law, the penalty for opening, managing, or operating a health care facility without a required license or certificate is generally \$100 per day. There is currently no overarching penalty for practicing a DPH-regulated profession without a license or certificate, but there are existing criminal penalties for certain professions.

Lastly, the bill specifies that DPH, as well as its licensing boards or commissions as under existing law, can issue a summary order that someone immediately stop an illegal activity under its jurisdiction. This authority applies if the person poses an imminent public health or safety risk, pending proceedings on a possible cease and desist order. Existing law also gives DPH specific authority to pursue injunctive relief against facilities operating without the required license (or certificate for nursing facility management services).

The bill also makes minor, technical, and conforming changes.

EFFECTIVE DATE: October 1, 2026

§ 186 — DISPOSAL OF ABANDONED BODIES OR REMAINS

Allows DPH to appoint an embalmer to dispose of an abandoned dead body or abandoned cremated remains after a funeral director or embalmer has voluntarily or improperly relinquished control of the body or remains in violation of state law

The bill allows the DPH commissioner to appoint a willing licensed embalmer to dispose of an abandoned dead body or abandoned cremated remains. The embalmer may request any records needed to identify the body or remains and must notify the commissioner, within seven days after the disposition of the body or remains, of when and how it was done.

Under the bill, a body or remains are deemed abandoned when a licensed or formerly licensed funeral director or embalmer voluntarily or improperly relinquishes custody in violation of the law’s requirements. This includes when they stop operating a funeral home and do not provide for the transfer or disposition of the bodies or remains they had custody of at the time.

Existing law sets various requirements for funeral directors and embalmers as to the disposition of dead bodies and cremated remains, including the requirement to carry out the person’s documented wishes or, in cases where there is a dispute as to who has the right to custody over the remains, the probate court’s final decision.

EFFECTIVE DATE: Upon passage

§ 187 — ELECTRONIC DEATH RECORDS

Requires DPH, upon request, to issue death records electronically regardless of when the death occurred (with the SSN generally redacted), instead of only for deaths since July 1, 1997, as under current law

Current law sets various requirements for death certificates, including that (1) for deaths on or after July 1, 1997, the Social Security number (SSN) be included in an “administrative purposes” section of the certificate that can be disclosed only to certain eligible parties (such as the funeral director and surviving spouse) and (2) DPH disclose the

record, or for deaths since that date, information in it, upon the request of any other person, researcher, or state or federal agency, with the SSN redacted.

The bill removes the 1997 start date from these provisions and specifically requires DPH, for deaths that occurred at any time, to give these other parties information from the death certificate in electronic form. It also requires the SSN to be redacted, removed, or omitted unless the requester is a state or federal agency authorized by federal law to receive it.

The bill also makes related minor and technical changes.

EFFECTIVE DATE: Upon passage

§ 188 — TECHNICAL CHANGE

Makes a technical change

The bill makes a technical change to terminology.

EFFECTIVE DATE: Upon passage

§§ 189-191 — FOOD CODE

Makes minor and clarifying changes to laws related to the state's food code

The bill makes minor and clarifying changes to laws related to the food code, such as updating terminology and specifying that the DPH commissioner's authority to adopt regulations to implement food code-related laws includes a law on audits of local health department food protection programs.

EFFECTIVE DATE: Upon passage

§ 192 — MOLST PROGRAM

Provides that under the state's program, a MOLST is invalid unless it is completed on a DPH form and executed in line with statutory and regulatory requirements; allows PAs to make the determination that a patient's condition is advanced enough to qualify for the program; requires that the program's regulations allow providers to give patients a copy of or access to the order rather than the original

By law, DPH oversees a "medical orders for life-sustaining treatment" (MOLST) program. This is a program under which a

qualifying provider writes a medical order to carry out a patient's request for life-sustaining treatment when the patient is approaching the end stage of a serious, life-limiting illness or is in a condition of advanced, chronic progressive frailty.

The bill specifies that a MOLST is a set of DPH-developed written medical orders, specific to the program, and made by the provider. It provides that a MOLST under the program is invalid unless it is completed on a DPH form and executed in line with statutory and regulatory requirements.

It allows physician assistants (PAs) to make the determination that a patient is in the end stage of a serious, life-threatening disease or in such a condition as described above to qualify for the program. PAs are already allowed to write MOLST orders.

By law, patient participation in the program is voluntary, and to agree to participate, a patient or the patient's legally authorized representative must sign the MOLST form. Under the bill, DPH's regulations for the program must allow providers to give patients a copy of or access to the order rather than the original.

EFFECTIVE DATE: Upon passage

§ 193 — HIV/AIDS SERVICES FUNDING

Allows DPH's contracted program for HIV PrEP and PEP drug assistance to also provide funding for associated lab testing and related costs

By law, DPH must contract for a statewide program providing financial assistance for HIV pre- and post-exposure prophylaxis (PrEP and PEP) medications, as long as minimum funding requirements have been met. The bill allows the program to pay for associated lab tests and other related costs.

EFFECTIVE DATE: Upon passage

§ 194 — CONSENT ORDERS

Explicitly allows DPH to enforce compliance with DPH laws, regulations, permits, and orders through an agreed settlement or consent order

The bill explicitly allows DPH to enforce compliance with DPH laws,

regulations, permits, and orders, or ensure compliance with regulatory requirements, through an agreed settlement or consent order. (It appears this allows DPH to resolve cases or complaints against a licensee without holding a formal administrative hearing if the licensee agrees to a settlement or consent order.) For consent orders of cases involving petitions alleging that a health professional cannot practice with skill or safety (such as due to substance abuse), the bill requires the approval of the board or commission with jurisdiction over the professional (for example, the state Medical Examining Board or Board of Examiners for Nursing).

Existing law authorizes the department to use consent orders when regulating health professionals and institutions (CGS §§ 19a-14, -491 & -565). Additionally, the Uniform Administrative Procedure Act generally allows contested cases to be resolved by agreed settlement or consent order (CGS § 4-177).

EFFECTIVE DATE: October 1, 2026

§ 195 — NON-CHARGE FOR EMPLOYEES PAID BENEFITS THROUGH THE SHARED WORK PROGRAM

Reinstates an unemployment insurance tax non-charge for employers using a shared work program during an extended benefit period or a high unemployment period

Beginning January 1, 2027, this bill reinstates a provision similar to one repealed in 2025 on an unemployment insurance (UI) tax “non-charge” for employers using a shared work program. Under the bill, this non-charge applies when the state is in an extended benefit period or high unemployment period (generally, when the unemployment rate exceeds 6.5% for three months). Under the bill, the non-charge must continue until the U.S. labor secretary notifies the state labor commissioner that the extended benefit period or high unemployment period has been triggered off.

PA 25-117, § 5, repealed a similar provision related to the shared work program that (1) required a non-charge when the state’s average unemployment rate was at least 6.5% based on the most recent three months of data published by the Department of Labor (DOL) and (2) permitted a non-charge when the state’s average unemployment rate

was at least 8% in the most recent month of DOL-published data.

EFFECTIVE DATE: October 1, 2026

Background — Employer UI Taxes

In general, a portion of an employer’s UI taxes are based on the employer’s “experience rate,” which reflects the amount of unemployment benefits paid to the employer’s former employees over a certain period. The law, however, allows several non-charging separations in which an employee can collect benefits without affecting a former employer’s experience rate. (The benefits paid to the former employee are “pooled” and paid by all employers who pay unemployment taxes.)

Background — Shared Work Program

The Shared Work Program is a voluntary program that allows employers to reduce their employees’ work hours in place of layoffs. The affected employees receive a proportionally reduced unemployment benefit.

§ 196 — DOL UNEMPLOYMENT NEGOTIATIONS WITH REIMBURSING EMPLOYERS

Allows the DOL commissioner to negotiate and compromise with reimbursing employers who owe payments to the unemployment system under certain circumstances

The bill allows the DOL commissioner, or her duly authorized agent, to negotiate and compromise with reimbursing employers who owe payments to the unemployment system if there is doubt about the employer’s liability for, or the collectability of, the amount in question.

Existing law already allows the commissioner to do this for employers who contribute to the state unemployment fund through unemployment taxes. Generally, reimbursing employers are those, like the state and municipalities, who directly reimburse the unemployment fund for benefits paid to former employees, rather than paying unemployment taxes.

EFFECTIVE DATE: October 1, 2026

§§ 197-200 — EMPLOYMENT SECURITY ADVISORY BOARD REPEAL

Eliminates the Employment Security Advisory Board and makes conforming changes

The bill eliminates the Employment Security Advisory Board and makes conforming changes. Under current law, the board advises the labor commissioner about the policy and operations of the Employment Security Division, which administers the unemployment benefit system.

EFFECTIVE DATE: October 1, 2026, except that the conforming changes take effect July 1, 2026.

§§ 201 & 202 — PRE- AND POST-SHIFT HOURS AND WORKPLACE HEAT SAFETY STANDARDS TASK FORCE

Specifies that “hours worked” in state overtime law includes time employees spend in employer-required security screenings; creates a taskforce to study workplace heat safety

Under state overtime law, an employee’s “hours worked” includes all time that the employee must be on the employer’s premises, including time that the employee must wait on the premises while no work is provided by the employer (see *Background – Connecticut Supreme Court Case on Pre- and Post-Shift Hours*). The bill specifies that it also includes time the employee spends in security screenings required by the employer.

The bill also creates an 11-member taskforce to study heat safety, including examining (1) best practices to prevent employees’ exposure to the risk of heat illness and (2) other states’ laws and regulations on heat safety standards.

EFFECTIVE DATE: October 1, 2026, except the taskforce provision is effective upon passage.

Heat Safety Taskforce

Membership. The task force’s membership must include:

1. the chairpersons and ranking members of the Labor and Public Employees Committee, or their designees;
2. the labor commissioner or her designee;

3. a member of an organization that advocates for the prevention of sudden death from exertional heat stroke, appointed by the House speaker; and
4. one member appointed by each of the other five legislative leaders (Senate president pro tempore, House and Senate majority leaders and, and House and Senate minority leaders).

All appointed members may be legislators, and all initial appointments must be made within 30 days after the bill passes. Any vacancies must be filled by the appointing authority.

Requirements. The bill requires the Labor and Public Employees Committee chairpersons or their designees to serve as the task force’s chairpersons and schedule and hold the first meeting within 60 days after the bill passes. The Labor and Public Employees Committee’s administrative staff must serve in this capacity for the task force.

The task force must report its findings and recommendations to the Labor and Public Employees Committee by January 1, 2027, and ends on that date or when it submits the report, whichever is later.

Background — Connecticut Supreme Court Case on Pre- and Post- Shift Hours

The Connecticut Supreme Court recently ruled that employees must be compensated for time spent in mandatory security screenings on their employer’s premises (*Del Rio et al. v. Amazon.com Services, Inc.*, SC 21109 (February 10, 2026)).

§§ 203 & 204 — PER DIEM RATE FOR BOARD OF LABOR RELATIONS MEMBERS AND COMPENSATION FOR BOARD OF MEDIATION AND ARBITRATION MEMBERS

Increases the (1) per diem rate for members of the State Board of Labor Relations and (2) compensation for members of the Board of Mediation and Arbitration

The bill increases the per diem rate for regular and alternate members of the State Board of Labor Relations from \$150 to \$300 per day. It also increases the compensation that State Board of Mediation and Arbitration members receive for their services. Specifically, the bill increases the amount that:

1. each member of a three-member panel receives at the end of a proceeding, from \$325 to \$500;
2. a panel member receives for preparing a written decision, from \$500 to \$1,000;
3. a member receives for proceedings that use only a single member, from \$325 to \$500;
4. each panel member receives at the end of an executive panel session, from \$200 to \$300; and
5. each panel member receives if the proceedings last longer than a day, from \$325 to \$500, for each additional day (by law, proceedings cannot last longer than two days without the labor commissioner's prior approval for each additional day).

EFFECTIVE DATE: October 1, 2026

§ 205 — COMPTROLLER TNC STUDY

Extends, from July 1, 2026, to October 1, 2026, the deadline for the comptroller to submit his TNC study report

The bill extends, from July 1, 2026, to October 1, 2026, the deadline for the comptroller to submit his report to the Labor and Public Employees Committee on the study of the compensation of transportation network company (TNC) and third-party delivery company drivers in the state.

EFFECTIVE DATE: Upon passage

§ 206 — DOUBLE UTILITY POLES

Amends a provision in sHB 5003, § 44, as amended by House "A" (File 745), to require electric distribution companies that have equipment on a utility pole, but do not own the pole, to transfer the equipment within 45 days after receiving notification about removal and replacement work on the pole

sHB 5003, § 44, passed as amended by House Amendment "A" (File 745), generally requires a public utility pole's custodian (the telephone or electric distribution company with a duty to maintain the pole) to notify the pole's users (any person or entity that does not own the pole but maintains equipment on it) about any removal and replacement

work for the pole. The notified user must transfer its equipment from the existing pole to the replacement pole within a certain amount of time (20 or 45 days), depending on the number of poles involved.

The bill requires users that are electric distribution companies to transfer their equipment within 45 days after receiving the notice, regardless of how many poles are involved.

EFFECTIVE DATE: July 1, 2027

§ 207 — GREYFIELD REVITALIZATION PROGRAM

Limits the greyfield revitalization program to East Hartford and the Capital City Economic Development District and expands the program's scope to include the renovation of commercial retail and office space

PA 25-174, §§ 112 & 113, allowed the Department of Economic and Community Development (DECD) commissioner, in coordination with the Department of Housing commissioner, Connecticut Municipal Redevelopment Authority (now known as Connecticut Municipal Development Authority (CMDA)), and Capital Region Development Authority (CRDA), to create a greyfield revitalization program to provide (1) grants or loans to facilitate the repurposing of certain commercial retail and office space (“greyfields”) and (2) grants to CMDA or CRDA to give grants or loans to facilitate the same.

The bill limits this program to commercial retail and office space within East Hartford and the statutorily designated Capital City Economic Development District, and expands the program’s scope to include the renovation of commercial retail and office space.

By law, a “greyfield” is any previously developed commercial retail or office property that is (1) economically nonviable in its current state and shows conditions that significantly complicate its redevelopment or reuse, as determined by the DECD commissioner, and (2) ineligible for any brownfield remediation and development program.

EFFECTIVE DATE: July 1, 2026

§ 208 — CLAY ARSENAL

Requires the CWO to establish the Clay Arsenal Workforce Readiness Program to connect Hartford's Clay Arsenal neighborhood's residents with employment, training, and career advancement opportunities; requires the CWO to annually report to the General Assembly on the program

The bill requires the Chief Workforce Officer (CWO) to establish the “Clay Arsenal Workforce Readiness Program” to connect residents of Hartford’s Clay Arsenal neighborhood with employment, training, or career advancement to employment opportunities.

In establishing the program, the CWO must:

1. create and maintain a listing of available (a) job opportunities, (b) training programs, (c) in-state credentials, (d) apprenticeships, and (e) employment support services;
2. create and maintain relationships with employers, workforce development groups, education institutions, and community-based organizations in the region to (a) identify workforce needs and hiring opportunities, (b) support the development of training and pipeline programs, and (c) create a process to refer residents to employers;
3. assist participating residents in meeting workplace expectations or requirements by (a) assessing their workforce readiness, (b) identifying gaps in required training, education, or support services, (c) facilitating training opportunities, and (d) developing career pathway programs that align with regional employer demand; and
4. give residents employment and training opportunities based on the residents’ skills, interests, readiness, and current employer demand.

Under the bill, the CWO may contract with nongovernmental entities that provide workforce development opportunities and training to create and administer the program.

The CWO must, beginning by January 1, 2027, annually report to the

General Assembly on the program. The report must:

1. list participating employers, workforce development groups, education institutions, and community-based organizations and describe the level of support each provides;
2. summarize how coordination among these participating entities is structured and implemented;
3. identify program performance outcomes, including participants' (a) engagement, (b) training enrollment and completion, and (c) job placement; and
4. include recommendations for program improvement.

EFFECTIVE DATE: October 1, 2026

§§ 209 & 210 — FIREFIGHTER CANCER RELIEF

Requires certain telephone and telecommunication companies to report and remit the monthly five cent firefighters cancer relief account fee when they file a sales and use tax return; requires the DRS commissioner to deposit fees into the firefighters cancer relief account

By law, each telephone and telecommunications company providing local telephone service and each provider of (1) commercial mobile radio services and (2) voice over Internet protocol (VOIP) services (generally, phone calls over broadband Internet) must charge each subscriber a five cents per month fee, per service line, for deposit into the firefighters cancer relief account.

Current law requires each fee assessed to be remitted to the state treasurer for deposit into the firefighters cancer relief account by the 15th of each month. The bill instead requires providers, beginning July 1, 2026, to report all fees assessed and remit them with their sales and use tax returns and tax payments. The report must include at least (1) the number of lines the fee was assessed on, and (2) as applicable, the total amount of fees collected during the tax period or each taxable month. The bill specifies that the fees cannot be included in the gross receipts on their return (consequently, the fees are not subject to the sales tax).

The bill also requires, by August 1, 2026, and monthly after, the Department of Revenue Services (DRS) commissioner to deposit all fees received into the firefighters cancer relief account.

EFFECTIVE DATE: Upon passage

Background — Firefighters Cancer Relief Account

By law, the firefighters cancer relief account generally provides, for eligible paid firefighters diagnosed with certain cancers and who die or become disabled because of it, (1) workers compensation benefits, (2) retirement and survivor benefits, and (3) certain disability benefits available from the Connecticut State Firefighters Association.

§§ 211-214 — UCHC MEDICAID REVENUE DIVERSION

Requires DSS to divert a specified amount of federal Medicaid revenue to support UCHC-JVI's operational costs; allows DSS to establish receivables for anticipated FY 27 hospital tax revenue; appropriates \$1.5 million to DSS in FY 27 to allow for the expansion of UCHC's Medicaid supplemental payment and correspondingly reduces its appropriation for operating expenses

Starting in FY 26, the bill requires the Department of Social Services (DSS), in consultation with the Office of Policy and Management (OPM) secretary, to divert a specified amount of federal Medicaid revenue from disproportionate share hospital claims at UConn's John Dempsey Hospital. Specifically, DSS must divert an amount the OPM secretary sets, up to a maximum of \$15 million for each hospital the UConn Health Center Joint Venture Initiative (UCHC-JVI) owns and operates at any time during the fiscal year. Under the bill, this revenue must be diverted and transferred to UCHC to support UCHC-JVI's operational costs. DSS and UCHC must enter into a memorandum of understanding to implement this transfer.

For FY 27, the bill allows DSS, with the OPM secretary's approval, to establish receivables for anticipated hospital tax revenue.

The bill also appropriates \$1.5 million to DSS in FY 27 to fund the Medicaid state share to allow for the expansion of UCHC's Medicaid physician supplemental payment. It reduces UCHC's FY 27 appropriation for operating expenses by this same amount.

EFFECTIVE DATE: Upon passage, except the receivables provision is effective July 1, 2026.

§§ 215 & 216 — COST NOTIFICATION FOR INFUSION AND INJECTION SERVICES

Requires hospitals, health systems, health carriers, and utilization review companies to notify patients in writing that infusion and injection services provided at hospital-based off-campus infusion centers may cost more than those provided at non-hospital-based infusion centers

The bill establishes a new patient notification requirement for hospitals and health systems that schedule infusion or injection services at hospital-based outpatient infusion centers located outside the hospital campus. More specifically, hospitals and health systems must give patients written notification at the time of scheduling that it may cost them more to use these services than if they received them at a non-hospital-based infusion center.

Similarly, starting January 1, 2027, the bill also requires health carriers (insurers, HMOs, fraternal benefit societies, hospital or medical service corporations) and utilization review companies, when preauthorizing or precertifying infusion or injection services provided at infusion centers, to give the insured written notification that these services provided at hospital-based off-campus outpatient infusion centers may cost more than those provided at non-hospital-based infusion centers.

This notification requirement applies to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including those provided under an HMO plan.

EFFECTIVE DATE: January 1, 2027

§ 217 — INSURANCE DEPARTMENT STUDY

Directs the Insurance Department, in consultation with OHA, to study cost-lowering methods for outpatient infusions and injections performed at hospital-based off-campus infusion centers, patient protections for certain stop-loss insurance policies, and surprise billing for ground ambulance services

The bill directs the Insurance Department, in consultation with the Office of the Healthcare Advocate (OHA), to study the following:

1. potential ways to lower the cost of infusion and injection services provided at hospital-based off-campus outpatient facilities,
2. appropriate patient protections for stop-loss insurance policies used with self-funded employee health benefit plans, and
3. surprise bills for ground ambulance services.

Under the bill, the department must report its study results and recommendations to the Insurance and Real Estate Committee by October 1, 2027. The report must include recommendations on:

1. whether to (a) cap infusion center service payment rates at 10% above the Medicare average sales prices (or a different Medicare reimbursement rate), or (b) set them based on data from the state’s all-payer claims database, and
2. prohibiting infusion centers from charging facility fees.

Under the bill, “infusion centers” are sites that offer intravenous infusions and intramuscular or subcutaneous injections of medications, fluids, or biological products for complex medical conditions, such as cancer and autoimmune disorders.

EFFECTIVE DATE: Upon passage

§ 218 — ANTI-STEERING CLAUSES

Clarifies that health carriers and health plan administrators may use utilization management tools to encourage enrollees to use certain hospitals or health systems by adding utilization management to the definition of anti-steering clauses

The bill specifically allows health carriers and health plan administrators to use utilization management provisions to encourage

enrollees to use certain hospitals and health systems (such as centers of excellence) by expanding the definition of anti-steering clauses.

By law, health care providers, health carriers, and health plan administrators cannot include anti-steering clauses in health care contracts. An “anti-steering clause” is any provision (including, under the bill, utilization management provisions) in a health care contract that restricts health carriers or health plan administrators from encouraging enrollees to get services from a competing hospital or health system. Utilization management is generally the process by which an insurer manages the use of covered services, including prior authorization or step therapy protocols, among others.

EFFECTIVE DATE: October 1, 2026

§ 219 — ALLOWING BRIDGEPORT TO IMPOSE HIGHER MILL RATE ON VEHICLES

Allows Bridgeport to set its mill rate for motor vehicles at a rate that is equal to or higher than the one it sets for other types of property, if it is under the statutory cap

By law, a municipality (or taxing district) may set a mill rate for motor vehicles that is different than its rate for other property (personal property and real property) to comply with the motor vehicle mill rate cap. Under the law, this motor vehicle rate must be lower than its rate for other property types. The bill provides an exception for Bridgeport, allowing it to set a motor vehicle mill rate that is equal to or higher than its rate for other property types. But it also specifies Bridgeport’s motor vehicle mill rate may not be higher than 32.46 mills (the cap in existing law).

Under existing law, unchanged by the bill, the motor vehicle mill rate cap is a rate set in statute that a municipality’s and district’s motor vehicle mill rate may not, together or separately, exceed.

EFFECTIVE DATE: October 1, 2026, and applicable to assessment years starting on and after that date.

§ 220 — TECHNICAL CORRECTIONS DURING CODIFICATION

Requires LCO to make necessary technical, grammatical, and punctuation changes when codifying the act

The bill requires the Legislative Commissioners’ Office (LCO) to make technical, grammatical, and punctuation changes as necessary to codify the act, including internal reference corrections.

EFFECTIVE DATE: Upon passage

§ 221 — STATE VIRTUAL CURRENCY INVESTMENT

Under certain conditions, allows the state to invest in (1) regulated securities made up of virtual currency or (2) companies, entities, or funds with virtual currency investments

State law prohibits the state and its political subdivisions from purchasing, holding, investing in, or establishing a reserve of virtual currency.

The bill, however, allows the state to invest in regulated securities made up of virtual currency or companies, entities, or funds with virtual currency investments, under certain conditions.

For an investment to occur, the bill requires that it be made through a company, entity, or fund regulated by a state or federal regulatory authority or equivalent foreign jurisdiction. It must also comply with (1) all applicable fiduciary, investment, and risk management standards the law requires; (2) the state’s investment policy statement that sets standards for investing state trust funds; and (3) any other standards the state treasurer sets for custody, capitalization, or compliance. Lastly, the bill specifies that the investment cannot constitute creating a reserve of virtual currency for transactional or treasury purposes.

EFFECTIVE DATE: Upon passage

Background — Virtual Currency

By law, “virtual currency” is a digital unit (1) used as a medium of exchange or form of digitally stored value or (2) incorporated into payment system technology. It includes digital units of exchange that have a centralized repository or administrator, are decentralized without a centralized repository or administrator, or may be created or

obtained by computing or manufacturing effort. It does not include digital units used:

1. solely in online gaming platforms with no other market or application or
2. exclusively in a consumer affinity or rewards program that (a) can only pay for purchases with the issuer or another designated merchant and (b) cannot be converted into, or redeemed for, fiat currency (CGS § 36a-596).

§ 222 — STATE EMPLOYEE HAZARDOUS DUTY DISABILITY BENEFITS

Qualifies health care providers employed at state-operated health care facilities or institutions for state employee hazardous duty disability benefits if they are assaulted while performing their duties

The bill requires health care providers who are employed by a state agency at a state-operated health care facility or institution, and that provide direct patient care, to receive state employee hazardous duty disability benefits if (1) they are injured as a result of being assaulted while performing their duties and (2) the injury is a direct result of the special hazards inherent in their duties. Current law also provides these benefits, under similar conditions, to various state employees such as State Police officers, correctional institution employees, and employees of the divisions of Criminal Justice or Public Defender Services.

For employees who qualify for these benefits, the law requires the state to pay all necessary medical and hospital expenses resulting from the injury. In addition, if the employee is totally incapacitated due to the injury, the law requires that he or she receive 100% of their salary at the time of the injury, plus normal salary increases, for up to five years. If the employee is still totally disabled after five years, the benefit generally drops to 50% of their salary for as long as the employee remains totally disabled (state police officers can receive 65% if they agree to forego other disability retirement and workers' compensation benefits). All other provisions of the workers' compensation law are also available to the employee, as long as they are consistent with this law's provisions.

EFFECTIVE DATE: October 1, 2026

§ 223 — FILM AND DIGITAL MEDIA TAX CREDIT

Extends, to the 2026 and 2027 income years, the increased redemption rate for film and digital media tax credits claimed against the sales tax

Existing law allows eligible production companies and certain taxpayers to whom they transfer credits (transferees) to apply film and digital media production tax credits against the sales and use tax at a reduced amount of their face value. The law temporarily increased this amount from 78% to 92% of the credits' value for the 2024 and 2025 income years. The bill extends this 92% redemption rate for two additional years, to the 2026 and 2027 income years.

As under existing law, transferees may claim these credits against the sales and use tax only if there is at least 50% common ownership between the transferee and the eligible production company that sold, assigned, or otherwise transferred the credits. The credits may also be claimed against the corporation business and insurance premiums taxes at full face value and the community antenna television systems tax at a reduced value.

EFFECTIVE DATE: Upon passage

§§ 224 & 225 — HOMESTEAD PROPERTY TAX EXEMPTION

Allows municipalities to provide a \$50,000 property tax exemption for taxpayers' primary residences that are single-family homes or units in common interest communities or condominiums

The bill allows municipalities to adopt a partial property tax exemption for certain primary residences. It requires municipalities that adopt this new exemption to reduce, by \$50,000, the assessed (taxable) value of these single-family homes, common interest community units, and condominiums that are owned by, or held in trust for, one or more eligible taxpayers.

To adopt the new exemption under the bill, a municipality's legislative body (or board of selectmen if the body is a town meeting) must vote in favor of it. The municipality may limit eligibility to taxpayers who meet length-of-residency requirements it sets.

To be eligible for this exemption, taxpayers must annually file a form with their assessors declaring that (1) the dwelling is their primary residence, (2) they have no other primary residence, and (3) they have not claimed the exemption for any other residence that year. Taxpayers who do not file this form by November 1 are ineligible for the exemption that assessment year. The bill requires OPM to create the form and post it on its website. It allows OPM to require any documents needed to verify information in taxpayers' declaration forms.

Existing law allows municipalities to provide an exemption for certain owner-occupied primary residences. Under it, municipalities may exempt between 5% and 35% of an eligible property's assessed value. The bill prohibits municipalities from providing this exemption and the new exemption in the same assessment year.

EFFECTIVE DATE: Upon passage, and applicable to assessment years starting on or after October 1, 2027.

§§ 226-246 — CERTIFICATE OF NEED PROGRAM

Starting in July 2027, replaces OHS's health care facility CON program with a new CON program within DPH, with final decision-making authority vested in a panel of the DPH and DSS commissioners and OPM secretary or their designees

Starting July 1, 2027, the bill replaces the Office of Health Strategy (OHS)-administered health care facility certificate of need (CON) program with a new process overseen by a panel comprised of the public health (DPH) and DSS commissioners and OPM secretary or their designees. It creates a new CON program within DPH to support the review of CON applications and requires the panel to meet at least monthly to review and decide these applications.

The bill's new process differs in various respects from the current one. For example, it:

1. eliminates required CON approval for certain service terminations, and creates a separate process to oversee only hospital service pauses or terminations;
2. makes other changes to when CON approval is required,

- including by modifying certain exemptions;
3. shortens the list of factors that must be considered in the CON review process;
 4. generally requires a public hearing for all CON applications (unless waived by the applicant under certain conditions), instead of only a subset as under current law;
 5. requires the panel to create an expedited CON review pathway for certain application categories or subcategories; and
 6. expands the circumstances when a CON application for a hospital transfer is subject to a cost and market impact review.

Under the bill, the current CON program continues for applications submitted on or before June 30, 2027. Under current law, that program is administered by OHS's Health Systems Planning Unit, with the OHS commissioner having independent decision-making authority over CON decisions. For the current program, the bill extends from June 30, 2026, to June 30, 2027, an existing CON exemption for increases in the licensed bed capacity for mental health facilities under certain situations. (Other bill sections eliminate OHS and transfer the current CON program and the Health Systems Planning Unit to DPH.)

The bill also makes minor, technical, and conforming changes.

EFFECTIVE DATE: October 1, 2026

CON Panel and DPH CON Program

The bill creates a three-person panel, placed within DPH for administrative purposes only, to make final decisions on CON-related determinations under the new process. The panel consists of the DPH and DSS commissioners and OPM secretary or their designees. The DPH commissioner or her designee serves as the panel's chairperson.

Specifically, the panel must make final decisions and rulings on the following (under the bill, except where noted):

1. CON applications submitted on or after July 1, 2027;
2. civil penalties and cease and desist orders imposed on or after that date;
3. approvals of policies and procedures effective on and after that date;
4. hospital plans for continued access to care during service terminations on and after that date; and
5. nonprofit hospital sales under existing law's procedures (see *Background – Nonprofit Hospital Sales*).

Starting July 1, 2027, the panel generally must meet at least monthly to review and decide CON applications that were submitted to the panel at least five days before the meeting. The panel chairperson may call special meetings at other times to review and decide these applications or any other matter appropriate for panel review under the bill. The panel may cancel a monthly meeting if no CON applications or other business has been appropriately submitted to it with at least five days' notice before the scheduled meeting.

The bill also creates a CON program within DPH to support the review of CON applications. The DPH commissioner must designate a director to oversee the program. Under the bill, starting July 1, 2027:

1. anyone applying for a CON must file the application with DPH's CON program (rather than with OHS as under current law),
2. the program must prepare a report on the application, and
3. the program must make all determinations as to whether a CON is required (subject to the panel's final decision).

The program must also monitor compliance with the bill's new CON process and with any panel-issued order or decision, including any associated panel-imposed conditions. In any enforcement action under the bill (see below), the program must present the allegations at the

panel’s public hearing.

The provisions described below apply on and after July 1, 2027, or to CON applications filed on or after that date, as applicable.

CON Requirement and Exemptions

The following table compares the activities requiring CON approval under the current OHS program and the bill’s new process.

Table: Activities Requiring CON Approval

Current Law	Bill
Establishment of a new “health care facility” (see below)	Same as current law
Transfer of ownership of a health care facility	“Change of ownership or control” of a health care facility (see below)
Transfer of ownership of a large group practice (eight or more physicians) to any entity other than a (1) physician or (2) physician group meeting certain requirements (for example, not affiliated with a hospital)	Change of ownership or control of a large group practice (with the same exceptions) (The bill does not carry forward a current provision that creates a presumption in favor of approving a CON for group practice ownership transfers when the offer was made in response to a voluntary offer for sale) See below for required notice of certain other large group practice transactions
Establishment of a freestanding emergency department	Same as current law (under bill’s definition of “health care facility”)
Establishment of an outpatient surgical facility	Same as current law (under bill’s definition of “health care facility”)
Establishment of cardiac services, including inpatient and outpatient cardiac catheterization, interventional cardiology, and cardiovascular surgery	Same as current law
Acquisition of CT, MRI, PET, or PET-CT scanners, with certain exceptions (for example, replacements under specified conditions)	Same as current law
Acquisition of non-hospital based linear accelerators, except for replacements under specified conditions	Same as current law
Increase in a facility’s licensed bed capacity, except for certain mental health facilities	Same as current law, other than the exception (see below)

Current Law	Bill
	See below for related DPH reporting requirement
Acquisition of equipment using technology that is new to the state	Same as current law
Increase of two or more operating rooms within a three-year period by an outpatient surgical facility or short-term acute care general hospital	Same as current law
Termination of the following: <ul style="list-style-type: none"> • hospital inpatient or outpatient services • certain outpatient surgical services by outpatient surgical facilities or certain hospitals • a short-term acute care hospital's emergency department • inpatient or outpatient services offered by state-operated facilities that provide services eligible for Medicare or Medicaid reimbursement Under this law, a termination is the combined stop to a service for more than 180 days over a two-year period	Not required, but the bill creates a new review process for certain hospital service pauses or terminations (see below)

The bill's list of exemptions from CON requirements under the new process is generally similar to the current OHS-led process. For example, the exemptions include, among several others, (1) nursing homes and certain other long-term care facilities (they are subject to a separate DSS CON process), (2) free clinics, and (3) school-based health centers.

The bill adds new exemptions for:

1. a state-operated or nonprofit facility, institution, or provider solely providing behavioral health or substance use disorder treatment services; and
2. an association between a group practice and management service organization (MSO) in which the MSO is paid fair market value through a contract rather than being paid through profit or revenue sharing.

The bill differs from current law in some other respects, including the following:

1. specifying that the exemption for Department of Children and Families (DCF)-funded programs only applies if DCF exclusively funds them (as under current law, psychiatric residential treatment facilities are not exempt);
2. not carrying forward a current exemption for certain nonprofits that contract with, or are certified or licensed to provide a service for, a state agency for services otherwise requiring CON approval; and
3. not carrying forward a current exemption for increases in the licensed bed capacity of mental health facilities that meet specified criteria (the bill extends the current exemption under the OHS CON program by one year).

Also, under current law, a facility seeking to relocate must first show that doing so will not substantially change the population served or the payer mix; if the facility cannot show this, then it must get CON approval. The bill instead creates a specific CON exemption for a health care facility's relocation within the same town or within 10 miles of the existing location, as long as the move does not substantially change the facility's patient population or payer mix.

Additionally, the bill requires the DPH commissioner, by January 1, 2028, to report to the governor and Public Health Committee any recommendations regarding a CON exemption for temporary increases in a hospital's licensed bed capacity due to an admissions surge that cannot be met by the hospital's existing licensed bed capacity.

“Health Care Facilities” Definition. Under the current CON law, “health care facilities” are hospitals; specialty hospitals; freestanding emergency departments; outpatient surgical facilities; state-operated facilities that provide services eligible for Medicare or Medicaid reimbursement; central service facilities; mental health facilities; substance abuse treatment facilities; any other facilities requiring a

CON; and any of these facilities' parent companies, subsidiaries, affiliates, or joint ventures, or any combination of them.

The bill specifies that the term includes hospitals' satellite locations.

It also includes within the term outpatient surgical facilities that are established by acute-care hospitals, in addition to those that are independently licensed as under current law. (While current law does not include the former in the "health care facility" definition, it requires CON approval to establish either type of outpatient surgical facility.)

"Change of Ownership or Control" Definition. For the current CON program, ownership transfers requiring CON approval are those transfers that impact or change the facility's (or other applicable group practice's) governance or controlling body, including all affiliations, mergers, or any sale or transfer of the facility's net assets.

The bill instead requires CON approval for a "change of ownership or control" of a health care facility or certain group practices (see above). This is any change in the entity's ownership, beneficial ownership, or control, specifically including:

1. a corporate merger;
2. an acquisition, by direct or indirect purchase in any way, of at least 25% of a health care entity's assets, equity, or voting shares;
3. a transfer of control of the entity's board or governing body; or
4. a real estate sale or lease of at least 20% of a hospital's assets.

CON Determination Letter. Similar to current law, the bill requires anyone who is unsure whether a CON is required to send a letter to the CON program describing the proposal and asking the program to determine if a CON is required. The person or facility making the request must give the program any information it needs to determine this. The program must make its decision within 30 days after getting the request.

Notice of Certain Large Group Practice Transactions. Starting July 1, 2027, if anyone acquires ownership or control of a large group practice and CON approval is not required (because the buyer is a physician or physician group meeting certain criteria), the acquiring person or entity must notify the CON program about the transaction.

Generally, at least 30 days before the transaction's closing, the acquiring person or entity must submit a notice with certain information about the group practice, and (unless otherwise prohibited by law) the CON program must post this information on its website. If 30 days' prior notice is not practicable due to circumstances beyond the acquiring person's or entity's control, they must give the notice as soon as practicable, but no later than 14 days after the transaction closes.

The notice must include the following:

1. the names and medical specialties of the group's physicians;
2. the names of the businesses providing clinical or managerial services as part of the group practice;
3. the address for the locations where the practice provides clinical services and a description of these services for each location;
4. the zip codes of the primary service area served by each of these locations; and
5. the resulting name, ownership, and business type of the group practice after the proposed change of ownership, control, or affiliation, including the name and business type of any person or entity that will directly or indirectly control at least 10% of the practice.

Also, the bill requires the acquiring person or entity, within 30 days after the transaction is closed (or abandoned), to report the date it occurred.

Review Factors and Consultants

The bill requires the panel, in any deliberation on a CON application,

to determine by a preponderance of the evidence whether the application shows that the proposal is in the public's interest. In doing so, the panel must consider certain factors, consistent with any relevant DPH regulations, policies, or procedures. Specifically, the panel must consider whether the proposal:

1. promotes delivery of high-quality and cost-effective care in the applicant's primary service area;
2. promotes health care services access, including Medicaid access, in that area;
3. promotes the health care system's financial stability, including whether the proposal is financially feasible for the applicant and whether there is any evidence of the applicant's prior financial mismanagement or misconduct;
4. meets a clear public need (for the proposal and services provided under it); and
5. would result in an unnecessary duplication of services.

Current law requires consideration of a longer list of factors, including similar matters as under the bill and other factors such as (1) the applicant's past and proposed provision of health care services to relevant populations and payer mix and (2) whether the applicant has shown that the proposal will not negatively impact provider diversity and patient choice in the region. Current law, unlike the bill, also requires additional factors to be considered in deliberations for hospital ownership transfers.

Generally similar to current law, the bill allows the panel and the CON program to engage a third-party consultant to help in this analysis. But they may do so only if the CON program director, in his or her sole discretion, determines that there is a need for an expert with specialized knowledge. As under current law, the consultant must submit the bills for its services directly to the applicant, who must pay within 30 days after receiving them. The bill sets a \$100,000 limit on these bills per

application.

Under the bill, before retaining a consultant, the program must notify the applicant and give them the opportunity to withdraw the application before incurring any consulting fees. The bill prohibits the panel and program from retaining a consultant for an application under the expedited review process (see below) unless the application is referred for a full review.

Starting by July 1, 2028, the DPH commissioner must annually report to the governor and Public Health Committee on consultants engaged under this process, including (1) the number, (2) the categories of CON proposals for which they were engaged, (3) the amount spent for each engagement, (4) the type of expertise sought, and (5) any reports they produced.

Application Process

The bill requires CON applicants under the new process to submit applications to DPH's CON program, in a way the commissioner sets. The applications must (1) include all information required under DPH regulations, policies, and procedures (see below) and (2) be submitted based on monthly deadlines, including submission dates on the 15th of each month. As under current law, applicants must submit a nonrefundable application fee ranging from \$1,000 to \$10,000, based on the project's costs.

Notice Posting and Determination of Application's Completeness. Under the bill, within 21 days before the CON application deadline, the applicant must give the CON program a notice for posting on the program's website. The notice must (1) identify the applicant, any known parties to the application, and the proposal's address and (2) briefly describe the proposal in plain language, including a reference to the bill's provision requiring CON approval. If the applicant does not submit the application within 90 days after submitting this notice, the applicant must submit a new notice before applying.

Within 15 days after the application deadline, the program must notify the applicant whether the application is deemed complete. To be deemed complete, the applicant must have submitted relevant responses to all of the application's questions and data requests. Within five days after deeming an application incomplete, the program must give the applicant written notice about any application or data elements that were inadequately addressed. The program must not review the application until the applicant resubmits it, with the missing elements, in a subsequent application period. When submitting a revised application, no additional filing fee is required unless the proposal's total cost differs from the previous projected costs, in which case the applicant must submit the net difference in fees.

The bill's notice and application process differs in several respects from the current process. Among other things, current law requires the applicant to also post a notice in the newspaper and at least two community locations.

Request for Party or Intervenor Status. Under the bill, someone wishing to request party or intervenor status in connection with a CON application must file a notice with the program within 20 days after the CON applicant's notice was posted on the program's website. The proposed party's or intervenor's notice must indicate whether they seek a hearing on the application. Someone who files this notice (or shows good cause for failing to do so) may file a petition for party or intervenor status up to 21 days after the CON applicant files the application.

After someone files a petition for party or intervenor status, the (1) panel must appoint a hearing officer to decide the matter, (2) applicant has five days to object, and (3) hearing officer must issue a decision within 15 days. If the hearing officer grants a request to intervene, the decision must set the scope of the approval, including whether the (1) intervenor's hearing request is granted or (2) intervention is limited to submitting written materials.

Program Report and Requests for Additional Information. Under the bill, the CON program must submit a report to the record

summarizing the application and analyzing each of the required review factors (see above). The program must do so at least 10 days before any public hearing and no later than 90 days after the application was deemed complete.

The bill allows the program to request additional information from the applicant while analyzing the application. These requests must not delay review timelines unless mutually agreed to by the applicant and program. Unless otherwise prohibited by law, all additional information becomes part of the public CON record.

The bill also allows the program to supplement the record with relevant data, analyses, reports, or other similar evidence within 75 days after the application is deemed complete. The applicant must have 10 days to submit a written response to this evidence, and those responses must be included in the record.

Public Hearings and Proposed Decisions. With certain exceptions, current law requires a hearing on CON applications only if requested by a specified number of people. By contrast, under the bill, the panel, or a hearing officer the panel designates, generally must hold a public hearing on any application within 90 days after the program deems it as properly filed and complete.

But the applicant may waive the right to a hearing if the applicant is the only party and no one has been granted intervenor status. The applicant must do so in writing within 30 days after the application is deemed complete. Applicants that waive a hearing also waive their right to appeal.

Under the bill, the hearing record closes no later than 10 days after the hearing adjourns, unless the applicant and program both agree to keep the record open for a period. Any hearing transcript becomes part of the record without needing to reopen it. If a hearing is not held, the record closes 10 days after the program's report is submitted.

The bill allows the panel to appoint a hearing officer to administer any hearing under these provisions and to draft a proposed final

decision (even when no hearing was held) consistent with the bill and the Uniform Administrative Procedure Act.

If a hearing officer was appointed, he or she must send the program report, the hearing record (if any), and his or her proposed final decision to the panel for its consideration at the next monthly meeting. The hearing officer must do so within 60 days after the hearing record is closed (or 150 days after the application was deemed complete, if the applicant waives the hearing). If there was no appointed hearing officer and no hearing, the program director must prepare and submit the proposed final decision. If the hearing officer's or director's proposed decision recommends conditions, the hearing officer or director, as applicable, must meet with the applicant (unless the law otherwise prohibits this) at least five days before sending the proposed decision, to preview the proposed conditions.

The bill allows applicants, within 14 days after a proposed final decision is published, to file written briefs or exceptions and request oral argument.

Panel Meeting and Decision. Under the bill, when the panel holds a meeting to review CON applications, it must vote on each application that was submitted to it at least five days earlier. The panel must make its decisions by majority vote and may:

1. approve the application with or without conditions,
2. deny it,
3. send it back to the hearing officer to further develop the record for presentation at the next meeting (this may occur no more than twice unless the panel and applicant both agree), or
4. order the program and applicant to engage in agreed settlement negotiations.

Under the bill, any proposed final decision that the panel votes to approve is automatically converted to a final decision. If the panel votes to modify a proposed final decision, it must be modified as the panel

directs and posted as a final decision no later than 30 days after the vote. Unless otherwise prohibited by law, at least five days before the modified final decision is posted, the program or hearing officer must meet with the applicant to preview the conditions to be finalized.

If the docket is referred for settlement negotiations, the negotiated proposed settlement must be presented at the next panel meeting. The panel must vote on the proposed settlement and may approve it or reject it and choose another available option.

The bill does not prevent the program and an applicant from engaging in negotiations to reach an agreed settlement earlier in the process, starting 30 days after the application is deemed complete. Any negotiated agreement must be presented for review and a vote at the next panel meeting that is at least five days after the settlement's date.

The bill allows the CON program to recommend, and the panel to impose, any conditions on a CON approval that are consistent with the bill's purposes. Unless otherwise prohibited by law, the program or hearing officer must meet with the applicant at least five days before issuing a proposed final decision or final decision imposing conditions, to preview them. The applicant and any party to the application may request an amendment or relief from any condition due to changed circumstances, hardship, or other good cause. The panel may grant or deny the request, and its decision is not subject to appeal.

Under the bill, if there was a hearing on the application (including in cases where the panel remanded the matter to further develop the record), any final decision is subject to appeal to Superior Court.

Deadline Extension. The bill specifies that the CON program and applicant may agree to extend any of these deadlines.

Expedited Review Pathway

The bill requires the panel, by January 1, 2028, to create an expedited review pathway for certain CON application categories or subcategories. This applies to:

1. the relocation of a health care facility more than 10 miles from its current location and outside its current town;
2. an increase in inpatient or outpatient hospital beds;
3. the acquisition of CT, MRI, PET, or PET-CT scanners by any person, physician, provider, short-term acute care general hospital, or children’s hospital (when CON approval is required for these acquisitions);
4. an increase of two or three operating rooms within a three-year period by an outpatient surgical facility or short-term acute care general hospital; and
5. any other category the DPH commissioner designates in regulations.

Applicants may request expedited review starting January 1, 2028, and must submit their CON applications under the same deadlines, application fee, and notice of intent requirements as described above for the standard pathway. Applications under the expedited pathway are not entitled to a hearing before a hearing officer, except the (1) program may hold a hearing before an appointed hearing officer no later than 30 days after deeming the application complete, without affecting other timelines, or (2) panel may transfer the application from the expedited pathway to the standard pathway described above.

Within 15 days after an expedited review is submitted, the program must notify the applicant whether the application is deemed complete and whether it qualifies for expedited review.

If the program deems an application incomplete, within five days it must give the applicant written notice about which elements of the

submitted application or data were inadequate. The program must not review the application until the applicant resubmits it, with the missing elements, in a subsequent application period.

If the program deems the application complete but ineligible for expedited review, it must review the application under the bill's standard process. On the other hand, if the program deems the application eligible for expedited review, it must complete its analysis, and the director must issue a proposed final decision, within 60 days after that determination and present the application to the panel at its next meeting.

Request for Party or Intervenor Status. As with the standard pathway, the bill allows anyone to seek intervenor or party status for expedited applications, but under a streamlined process. The person must file the request within 14 days after the CON application was filed.

After someone makes such a request, the (1) panel must appoint a hearing officer to review the matter, (2) applicant has five days to respond, and (3) hearing officer must make a decision within five days.

If the hearing officer grants the request, the application must be removed from the expedited pathway and processed through the standard one (and the referral date to the standard pathway is considered to be the date the application was deemed complete). In making the decision, the hearing officer must consider the unique nature of the expedited process and potential burden of allowing intervention.

Panel Decision. The bill allows applicants under the expedited process to file written briefs or exceptions and request oral argument on the proposed final decision, no later than seven days after it is published. The program must submit to the panel the proposed final decision and any of the applicant's subsequent submissions.

Under the bill, the panel must vote on an expedited application and approve it (with or without conditions), deny it, remand it to the program to further develop the record for the next panel meeting,

remand it to further develop the record under the standard process, or order the program and applicant to engage in agreed settlement negotiations. The panel must base its decision on the same standards and guidelines that apply to the standard pathway.

The bill applies to expedited approvals similar provisions as under the standard process on (1) the automatic conversion of approved proposed final decisions to final decisions, (2) panel decisions that are voted to be modified, (3) dockets remanded for further development of the record or referred for settlement negotiations, (4) settlement negotiations earlier in the process, (5) the panel's authority to set conditions on its approval, and (6) the applicant's or party's ability to request an amendment or relief from any condition. (In a few cases, the deadlines under the expedited process are shorter.)

Additionally, for any docket remanded for processing under the standard process, the date of the panel's vote is the date the application is considered to be deemed complete under the standard process.

(PA 25-2, unchanged by the bill, created a separate Office of Health Strategy (OHS)-administered emergency CON process for bankruptcy-related hospital ownership transfers.)

Deadline Extension. As under the standard process, the program and applicant may agree to extend any of these deadlines.

Reporting Requirement. The bill requires the CON program, by July 1, 2029, and in consultation with relevant stakeholders, to report to the Public Health Committee on the expedited pathway, including (1) the average time from application submission to final decision, (2) the number of applications processed through the expedited process compared to the standard process, (3) the number of applications filed under the expedited pathway that were transferred to the standard pathway and the reasons why, and (4) any recommended changes to the expedited pathway.

Validity, Revocation, and Related Matters

Generally mirroring current law, under the bill:

1. a CON is valid only for (a) the proposal described in the application and (b) two years from the date it is issued;
2. the CON holder must give the program any information it requests about the proposal's development during these two years and for 30 days after it expires;
3. if the CON holder asks, the program may extend the CON's duration as it deems necessary, subject to a public comment period (unlike current law, the bill does not require a public hearing on these requests if a certain number of people ask for it);
4. the program may withdraw, revoke, or rescind the CON, under the Uniform Administrative Procedure Act, if it determines that the (a) project has not substantially begun during a valid CON period or (b) CON holder has not made a good-faith effort to complete the proposal as approved; and
5. a CON is not transferable or assignable and the project cannot be transferred to someone else.

Cost and Market Impact Review

Under a generally similar process as current law, the bill requires the CON program to conduct a Cost and Market Impact Review (CMIR) of certain CON applications that propose to transfer a hospital's ownership or control, to examine the businesses and relative market provisions of the transacting parties. The bill's requirement also applies to notice of material change filings (see *Background – Notice of Material Change*) with the attorney general's office for these same transfers.

In either case, the bill's requirement applies to hospital ownership transfers when the purchaser is (1) an in- or out-of-state hospital or a hospital system that had net patient revenue exceeding \$1 billion for FY 25 or (2) organized or operated for profit. (The current threshold for (1) is set at \$1.5 billion revenue from FY 13.)

The CON program must hire an independent consultant to conduct the review at the purchaser's expense, with similar requirements as

under current law, except the maximum bills per application are \$250,000 under the bill compared to \$200,000 currently.

The bill requires the program to develop a set of data requests for these CMIRs. The applicant must submit all necessary CMIR data when the applicant begins the CON application process or submits its material change notice, whichever is earlier. The program must review the data submission for completeness within 30 days and notify the applicant about any missing elements.

Under the bill, the CON program must submit a preliminary CMIR report to the applicant and the attorney general within 90 days after the data submissions are complete. The applicant then has 15 days to respond in writing. After the applicant responds (or waives the opportunity to do so), the program must make the preliminary report and the applicant's comments public. Within 120 days after the CON application was completed, the program must issue a final CMIR report and make it part of the public CON record for that application.

In several respects, the bill's CMIR provisions mirror those under current law. These include provisions on the:

1. confidentiality of submitted nonpublic information and limited exceptions to it;
2. factors that may be examined in the review, such as the parties' size and market share, prices for services, and service quality;
3. attorney general's authority, after the final CMIR report is issued, to investigate certain matters (for example, possible antitrust violations) or take related actions; and
4. required stay of the proposed transfer for a 30-day period after the CMIR final report is issued or while a court case brought by the attorney general is pending.

Investigations and Enforcement

The bill requires the CON program's director to investigate all

inquiries about compliance with the bill's new CON process. It gives the panel similar enforcement authority as OHS has under current law to investigate alleged CON violations. For example, it allows the panel, or its authorized agent, to (1) administer oaths and take testimony under oath relating to the matter under investigation and (2) subpoena witnesses or require the production of documents or other materials, subject to judicial enforcement.

Similar to current law, it sets a civil penalty (through proceedings brought by the CON program) for any person or health care facility or institution that negligently (1) undertakes an activity without a required CON approval or (2) fails to comply with a CON decision's terms or conditions or a panel-approved agreed settlement. It also sets this penalty for any person or entity that negligently fails to submit a required notice about (1) changes in ownership or control of a large group practice that is not subject to CON approval or (2) a hospital's pause for more than 90 days or indefinite termination of a service line. As under current law, the maximum penalty is \$1,000 per day. The CON program must present allegations of this negligence at a hearing before the panel.

The bill generally mirrors current procedures (and related deadlines) for these penalties, such as prior notice, the right to a hearing, and the right to appeal. It similarly mirrors a current provision that makes failing to pay the penalty after the final assessment grounds for deducting Medicaid payments.

It also generally mirrors current law for cease and desist orders, by allowing the CON program to pursue this remedy when the director (or his or her agent) has received information or reasonably believes that someone has or is violating the bill's new CON procedures or requirements. The bill includes prior notice, hearing, and appeal provisions that are similar to current law, with the panel holding the hearings and issuing the order.

The bill allows any civil penalty proceeding and investigation or cease and desist proceeding to be held together in one proceeding.

Regulations and Policies and Procedures

The bill requires the DPH commissioner to adopt regulations to implement the new CON process. It also allows her to implement policies and procedures while in the process of adopting regulations, as long as she first convenes a working group by January 1, 2027, with relevant stakeholders to give input. The policies and procedures are valid for a maximum of two years or until the regulations are adopted, whichever is earlier.

The bill eliminates OHS's ability under current law to implement policies and procedures while adopting regulations for the CON process.

Hospital Service Pauses or Terminations

Under current law, in addition to required CON approval for certain service terminations (see above), health care facilities must give OHS 60 days' notice of other service terminations, with the specific procedures differing based on whether the service originally needed CON approval.

By contrast, the bill's new process generally addresses service terminations only by hospitals and does not set related notification requirements for other facilities. It allows a hospital to temporarily pause a service for up to 90 days. If the hospital intends to pause a service line for longer than that or to indefinitely terminate a service line, it must generally notify the CON program at least 90 days in advance. If 90 days' notice is not practicable due to circumstances beyond the hospital's control (such as a provider's death), the hospital must give notice as soon as practicable but no later than 14 days. Under the bill, a "service line" is a category of inpatient or outpatient service, except for emergency department services.

The notice may be in writing or electronic, and must include:

1. a description of the service to be paused or terminated;
2. current and historical utilization rates for it;

3. the anticipated impact of the pause or termination on people and health care facilities in the hospital's primary service area;
4. the date set for the pause or termination and, if applicable, the anticipated date to resume the service;
5. a detailed account of any community engagement and planning that has been done or that is scheduled to take place before the pause or termination; and
6. any other information the director requires.

The hospital must also send a copy of the notice to (1) the attorney general's office, DSS, and the Office of the Healthcare Advocate, and (2) if it relates to a behavioral health or substance use disorder treatment service, the Department of Mental Health and Addiction Services and Behavioral Health Advocate.

Under the bill, the program must hold a public hearing on the proposed pause or termination, the impact on the hospital's primary service area, and the proposed plan for ensuring continued access to high-quality affordable health care in that area. The hearing record and any submitted public comments must inform the panel's review of the proposal plan and any imposed conditions (see below).

Plan for Continued Access. The bill requires a hospital, generally at least 60 days before the pause or termination, to submit a plan for ensuring access to the service afterwards. If the service ended due to an unplanned event outside of the hospital's control, the hospital must submit the plan within 14 days. The plan must include:

1. information on service utilization before the proposed pause or termination;
2. information on the location and service capacity of alternative sites that provide the service and travel times to them;
3. an assessment of transportation needs after the pause or termination and a plan to meet them;

4. a protocol that details ways to maintain continuity of care for patients and describes how patients in the hospital's primary service area will get the service at other sites; and
5. a communication plan to ensure that all affected patients in that area are aware of the pause or termination, where else they may get the service, and the hospital's available help to get it.

Under the bill, the CON program must review the hospital's plan to determine if it ensures continued access to the service. Within 10 days after receiving the plan, the program must review it and give the hospital and panel written recommendations to approve the plan, modify it, or impose conditions on it.

The panel then must hold a meeting on the plan within 10 days. The hospital may submit a response to the recommendations at the meeting. Within 10 days after the meeting, the panel must make its decision, and the panel's decision approving or modifying a plan is a final decision subject to appeal to Superior Court.

The CON program must monitor the plan's implementation. If the hospital fails to implement any aspect of the approved plan, the program may impose a performance improvement plan. The hospital may be subject to civil penalties (see above) for failure to comply with the performance improvement plan and continued failure to perform under the plan.

Background — Nonprofit Hospital Sales

Under existing law, a nonprofit hospital needs approval from the OHS commissioner and attorney general before entering into an agreement to transfer a material amount of its assets or operations or change control of its operations to a for-profit purchaser. Among other things, the hospital and purchaser must submit a CON determination letter as part of this process. OHS and the attorney general's office must evaluate several factors in deciding whether to approve the transaction (CGS § 19a-486 et seq.).

Background — Notice of Material Change

Existing law requires prior notice to the attorney general before parties may complete a transaction resulting in (1) a material change to a physician group practice’s business or corporate structure or (2) an affiliation between one hospital or hospital system and another, so the attorney general can review the transaction under the antitrust laws (CGS § 19a-486i).

§ 247 — WORKER RETENTION

Permits terminated contractors to take disciplinary actions against an employee under certain circumstances

sHB 5003, as amended by House Amendment “A,” generally requires entities that take over certain service contracts at covered locations, contract out services, or receive property in a sale or transfer to retain the terminated contractor’s employees for at least 90 days. This bill eliminates a provision of sHB 5003 that would not have required successor employers to retain employees whose attendance and performance records, while working for the terminated contractor, would have caused a reasonably prudent employer to terminate the employee.

Instead, this bill specifies that terminated contractors can take disciplinary action against an employee, such as termination, if the employee’s attendance or performance records, while working under the terminated contractor, would lead a reasonably prudent employer to take similar disciplinary action. These actions must be consistent with state law or an employee’s collective bargaining agreement and occur before the (1) start of the successor service contract, or (2) successor employer gets control of the site or sites covered by the contract to sell or transfer property.

EFFECTIVE DATE: July 1, 2027

§ 248 — HOSPITAL SUPPLEMENTAL PAYMENT ACCOUNT REPORTS

Requires DSS to annually report on hospital supplemental payment account deposits and the use of the account’s funds

The bill requires the Department of Social Services (DSS)

commissioner, starting by January 1, 2027, to annually report to the Appropriations and Public Health committees on the collection of funds for deposit in the hospital supplemental payment account and how the account's funds were used during the prior calendar year. This account is created under another section of this bill and is used by DSS to make Medicaid supplemental payments to hospitals, hospital-affiliated medical groups, and faculty practice plans.

EFFECTIVE DATE: Upon passage

§ 249 — PAYROLL TAX WORKING GROUP

Creates a working group to study and provide recommendations on establishing a payroll tax program for state employees

The bill creates a 14-member working group to study and provide recommendations on establishing a payroll tax program for state employees.

Responsibilities

Among other things, the study must examine the following:

1. considering (a) whether it should be mandatory or optional for both employers and employees or either of them, (b) the role of union negotiations in determining program participation, and (c) the feasibility of allowing employees who have opted in to also opt out;
2. payroll tax rates and tax credits for different wage levels;
3. statutory wage reductions for participating in the program;
4. methods to mitigate lower Social Security benefits caused by participating, such as (a) paying a state-administered retirement or income benefit for program participants, and (b) retirement account contributions paid by employers on behalf of employees, or paid by employees;
5. methods to mitigate any reductions in employer-provided retirement benefits caused from having a lower reported salary, such as adjustments to pension calculations and employer

retirement account contributions;

6. any Department of Revenue Services (DRS) administrative requirements to implement the program;
7. any administrative requirements for participating employers; and
8. any financial impact on state revenue, employee net wages, and employer payroll expenses, if program participation were to be mandatory for both employees and employers.

Membership and Appointments

The DRS commissioner; Office of Policy and Management (OPM) secretary, state treasurer; the Finance, Revenue and Bonding chairpersons, or their designees; and a representative of the governor's office must be members of the working group.

The remaining eight members must be appointed by the six legislative leaders as shown in the table below.

Table: Appointing Authorities and Required Qualification

<i>Appointing Authority</i>	<i>Qualification</i>
Senate president pro tempore (2)	One of the two must be a labor organization representative
House speaker (2)	One of the two must be an executive from a payroll services company doing business in Connecticut
Senate majority leader	An attorney with experience in legal issues related to pensions in Connecticut
House majority leader	An attorney with experience in Connecticut tax law
Senate minority leader	A payroll administrator from a Connecticut employer with more than 100 employees
House minority leader	A representative from a statewide business association in Connecticut

Initial appointments must be made within 30 days after the bill passes, and any vacancies must be filled by the appointing authority. The working group's first meeting, which the chairpersons must jointly schedule, must be held within 60 days after the bill passes. One of each of the Senate president's and House speaker's appointees must serve as

the working group's chairpersons.

Staffing and Assistance

The Finance, Revenue and Bonding Committee's administrative staff must serve as the working group's administrative staff.

Assistance must be provided by the Office of Legislative Research and the Office of Fiscal Analysis by conducting related research and in calculating the program's development and implementation associated costs, respectively.

Reporting

The working group must report its findings and recommendations to the Finance, Revenue and Bonding Committee by January 1, 2027. It ends on that date or the date it submits the report, whichever is later.

EFFECTIVE DATE: Upon passage

§§ 250 & 251 — INNOCENCE PROJECT REVOLVING LOAN ACCOUNT

Creates the "innocence project revolving loan account" to be used by the judicial branch to provide loans to claimants who may qualify for wrongful incarceration compensation from the state

The bill creates the "innocence project revolving loan account," which must be a separate, nonlapsing account for any moneys required by law to be deposited in it. The funds in the account must be used by the judicial branch to give loans to people who (1) have presented to the claims commissioner a claim against the state for wrongful incarceration compensation and (2) may be qualified for it.

The bill transfers a total of \$900,000 of moneys previously appropriated to the Judicial Department for legal aid to this account as follows:

1. \$400,000 of the amount appropriated for FY 2026 and
2. \$500,000 of the amount appropriated for FY 2027.

EFFECTIVE DATE: Upon passage

Background — Wrongful Incarceration Compensation

By law, a person is eligible for wrongful incarceration compensation if (1) he or she was convicted by the state of one or more crimes and served time for the crime or crimes; (2) the conviction was vacated or reversed; and (3) the complaint or information was dismissed on grounds (a) of innocence; (b) of malfeasance or serious misconduct by a state officer, agent, employee, or official; or (c) consistent with innocence.

By law, a person who meets the criteria may file a compensation claim against the state with the claims commissioner within a specified deadline. At a hearing, the claimant must prove his or her eligibility by a preponderance of the evidence. The claims commissioner must determine whether a claimant is eligible within a certain time period after the hearing.

Based on the award amount, it must go before the General Assembly for approval. The law also allows a claimant and the attorney general to agree or stipulate to facts and a compensation award that is presented to the claims commissioner, who then determines if the facts show that the claimant is eligible.

§ 252 — SCHOOL BUDGET REFERENDUM NOTIFICATIONS BY SCHOOLS

Explicitly authorizes school superintendents to give written notice to parents and legal guardians of an upcoming referendum about the school district

State law prohibits spending government funds to send unsolicited electronic or automated communications about school budget referenda or to advocate for or against a referendum, except for certain notices. For example, it authorizes notice of specific information on an upcoming referendum by (1) using a community notification system or (2) posting on municipal or regional school district websites. The notice may only include (1) the referendum's time and location; (2) a statement of the question as it will appear on the ballot; and (3) if applicable, the explanatory text or other material prepared and approved under state law. It may not advocate for or against the question or try to influence its success or defeat.

In addition to these, the bill explicitly allows a school superintendent to give written notice through the schools within the district to inform parents or legal guardians that a referendum about the school district is coming up. The notice is subject to the same content requirements and advocacy restrictions described above.

EFFECTIVE DATE: October 1, 2026

§ 253 — LOBSTERS

Delays the effective date, from upon passage to July 1, 2027, of a provision in sHB 5003, as amended by House “A” (File 745), that generally allows food service establishments and licensed seafood dealers to sell lobsters that are outside of minimum and maximum length requirements, under certain conditions

sHB 5003, passed as amended by House Amendment “A” (File 745), includes a provision (§ 64) that allows (1) food service establishments to sell consumers lobsters greater or less than certain minimum and maximum length requirements, under specified conditions, and (2) licensed seafood dealers to sell food service establishments these lobsters. This bill delays that provision’s effective date from upon passage to July 1, 2027.

EFFECTIVE DATE: Upon passage

§§ 254 & 255 — REFUNDABLE SALES AND USE TAX CREDIT FOR PEOPLESBANK ARENA FACILITY MANAGER

Creates a refundable sales and use tax credit up to \$10 million under which, generally, the PeoplesBank Arena’s facility management company may qualify if it contracts with UConn to host at least 20 events per academic year at the arena for an agreed upon period of time

Existing law allows the Capital Region Development Authority (CRDA) to enter into two separate agreements concerning the XL Center’s (1) management and operation and (2) reconstruction and renovation. (The XL Center is now known as the PeoplesBank Arena). The reconstruction and renovation agreement must provide that CRDA, the state, or both together, must contribute no more than \$125 million, and the contractor must contribute at least \$20 million toward the cost of any renovation or reconstruction occurring after January 1, 2023.

The bill creates a refundable sales and use tax credit up to \$10 million

under which, generally, the PeoplesBank Arena’s facility management company may qualify if it contracts with UConn to host at least 20 events per year at the arena for a period of time. The bill specifies that the value of any credit claimed under the bill will not be applied toward the contribution amounts of CRDA, the state, or the contractor.

EFFECTIVE DATE: July 1, 2026

Requirements to Qualify for the Credit

The bill allows UConn to enter into a qualified agreement with a qualified operator, which, in part, allows the operator to claim the bill’s credit. Under the bill, “qualified operator” is the entity (and its affiliates) that executed the facility management agreement dated August 16, 2024, with CRDA concerning the management of the PeoplesBank Arena, including the adjoining parking garage owned by the authority that is located on Church Street in Hartford.

A “qualified agreement” is an agreement between the qualified operator and UConn in which the operator agrees to host, and UConn agrees to participate in, at least 20 UConn men’s or women’s intercollegiate basketball games or men’s intercollegiate hockey games (“athletic events”) each academic year at the PeoplesBank Arena for a term that starts by July 1, 2027, and ends not earlier than September 1, 2045. However, the minimum number of these athletic events may be reduced in any given academic year with the unanimous consent of the qualified operator, UConn, CRDA, and the OPM secretary. An “academic year” under the bill is the period of time beginning July 1 and ending on the succeeding June 30.

The bill requires the qualified agreement to include provisions:

1. requiring the qualified operator to repay a prorated portion of any credit it claims under the bill if it fails to host 20 or more UConn athletic events at the PeoplesBank Arena during any academic year due to its breach of the agreement;
2. requiring any repayment attributable to future academic years to be accelerated to the current academic year, proportionate to the

number of missed UConn athletic events of the 20 required UConn athletic events for an academic year, if and when, CRDA determines that the qualified operator is in breach of the agreement and is unable or unwilling to host the minimum number of UConn athletic events in future academic years; and

3. dividing net profit or loss between the qualified operator and UConn on an annual basis where that the operator is responsible for any net loss from the operation of the PeoplesBank Arena and UConn is entitled to the share of net profit attributable to the first \$4 million dollars of net profit, and any excess net profits, from the operation of the PeoplesBank Arena according to a specific schedule (see below).

Under the bill, the net profit schedule requires the qualified operator to pay UConn certain percentages of net profit attributable to the first \$4 million of net profit, and to pay any excess net profits, from the operation of the PeoplesBank Arena during each academic year the operator is eligible to claim the bill's credit as set out in the table below. The bill defines "net profit" as having the same meaning as provided in the facility management agreement. "Excess net profits" is the remainder of net profits, on an annual basis, from operating PeoplesBank Arena that exceeds \$4 million.

Table: Schedule of Net Profit Payments by Qualified Operator

<i>Academic Year</i>	<i>First \$4 Million of Net Profit</i>	<i>Excess Net Profits</i>
First	10%	5%
Second	20%	10%
Third	30%	15%
Fourth	40%	20%
Fifth	50%	25%
Subsequent years for the term of the qualified agreement	50%	25%

If, for academic years one to five, the qualified operator fails to receive the applicable credit on or before the first day of the academic year, the amount of net profit subject to the above percentages must be prorated to reflect the portion of the academic year occurring on and

after the operator's receipt of the credit. For academic years six and after for the remainder of the qualified agreement's term, the amount of net profit subject to the above percentages will be prorated only in the event the operator has failed to receive \$10 million dollars in aggregate credits.

The bill requires any qualified agreement to be executed by December 31, 2026, except any amendment to it may be executed after that date as long it is approved by the OPM secretary and CRDA beforehand.

Claiming the Bill's Credit

The bill allows the qualified operator to claim the bill's credit in the latter of (1) each of the first five academic years identified in the qualified agreement or (2) the academic year commencing July 1, 2027, and the four subsequent academic years. The amount of the credit allowable for each of the first five academic years must not exceed \$2 million for any academic year and the aggregate amount of the credits allowed under the bill must not exceed \$10 million dollars. The qualified operator must claim the credit on its tax return due under existing sales and use tax law for the monthly period ending July 31st during the academic year.

Under the bill, the DRS commissioner may require confirmation, or other documentation, from CRDA, confirming the qualified operator's eligibility to claim the credit. If the qualified operator is required to repay any portion of the credit, CRDA must issue a repayment voucher to it within 30 days after the end of the academic year in which the repayment obligation arises. CRDA must provide a copy of any repayment voucher to the DRS commissioner and the OPM secretary, along with any other information either requests.

If the operator is required to repay any amount of the credit, it must be reported on the tax return due under the sales and use tax law for the first monthly period ending after CRDA's issues a repayment voucher. This repayment will constitute a final tax due to the state, subject to collection according to state law.

If the amount of the credit allowed exceeds a qualified operator's liability for sales and use tax, the DRS commissioner must treat the excess as an overpayment and refund the excess amount, without interest, to the qualified operator. The bill's credit must be claimed after all other credits have been claimed.

§ 256 — VOLATILITY CAP THRESHOLD

Increases the volatility cap threshold for FY 26 by \$813.7 million, from \$4,728.6 million to \$5,542.3 million, and resets it for FY 27 at \$5,002.5 million

The bill increases the volatility cap threshold for FY 26 by \$813.7 million, from \$4,728.6 million to \$5,542.3 million, and resets it for FY 27 at \$5,002.5 million. For FY 28 and after, it requires the \$5,002.5 million threshold to be annually adjusted for inflation as under existing law (based on the compound annual growth rate of state personal income over the preceding five calendar years, using U.S. Bureau of Economic Analysis data).

The "volatility cap" is a mechanism for diverting volatile tax revenue to the Budget Reserve Fund (BRF). It requires the state treasurer to transfer to the BRF any revenue the state receives each fiscal year over the applicable threshold from (1) personal income tax estimated and final payments (generated from taxpayers who make estimated income tax payments on a quarterly basis) and (2) the passthrough entity tax.

By law, the legislature may amend the threshold amount, by a vote of three-fifths of the members of each house, due to changes in state or federal tax law or policy or significant adjustments to economic growth or tax collections.

EFFECTIVE DATE: Upon passage

§§ 257 & 258 — TRANSFER OF FY 26 GENERAL FUND REVENUE TO FY 27

Modifies the amount of FY 26 General Fund resources the state comptroller must transfer to be accounted for as FY 27 General Fund revenue

The FY 26-27 biennial budget act currently requires the state comptroller, by June 30, 2026, to transfer \$244 million of FY 26 General Fund resources to be accounted for as FY 27 General Fund revenue. The

bill (1) decreases this required transfer by \$130 million, to \$114 million, and (2) requires an additional transfer of \$233.7 million.

EFFECTIVE DATE: Upon passage

§ 259 — GENERAL FUND TRANSFER TO THE FEDERAL CUTS RESPONSE FUND

Transfers \$50 million of FY 26 General Fund resources to the Federal Cuts Response Fund

The bill requires the state comptroller, by June 30, 2026, to transfer \$50 million of FY 26 General Fund resources to the Federal Cuts Response Fund for FY 26.

EFFECTIVE DATE: Upon passage

§ 260 — GENERAL FUND TRANSFERS TO THE MUNICIPAL REVENUE SHARING FUND

Decreases, by \$13.1 million for FY 26 and \$15 million for FY 27, the required transfers from the General Fund to the Municipal Revenue Sharing Fund

The bill reduces the required transfers from the General Fund to the Municipal Revenue Sharing Fund by (1) \$13.1 million for FY 26, from \$101 million to \$87.9 million, and (2) \$15 million for FY 27, from \$90 million to \$75 million.

EFFECTIVE DATE: Upon passage

§ 261 — HOUSING TRUST FUND TRANSFER

For FYs 26 and 27, suspends the requirement that the state comptroller transfer conveyance tax revenue that exceeds \$300 million each fiscal year, annually adjusted for inflation, to the Housing Trust Fund

The bill suspends, for FYs 26 and 27, the requirement that the state comptroller transfer any conveyance tax revenue the state receives each fiscal year exceeding a threshold amount to the Housing Trust Fund.

Under current law, starting in FY 26, the state comptroller must transfer, from the General Fund to the Housing Trust Fund, any conveyance tax revenue the state receives each fiscal year exceeding \$300 million. The threshold amount for this transfer must be adjusted annually for inflation beginning with FY 27.

EFFECTIVE DATE: Upon passage

§ 262 — EXPANSION OF SALES TAX FREE WEEK

Increases the exemption amount for “sales tax free week” from \$100 to \$300 and adds backpacks and cleated shoes to the list of items that can be bought tax-free

The bill expands the sales and use tax exemption for clothing and footwear sold from the third Sunday in August through the following Saturday (sales tax free week) to (1) items costing less than \$300, rather than \$100, and (2) backpacks and cleated shoes costing less than \$300.

Under current law, during this week, the state’s 6.35% sales and use tax does not apply to clothing and footwear costing less than \$100, except for (1) special athletic and protective clothing and footwear not normally worn except for its specialized use and (2) jewelry, handbags, luggage, umbrellas, wallets, watches, and similar items that people carry but do not wear.

EFFECTIVE DATE: Upon passage

§ 263 — ICHRA TAX CREDIT

Establishes a tax credit for two income years against certain state business taxes for qualified small businesses (those with fewer than 50 employees) that offer employees an Individual Coverage Health Reimbursement Arrangement

The bill establishes a tax credit for qualified small businesses that offer employees an Individual Coverage Health Reimbursement Arrangement (ICHRA, see *Background – ICHRA*). The credit may be claimed against the state insurance and health care center taxes, corporation business tax, or income tax (excluding withholdings generally).

To qualify, a small business (1) cannot employ more than 50 employees in the state when it applies for the tax credit and (2) must have adopted an ICHRA instead of a traditional employer-provided health insurance plan.

Credit Amount

Under the bill, the available credit is the lesser of (1) the sum of qualified contributions made by the qualified small business during the

applicable income or taxable year or (2) \$1,000 per covered employee. A credit not used during the year it was earned expires and is not refundable. (A “qualified contribution” is the amount the business contributed to an employee’s ICHRA during the applicable income or taxable year.)

Credits are available only for two years: the first income or taxable year the business offers the ICHRA and the next one. The bill caps the total amount of tax credits available under the bill at \$5 million in any income or taxable year.

For qualified small businesses that are S corporations or partnerships for federal income tax purposes, their shareholders or partners may claim the credit. If the qualified small business is a single member limited liability company (LLC) that is disregarded as an entity separate from its owner, the LLC’s owner may claim the credit.

Application

Qualified small businesses must apply to the revenue services commissioner in a way he sets to reserve an allocation for the credit based upon qualified contributions the business plans to make. The application must show the qualified contributions the business intends to make in each year over the two-year period and anything else the commissioner deems necessary to administer the credits.

Approval

The bill requires the commissioner to approve applications on a first-come, first-served basis. He must notify the applicant about his decision in writing within 30 days after receiving the application.

Upon approval, the commissioner must issue a certification letter stating the amount of tax credit reserved for the qualified small business for each of the two years. A business may not claim a credit exceeding the amount the commissioner approved.

EFFECTIVE DATE: Upon passage, and applicable to income and taxable years beginning on or after January 1, 2026.

Background — ICHRA

Established by federal rule in 2019, an ICHRA allows employers to reimburse employees for purchasing individual health coverage (for example, through the individual insurance exchange, Access Health CT).

§ 264 — TAX ON CANNABIS SALES

Replaces the current state taxes on retail sales of cannabis plant material, cannabis edible products, and other cannabis with a single tax

The bill replaces the current state taxes on retail sales of cannabis plant material, cannabis edible products, and other cannabis (which are 0.625 cents, 2.75 cents, and 0.9 cents, respectively, per milligram of total THC reflected on its label) with a single tax of 10.75% of a retailer's gross receipts from cannabis sales.

As under existing law, the tax applies to sales by a cannabis retailer, hybrid retailer, or micro-cultivator. It does not apply to (1) sales of cannabis for palliative (medical) use; (2) sales of cannabis by a delivery service to a consumer; or (3) the transfer of cannabis to a transporter for transport to any other cultivator, micro-cultivator, food and beverage manufacturer, product manufacturer, product packager, dispensary facility, cannabis retailer, hybrid retailer, or producer.

Under existing law and the bill, retailers and micro-cultivators must collect the tax from consumers at the time of sale (except for the exempt sales described above). The tax applies in addition to the 3% municipal cannabis tax and the 6.35% state general sales tax.

Relatedly, the bill increases, from 65% to 70%, the amount of cannabis tax revenue directed to the social equity and innovation account for FYs 27 and 28 and correspondingly decreases the amount directed to the General Fund for those years, from 10% to 5%.

The bill also makes technical and conforming changes, including deleting an obsolete definition.

EFFECTIVE DATE: October 1, 2026, and applicable to sales occurring on or after that date.

Background — Cannabis Terms

By law, “cannabis” has the same meaning as “marijuana,” which is all parts of a plant or species of the genus cannabis, whether growing or not, and including its resin, compounds, manufactures, salts, derivatives, mixtures, and preparations; high-THC hemp products; manufactured cannabinoids; or cannabimon, cannabinol, cannabidiol (CBD), and similar compounds, except CBD derived from hemp. Marijuana and cannabis do not include the following:

1. a plant’s mature stalks; fiber made from the stalks; oil or cake made from the plant’s seeds; a compound, manufacture, salt, derivative, mixture, or preparation made from the stalks other than the extracted resin;
2. the plant’s seeds;
3. hemp with a total THC concentration of up to 0.3% on a dry weight basis that is not a high-THC product;
4. any substance the federal Food and Drug Administration approves as a drug and that is reclassified in any controlled substance schedule, or that it un-schedules; or
5. infused beverages.

A “cannabis edible product” is a product containing cannabis or cannabis concentrate, combined with other ingredients, that is intended to be ingested, including by sublingual or oral absorption.

“Cannabis plant material” is the cannabis flower, trim, and all parts of the cannabis plant or species, excluding (1) a growing plant and its seeds or (2) hemp as defined under state law.

“Total THC” is the sum of the percentage by weight of tetrahydrocannabinolic acid, multiplied by 0.877, plus the percentage of weight of THC.

Background — Social Equity and Innovation Account

The social equity and innovation account’s money must be allocated

by the Office of Policy and Management secretary for purposes that the Social Equity Council determines further the principles of equity and may include providing (1) access to capital for businesses in any industry, (2) technical assistance for the start-up and operation of a business in any industry, (3) funding for workforce education in any industry, (4) funding for community investments, and (5) funding investments in disproportionately impacted areas.

§§ 265 & 266 — CORPORATION BUSINESS TAX

Decouples the state corporation business tax from the federal bonus depreciation deduction for qualified production property, starting with the 2026 income year; delays, by one year, conforming the state corporation business tax to recent changes in the federal deduction for domestic R&E expenditures and disallows the retroactive application of these changes for the 2022 to 2025 income years; generally exempts corporation business taxpayers from penalties and interest on any additional tax due to these changes

Qualified Production Property (§ 265)

Beginning with the 2026 income year, the bill disallows the federal bonus depreciation deduction for qualified production property (26 U.S.C. § 168(n)). In doing so, it requires taxpayers to add back this deduction when calculating their net income for Connecticut's corporation business tax. Existing law already disallows the federal bonus depreciation deduction that applies to other qualifying property (26 U.S.C. § 168(k)).

The federal FY 25 reconciliation act (P.L. 119-21) allows federal corporation income taxpayers to take a 100% bonus depreciation allowance for qualified production property, rather than depreciating the costs over 39 years. Under federal law, qualified production property is generally manufacturing-related real property, other than property used for offices, lodging, sales, research, software development, parking, and other non-manufacturing functions. To qualify for this tax treatment, the property must be built after January 19, 2025, and before January 1, 2029, and placed in service before January 1, 2031.

R&E Expenditures (§ 265)

Starting in 2025, P.L. 119-21 allows federal corporation income taxpayers to deduct domestic research and experimental (R&E) expenditures in the year paid or incurred, rather than requiring them to capitalize and amortize the expenses over five or, if elected, over 10 years. Under the bill, this federal treatment of R&E expenditures flows through for Connecticut corporation business tax purposes beginning only in the 2026 income year. Specifically, the bill disallows this deduction for Connecticut tax purposes for the 2025 income year and instead requires any R&E expenditures paid or incurred for the 2022 through 2025 income years to be deducted as allowed under the federal law on amortizing R&E expenditures in effect on July 3, 2025 (before P.L. 119-21 took effect).

P.L. 119-21 also gives eligible small business taxpayers (generally those with average annual gross receipts below a specified threshold (\$31 million or less for 2025)) the option to retroactively apply this change starting with the 2022 tax year. Taxpayers making this federal election must do so by July 4, 2026, and file an amended return for each affected tax year. The bill disallows the retroactive application of this change starting with the 2022 tax year.

Relief From Penalties and Interest on Related Tax Underpayments (§ 266)

The bill exempts corporation business taxpayers from interest on estimated tax underpayments for any additional tax due because of the changes described above. Specifically, the exemption applies to underpayments for (1) income years starting on or after January 1, 2026, but before the bill's passage, for the change made to the qualified production property deduction, and (2) the 2022 through 2025 income years for the changes to the R&E deduction.

The bill also requires the DRS commissioner to waive any interest or penalties for any part of an underpayment for the 2022 through 2025 income years because of the changes to the R&E deduction if the taxpayer pays the additional tax by (1) November 15, 2026, or (2) the due date for the tax return on which they report the additional tax,

regardless of any filing extension. Taxpayers must submit evidence that they are eligible for this waiver as the DRS commissioner prescribes.

EFFECTIVE DATE: Upon passage

§ 267 — RESEARCH AND DEVELOPMENT TAX CREDIT FOR QUALIFIED SMALL BUSINESSES

Creates an income tax credit for qualifying small businesses that incur eligible R&D spending in Connecticut and requires DECD to administer a tax credit voucher system for the credit; caps the maximum amount of these credits that DECD can reserve each tax year at \$1.5 million per business and \$25 million in total

The bill creates a tax credit for qualifying small businesses that incur eligible research and development (R&D) spending in Connecticut and allows the businesses' owners to claim the credit against their personal income tax liability (other than income tax withholding). It requires the Department of Economic and Community Development (DECD) to administer a voucher system for the credit program within available appropriations. Qualified small businesses must apply for and receive a credit voucher to claim the credit, which equals 6% of the R&D spending they pay or incur for a tax year.

Eligible R&D Spending

Under the bill, credit-eligible R&D spending generally includes the same two categories of expenditures that are eligible under the state's existing corporation R&D tax credit: (1) federally deductible R&D expenditures the business incurs and (2) qualifying "basic research payments" that are eligible for a federal R&D tax credit. The first category of credit-eligible spending generally includes the R&D expenditures a business incurs to develop or improve a product (current-year R&D expenditures deductible under 26 USCA § 174, as in effect on May 28, 1993, and determined without regard to the federal credit for increasing research activities). The second category includes payments made to qualifying nonprofit educational institutions, scientific research organizations, or grant organizations for eligible research.

In both cases, the expenditures or payments must (1) be paid or incurred for R&D and basic research done in Connecticut and (2) not be

funded by any grant or contract with a public or private entity.

Qualified Small Businesses

To qualify for the credit, the business must be an S corporation or entity considered a partnership for federal income tax purposes, such as a limited liability company (LLC), and have gross income for the previous tax year of \$70 million or less, including income derived from transactions with related entities, as determined by the DECD commissioner. (S corporations and partnerships are generally referred to as pass-through businesses because their profits “pass-through” to their owners and are taxed as part of the owners’ personal income tax.)

Credit Administration

Reserving Credits. Under the bill, a qualified small business may apply to the DECD commissioner to reserve a credit allocation based on the amount of R&D spending it intends to pay or incur for a tax year. The commissioner may reserve a credit for the business based on this amount, and notify the business of its reserved credit, if he determines that it is likely to pay or incur R&D spending for the tax year.

The bill caps the maximum amount of these credits that can be reserved each tax year at \$1.5 million per business and \$25 million in total. In deciding whether to issue credit reservation notices, the commissioner must prioritize qualified small businesses that, in his opinion, show a likelihood for in-state growth or will best contribute to the state’s economic ecosystem.

The commissioner must set the credit application form and process and may require the application to have any information he finds necessary to administer the credit program. Additionally, he may adopt regulations to implement the credit.

Issuing Vouchers. Within 90 days after the end of a tax year, a qualified small business that received a credit reservation notice must verify the R&D spending it paid or incurred for the tax year, as the DECD commissioner prescribes. In reviewing this verification, if the commissioner determines that the business paid or incurred the

spending, he must issue the business a tax credit voucher for 6% of the expenses. The voucher's amount cannot exceed the business's credit reservation.

The DECD commissioner must notify the DRS commissioner and OPM secretary about each tax credit voucher issued under the program.

Credit Claims and Refunds

Under the bill, if the qualified small business is an S corporation or entity treated as a partnership for federal income tax purposes, its shareholders or partners may claim the credit. If it is a single member LLC that is disregarded as an entity separate from its owner, the owner may claim the credit if he or she is subject to income tax.

Taxpayers claiming the credit must apply it before applying any other income tax credits. If the credit exceeds the taxpayer's income tax liability, the bill allows the taxpayer to apply to the DRS commissioner to exchange it for a partial refund for the excess amount when filing the tax return on which it claimed the credit.

The refund amount equals 90% of the excess for credits earned by biotechnology businesses and 65% for credits earned by other qualified small businesses. Under the bill, a "biotechnology business" is one that applies certain technologies (such as biochemistry or genetics) to produce or modify products, improve plants or animals, identify targets for small molecule pharmaceutical development, transform biological systems into useful processes and products, or develop microorganisms for specific uses.

EFFECTIVE DATE: Upon passage and applicable to tax years starting on or after January 1, 2026.

§ 268 — FILM AND DIGITAL MEDIA TAX CREDIT

Extends, to the 2026 and 2027 income years, the increased redemption rate for film and digital media tax credits claimed against the sales tax

Existing law allows eligible production companies and certain taxpayers to whom they transfer credits (transferees) to apply film and digital media production tax credits against the sales and use tax at a

reduced amount of their face value. The law temporarily increased this amount from 78% to 92% of the credits' value for the 2024 and 2025 income years. The bill extends this 92% redemption rate for two additional years, to the 2026 and 2027 income years.

As under existing law, transferees may claim these credits against the sales and use tax only if there is at least 50% common ownership between the transferee and the eligible production company that sold, assigned, or otherwise transferred the credits. The credits may also be claimed against the corporation business and insurance premiums taxes at full face value and the community antenna television systems tax at a reduced value.

EFFECTIVE DATE: Upon passage

§§ 269 & 270 — MUNICIPAL AID TO LEDYARD AND MONTVILLE

Shifts the funding source for municipal aid grants to Ledyard and Montville in FY 27 from Other Expenses to the Mashantucket Pequot and Mohegan Fund

The FY 26-27 biennial budget act earmarks \$800,000 each to Ledyard and Montville for FY 27. The bill shifts the funding source for these municipal aid grants from Other Expenses to the Mashantucket Pequot and Mohegan Fund.

EFFECTIVE DATE: July 1, 2026

§ 271 — TAX CREDIT FOR FAMILY CAREGIVER EXPENDITURES

Creates a nonrefundable income tax credit of up to \$2,000 for income-eligible family caregivers who incur eligible expenditures to care for and support an eligible family member

Credit Eligibility and Amount

Starting with the 2027 tax year, the bill allows a nonrefundable income tax credit for a portion of the eligible expenditures a “family caregiver” incurs to care for and support an eligible family member. To qualify, the family caregiver must have federal adjusted gross income (AGI) of less than (1) \$50,000 for single filers, married people filing separately, or heads of households or (2) \$100,000 for joint filers.

The credit equals 50% of eligible expenses incurred, up to a maximum

of \$2,000, for any tax year. If two or more family caregivers claim the credit for the same eligible family member, the maximum allowable credit is split equally between them. (Presumably, this means that one or more taxpayers can only claim up to \$2,000 in aggregate tax credits per year for the same eligible family member, based on the expenses each taxpayer incurred in caring for and supporting the family member.) Caregivers may apply the credit against their personal income tax liability, but not the withholding tax.

DRS must administer a tax credit voucher system for the credit and approve applications on a first-come, first-served basis. Eligible family caregivers apply for the credit on a DRS-prescribed application form, including any information the commissioner needs to administer the credit. Within 30 days after receiving an application, the commissioner must notify applicants in writing of whether or not they were approved. He may issue up to \$1.8 million in tax credit vouchers per tax year.

Eligible Family Member

To qualify for the credit, the caregiver must incur eligible expenditures to support someone who meets the following criteria:

1. is the caregiver's dependent, spouse, parent, or other relative by blood or marriage;
2. lives in a private residence and not a nursing home or managed residential community that provides assisted living services (long-term care facility); and
3. needs help with at least two daily living activities, such as walking, feeding, dressing, personal hygiene, and toileting, as certified in writing by a state-licensed physician, physician assistant, or advanced practice registered nurse.

Eligible Expenditures

Under the bill, credit-eligible expenditures include the following:

1. improvements or alterations made to the caregiver's or eligible family member's primary residence to allow the family member

- to live there and stay mobile, safe, and independent;
2. purchased or leased equipment, including durable medical equipment, needed to help the eligible family member do one or more daily living activities;
 3. other expenses the caregiver paid or incurred that help him or her provide care to an eligible family member, such as hiring a home health aide, respite care, adult day care, personal care attendants, and health care equipment and technology.

They exclude general household maintenance activities, such as painting, plumbing, electrical repairs, and exterior maintenance.

EFFECTIVE DATE: January 1, 2027, and applicable to tax years starting on or after that date.

§ 272 — SALES AND USE TAX EXEMPTION FOR NONELECTRONIC SCHOOL SUPPLIES

Creates a sales and use tax exemption for nonelectronic school supplies

The bill exempts from the state’s 6.35% sales and use tax nonelectronic school supplies, like backpacks, lunchboxes, notebooks, pens, pencils, crayons, rulers, and paper.

EFFECTIVE DATE: July 1, 2026, and applicable to sales occurring on or after that date.

§ 273 — SOURCING REVENUE TO MUNICIPALITIES

Adds insurance premiums taxes to the list of state taxes that DRS must track and record by municipality, starting with FY 26

Existing law requires the DRS commissioner, starting with FY 26, to track and record the source of state sales and use, personal income, and corporation business tax to accurately and fairly attribute the revenue from each of these taxes to municipalities. The bill additionally requires him to track and record the source of insurance premiums taxes for this same purpose. As under existing law, the commissioner must determine the method for attributing this revenue to each municipality.

By law, taxpayers paying these covered taxes must provide

disaggregated information and any other data the commissioner requests to carry out these requirements. Annually, starting by October 31, 2026, the commissioner must post on DRS's website a list of all municipalities and the amount of revenue from each of these taxes attributed to each one for the applicable fiscal year.

EFFECTIVE DATE: July 1, 2026

§ 274 — CONNECTICUT WORKFORCE AND PRODUCTIVITY GAP PLAN

Requires OPM to submit a plan to the General Assembly that includes a formula for a (1) surcharge against employers that maintain a productivity gap and (2) tax exemption for employers' augmented productivity

By January 1, 2027, the bill requires the OPM secretary, in consultation with the revenue services and labor commissioners and chief workforce officer, to submit a plan to the General Assembly to ensure that technological advancements serve to increase worker capability, instead of making it obsolete, and that productivity gains lead to a more skilled workforce. This plan must develop:

1. a mechanism to reinvest capital when business output and labor costs become materially decoupled,
2. steps the state can actively take to minimize this decoupling by fostering collaborative productivity models that increase output without a corresponding decline in the workforce, and
3. a plan for a workforce and productivity gap contribution from employers.

The workforce and productivity gap contribution plan must include four specific items. First, a formula for a surcharge to be assessed annually for each income or tax year in which an employer maintains a "productivity gap," which the bill defines as the measurable increase in revenue-per-employee hours that occurs when Connecticut payroll is reduced materially while gross revenue remains stable or increases. The bill requires the surcharge to (1) reflect the financial delta between an employer's baseline productivity levels and its reduced payroll expenses for the applicable income or tax year and (2) be structured to

ensure that efficiency gains realized through employee displacement are recaptured by the state on an ongoing basis to mitigate the resulting economic impact.

Second, the workforce and productivity gap contribution plan must include an augmented productivity tax exemption that ensures that any augmented productivity achieved by an employer is permanently exempt from Connecticut taxation. Under the bill, “augmented productivity” is the portion of gross revenue that exceeds an employer’s three-year historical average and is achieved through the integration of collaborative technology while maintaining a stable workforce. “Collaborative technology” is any hardware, software, or algorithmic system, including artificial intelligence, designed to be operated by or to assist an employee to perform his or her duties, where the technology serves as a multiplier of the employee’s individual productivity rather than as a stand-alone replacement of the employee. “Stable workforce” is a Connecticut-domiciled workforce where the total headcount and aggregate payroll expenses for the workforce remain at or above 95% of the employer’s three-year historical average.

Third, the plan must also include administrative procedures for reporting and collecting the productivity gap surcharge, based on Connecticut-specific payroll and tax data.

Lastly, it must include the establishment of a workforce and economic stability account, in which the collected surcharges will be deposited and used exclusively for workforce retraining, technical education, and career transition programs for displaced employees.

EFFECTIVE DATE: Upon passage

§ 275 — ADDITIONAL FILM AND DIGITAL MEDIA PRODUCTION TAX CREDIT

Creates an additional film and digital media production tax credit for certain eligible production companies that film in Bridgeport, Hartford, or New Haven

Existing law allows eligible production companies and certain taxpayers to whom they transfer credits (transferees) to apply film and digital media production tax credits against the sales and use tax at a

reduced amount of their face value. The bill allows the companies that are eligible for the existing credits to apply to DECD for a voucher for an additional production tax credit that the bill creates.

The additional credit must be for production expenses or costs incurred for a state-certified qualified production for which principal photography shooting occurs in Bridgeport, Hartford, or New Haven, or any combination of them, for at least one day. The credit equals a percentage of these production expenses and costs, ranging from 30% to 50%. Specifically, 30% for expenses and costs between \$100,000 and \$500,000, 35% for those over \$500,000 up to \$1 million, and 50% for those over \$1 million.

The bill's credit is available for the 2027 and 2028 income years and may be applied against the insurance premium; corporation business; cable, satellite, and competitive video; and sales and use taxes for the income year in which the production expenses or costs were incurred, or in the five immediately succeeding income years, and may be sold, assigned, or otherwise transferred according to the process under existing law for the film and digital media production tax credits. The bill caps the total amount of credits at \$1.5 million.

Under the bill, "eligible production company," "production expenses or costs," and "state-certified qualified production" have the same meanings as under the existing film and digital media production tax credits law, and companies apply for the bill's credit in the same way as the existing credits.

EFFECTIVE DATE: July 1, 2027, and applicable to income years beginning on or after January 1, 2027.

§ 276 — TRANSFER OF FY 26 STF REVENUE TO FY 27

Transfers \$100 million of FY 26 STF revenue to FY 27

The bill requires the state comptroller, by June 30, 2026, to transfer \$100 million of FY 26 Special Transportation Fund (STF) resources to be accounted for as FY 27 STF revenue.

EFFECTIVE DATE: Upon passage

§ 277 — INCOME TAX EXEMPTION FOR U.S. PUBLIC HEALTH SERVICE COMMISSIONED CORPS

Creates an income tax deduction for income received by the U.S. Public Health Service's commissioned corps

The bill creates an income tax deduction for any income received from the U.S. government as retirement pay for retired members of the U.S. Public Health Service's commissioned corps (a U.S. uniformed service). It does this by allowing a taxpayer, in computing his or her Connecticut AGI, to subtract this retirement income from their federal AGI if it is properly included for federal income tax purposes.

EFFECTIVE DATE: July 1, 2026, and applicable to tax years starting on or after January 1, 2026.

§§ 278-288 — REVENUE ESTIMATES

Modifies previously adopted revenue estimates for FY 27

The bill modifies revenue estimates for FY 27 that were previously adopted in 2025 as part of the FY 26-27 biennial state budget, as shown in the following table.

Table: Modified FY 27 Revenue Estimates

<i>Fund</i>	<i>Current Law</i>	<i>Bill</i>
General Fund	\$25,913,700,000	\$25,334,200,000
Special Transportation Fund	2,436,650,000	2,624,600,000
Mashantucket Pequot and Mohegan Fund	52,600,000	54,300,000
Banking Fund	36,600,000	33,700,000
Insurance Fund	128,900,000	118,600,000
Consumer Counsel and Public Utility Control Fund	38,500,000	38,400,000
Workers' Compensation Fund	27,500,000	28,000,000
Tourism Fund	19,000,000	20,900,000
Municipal Revenue Sharing Fund	560,550,000	557,400,000
Cannabis Prevention and Recovery Services Fund	6,200,000	7,400,000
Cannabis Regulatory Fund	10,500,000	10,500,000

EFFECTIVE DATE: July 1, 2026

§§ 289-303, 352 & 354 — NEW BOND AUTHORIZATIONS FOR STATE CAPITAL PROJECTS AND GRANTS

Authorizes new state GO bonds for FY 27 for various state capital projects

The bill authorizes new general obligation (GO) bonds for FY 27 for the state capital projects and grant programs listed in the table below. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

For bonds authorized under § 297, the bill includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made stops being used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table: New GO Bond Authorizations for FY 27 for State Capital Projects and Grant Programs

§	Agency	For	Amount
STATE CAPITAL PROJECTS			
290(a)	Department of Administrative Services (DAS)	Replace the current fleet garage in Wethersfield, including site acquisition, planning activities, and construction costs	\$20,000,000
290(b)	Department of Emergency Services and Public Protection	Purchase, construct, and maintain a new mesonet system (a network of automated real-time weather stations)	1,500,000
290(c)	Department of Correction (DOC)	Security upgrades, including new doors, information technology upgrades, security cameras, and other work to ensure the safety of employees and inmates	10,000,000
		Electronic health records systems, including digital medical care request systems, devices, and access points	10,000,000
290(d)	Department of Energy and Environmental Protection (DEEP)	Natural diversity data base mapping enhancements and other information technology resources to streamline the department's permitting and environmental review processes	5,000,000

§	Agency	For	Amount
290(e)	Department of Children and Families	Internet website with a public, online dashboard to provide real-time information about the department's statewide programs (such as services for abused, neglected, and uncared for children and young people, as well as children and young people who have mental health needs and substance use disorders)	1,500,000
290(f)	Connecticut State Colleges and Universities (CSCU), Naugatuck Valley Community College	Construction of Kinney Hall	63,200,000
290(g)	Technical Education and Career System (CTECS)	Design and construction of Vinal Technical High School	50,000,000
		New technology center	70,000,000
GRANTS			
297(a)	DECD	Grants to municipalities and nonprofit providers of human or social services for capital expenditure projects to place or maintain war or veterans' memorials or monuments (see § 342 below)	2,000,000
		Grant to East Haven for costs associated with the planning, design, acquisition, construction, reconstruction, renovation, expansion, improvement, furnishing, and equipping one or more public safety facilities, including the construction of one or more new facilities or the acquisition, renovation, conversion, or improvement of one or more existing buildings for use as public safety facilities, together with any related site acquisition, site preparation, utilities, infrastructure improvements, and appurtenances	40,000,000
		Grant to East Haven to support infrastructure, transportation, traffic safety, environmental remediation, or other public improvement projects located on the East Haven shoreline and in the neighborhood areas adjacent to Tweed-New Haven	5,000,000

§	Agency	For	Amount
		Airport, including roadway and pedestrian safety improvements, stormwater and drainage infrastructure, streetscape enhancements, environmental mitigation projects, and related public infrastructure improvements for the benefit of residents, businesses, and visitors	
		Grant to Tweed-New Haven Airport Authority for the design, construction, reconstruction, and improvement of external roads servicing Tweed-New Haven Airport and for property acquisition, easements, or other real property interests necessary to facilitate entering and existing the airport, but not including the construction of a new passenger terminal facility, new parking spaces, access from any new parking spaces to Proto Drive in East Haven or any connections to South End Road in the town	5,000,000
		Grant to New Haven to support infrastructure, transportation, traffic safety, environmental remediation, or other public improvement projects located in the East Shore and Annex neighborhoods of the city, including roadway and pedestrian safety improvements, stormwater and drainage infrastructure, streetscape enhancements, environmental mitigation projects, and related public infrastructure improvements for the benefit of residents, businesses, and visitors	5,000,000
352		Tuition support for medical students at the Frank H. Netter MD School of Medicine at Quinnipiac University	20,000,000
297(b)	OPM	Grants to municipalities for the purchase of nonlethal equipment and crisis response tools for municipal police departments to use for mental health crisis responses	5,000,000
354		Grant to Hamden (see below)	10,000,000
297(c)	State Department of Education	Grants to the American School for the Deaf for alterations, renovations and improvements to the buildings and grounds	2,000,000

Hamden Actions to Be Done Before Receiving State Grant (§ 354)

Prior to receiving the above grant, the bill requires Hamden’s mayor to (1) submit a written report with a corrective action plan to the Municipal Finance Advisory Commission (MFAC) by September 1, 2026, and (2) appear before MFAC by December 31, 2026, at a time and place MFAC determines, to present the report and answer any of MFAC’s questions. These requirements apply regardless of an existing law on corrective action plans and MFAC referrals.

Under the bill, the report must include a plan for corrective actions to ensure the town will not require supplemental municipal aid in future fiscal years. The plan must include:

1. cost containment policies the town may adopt,
2. fiscal policy adjustments,
3. collaboration with one or more municipalities on shared services,
4. ways to maximize federal funding,
5. possible efficiencies in providing services, and
6. prioritizing town-identified core services.

EFFECTIVE DATE: July 1, 2026

§§ 304, 314, 316, 323, 325, 326, 330-332 & 334-336 — BOND AUTHORIZATIONS FOR PREVIOUSLY ENACTED PROGRAMS AND GRANTS

Increases bond authorizations for various existing grants and purposes by authorizing new bonding for these purposes in FY 27

The bill increases bond authorizations for various existing grants and purposes by authorizing new bonding for these purposes in FY 27, as shown in the table below. It also makes conforming changes to the corresponding bond supertotals.

Table: FY 27 Authorizations for Previously Enacted Programs and Grants

§	Agency	Purpose/Fund	FY 27
304	DAS	School construction projects	\$50,000,000
316	Office of the Chief Medical Examiner	Facility design, alterations, renovations, additions, and construction, including land acquisition	34,600,000
323	Connecticut Municipal Redevelopment Authority (now known as the Connecticut Municipal Development Authority)	Capitalization	25,000,000
326	CTECS	Design and construction of a new Windham Technical High School	150,000,000
331	DAS	Purchase of equipment, minor improvements, and other associated costs for a new data center	32,000,000
332	Department of Developmental Services	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities	5,000,000
335	Department of Transportation Bureau of Administration	Department facilities	9,000,000
336	OPM	Grant to New Haven	2,000,000

EFFECTIVE DATE: July 1, 2026

§§ 305-308, 314, 317, 320, 321, 325, 327, 328, 330 & 333 — UCONN RELATED BOND CHANGES

Cancels and adds various bond authorizations for specified programs and projects related to UConn, including the UConn 2000 infrastructure program

The bill makes several changes to bond authorizations for programs and projects related to UConn, including effectively transferring several current general obligation (GO) bond authorizations to the UConn 2000

infrastructure program. (By law, bonds issued as part of the UConn 2000 infrastructure program are excluded from the state's cap on bond issuances (CGS § 3-21(f)(2)).)

The bill repeals a law authorizing \$46.1 million in GO bonds over a five-year period (FY 22 through FY 26) for a program to generally facilitate recruiting eminent faculty and their research staffs to the university, while simultaneously authorizing the same bonding amount for this program under Phase III of the UConn 2000 infrastructure program (this phase covers FYs 05 through 31).

The bill similarly cancels current GO bond authorizations to the UConn Health Center for (1) deferred maintenance, code compliance, and infrastructure improvements (\$30 million each in FYs 24, 25, and 27); (2) system telecommunications infrastructure upgrades, improvements, and expansions (\$3 million each in FYs 26 and 27); and (3) equipment, library collections, and telecommunications (\$25 million in FY 26 and \$10 million in FY 27). But it also authorizes for the health center, under UConn 2000 Phase III, (1) \$90 million; (2) \$6 million; and (3) \$35 million, respectively, for the same purposes. Lastly, the bill eliminates a current \$3 million GO bond authorization for FY 26 to UConn for improvements to digital learning infrastructure at a regional campus while also authorizing the same amount for the same purpose under UConn 2000 Phase III. For these eliminated authorizations, the bill makes conforming changes to the corresponding bond supertotals.

The table below lists these and other changes to Phase III project authorizations. The bill correspondingly increases the UConn 2000 program's total bond authorization and FY 27 bond cap by \$250.1 million.

Table: Changes to UConn 2000 Phase III Project Authorizations (in Millions)

<i>Project</i>	<i>Current Authorization</i>	<i>New Authorization</i>	<i>Change</i>
Digital learning infrastructure improvements at a regional campus	\$0	\$3	\$3
Equipment, library collections, and telecommunications	470	480	10

Project	Current Authorization	New Authorization	Change
Lab renovations and equipment	0	20	20
Program to recruit eminent faculty and research staff	0	46.1	46.1
Deferred maintenance, code compliance, and infrastructure improvements – Health Center	0	90	90
Equipment, library collections, and telecommunications – Health Center	75	110	35
Harry A. Gampel Pavilion and Hugh S. Greer Field House	164	204	40
System telecommunications infrastructure upgrades, improvements, and expansions – Health Center	0	6	6

EFFECTIVE DATE: July 1, 2026

§ 309 — CONNECTICUT HOUSING FINANCE AUTHORITY BOND AUTHORIZATION ALLOWABLE USES

Expands the allowable uses of an existing bond authorization for CHFA

The bill allows the Connecticut Housing Finance Authority (CHFA) to use an existing bond authorization (1) to capitalize assistance issued under its Down Payment Assistance Program (DAP) or (2) for its Emergency Mortgage Assistance Program (EMAP). Under current law, only the latter use is permitted.

EMAP provides emergency mortgage assistance or emergency lien assistance to eligible homeowners who have fallen behind (or anticipate falling behind) on their mortgage payment or non-mortgage expenses due to a financial hardship beyond their control. DAP generally seeks to help first-time homebuyers by providing subordinate mortgage loans to eligible borrowers for down payment or closing cost assistance (or both).

EFFECTIVE DATE: July 1, 2026

§§ 310 & 311 — OTHER BOND CANCELLATION

Cancels a \$75 million bond authorization to OPM for state matching funds for projects and programs allowed under the federal Infrastructure Investment and Jobs Act or the Inflation Reduction Act of 2022

The bill cancels a \$75 million GO bond authorization to OPM for state matching funds for projects and programs allowed under the federal Infrastructure Investment and Jobs Act or the Inflation Reduction Act of 2022. It also makes a conforming change to the corresponding bond supertotal.

EFFECTIVE DATE: July 1, 2026

§ 312 — CHANGE TO DEPARTMENT OF AGRICULTURE GRANT PROGRAM

Modifies a bond-funded DoAg grant program for capital improvements by making support food systems eligible

Existing law authorizes \$10 million in GO bonds to the Department of Agriculture (DoAg) for grants to food resource organizations for capital improvements. The bill extends grant eligibility to support food systems.

EFFECTIVE DATE: July 1, 2026

§§ 313, 318 & 322 — CHANGES TO DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION GRANT PROGRAM

Modifies a bond-funded DEEP grant program for purchasing or leasing zero-emission school buses and electric vehicle charging or fueling infrastructure

Current law authorizes \$40 million in GO bonds to DEEP for grants to provide matching funds necessary for municipalities, local and regional boards of education, and school bus operators to submit federal grant applications to maximize federal funding for (1) purchasing or leasing zero-emission school buses and (2) electric vehicle charging or fueling infrastructure. The bill changes the grant purpose by instead making it to provide a portion of the funds necessary for these entities to maximize federal, state, or other sources of funding or financing for the purchase or lease of those vehicles and infrastructure.

EFFECTIVE DATE: July 1, 2026

§ 315 — CHANGES TO DAS CAPITAL PROJECT

Modifies a bond-funded DAS capital project by specifying what it includes

Existing law authorizes \$19 million in GO bonds to DAS for Upgrades and modernization of the Capital Area System. The bill specifies that this includes planning, engineering, and feasibility studies to support system decarbonization, including thermal energy network implementation and geothermal resource exploration.

EFFECTIVE DATE: July 1, 2026

§ 319 — CHANGES TO DEPARTMENT OF PUBLIC HEALTH GRANT PROGRAM

Modifies a bond-funded DPH grant program for water bottle filling stations at certain schools by making municipalities eligible and expanding allowable grant uses to include automated external defibrillators

Existing law authorizes \$3.5 million in GO bonds to the Department of Public Health (DPH) for grants to local and regional boards of education to purchase, install, and maintain water bottle filling stations at schools designated to receive services under Title I of the federal Elementary and Secondary Education Act. The bill (1) extends grant eligibility to municipalities; (2) allows these grants to also be used to purchase, install, and maintain automated external defibrillators; and (3) expands where the two types of devices may be installed to also include buildings a municipality owns or leases.

EFFECTIVE DATE: July 1, 2026

§ 324 — CHANGES TO STUDENT LOAN PROGRAM

Modifies the purpose of a bond-funded nursing student loan subsidy program and changes the program's administrator

Current law authorizes \$10 million in GO bonds to the Connecticut Higher Education Supplemental Loan Authority for a nursing student loan subsidy program. The bill changes the administrator of these bond proceeds to the Office of Higher Education and changes their purpose so they go towards a DOC nurse and social worker student loan reimbursement program.

EFFECTIVE DATE: July 1, 2026

§ 329 — CHANGES TO DEEP GRANT PROGRAM

Modifies a bond-funded DEEP grant program for renovations and expansion of, and equipment for, solid waste facilities to instead support solid waste reduction strategies

Current law authorizes \$15 million in GO bonds to DEEP for grants to municipalities for renovations and expansion of, and equipment for, solid waste facilities. The bill instead requires these grants to support solid waste reduction strategies.

EFFECTIVE DATE: July 1, 2026

§§ 337 & 338 — REPORTING CHANGES

Changes the frequency of certain reporting by DAS and CSCU so that they are done semiannually instead of quarterly

Current law requires (1) DAS to report quarterly to the Finance, Revenue and Bonding and Government Administration and Elections committees on the status of the design, alteration, renovation, and construction of the facilities for the Office of the Chief Medical Examiner until the construction is completed and (2) the CSCU chancellor, in consultation with the Office of Early Childhood (OEC) commissioner, to report quarterly to the Finance, Revenue and Bonding Committee describing the coordination of efforts between CSCU and OEC to construct, improve, or equip child care centers on or near college and university campuses in the state. The bill changes the frequency of both reports so that they are instead next done by October 1, 2026, and semiannually after.

EFFECTIVE DATE: July 1, 2026

§ 339 — CTECS FIVE-YEAR CAPITAL PLAN REPORTING

Requires CTECS to additionally submit its five-year capital plans to the Education Committee

Existing law requires, by January 1, 2027, and biennially after, CTECS to develop a five-year capital plan for its system and submit it to the Finance, Revenue and Bonding Committee. The bill requires it to also provide its plans to the Education Committee.

EFFECTIVE DATE: July 1, 2026

§§ 340 & 341 — SUPPLEMENTAL GRADUATE LOAN PROGRAM

Creates the Supplemental Graduate Loan Program to provide loans to eligible graduate students and authorizes \$30 million in GO bonds for the program

The bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to create, subject to available funding, a Supplemental Graduate Loan Program to provide loans to eligible graduate students. It makes the program's loans available to students in or from the state who are enrolled in an eligible advanced academic or professional degree program, as determined by CHESLA, that is pursued after earning a bachelor's degree. The bill requires CHESLA to adopt eligibility criteria and administrative guidelines for the new loan program under its board of directors' existing authority to adopt written procedures for CHESLA's loans.

The bill authorizes \$30 million in new GO bonds for FY 26 for the program. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

Additionally, the bill requires CHESLA to have a separate, non-lapsing program account to contain program funds, including appropriations and bond proceeds. The account must be used to issue program loans and for the program's reasonable and necessary administrative expenses.

EFFECTIVE DATE: Upon passage

§ 342 — GRANTS PROGRAM FOR WAR OR VETERANS' MEMORIALS OR MONUMENTS

Requires DECD to administer a grant program for capital expenditure projects to place or maintain war or veterans' memorials or monuments

The bill requires DECD to administer a grant program for municipalities and nonprofits providing human or social services for capital expenditure projects to place or maintain war or veterans' memorials or monuments. (Another section of the bill authorizes \$2 million in GO bonds for the program; see the table above listing new GO bond authorizations.)

DECD must (1) develop (a) eligibility criteria for selecting among

grant applicants and (b) related application forms and deadlines, and (2) conspicuously post this information on its website.

EFFECTIVE DATE: July 1, 2026

§ 343 — AGING-IN-PLACE GRANT PROGRAM

Creates a grant program to aid certain homeowners with making accessibility modifications so they can remain in their primary residences

The bill requires the Department of Aging and Disability Services (ADS), in consultation with the Department of Housing, to create an aging-in-place program to give grants to eligible homeowners for making accessibility modifications that enable them to remain in their primary residences.

Under the bill, an “eligible homeowner” is someone who (1) owns and occupies a residential property in Connecticut as his or her primary residence; (2) is at least age 60 or a person with a disability; and (3) has a household income no greater than 60% of the median household income for the area in which he or she resides, as determined by the ADS commissioner. An “accessibility modification” is a physical alteration made to residential property to improve usability, safety, and independence for a person who is elderly or a person with a disability.

The bill caps grants at \$10,000 per eligible homeowner. It also (1) requires ADS to create the program’s application form and process, including the criteria for accessibility modifications and for awarding grants, and (2) allows the department to adopt regulations to administer the program.

EFFECTIVE DATE: July 1, 2026

§ 344 — CHESLA BONDS

Increases, from \$300 million to \$750 million, the aggregate amount of outstanding CHESLA bonds that may be secured by special capital reserve funds

The bill increases, from \$300 million to \$750 million, the aggregate amount of outstanding CHESLA bonds that may be secured by special capital reserve funds.

EFFECTIVE DATE: Upon passage

§§ 345 & 346 — “HOMES FOR CT” LOAN PROGRAM CHANGES

Makes several changes to the “Homes for CT” loan program, including modifying the interest rate used to set the cap on what participating lenders may charge

The bill makes several changes to the “Homes for CT” loan program, a CHFA-administered program established under the FYs 26-27 bond act to help owners and developers get funding to build new residential buildings. Under the program, participating banks and credit unions make loans to eligible borrowers and CHFA guarantees repayment, up to specified amounts. The law also authorizes CHFA, within available resources, to make additional subordinate loans to Homes for CT borrowers subject to any terms it sets, such as interest rates and maturity.

The bill caps the interest rate participating lenders may charge under the program at the Wall Street Journal prime rate on the date the borrower and bank or credit union lock in the rate, rather than a specified Federal Home Loan Bank of Boston (FHLBank Boston) rate on that date, as current law requires. The current cap is the FHLBank Boston’s New England Fund rate for short- or long-term advances, based on the advance term that most closely matches the loan’s term.

The bill also:

1. specifies that the CHFA loans to Homes for CT borrowers may be amortizing, deferred, or forgivable as to principal and interest;
2. authorizes CHFA to make grants to Homes for CT borrowers, subject to terms it sets; and
3. limits CHFA’s authority to provide these loans and grants to available resources allocated by the State Bond Commission.

By law, “Homes for CT” loans must be used for expenses needed to complete residential building construction or build related improvements that CHFA determines are necessary. The program may issue up to \$100 million in loans and pay up to \$10 million to honor loan guarantees. The FYs 26-27 bond act authorizes up to \$20 million in GO bonds for FYs 26 and 27 for the program.

EFFECTIVE DATE: July 1, 2026

§ 347 — TOWN AID ROAD GRANTS

Expands the purposes for which municipalities may use TAR grants, allowing them to buy certain equipment

The bill expands the purposes for which municipalities may use Town Aid Road (TAR) grants, allowing them to buy certain equipment.

Existing law allows towns to use these grants to do specified work, which includes building and maintaining highways and bridges. Under the bill, towns may also use TAR grant funds to buy and maintain equipment to do that work, such as equipment for street sweeping, roadside mowing, vegetation management, snow and ice removal, and cleaning catch basins.

Under existing law, unchanged by the bill, the OPM secretary may approve a town's request to use grant funds for other purposes.

EFFECTIVE DATE: July 1, 2026

§ 348 — FEDERAL TRANSPORTATION LOAN PROGRAM ASSISTANCE AND STATE SPECIAL TAX OBLIGATION BONDS

Allows certain state transportation bonds issued under a federal program to mature at any time allowed under the federal program, but not longer than the useful life of the projects being financed

Existing law authorizes the treasurer, OPM secretary, and transportation commissioner to enter into loan agreements or other credit agreements with the U.S. Department of Transportation (U.S. DOT), including agreements under the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF) programs. It also authorizes the issuance of "federal transportation bonds," which are state special tax obligation (STO) bonds that are issued to evidence and secure U.S. DOT loans or other financial assistance made to the state under federal programs.

The bill allows, regardless of existing state STO bond procedures, federal transportation bonds issued under any federal program to mature at any time that is allowed under the federal program, but not

longer than the useful life of the projects being financed. Under the bill, “federal program” is any program of financial assistance made by the U.S. DOT to Connecticut, including RRIF, TIFIA, or programs established under them.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2026

§ 349 — COMMUNITY INVESTMENT FUND 2030 BOARD

Allows the board’s appointed members to vote by proxy and changes the cap on the total cost of its recommended projects

The bill allows the Community Investment Fund 2030 Board’s state legislators and gubernatorial appointees to designate someone to act as their proxy, by notifying the board’s administrator in writing, if they are unable to attend a board meeting.

By law, the board may recommend to the governor eligible projects to be funded by the Community Investment 2030 Fund. Current law limits the total cost of these recommendations to \$175 million per fiscal year. The bill instead limits their total cost to the funds available in any fiscal year. By law, eligible projects are generally projects proposed by a municipality, community development corporation, or nonprofit organization to (1) promote economic or community development in the municipality (such as brownfield remediation, affordable housing, water and sewer infrastructure improvements) and (2) further consistent and systematic fair, just, and impartial treatment of all individuals.

EFFECTIVE DATE: Upon passage

§ 350 — BONDING PROGRAM FOR HIGH POVERTY-LOW OPPORTUNITY CENSUS TRACTS

Allows the bonding program for high poverty-low opportunity census tracts to fund certified community development corporation projects

Current law requires the DECD commissioner to create a grant program to fund eligible projects in concentrated poverty census tracts. The bill allows the program to also fund eligible projects undertaken by a certified community development corporation. The bill allows these

corporations, starting July 1, 2026, and until January 1, 2030 (when the program ends), to apply to the commissioner in a form and way he sets, for a grant for an eligible project, or any combination of them. It also sets a 90-day deadline for DECD to review and evaluate program applications (from any type of applicant), and makes conforming changes (such as requiring the commissioner to notify the corporations about the program).

By law, and under the bill, a “certified community development corporation” is generally a tax-exempt organization that (1) focuses its efforts on serving one or more target areas (areas with high unemployment rates or low average household income); (2) aims to have local residents and businesses work together in programs, projects, and activities that develop and improve urban communities; and (3) are certified by Office of Community Economic Development Assistance as meeting certain criteria.

Generally, eligible projects must seek to reduce concentrated poverty and its effects, and include projects to (1) build or renovate mixed-income housing, (2) create or improve workforce development programs, and (3) build or renovate public infrastructure.

EFFECTIVE DATE: July 1, 2026

§ 351 — WORKFORCE HOUSING OPTIONS

Requires the housing commissioner and CHFA executive director to seek and report on a partnership with municipalities or hospitals to increase workforce housing options

The bill requires the housing commissioner and CHFA executive director to seek a partnership with one or more municipalities or hospitals in the state to increase workforce housing options. By January 1, 2028, they must give the Finance, Revenue and Bonding Committee a report detailing the status of the partnership and any recommendations on other ways to increase these housing options.

EFFECTIVE DATE: July 1, 2026

§ 353 — WINDHAM TECHNICAL HIGH SCHOOL SITE

Requires the OPM secretary to evaluate alternative sites for relocating Windham Technical High School proposed by local officials and state legislators; prohibits OPM from proceeding with final site selection unless the evaluation shows that no alternative site located closer to the existing school is both feasible and capable of meeting certain criteria

The bill requires the OPM secretary, by September 1, 2026, and before the final selection of a site for the replacement or relocation of the technical high school serving the Windham, Willimantic, and Mansfield region (Windham Technical High School), to give the chief elected officials and state legislators of those municipalities an opportunity to submit written recommendations for alternative sites to consider. It requires the secretary to evaluate any of the alternative sites located closer to the existing school than the site the secretary previously identified for consideration.

The bill requires the evaluation to be conducted using uniform, objective criteria applied equally to each proposed site, including the site identified by OPM and any alternative site submitted as described above. It must determine whether each site satisfies the project's minimum educational, operational, and facility requirements, including the following factors:

1. sufficient acreage, configuration, and developable area to accommodate instructional space, trade programs, parking, circulation, outdoor training needs, and reasonable future expansion;
2. physical site conditions, including wetlands, topography, ledge, soil conditions, environmental contamination, flood risk, drainage, and other constraints affecting construction or use;
3. access, transportation, and safety considerations, including roadway access traffic capacity, bus circulation, pedestrian access, student transportation, proximity to public transit where available, sidewalks, and any required off-site improvements;
4. availability and adequacy of public utilities and infrastructure, including water, sewer, electric service, stormwater

- management, and road improvements;
5. estimated land acquisition, site preparation, infrastructure, construction, and transportation costs;
 6. the likely effect of each site on the project schedule, permitting design complexity, and risk; and
 7. each site's impact on current and projected students, including travel time, transportation burden, and access for students living in Windham, Willimantic, or Mansfield.

The bill further requires the OPM secretary to prepare a written comparative analysis identifying, for each site (1) whether it meets the project's minimum requirements, (2) any conditions that limit or prevent its use, (3) the estimated cost and schedule impact of addressing those conditions, (4) whether the conditions are reasonably manageable within the normal course of project development or would materially impair the project, and (5) the basis for recommending or rejecting the site. The analysis must distinguish between conditions that can be reasonably mitigated and conditions that render a site impracticable. The secretary must submit the results of the evaluation and analysis to the Finance, Revenue and Bonding Committee by November 1, 2026 .

The bill prohibits OPM from proceeding with final site selection for Windham Technical High School's replacement or relocation unless the evaluation shows that no alternative site located closer to the existing school than OPM's previously identified site is both feasible and capable of meeting program requirements without causing an unreasonable delay, cost increase, or operational limitation.

EFFECTIVE DATE: Upon passage

§§ 355 & 356 — HOSPITAL FINANCIAL ASSISTANCE POLICIES

Requires hospitals to (1) have written financial assistance policies with certain components, (2) include related information with their billing statements and on their websites, and (3) deem patients enrolled in certain public assistance program as having met the income requirements for their financial assistance programs

Required Financial Assistance Policies

The bill requires each hospital to have a written financial assistance policy, consistent with federal regulations that require nonprofit hospitals to have these policies in order to maintain their tax-exempt status. Under the bill, hospital financial assistance policies must include:

1. eligibility criteria for assistance and whether that assistance includes services offered for free or at a discount;
2. the method used to calculate patient charges;
3. instructions on how to apply for assistance;
4. an explanation of whether the hospital uses a patient's prior eligibility determination to establish current eligibility, and, if so, the circumstances when that occurs; and
5. a list of any health care providers (other than the hospital) delivering emergency or other medically necessary services in the hospital that specifies whether they are covered by the hospital's policy.

These provisions (as well as those below on required notices) do not:

1. provide financial assistance in addition to that required of hospitals under state or federal law;
2. create a private right of action; or
3. limit a hospital's ability to bill and collect payment from a patient for services, as long as that is done in line with state or federal law.

Billing Statement and Website Information

The bill requires hospitals to include a clear and conspicuous notice

about their financial assistance policy (1) on or with each paper or electronic patient billing statement and (2) on their websites. The notice must indicate that financial assistance may be available for eligible patients and that it is free to apply. It also must include:

1. a phone number and website to get additional information about the policy and how to apply for financial assistance;
2. a summary of the policy or website to access the summary; and
3. instructions to request a paper copy of the policy, get an application, and apply for assistance.

The notice must be given in plain language and in both English and Spanish. It also must be made available, upon request, in any language consistent with state and federal law, and consistent with federal regulations, must have the following statement on the first page:

“If a language is spoken by at least one thousand individuals or five per cent of the community served by the hospital facility or likely to be affected or encountered by the hospital facility, then the hospital shall translate the notice into such other language.”

Automatic Income Eligibility for Certain Patients

Under the bill, starting in 2027, if a hospital has a financial assistance program, it must consider patients enrolled in certain public assistance programs as meeting the hospital program’s income requirements. This applies to patients enrolled in the Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Food Program for Women, Infants and Children (WIC), or Temporary Assistance for Needy Families Program. A hospital may verify the person’s enrollment in one of these programs in a reasonable way (such as an electronic verification, attestation, or other documentation).

Under the bill, for patients deemed eligible under these provisions, a hospital must determine the patient’s level of financial assistance in line with its financial assistance policy. A hospital may require these patients to give additional information so the hospital can determine how much

assistance to give them. If applicable, a hospital may require these patients, as a condition of receiving assistance, to apply for Medicaid, Medicare, or other government-funded health coverage, including coverage through the Connecticut Health Insurance Exchange.

These provisions do not require a hospital to (1) amend its financial assistance policy or (2) give financial assistance beyond the income levels or discount tiers in its policy.

EFFECTIVE DATE: October 1, 2026

§§ 357-362 — HOSPITAL PROVIDER TAX

Makes various changes to the hospital tax including (1) decreasing the tax on inpatient hospital services from 6% to 4% for FYs 27 through 31 and 3.5% starting in FY 32, (2) decreasing the total revenue on which the outpatient hospital services tax is calculated, (3) changing the applicable federal fiscal year used to calculate the tax, and (4) requiring children’s general hospitals to pay the tax starting July 1, 2026; also diverts hospital tax revenue to a new dedicated account that must be used to make specified supplemental payments and requires certain actions if the account has insufficient funds for these payments; requires the tax and related supplemental payments to hospitals to revert to the structure and amounts in effect on June 1, 2025, under specified circumstances

Tax Rate and Base (§ 358)

Inpatient Hospital Services. Starting in FY 27, current law sets the tax rate for inpatient hospital services at 6% of each hospital’s audited net revenue for the applicable federal fiscal year (FFY) attributable to these services. The bill decreases this rate to (1) 4% for FYs 27 through 31 and (2) 3.5% starting in FY 32.

The bill also changes the applicable FFY used to calculate the tax base for both the inpatient and outpatient services components of the tax, as shown in the table below. (The FFY runs from October 1 to September 30 of the following year.)

Table: Applicable FFY for the Hospital Provider Tax

Current Law		Bill	
State FY	Applicable FFY	State FY	Applicable FFY
FYs 27-29	FFY 24	FYs 27-31	FFY 24
FYs 30-33	FFY 27	FYs 32-36	FFY 29
FY 34 and every four years	FFY that ended in the calendar year two years before the four-year period	FY 37 and every five years	FFY that ended in the calendar year that is two years before the five-year period started

Current Law		Bill	
State FY	Applicable FFY	State FY	Applicable FFY
	started		

Outpatient Hospital Services. The tax on outpatient hospital services is calculated based on the total revenue to be collected for each fiscal year from the hospital provider tax. For FY 27, current law sets that amount at \$1.195 billion, minus the total tax imposed on all hospitals for providing inpatient services, divided by the total audited net revenue for the applicable FFY attributable to outpatient hospital services of all hospitals required to pay the tax, subject to specified adjustments as described below. Beginning in FY 28, current law requires the revenue amount used to calculate the tax to be increased by \$25 million over the prior fiscal year.

The bill instead sets the amount for calculating the tax on outpatient hospital services as shown in the following table. It generally retains the same calculation described above, but additionally requires that the calculation be adjusted for changes in taxpayer status, as described below.

Table: Outpatient Hospital Services Tax Rate Under the Bill

FY	Total Revenue for Calculating the Tax Rate
27	\$974,000,000
28	997,756,916
29	1,022,172,694
30	1,047,265,629
31	1,073,054,525
32 and after	1,073,054,525 unless modified by law

Calculation of Total Audited Net Revenue. By law, starting in FY 27, the tax base for both inpatient and outpatient hospital services is calculated based on the total audited net revenue attributable to these services reported to the Department of Revenue Services (DRS) commissioner for the applicable FFY by all hospitals subject to the tax, subject to any (1) adjustments by the commissioner and (2) hospital dissolutions, cessation of operations, or disallowed exemptions. The bill

additionally requires that the tax base be subject to any changes in taxpayer status.

The bill also requires the total audited net revenue attributable to inpatient hospital services to be calculated as though any children's general hospital subject to a pending request to remove its exemption from the tax is subject to the tax. Under the bill, this requirement no longer applies if Centers for Medicare and Medicaid Services (CMS) denies the request.

Tax Recalculations for Hospital Dissolutions, Cessations of Operations, or Changes in Taxpayer Status. Under current law, the amount of hospital provider tax due from each hospital must be recalculated if any hospital dissolves (ceases to operate for any reason other than a merger, consolidation, acquisition, or reorganization) or ceases for any reason to be subject to the hospital tax. The amount due from each hospital is not recalculated for the fiscal year in which the hospital dissolves or ceases to operate, but in the following fiscal year and each subsequent year, the tax must be recalculated so that the tax amount is proportionately redistributed among the other hospitals.

The bill eliminates this recalculation requirement starting in FY 27. Under the bill, if a hospital dissolves or ceases for any reason to be subject to the tax, including if the exemption for children's general hospitals remains in place, the amount of total hospital tax revenue attributable to the hospital is not collected for the fiscal year in which the hospital dissolves or ceases to operate or for any subsequent year. Instead, for the fiscal year in which the event occurs and each subsequent year, the total hospital tax revenue for the respective year (used to calculate the tax on outpatient hospital services, as shown in the table above) is reduced, without further action, by the amount of tax attributable to the hospital and the outpatient hospital services tax rate for remaining taxpaying hospitals must stay the same.

Tax Rate Adjustments for Hold Harmless Safe Harbor Rate. Under the bill, the tax rate on inpatient hospital services must be automatically lowered as needed to ensure that it does not exceed the

indirect hold harmless safe harbor rate approved by the CMS in response to a tax waiver DSS submits under the law. Similarly, the bill requires the tax rate on outpatient hospital services to be automatically modified to ensure that the same amount of revenue set under the bill is collected.

If the hold harmless rate for the inpatient hospital services tax is less than the rate set under the bill, each hospital must file an amended return with the DRS commissioner to report the modified amount of inpatient and outpatient hospital tax due.

Information Reporting Requirements (§§ 358 & 362)

FY 27. Within 30 days after the bill’s passage, each hospital required to pay the tax for FY 27 must submit to the DRS commissioner the information he requires to calculate audited net inpatient and outpatient revenue and net revenue for each hospital for FFY 24. The amounts reported are deemed accepted on July 1, 2026, as long as the commissioner has not started an audit of the hospital before then.

If he starts an audit, the hospital must comply with the commissioner’s requests for the additional information he needs to fully audit the hospital within 30 days after his request. The commissioner may extend this period if the hospital requests it.

Under the bill, as under current law, hospitals that (1) do not provide the requested information within the required timeframe or (2) fail to comply with a request for additional information, are subject to a penalty of \$1,000 for each day the failure continues. And as under current law, the commissioner may engage an independent auditor to help him with these duties and responsibilities.

The bill also allows hospitals to file an administrative protest to contest the DRS commissioner’s determination of additional audited net revenue, generally according to the same process set under current law as amended by the bill, as described below.

Subsequent Years. The bill changes the deadlines for information reports required for subsequent years to align with the bill’s changes to

the applicable FFY used to calculate the tax. Under the bill, hospitals must report the required information by June 1, 2030, and every five years after, rather than by January 1, 2026; January 1, 2029; and every four years after. The bill requires that the amounts reported be deemed accepted on the first day of the federal fiscal year, rather than state fiscal year as current law requires, as long as the commissioner has not started an audit of the hospital before then.

The bill also (1) extends, from 14 days to 30 days, the period of time that hospitals have to comply with the commissioner's requests for additional information as part of an audit and (2) allows the commissioner to extend this period by request.

Administrative Protests (§ 358)

Existing law allows hospitals, starting July 1, 2026, to file an administrative protest under the hospital tax to contest the DRS commissioner's determination of additional audited net revenue. Under this law, if the commissioner determines a hospital has additional audited net revenue, he must mail the taxpayer a notice by the first day of the state fiscal year. The bill extends, from 14 days to 30 days, the amount of time that the taxpayer has to file a written protest before this amount becomes final.

Exemption for State-Owned and -Operated Hospitals (§ 358)

Current law requires the DSS commissioner to seek approval from CMS to exempt certain types of hospitals from the tax, including hospitals operated exclusively by the state, other than those the state operates as a receiver. The bill limits this provision to hospitals that are both owned and operated exclusively by the state.

Exemption for Children's General Hospitals (§ 358)

Current law requires the DSS commissioner, starting July 1, 2026, to seek approval from CMS to remove the hospital tax exemption for children's general hospitals. If CMS approves doing so, children's general hospitals that were exempt from the tax before July 1, 2026, must pay the same tax on inpatient and outpatient hospital services as other hospitals.

The bill requires children’s general hospitals to pay the tax starting July 1, 2026, even though federal approval has not yet been obtained. But the bill authorizes them to get a refund if the approval is not ultimately granted. The bill also makes a conforming change to the definition of hospitals subject to the tax to include DPH-licensed children’s general hospitals.

Revenue Diversion to Hospital Supplemental Payment Account (§ 359)

Starting in FY 27, the bill requires any hospital tax revenue received to be deposited into a new “hospital supplemental payment account” and requires the DSS commissioner to use this account to make the payments to hospitals, hospital-affiliated medical groups, and faculty practice plans, as described below. The bill creates this account as a separate, nonlapsing account and requires it to contain any money required by law to be deposited into it.

Actions Required If Hospital Supplemental Payment Account Has Insufficient Funds (§ 359)

The bill requires the OPM secretary and DRS commissioner to take certain actions if the OPM secretary determines that the account will have insufficient funds to make the supplemental payments due to hospitals under the bill (see below).

Specifically, it requires the OPM secretary to consult with the DRS and DSS commissioners to determine the feasibility of collecting unpaid taxes from any delinquent hospital after considering the hospital’s ability to pay and any resulting impact on patient health. If they determine it is feasible to collect all or part of the tax under their existing tax enforcement authority (which requires DSS to deduct and withhold delinquent hospital taxes from any amount DSS would otherwise pay the taxpayer), the DRS commissioner must take actions to collect the tax.

If, after taking these steps, the OPM secretary determines that the account will have insufficient funds to make the payments, the OPM secretary must certify the shortfall amount and ask the Finance Advisory Committee to approve a General Fund transfer in that amount

to the hospital supplemental payment account. The state comptroller must transfer the certified and approved amount from the General Fund's unappropriated resources to the account.

Transfer From Hospital Supplemental Payment Account to General Fund for FY 27 (§ 360)

By June 30, 2027, the bill requires the state comptroller to transfer \$10.7 million from the hospital supplemental payment account's FY 27 resources to be accounted for as FY 27 General Fund revenue.

Reversion to Previous Tax Structure and Supplemental Payment Amounts Under Specified Circumstances (§ 361)

The bill requires the hospital tax and related supplemental payments to hospitals to revert to the structure and amounts in effect on June 1, 2025, if any of the following occurs:

1. CMS determines that either the inpatient or outpatient hospital services tax is impermissible under federal law or declines to issue a required tax waiver;
2. CMS does not approve, without material modification, the applicable Medicaid state plan amendments needed for the state to receive federal financial participation under Medicaid for the supplemental payments; or
3. any part of the bill's inpatient and outpatient hospital services taxes or changes to supplemental payment amounts are found to be invalid.

If any of these things occur, the bill requires the General to consider amending the statutes as needed to comply with the applicable federal law during the next regular or special session, whichever is sooner. (A similar provision applies under existing law through FY 26. It is unclear whether this requirement is enforceable based on the principle of legislative entrenchment, under which one legislature generally cannot restrict a future legislature's ability to enact legislation.)

Under the bill, these actions are not required if the taxes are federally

permissible and CMS approves the state plan amendments or otherwise authorizes what is needed to implement a specified payment level to hospitals. Specifically, the payment methodologies implemented must result in:

1. total, statewide supplemental payments that are not materially less than the total contemplated under the bill and
2. a combined value of supplemental payments, disproportionate share hospital payments, faculty practice plan payments, and hospital-affiliated medical group payments to health systems and their affiliates that are as close as practicable to the payment levels contemplated under the bill (with variation allowed as needed for federal approval or compliance).

Background — Limits on Provider Tax Rates Under P.L. 119-21

Federal law allows states to use health care provider taxes to help finance their share of Medicaid expenditures but requires that the taxes be broad-based, uniform, and not hold providers harmless for the cost of the tax. P.L. 119-21 imposes new limits on these taxes effective October 1, 2026, including lowering the threshold for determining whether a tax holds providers harmless (the indirect hold harmless threshold) (§ 71115). Under the law, the tax rate for most existing provider taxes must phase down from FFY 28 through FFY 32 to the lower of the (1) rate in place on July 4, 2025, or (2) applicable percent for that year (phasing down in steps from 5.5% in FY 28 to 3.5% in FY 32 and after).

EFFECTIVE DATE: July 1, 2026, except the provisions on the hospital supplemental payment account, information reporting requirements, and administrative protests are effective upon passage.

§ 363 — MEDICAID SUPPLEMENTAL PAYMENTS

Creates several supplemental payment pools and sets a payment schedule for each pool; sets requirements for various DSH payments, payment adjustments, and upper payment limits

Current law requires DSS to establish supplemental pools in accordance with the settlement agreement. Under the bill, this

requirement applies from FYs 20 to 26.

Current law also requires DSS to pay \$708.3 million in Medicaid supplemental payments to hospitals for FY 27. For FY 28 and after, current law requires the total payments to be increased by an additional \$25 million over the previous year if the total amount of the hospital provider tax collected for that year, across all hospitals subject to the tax, increased by at least \$25 million over the previous year.

The bill eliminates these requirements and instead establishes several supplemental payment pools and sets a payment schedule for each pool. Generally, supplemental payment pools are hospitals grouped for purposes of received Medicaid supplemental payments. The bill creates five inpatient supplemental payment pools (a general pool, and separate pools for small hospitals, mid-sized hospitals, independent mid-sized hospitals, and large hospitals); three outpatient supplemental payment pools (a general pool, and separate pools for mid-sized hospitals and independent mid-sized hospitals); and two other supplemental pools (one for physicians and mid-level practitioners and one for faculty practice plans). The bill also sets requirements for various disproportionate share hospital (DSH) payments. Payments under the bill are based on an entity's characteristics as of January 1, 2025, unless there is a dissolution or change from nongovernmental entity status.

The bill requires the DSS commissioner to diligently pursue required federal approvals and make payments while pursuing federal approval. The bill specifies that it does not (1) relieve the state of its obligation to ensure compliance with federal Medicaid requirements or (2) prevent the DSS commissioner from adopting policies, procedures or regulations needed to maintain federal approval of the state Medicaid plan.

Lastly, the bill removes obsolete provisions and makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2026

General Inpatient Supplemental Payment Pool

The bill creates a general inpatient supplemental payment pool. Nongovernmental hospitals (hospitals that are not exclusively state-owned and operated) that do not receive DSH payments participate in the pool, which is distributed proportionately based on the hospital's share of federal FY 24 total Medicaid inpatient revenue as reported to the Office of Health Strategy (OHS). The bill sets the total amounts available for distribution through this pool as shown in the table below. If an eligible hospital dissolves or is no longer a nongovernmental hospital, available amounts are reduced by the amount the hospital would have received.

Table: General Inpatient Pool Amounts

<i>Year</i>	<i>Payment</i>
FY 27	\$202,823,819
FY 28	220,864,276
FY 29	239,696,267
FY 30	258,122,646
FY 31 and after	277,597,027

Small Hospital Inpatient Supplemental Payment Pool

The bill creates a small hospital inpatient supplemental payment pool for nongovernmental hospitals that do not receive DSH payments and have up to 180 licensed inpatient beds. Payments are made on a tiered basis according to federal FY 24 total Medicaid inpatient revenue as reported to OHS. Payment amounts are shown in the table below.

Table: Small Hospital Inpatient Pool Amounts

<i>Year</i>	<i>Payment</i>	
<i>Tier</i>	<i>Less than \$10 million in federal FY 24 Medicaid revenue</i>	<i>\$10 million or more in federal FY 24 Medicaid inpatient revenue</i>
FY 27	\$3,425,000	\$9,675,000
FY 28	3,600,000	10,150,000
FY 29	3,775,000	10,650,000
FY 30	3,975,000	11,175,000
FY 31 and after	4,175,000	11,700,000

Mid-Sized Hospital Inpatient Supplemental Payment Pool

The bill creates a mid-sized hospital inpatient supplemental payment pool for nongovernmental hospitals that (1) do receive DSH payments, (2) have between 181 and 499 licensed inpatient beds, and (3) have federal FY 24 Medicaid gross revenue between 6% and 18% of total hospital revenue as reported to OHS. Payments are tiered based on whether total federal FY 24 Medicaid inpatient revenue reported to OHS is less than or greater than \$18 million, as shown in the table below.

Table: Mid-Sized Hospital Inpatient Pool Amounts

<i>Year</i>	<i>Payment</i>	
<i>Tier</i>	<i>Less than \$18 million in federal FY 24 Medicaid revenue</i>	<i>\$18 million or more in federal FY 24 Medicaid inpatient revenue</i>
FY 27	\$9,250,000	\$19,000,000
FY 28	9,650,000	20,050,000
FY 29	10,075,000	21,125,000
FY 30	10,550,000	22,225,000
FY 31 and after	11,025,000	23,350,000

Independent Mid-Sized Hospital Inpatient Supplemental Payment Pool

The bill creates a mid-sized hospital inpatient supplemental payment pool for independent nongovernmental hospitals that meet the same criteria required for the mid-sized hospital inpatient pool. An independent nongovernmental hospital is not part of a health system that includes multiple hospitals and is not included with other hospitals in consolidated financial statements at the system level. This pool is in addition to that one and is not a substitute for it. Payments are tiered based on whether total federal FY 24 Medicaid inpatient revenue reported to OHS is less than or greater than \$30 million, as shown in the table below.

Table: Independent Mid-Sized Hospital Inpatient Pool Amounts

Year	Payment	
Tier	Less than \$30 million in federal FY 24 Medicaid revenue	\$30 million or more in federal FY 24 Medicaid inpatient revenue
FY 27	\$2,225,000	\$6,700,000
FY 28	2,400,000	7,075,000
FY 29	2,575,000	7,475,000
FY 30	2,725,000	7,950,000
FY 31 and after	2,875,000	8,400,000

Large Hospital Inpatient Supplemental Payment Pool

The bill creates a large hospital inpatient supplemental payment pool for nongovernmental hospitals that do not receive DSH payments, have at least 500 licensed inpatient beds, and have Medicaid inpatient revenue over \$150 million. Payments are tiered based on whether total federal FY 24 Medicaid inpatient revenue reported to OHS is less than or greater than \$300 million.

Table: Large Hospital Inpatient Pool Amounts

Year	Payment	
Tier	Less than \$300 million in federal FY 24 Medicaid revenue	\$300 million or more in federal FY 24 Medicaid inpatient revenue
FY 27	\$63,000,000	\$117,000,000
FY 28	65,900,000	127,100,000
FY 29	68,675,000	137,325,000
FY 30	71,800,000	148,200,000
FY 31 and after	74,850,000	159,150,000

General Outpatient Supplemental Payment Pool

The bill creates a general outpatient supplemental payment pool. Nongovernmental hospitals that do not receive DSH payments participate in the pool, which is distributed proportionately based on the hospital's share of federal FY 24 total Medicaid inpatient revenue as reported to OHS. Payment amounts are shown in the table below. If an eligible hospital dissolves or is no longer a nongovernmental hospital,

available amounts are reduced by the amount the hospital would have received.

Table: General Outpatient Pool Amounts

<i>Year</i>	<i>Payment</i>
FY 27	\$194,995,425
FY 28	221,565,186
FY 29	248,852,236
FY 30	276,805,190
FY 31 and after	305,623,328

Mid-Sized Hospital Outpatient Supplemental Payment Pool

The bill creates a mid-sized hospital outpatient supplemental payment pool for nongovernmental hospitals that (1) do not receive DSH payments, (2) have between 50,000 and 90,000 annual emergency department visits, and (3) have federal FY 24 Medicaid gross revenue between 6% and 18% as reported to OHS. Payments are tiered based on whether total federal FY 24 Medicaid inpatient revenue reported to OHS is less than or greater than \$30 million, as shown in the table below.

Table: Mid-Sized Hospital Outpatient Pool Amounts

<i>Year</i>	<i>Payment</i>	
Tier	Less than \$30 million in federal FY 24 Medicaid revenue	\$30 million or more in federal FY 24 Medicaid inpatient revenue
FY 27	\$9,250,000	\$19,000,000
FY 28	9,650,000	20,050,000
FY 29	10,075,000	21,125,000
FY 30	10,550,000	22,225,000
FY 31 and after	11,025,000	23,350,000

Independent Mid-Sized Hospital Outpatient Supplemental Payment Pool

The bill creates an independent mid-sized hospital outpatient supplemental payment pool for independent nongovernmental hospitals that meet the same criteria as for the mid-sized hospital outpatient supplemental pool described above. This pool is in addition to that one and is not a substitute for it. Payments are tiered based on whether total federal FY 24 Medicaid inpatient revenue reported to OHS

is less than or greater than \$30 million, as shown in the table below.

Table: Independent Mid-Sized Hospital Outpatient Pool Amounts

<i>Year</i>	<i>Payment</i>	
<i>Tier</i>	<i>Less than \$30 million in federal FY 24 Medicaid revenue</i>	<i>\$30 million or more in federal FY 24 Medicaid inpatient revenue</i>
FY 27	\$2,225,000	\$6,700,000
FY 28	2,400,000	7,075,000
FY 29	2,575,000	7,475,000
FY 30	2,725,000	7,950,000
FY 31 and after	2,875,000	8,400,000

Other Supplemental Pools

Physician and Mid-Level Practitioners. The bill creates a \$72,750,000 supplemental payment pool starting for FY 27 for physicians and mid-level practitioners at hospitals and hospital-affiliated medical groups, excluding children's hospitals and medical groups primarily affiliated with children's hospitals. A mid-level practitioner is an APRN or physician assistant. A hospital-affiliated medical group is a medical foundation or medical group practice organized or controlled by a hospital, a health system, or a subsidiary. To receive payments, physicians and practitioners must apply for funds in consultation with their hospital or health system and be deemed eligible by DSS by June 30, 2026.

The bill requires DSS to apportion the payments among eligible entities in proportion to the gap between (1) Medicaid payments received by the entity (presumably, hospital or medical group) for physician and mid-level practitioner services for FY 25 and (2) the amount the entity would have received for these services if paid under the 2026 Medicare physician fee schedule. DSS must distribute the available funds so that each entity receives the same percentage of its gap.

If an eligible entity dissolves or is no longer affiliated with a nongovernmental hospital, the available funds must be reduced by the amount the entity would have received.

Faculty Practice Plans. The bill creates a \$32,250,000 supplemental pool starting for FY 27 for faculty practice plans that apply for the funds and that DSS deems eligible for payments by June 30, 2026. A faculty practice plan is a medical group controlled or operated by a university or medical school whose primary affiliation is with a nongovernmental hospital. Eligible plans are those that, for FY 25, (1) have more than 1,300 Medicaid enrolled physicians and mid-level practitioners and (2) have an annual Medicaid revenue attributable to physician and mid-level practitioner services over \$50 million. These services are professional services billed by physicians or mid-level practitioners under federal employer identification number assigned to the faculty practice plan.

Payments must be apportioned among eligible faculty practices plan in proportion to the gap between Medicaid payments received for physician and mid-level practitioner services for FY 25 and what the plan would have received for these services under the 2026 Medicare physician schedule. The DSS commissioner must distribute available funds so that each entity receives the same percentage of its gap.

If an eligible entity dissolves or is no longer affiliated with a nongovernmental hospital, the available funds must be reduced by the amount the entity would have received.

Other Requirements. For both the pool for physician and mid-level practitioners and the pool for faculty practice plans, if CMS does not approve the FY 25 Medicaid payments or the 2026 Medicare physician fee schedule, the bill allows DSS to calculate the gap using (1) Medicaid payments and Medicare physician fee schedules from the most recent year approved by CMS or (2) any other CMS-approved methodology that results in the same total aggregate pool amounts and a comparable distribution.

Under the bill, amounts for both pools apply for FY 27 and after, regardless of any requirement to update, refresh, or rebase the upper payment limit to comply with federal law or guidance. Any adjustment for federal compliance must be made in the same way as for other supplemental payments under the bill (see below).

Disproportionate Share Hospital Payments

The bill requires DSS to make DSH payments (1) in accordance with federal laws on payments for inpatient hospital services to disproportionate share hospitals and (2) subject the state's annual DSH payment allotment. The bill sets separate DSH payment amounts for three types of private acute care hospitals.

For hospitals in a municipality with a population over 145,000 with federal FY 24 Medicaid charges over 25% of total charges, the bill sets payment amounts as shown in the table below.

Table: DSH Payments for Hospitals in Large Municipalities

<i>Year</i>	<i>Payment</i>
FY 27	\$45,792,235
FY 28	45,648,705
FY 29	45,516,217
FY 30	45,395,510
FY 31 and after	45,282,754

For hospitals within a state-sponsored corporate structure located in a large urban municipality with federal FY 24 Medicaid charges between 20% to 25% of total charges, the bill sets payment amounts as shown in the table below.

Table: DSH Payments for Hospitals in a State-Sponsored Corporate Structure

<i>Year</i>	<i>Payment</i>
FY 27	\$7,706,981
FY 28	8,541,956
FY 29	9,393,031
FY 30	10,260,616
FY 31 and after	11,146,556

For licensed freestanding children's hospitals with federal FY 24 Medicaid charges over 35% of total charges, the bill sets payment amounts as shown in the table below.

Table: DSH Payments to Certain Children's Hospitals

<i>Year</i>	<i>Payment</i>
FY 27	\$40,000,784
FY 28	42,020,839
FY 29	44,092,385
FY 30	46,216,555
FY 31 and after	48,397,679

The DSH payments described above are in addition to the \$13,138,737 in DSH payments otherwise appropriated or provided to eligible hospitals for FY 27. The bill sets this amount as a funding baseline for FYs 27 to 31 and prohibits this amount from being reduced, offset, supplanted, or otherwise used to determine the DSH payments described above.

The DSH payments described in the above tables remain subject to hospital-specific limits based on each hospital's uncompensated care costs, as required under federal law.

The bill requires the DSS commissioner, starting for FY 27, to adjust aggregate DSH payments for state-owned hospitals so that these amounts, when combined with DSH payments described above, do not exceed the state's federal DSH payment allotment for the applicable fiscal year.

Revisions in Base Years

At the start of fiscal years that include a base year used to calculate net patient revenue for the hospital taxes described above, the bill requires DSS to confer with the Connecticut Hospital Association and revise, to the extent necessary, the provisions described above. Specifically, she must revise the supplemental payment pool structure, pool amounts, DSH payment amounts, and distribution methodologies so that payments (supplemental payments, DSH payments, hospital-based physician and mid-level practitioner payments, hospital-affiliated medical group payments and faulty practice plan payments to each health system and its affiliates) are proportionately and practicably maintained in relation to the updated all-payer revenue data used to

rebase the tax and anticipated total tax liability.

The bill allows revisions to vary as needed to reflect updated provider status changes, federal approval requirements, or compliance with federal law. When making these revisions, the bill requires the commissioner to consider the aggregate payment value attributable to each health system and its affiliates, including payments made directly to hospitals, hospital-affiliated medical groups, faculty practice plans, and hospital-based physician and mid-level practitioner services. Under the bill, the aggregate payment value includes the value of historical rate-based payment increases, which, for revisions in base years, are assumed to be \$375,447,003, reallocated to the applicable base year.

Federal Compliance and Upper Payment Limits

Supplemental payments under the bill must comply with federal laws on Medicaid and federal financial participation, including regulations on the upper payment limit. The bill requires the DSS commissioner to calculate and monitor applicable aggregate and provider-specific upper payment limits for each class of providers to ensure compliance with federal requirements.

By the end of each fiscal year, DSS must calculate and submit to CMS inpatient and outpatient hospital upper payment limit demonstrations for the next fiscal year, or, if CMS does not approve these, the inpatient and outpatient hospital upper payment limits for the current fiscal year. The bill requires DSS to consult with the Connecticut Hospital Association at least 15 days before submitting these demonstrations to CMS.

Other Limited Revisions and Adjustments

The bill allows the DSS commissioner, in consultation with the Office of Policy and Management (OPM) and the Connecticut Hospital Association, to revise the payment structure for payments under the bill if she determines that payments under the bill scheduled for a future quarter (1) may exceed an aggregate or provider-specific upper payment limit, (2) violate any federal requirement in a way that makes payment ineligible for federal financial participation, or (3) otherwise

fails to maximize federal financial participation. Revisions must (1) ensure ongoing compliance with all applicable federal requirement and (2) in the aggregate, produce a total state-wide payment level that is not materially less than the payment level contemplated under the bill. The bill requires any revisions to keep the combined payment amounts to each health system nearly equal to payment levels required under the bill and only allows them to vary to the extent needed to get federal approval, comply with federal law, or maximize federal financial participation.

The bill eliminates a provision in current law that prohibits DSS from paying Medicaid supplemental payments in a way that does not comply with federal law, including payments that cause total hospital payments to exceed upper payment limits. Under the bill, if the DSS commissioner determines it is not possible to make the adjustments described above, and determines supplemental payments scheduled for a future quarter may exceed an aggregate or provider-specific upper payment level or any other federal requirement that makes any part of the payments ineligible for federal financial participation, she must continue to make scheduled supplemental payment to eligible providers and adjust them solely to the extent needed to account for any part of the federal financial participation that is unavailable due to an upper payment limit determination. In this case, the bill limits any adjustment, whether implemented prospectively through payment reductions or retrospectively through recoupment, to the amount of federal participation that is disallowed or deferred due to upper limit requirements. Adjustments to hospital supplemental payments must apply across the affected provider or service class in proportion to each provider's share of the applicable supplemental payment pool for the relevant period.

The bill prohibits the state from reducing or recovering amounts that are more than the federal share disallowed due to upper payment limit requirements.

Children's Hospital Eligibility

Existing law requires DSS to seek CMS approval to remove children's

general hospitals from an exemption from the net revenue tax. The bill requires these hospitals to pay the taxes on inpatient and outpatient hospital services while federal approval is pending (see above).

Under the bill, while federal approval is pending, any children's general hospital that would be eligible for payments under the bill if CMS approves the request must be treated as eligible unless CMS denies the request.

Mergers and Acquisitions

Existing law sets certain requirements for supplemental payments in cases where hospitals merge or consolidate, including cases where the acquired hospital does not maintain a separate license. Under the bill, DSS must continue to make any payments under the bill to a successor organization resulting from a merger, consolidation, or acquisition, if the successor organization is nongovernmental hospital eligible for Medicaid enrollment. Under the bill, if an entity that existed January 1, 2025, was acquired by more than one entity after that date, payments that would be due to that entity must be equitably apportioned among the acquirors.

Dissolutions or Other Terminations

The bill removes a provision referencing the settlement agreement that requires supplemental payments that would have been made to a hospital that dissolves, ceases to operate, or otherwise terminates services to be redistributed to all other nongovernmental short-term general hospitals in the state in accordance with the settlement agreement's distribution methodology. The bill instead prohibits these payments from being made to any other hospital.

§§ 364-369 — HEALTH CARE COST GROWTH AND QUALITY BENCHMARKS AND SPENDING TARGETS

Transfers to OPM current law's requirements for OHS pertaining to benchmarks for health care quality and cost growth and primary care spending targets; makes several changes to this process, such as (1) establishing annual cost growth benchmarks for certain calendar years, a hospital payment growth methodology and benchmark, and factors to consider in assessing compliance and (2) allowing the development of a cost growth benchmark plan to achieve compliance; makes technical and conforming changes

The bill transfers the current functions of the Office of Health Strategy

(OHS) regarding health care cost growth benchmarks, primary care spending targets, and health care quality benchmarks to OPM and makes related conforming and technical changes. (Other sections of the bill eliminate OHS and transfer these same functions to OPM.) The bill also establishes additional responsibilities for the OPM secretary in this role, as described below.

EFFECTIVE DATE: July 1, 2026

Annual Cost Growth Benchmarks (§ 365)

The law requires the commissioner (OPM secretary under the bill) to develop and adopt annual health care cost growth benchmarks and annual primary care spending targets every five years (starting July 1, 2025) for the succeeding five calendar years for provider entities and payers. Current law provides factors to consider in doing so (related to median income, gross state product, inflation, and total healthcare expenses). The bill eliminates these factors and replaces them with a different method.

Healthcare Cost Growth Benchmarks by Calendar Year. Regardless of the existing requirement described above, the bill requires the secretary, by July 1, 2027, to establish the annual cost growth benchmark as described below.

For calendar years 2028 through 2032, the health care cost growth benchmark must be equal to 3.9%.

For calendar year 2033, and every five years after that, the secretary must develop and adopt annual health care cost growth benchmarks for the succeeding five calendar years for provider entities and payers that is 20% of the projected growth in median Connecticut household income and 80% of the greater of:

1. that year's growth in Connecticut potential gross state product,
or
2. the annual growth in the employment cost index for total compensation for private industry workers in the New England

Census Region published by the U.S. Bureau of Labor Statistics (BLS), or any successor regional labor cost index designated by the secretary, for that year.

The bill maintains existing requirements regarding informational public hearings before adopting the health care cost growth benchmarks and annual primary care spending targets developed as described above. However, it eliminates the discretion the commissioner has under current law to modify the growth benchmark or spending target after an informational public hearing if reasonably warranted.

Hospital Payment Growth Methodology (§ 365)

By July 1, 2027, the bill requires the OPM secretary, in consultation with an association of Connecticut hospitals, to develop and adopt a hospital payment growth methodology to measure a hospital's annual change in payment per unit. The methodology must (1) be effective for performance year 2028, and (2) to the maximum extent feasible, adjust for or consider the bill's factors for assessing compliance with the hospital growth benchmark.

Definition. Under the bill, a “hospital payment growth methodology” is one the secretary develops to measure a hospital's annual change in standardized payment per unit of service, by market or service category, or both, while holding utilization constant and adjusting for or otherwise considering the bill's factors for assessing compliance with the hospital growth benchmark, to distinguish payment growth from changes in utilization, clinical risk, service volume, service mix, and payer reimbursement practices.

Under the bill, a “hospital payment growth benchmark” is a benchmark value to measure annual hospital payment growth that is equal to the cost growth benchmark value the bill establishes.

Hospital-Specific Preliminary Results. The bill requires the secretary, before finalizing the methodology, to provide each hospital with the hospital-specific preliminary results and the data and assumptions used to calculate the results. The secretary must also (1)

give each hospital at least 90 days to validate, verify, or challenge the methodology, data, assumptions, and preliminary results; (2) consider all timely corrections or challenges a hospital submits; and (3) amend the methodology or preliminary results as appropriate.

Publishing Requirement. By January 1, 2029, the secretary must publish (1) the final hospital payment growth methodology on OPM's website, (2) a written response to material comments received, (3) a description of any changes made to the methodology following testing and validation, and (4) an explanation of how the methodology accounts for material changes in patient acuity, clinical complexity, severity of illness, case mix, service intensity, payer mix, service mix, coding guidance, payer claims adjudication practices, and services provided.

Annual Review of Inflation Rate. The bill maintains existing law's requirement for the commissioner (secretary under the bill) to annually review the current and projected inflation rate and publish the review on the respective website. Existing law and the bill allow modification of the benchmark if the inflation review requires it, and an informational public hearing is not required before the modification.

Legislature's Review and Approval Eliminated. Under current law, if the average annual health care cost growth benchmark for a succeeding five-year period is different from the average benchmark for the previous five-year period by more than 0.5%, it must be submitted to the Insurance Committee for review and approval. The bill eliminates this requirement.

Primary Care Spending Targets (§ 365)

The bill creates a new method the secretary must use to develop and adopt primary care spending targets. Under this method the secretary must:

1. use total medical expense as the denominator and include in primary care spending both claims-based and nonclaims-based payments attributable to primary care providers, and primary care services and infrastructure, including primary care

capitation, care management, and care coordination payments, and may exclude market specific factors, such as long-term care, as determined by the secretary;

2. establish separate market-specific primary care spending targets for the commercial market, Medicaid, Medicare, and Medicare Advantage, to the extent feasible and practicable, and adjust the calculation and assessment of each payer and provider against the market-specific target to account for material differences in age and sex distribution;
3. adopt annual market-specific targets for the succeeding five calendar years that reflect progressive improvement toward a market-specific reference percentage determined by the secretary based on primary care access needs, workforce capacity, health equity, and comparable market data, provided the cumulative increase in the target over the five-year period must not exceed 5% of the adjusted baseline; and
4. calculate the state-wide annual primary care spending target as the member-month weighted average of the market-specific targets established under these provisions.

Health Care Quality Benchmarks (§ 365)

The bill makes no changes to existing requirements for the commissioner (the secretary under the bill) to develop annual health care quality benchmarks every five years starting by July 1, 2025, such as the requirement to consider quality measures endorsed by nationally recognized organizations and expert organizations that develop health equity measures and other measures (such as health outcomes, overutilization, and underutilization). It also maintains the informational public hearing and other related requirements.

OPM Secretary's Implementation Functions (§ 365)

The bill requires the secretary, in implementing the provisions above, to perform certain functions described below, by July 1, 2028. The bill specifies that these functions must not prevent the secretary from

reporting the cost growth performance of each provider at the market level.

Methodology to Analyze APCD Data. The secretary must adopt and post on the office's website a revised methodology for analyzing data from the state's all-payer claims database (APCD) and for identifying entities that are significant contributors to health care cost growth. This methodology must use data analytics that examine the contribution of material changes in clinical risk payment methodologies that have a material change on cost growth measures.

Under the bill and existing law, the "all-payer claims database" is a database that receives and stores data from a reporting entity (for example, insurer or pharmacy benefit manager) relating to medical insurance, dental insurance, pharmacy, and other insurance claims information from enrollment and eligibility files.

Methodology for Assessing Compliance. The secretary must also adopt and make available on the office's website a revised methodology for assessing compliance with the health care cost growth benchmark. The methodology must (1) assess cost growth for each provider entity and hospital in the aggregate across governmental and private payers and (2) adjust for clinical risk, and account for changes in payment methodologies that have a material change on cost growth measures.

Payer and Hospital Reporting Requirement and Report Publication (§ 366)

Existing law requires payers, by August 15 each year, to report aggregated data to OHS (OPM under the bill), including aggregated, self-funded data necessary to calculate (1) total health care expenditures, (2) primary care spending as a percentage of total medical expenses, and (3) net cost of private health insurance. The bill extends this requirement to hospitals and adds data necessary to calculate performance toward the hospital growth benchmark, as applicable.

The bill also requires the secretary to seek to limit the burden of reporting requirements and rely on data sources available to the secretary before seeking data reporting from hospitals.

Annual Health Care Expenditure Report (§ 366)

Report on Total Health Care Expenditures. Under existing law, by March 31 each year, OHS (OPM under the bill) must post on its website a report on total health care expenditures. The report must use the total aggregate medical expenses that payers report, including a breakdown of population-adjusted total medical expenses by payer and provider entities. Under current law, it may also include information on, among other things, primary care spending as a percentage of total medical expenses. The bill replaces this with the option to include, for each market and payer, both (1) the percentage of total medical expense devoted to primary care, and (2) primary care spending expressed on a per-member-per-month basis.

By July 1, 2028, before releasing this report, the bill requires the secretary to establish and coordinate a process for payers and provider entities to review data submitted and provide information and feedback that may improve the data's accuracy.

Report on Hospital Payment Growth. The bill also requires the secretary, starting by March 31, 2029, to annually prepare and post on OPM's website a report on each hospital's payment growth compared to the hospital growth benchmark in applicable markets, as the secretary determines using the hospital payment growth methodology for inpatient and outpatient services.

Assessing Compliance With the Health Care Cost Growth Benchmark (§ 367)

Under the bill, by July 1, 2028, in assessing compliance with the health care cost growth benchmark and determining whether to identify a payer or provider entity as exceeding it, the secretary must use the methodology described above and must not identify any payer or provider entity as exceeding the benchmark based solely on commercial payment growth, or on commercial trends viewed in isolation.

In assessing compliance with the hospital payment growth benchmark and in determining whether to identify a hospital as exceeding it, the secretary (1) must use the hospital payment growth

methodology, including considering the factors below, and (2) must not identify any hospital as exceeding the benchmark based solely on commercial payment growth or on commercial trends viewed in isolation. The assessment must specifically consider unique circumstances applicable to pediatric providers.

Factors for Assessing Compliance With Hospital Payment Growth Benchmark (§ 367)

Starting by July 1, 2028, the bill establishes the following factors that must be considered, to the extent feasible and practicable, in assessing compliance with the hospital payment growth benchmark:

1. changes in patient acuity, clinical complexity, case mix, service intensity, illness severity, social risk factors, and shifts in services provided;
2. regional labor market conditions, workforce shortages, inflationary pressures, pharmaceutical and medical supply costs, capital expenditures, governmental mandates, and changes in federal or state law, regulation, or reimbursement policy materially affecting hospital costs or payments;
3. services, payment changes, utilization changes, or cost increases attributable to public health emergencies, new technologies, new service lines, changes in coding guidance, payer claims adjudication practices, including downcoding, downgrading, bundling, denials, payment edits, and other payer coding or reimbursement policies, changes in payer mix, supplemental or directed payments, graduate medical education payments, disproportionate share hospital payments, uncompensated care, or other factors the secretary determines that materially distort year-to-year comparisons; and
4. payment growth separately and in the aggregate across governmental and nongovernmental payers and the extent to which governmental payer payment growth lags hospital input cost growth or contributes to nongovernmental payment growth.

Cost Growth Benchmark Plan (§ 367)

The bill requires the secretary to notify all payers, provider entities, other entities, and hospitals identified as exceeding the health care cost growth benchmark or hospital benchmark, as applicable, for any given year. Beginning with the performance of a provider entity or hospital in calendar year 2029, unless stated otherwise in an approval or agreement with the state, the secretary may, beginning in the calendar year in which 2029 performance is assessed, require any provider entity or hospital identified as exceeding the applicable benchmark, to file a cost growth benchmark plan with the secretary, in a way the secretary sets.

OPM's Notice to Provider Entity or Hospital. The secretary must provide written notice to such a provider entity or hospital, including supporting data, that it is required to file a cost growth benchmark plan.

Provider Entity or Hospital Requirements. Within 45 days after receiving this notice, the provider entity or hospital must file:

1. a complete cost growth benchmark plan with the secretary;
2. an application to waive or extend the requirement to file a cost growth benchmark plan; or
3. information based on the supporting data provided by the secretary to dispute the finding that it exceeded the cost growth benchmark in the given year, in a form and manner set by the secretary.

Documentation and Supporting Evidence. Under the bill, the provider entity or hospital may file any documentation or supporting evidence with the secretary to support its application to waive or extend the requirement to file a cost growth benchmark plan.

The secretary must require the provider entity or hospital to submit any other relevant information the secretary deems necessary in considering the waiver or extension application, and this information, except propriety information or information subject to state or federal confidentiality requirements, must be made public at the secretary's

discretion.

Under the bill, the secretary may:

1. deny the dispute of the findings that the provider entity or hospital exceeded the applicable benchmark,
2. accept the provider entity's or hospital's data and justification that the provider entity or hospital has not exceeded the relevant growth benchmark for the year,
3. waive the requirement for a provider entity or hospital to file a cost growth benchmark plan, or
4. delay the requirement for a provider entity or hospital to file a plan in response to a waiver or extension request in light of all information received from the provider entity or hospital, based on considering the factors below.

Factors to Consider. In determining whether to delay the requirement for a provider entity or hospital to submit the plan, the secretary must consider the following factors:

1. the costs, price, and utilization trends of the provider entity or hospital over time, and any demonstrated improvement to reduce health status total medical expenses;
2. any ongoing strategies or investments that the provider entity or hospital is implementing to improve future long-term efficiency and reduce cost growth;
3. whether the factors that led to increased costs for the provider entity or hospital can reasonably be considered to be unanticipated and outside of its control (these factors may include matters such as age and other health-status-adjusted factors and other cost inputs such as pharmaceutical and medical device expenses, or any manmade or natural catastrophic event);
4. the provider entity's or hospital's overall financial condition;

5. the annual growth in the inpatient hospital market basket published by the Centers for Medicare and Medicaid Services, or any successor hospital input price index the secretary designates, for the year;
6. the annual growth in the Employment Cost Index for total compensation for private industry workers in the New England Census Region published by BLS, or any successor regional labor cost index the secretary designates, for the year;
7. the performance across all markets in the aggregate; and
8. the factors identified in assessing compliance with the hospital payment growth benchmark (see above) and any other factors the secretary considers relevant.

Waiver or Extension Denied. If the secretary declines to waive or extend the requirement for the provider entity or hospital to file a cost growth benchmark plan, the secretary must give written notice to the provider entity or hospital of the denial and the entity or hospital must file a plan.

Filing Deadline and Plan Contents. A cost growth benchmark plan must be filed:

1. within 45 days after receiving the initial notice;
2. if the provider entity or hospital requested a waiver or extension, within 45 days after receiving the denial notice; or
3. if the provider entity or hospital is granted an extension, on the date given on the extension.

The provider entity or hospital must generate the cost growth benchmark plan identifying the causes and include specific strategies, adjustments, and action steps the provider entity or hospital proposes to implement to improve cost performance. The plan must include specific identifiable and measurable expected outcomes and a timetable for implementation up to 18 months.

Approval. The secretary must approve any cost growth benchmark plan that the secretary determines is reasonably likely to address the underlying cause of the provider entity's or hospital's cost growth and has reasonable expectations for successful implementation.

OPM Consultation on Incomplete or Unacceptable Plan. If the secretary finds the plan unacceptable or incomplete, the secretary may provide consultation on the criteria that have not been met and may allow an additional period, up to 30 calendar days, for resubmission, provided all aspects of the plan must be proposed by the provider entity or hospital and the secretary must not require specific elements for approval.

Plan Implementation. Upon the plan's approval, the secretary must notify the provider entity or hospital to begin immediately implementing it. The secretary must provide public notice on the office's website stating that the provider entity or hospital is implementing a cost growth benchmark plan. All provider entities and hospitals implementing an approved plan may be subject to additional reasonable reporting requirements and compliance monitoring, as the secretary determines.

Each provider entity and hospital must, in good faith, work to implement the cost growth benchmark plan. At any point during the plan's implementation, the provider entity or hospital may file one or more plan amendments, subject to the secretary's approval.

Provider Entity or Hospital Report to OPM on Plan Outcome. At the conclusion of the timetable set in the cost growth benchmark plan, the provider entity or hospital must report to the secretary on the plan's outcome. If the plan was found to be unsuccessful, the secretary must:

1. extend the implementation timetable of the existing plan;
2. approve any amendment to the plan as proposed by the provider entity or hospital;
3. require the provider entity or hospital to submit a new plan;

4. waive or delay the requirement to file any plans; or
5. implement the penalty below for failing to file a plan.

The identity of the provider entity or hospital must be removed from OPM's website once they have successfully completed the cost growth benchmark plan.

Penalty for Failing to File a Cost Growth Benchmark Plan. Under the bill, the secretary may require a provider entity or hospital to submit a one-time community investment project (see below) with a focus on addressing population health to the Department of Social Services (DSS) commissioner for review, if the secretary determines that the entity or hospital has:

1. willfully neglected to file a cost growth benchmark plan with the secretary not later than 45 days after receipt of the notice,
2. failed to file an acceptable plan in good faith with the secretary,
3. failed to implement the plan in good faith, or
4. knowingly failed to provide information required by these provisions or knowingly falsified the information.

Community Investment Project. For a hospital, the project must consider the most recently completed community health needs assessment and have a focus on addressing population health. The value of the project must be (1) up to \$100,000 for a small hospital with fewer than 180 licensed beds; (2) up to \$200,000 for a midsize hospital with 180 to 499 licensed beds; and (3) up to \$400,000 for a large hospital with 500 or more licensed beds.

The secretary must consider waiving the submission of a one-time community investment project by financially distressed hospitals or provider entities (those that have an operating margin of less than 1%).

Reports to the Legislature on Public Hearing Information (§ 368)

Current law requires the commissioner (now the secretary) to hold

annual informational public hearings to:

1. compare the growth in total health care expenditures in the performance year to the health care cost growth benchmark for the year and
2. compare the performance of payers and provider entities in the performance year to the quality benchmarks established for that year.

Current law also requires the commissioner (now secretary) to submit reports to the Insurance and Public Health committees annually on specific matters relating to these hearings. The bill changes the due date of both annual reports from October 15 to January 15.

For the report related to total health care expenditures, the bill removes the requirement for the report to describe a plan for monitoring any unintended adverse consequences resulting from the adoption of cost growth benchmarks and primary care spending targets and the results of any findings from the plan's implementation.

Exceeding the Cost or Hospital Growth Benchmark, Quality Benchmark, or Primary Care Spending Target (§ 368)

Notification. The bill requires the secretary, by March first annually, to notify any payer, provider entity, hospital, or other entity that exceeded the cost growth benchmark, primary care spending target, quality benchmarks, or hospital payment growth benchmark, as applicable.

Request From Provider or Entity. Upon the request of the payer, provider entity, hospital, or other entity, including a drug manufacturer identified as a significant contributor, the secretary must make available to them:

1. the APCD data sets, analytic files, and methodology used to determine the benchmarks or targets, as applicable, provided the payer, provider entity, hospital, or other entity receives approval from APCD release committee;

2. payment of any required fees; and
3. an executed data release agreement for raw data to the extent permitted by law and sufficient to enable the entity to assess, verify, or challenge the secretary's determination.

All Payer Claims Database Release Committee. The APCD release committee must expedite any release requests an entity makes under this provision.

Expedited Request Process. By January 1, 2027, the secretary must establish an expedited APCD data request process for payers, provider entities, hospitals, and other entities identified as exceeding the cost growth benchmark, primary care spending target, or hospital payment growth benchmark. Under the process, the release committee's chairperson, or his or her designee, must meet with the secretary and approve or disapprove an application from an identified entity within 10 days after the meeting. Within five days after any approval of an application, the secretary must send a data use agreement to the identified entity. Within 10 days after receiving an approved data use agreement from the identified entity, the secretary must provide the data to the entity. The bill exempts identified entities from a data release fee.

Challenge and Cost-Driver Assessment. The secretary must consider any timely challenge submitted by an identified entity. In making and publicly presenting a cost-driver assessment, the secretary must use the revised methodology adopted under the bill and examine the contribution of material changes in clinical risk and payment methodologies.

§ 370 — MEDICAID VALUE-BASED WORKING GROUP

Creates a Medicaid Value-Based Payment Working Group to collaboratively design, evaluate readiness for, and recommend scalable, voluntary, value-based payment models for the Medicaid population

The bill creates a Medicaid Value-Based Payment Working Group to collaboratively design, evaluate readiness for, and recommend scalable, voluntary, value-based payment models for the Medicaid population.

These payment models must advance quality, cost efficiency, access, health system sustainability, and health equity across the health care delivery system. Any value-based payment model developed under the bill must be voluntary for participating providers.

EFFECTIVE DATE: July 1, 2026

Membership

The members must be appointed by the DSS commissioner, including representatives of hospitals, physicians, federally qualified health centers, behavioral health care providers, health carriers or managed care organizations participating in Medicaid, consumer advocates, and any other stakeholders the commissioner deems appropriate.

Recommendations

The working group must evaluate and develop recommendations on:

1. voluntary value-based payment arrangements for Medicaid providers, including shared savings models, population-based payment models, quality incentive arrangements, and other alternative payment methodologies;
2. strategies to improve quality outcomes, promote access to care, and address health disparities within the Medicaid population;
3. the operational, technological, workforce, and infrastructure investments necessary to support participation in value-based payment arrangements, including consideration of up-front funding, technical assistance, data-sharing capabilities, and administrative simplification; and
4. opportunities to align these payment initiatives with state and federal delivery system reform efforts.

Reporting Requirement

The working group must submit its recommendations to the Human Services and Public Health committees by January 1, 2028. The recommendations must include opportunities for pilot implementation.

§§ 371-373 — PREVAILING WAGE

Delays, until January 1, 2027, the effective date of a provision in sHB 5003 (File 745) that generally requires the benefit portion of the prevailing wage to be determined at the journeyman rate

sHB 5003, as amended by House Amendment “A” and passed by the House and Senate (File 745), includes a provision (§ 54) that requires (1) the labor commissioner, when determining the prevailing wages required on a public works project, to determine the portion that covers payments, contributions, and member benefits at the journeyman rate and (2) employers on prevailing wage projects to keep daily attendance records of the workers on a covered project and submit them weekly to the agency overseeing the project.

This bill repeals that provision (§ 371), separates its two requirements, and reinstates them with separate effective dates so that the requirement to determine prevailing wage benefits at the journeyman rate is effective January 1, 2027 (instead of October 1, 2026), and the requirement to keep daily attendance records is effective October 1, 2026 (as it is under sHB 5003).

EFFECTIVE DATE: Upon passage for the repealer (§ 371), January 1, 2027, for the reinstated provision on journeymen rates (§ 372), and October 1, 2026, for the reinstated provision on daily attendance records (§ 373).

§ 374 — DOL STUDY OF WORKERS’ RIGHTS

Requires the labor commissioner to study the rights of workers

The bill requires the Department of Labor (DOL) commissioner to study the rights of workers “under economic pressure in this contentious day and age.” She must submit the study’s findings and recommendation to the Labor and Public Employees Committee by January 1, 2028.

EFFECTIVE DATE: Upon passage

§§ 375 & 387 — EARLY CHILDHOOD EDUCATION ENDOWMENT

Requires OEC to annually develop a proposed spending plan for released Early Childhood Education Endowment funds; makes minor changes to the law on transfers to the fund

The Early Childhood Education Endowment, established in PA 25-93, is funded with unappropriated surplus and used by the Office of Early Childhood (OEC) to support early care and education programs in the state. The bill requires OEC to make an annual spending plan and makes minor changes to the law’s provision on transfers to and from the funds.

Annual Proposed Spending Plan (§ 387)

The bill requires OEC to annually develop a proposed spending plan for released endowment funds that meets existing law on spending from the fund. The plan must list OEC’s policy goals, the amount of planned expenditures, and a statement of how the spending will meet the policy goals.

Under the bill, the OEC commissioner must present the plan to the Early Childhood Education Endowment Advisory Board at its first meeting during the fiscal year the plan is for.

EFFECTIVE DATE: Upon passage

Transfers to and From the Fund (§ 375)

Each fiscal year, the treasurer must transfer the entire amount of estimated current unappropriated surplus (if any) from the General Fund to the Early Childhood Education Endowment. The bill specifies that he must do so by June 30 each fiscal year.

Under existing law, whenever the comptroller determines that there is a deficit for the immediately preceding fiscal year, funds credited to the Budget Reserve Fund are deemed appropriated to fund the deficit. Under current law, before this appropriation occurs, the comptroller must deduct the amount necessary to fund the deficit from the amount transferred to the endowment in the preceding fiscal year. The bill instead requires the comptroller to transfer the necessary amount from the fund itself but prohibits him from transferring more than the amount transferred to the fund in the preceding fiscal year.

The bill also makes several technical changes.

EFFECTIVE DATE: July 1, 2026

§ 376 — WATERBURY 2025-26 SCHOOL YEAR NOTWITHSTANDING

Allows the Waterbury school board to reduce the number of actual school sessions for the 2025-26 school year to 176 days

Despite existing law that requires school boards to have 180 days of actual school sessions per school year, the bill allows the Waterbury school board to reduce that number to 176 days for Waterbury Public Schools for the 2025-26 school year.

EFFECTIVE DATE: Upon passage

§§ 377, 379 & 390-395 — EDUCATION GRANTS

Provides (1) supplemental education grants to towns and choice schools and (2) district relief and compensatory use learning grants and exempts these grants from the MBR calculation; adjusts existing education grants (see Fiscal Note)

The bill appropriates funds and provides supplemental education grants to towns and to magnet schools, charter schools, and vo-ag programs in FYs 26 and 27. It also provides district relief and compensatory use learning grants in FY 27 (§§ 390, 391 & 393-395, see Fiscal Note for a summary of these grants).

The bill requires these grants to be used for educational purposes only and prohibits towns from using them to supplant local education funding. The bill excludes these grants from the minimum budget requirement (MBR) calculation. (The MBR law prohibits towns from budgeting less for education than they did in the prior year, with some exceptions.)

The bill also (1) provides charter school planning grants and reduces interdistrict magnet school grants for regional educational service centers and other non-board of education operators (§§ 377 & 379, see Fiscal Note for a summary of these grants) and (2) requires the total amount of FY 28 education cost sharing (ECS) grant payments to equal the FY 27 appropriation plus \$152.2 million (§ 392).

EFFECTIVE DATE: Upon passage, except that (1) provisions on charter school planning grants, interdistrict magnet school grants, and district relief and compensatory use learning grants are effective July 1, 2026, and (2) the provision on FY 28 ECS grants is effective July 1, 2027.

§ 378 — GRANTS FOR HEALTH SERVICES FOR PRIVATE SCHOOL STUDENTS

Extends to FY 27 the requirement to proportionately reduce grants for health services provided to private school students under state law

Existing law authorizes grants for school districts who are required to provide health services to private school students under state law. The bill extends to FY 27 the requirement that these grants be proportionately reduced if the amount appropriated for them does not fully fund them according to the statutory formula. Under current law, this requirement applies through FY 26.

EFFECTIVE DATE: July 1, 2026

§ 380 — ROBERTA B. WILLIS SCHOLARSHIP FUNDING CONTRACTS WITH HIGHER EDUCATION INSTITUTIONS

Permits OHE, with OPM approval, to enter contracts with higher education institutions to commit funds for Roberta B. Willis needs-based scholarships

The bill permits the Office of Higher Education (OHE), with the Office of Policy and Management's (OPM'S) approval, to enter contracts with Connecticut higher education institutions on and after January 1 annually to commit funds for Roberta B. Willis needs-based scholarships in the following fiscal year. The total amount committed cannot exceed the appropriation for this purpose for the (1) current fiscal year if no budget has been adopted for the following fiscal year or (2) following fiscal year as approved in the state budget.

By law, OHE annually allocates funds for these scholarships to participating higher education institutions in the state. The law already requires OHE to notify them annually by (1) October 1 of the proportion of funds they will receive the next fiscal year and (2) November 1 of the estimated amount of funds allocated to them in the next fiscal year.

Under existing law, OHE allocates funds to institutions for need-

based awards based on the number of their students with a student aid index at or below 200% of the maximum student aid index eligible for a federal Pell grant award. Awards are up to \$4,500 for full-time students and prorated for part-time students.

EFFECTIVE DATE: July 1, 2026

§ 381 — TEACHER APPRENTICESHIP PROGRAM

Starting in FY 27, requires SDE to administer a teacher apprenticeship program within available appropriations

Starting in FY 27, the bill requires SDE to administer a teacher apprenticeship program within available appropriations.

EFFECTIVE DATE: July 1, 2026

§ 382 — OHE PROGRAM TO SUPPORT PROMISE PROGRAMS

Requires OHE to create a program to support the establishment of new promise programs

The bill requires the Office of Higher Education (OHE) to establish a program to support the creation of new promise programs throughout the state. The program must prioritize programs serving students in alliance districts (see BACKGROUND) and maintain a goal of establishing eight new promise programs by January 1, 2031.

Through the program, OHE must:

1. coordinate with municipalities and regional coalitions;
2. provide each new promise program with start-up technical assistance, including on strategies related to funding, stakeholder engagement, program design, evaluation, and sustainability; and
3. hire a consultant with expertise in developing and operating promise programs.

Under the bill, “promise programs” are scholarship programs that give recipients postsecondary scholarships and associated services, such as mentoring, peer support, and internships.

EFFECTIVE DATE: July 1, 2026

Background – Alliance Districts

By law, the education commissioner has designated 36 alliance districts for five years, beginning with FY 23. The current designation applies to (1) the 33 school districts with the lowest accountability index scores and (2) three previously designated districts that were no longer among the 33 with the lowest scores. The index is based on several student-centered measures, including statewide assessment results and high school graduation rates, among others.

§§ 383 & 384 — PARENT TRAINING AND INFORMATION CENTERS

Creates a new SDE grant to establish parent training and information centers; repeals the law creating OEO (which in practice, has not been established)

The bill establishes a new State Department of Education (SDE) grant to establish parent training and information centers to (1) train and assist parents of children with disabilities to help the children meet developmental, functional, and academic goals and (2) receive and attempt to resolve special education complaints from students' families. It also repeals the law creating the Office of the Educational Ombudsperson (OEO), within the Office of Governmental Accountability, which was tasked with receiving and attempting to resolve education complaints from students' families (OEO was created last year under PA 25-93, but in practice, is not operational).

EFFECTIVE DATE: Upon passage

The bill authorizes the SDE commissioner to enter into cooperative agreements with and award grants to, in amounts that she determines, one or more parent organizations in the state to establish parent training and information centers. A "parent organization" is a nonprofit organization whose (1) mission is to serve families of children with disabilities and (2) governing board includes (a) a majority of members who are parents of children with disabilities, (b) professionals who work in special education and early intervention-related fields, and (c) people with disabilities or those who are otherwise representative of people with disabilities.

The commissioner must post in a conspicuous location on SDE's

website (1) the program description, including the amount of grants available; (2) any eligibility requirements for parent organizations to be eligible for grants; and (3) the program application.

Duties of Parent Training and Information Centers

The bill requires each center to:

1. receive, review, and attempt to resolve any special education complaints from students and students' families, including attempts to resolve complaints in collaboration with schools and educators;
2. give information to the public, agencies, legislators, and others on the issues and concerns of special education students and make recommendations for resolving them;
3. provide training and information to parents (including those who are low income or have limited English proficiency) of children with disabilities to help the children meet developmental, functional, and academic goals; and
4. help parents communicate effectively with those responsible for providing special education and related services to their children.

The bill requires SDE to disseminate information about any parent training and information center established under the bill by (1) posting the information in a conspicuous location on its website, including information on special education guides and information published by the department, and (2) distributing the information in any other way the department chooses.

Reporting Requirement

Under the bill, each parent training and information center must submit an annual report to the Education Committee that includes the (1) number and demographics of families the center served; (2) effectiveness of strategies used to reach and serve families, including families with low income or that have limited English proficiency; and (3) number of families the center helped resolve special education

complaints.

§§ 385, 386 & 485 — STUDENT LOAN OMBUDSMAN

Transfers, from DOB to OHE, the Office of the Student Loan Ombudsman; requires the ombudsman to report to the legislature on the office's 2025 and 2026 activities

The bill transfers the Office of the Student Loan Ombudsman from the Department of Banking (DOB) to OHE. Among other things, the ombudsman's office is responsible for (1) helping student loan borrowers resolve complaints and understand their rights and responsibilities and (2) analyzing and monitoring laws that affect borrowers and recommending changes to them.

Conforming with the transfer, the bill:

1. designates the governor, rather than the DOB commissioner, as the appointing authority for the student loan ombudsman;
2. removes the student loan ombudsman account from the Banking Fund (the account, which is used to administer the office's responsibilities, contains licensing and investigation fees DOB collects from private student loan servicers) and designates the ombudsman, rather than the DOB commissioner, as the authorized person to spend funds in the account; and
3. removes a requirement for the ombudsman to consult with the commissioner on its student loan borrower education course.

The bill also requires the student loan ombudsman to report to the Appropriations, Banking, and Higher Education and Employment Advancement committees by January 1, 2027, on the office's activities during 2025 and 2026.

EFFECTIVE DATE: July 1, 2026

§§ 388 & 389 — REVIEWING BOARD OF EDUCATION FINANCIAL CONDITIONS AND MEMBER ADDED TO MARB

Creates a process for BOEs to ask SDE for a fiscal intervention and oversight plan; requires (1) MARB to review the plan and (2) the OPM secretary and SBE to approve the plan before a BOE implements it; requires BOEs with a plan to meet with MARB to discuss compliance; adds the SDE commissioner to MARB

The bill creates a process by which a local or regional board of education (BOE) may opt to ask the SDE commissioner for a fiscal intervention and oversight plan. The SDE-created plan is reviewed by the Municipal Accountability Review Board (MARB, see *Background – MARB*), and then needs to be approved by the OPM secretary and SBE before the BOE implements it.

The plans must require BOEs to meet with MARB to discuss their financial condition and compliance with the plan. The bill adds the SDE commissioner to MARB.

The bill specifies that its provisions do not affect other state and federal laws that give SBE authority over BOEs.

EFFECTIVE DATE: July 1, 2026

SDE Review and Fiscal Intervention and Oversight Plan

When a BOE applies to the SDE commissioner, she, in consultation with the OPM secretary, must conduct an initial review of the BOE's financial condition. This may include, among other things, (1) meeting with local officials, (2) assessing the BOE's budget deficit and the underlying causes of it, and (3) assessing the financial condition of the relevant municipality or municipalities.

After this initial review, the SDE commissioner must develop a fiscal intervention and oversight plan for the BOE, which at least (1) accounts for any legal mandates, orders, or settlements affecting the BOE's costs, and (2) requires the BOE to appear before MARB to discuss its financial condition and compliance with SDE's plan.

Submission to MARB

The SDE commissioner must submit her plan to MARB for review. MARB must review the plan and may recommend revisions to support

the long-term financial sustainability of the BOE and the municipality or municipalities served by it. MARB's review must include checking that the plan:

1. ensures accuracy in the accounting of the BOE's expenses and liabilities;
2. improves the BOE's financial reporting systems (as necessary);
3. establishes and maintains transparency in the BOE's fiscal operations;
4. requires the BOE to notify SDE of any contracts to which it is a party that exceed \$100,000;
5. requires the application of LEAN practices and principles; and
6. includes a comprehensive school facilities and administrative optimization initiative.

As part of the review, MARB may require the BOE to appear before it and discuss its financial condition and compliance with the plan.

Submission to OPM Secretary and SBE

MARB must submit the reviewed plan and any recommended revisions to it to the OPM secretary. The secretary must either approve the plan or require the SDE commissioner to revise it. (The bill does not specify whether MARB must review any revisions the commissioner makes.)

After the OPM secretary approves the plan, the SDE commissioner must submit it to SBE for its approval. When SBE approves it, the BOE must implement it.

Background — MARB

MARB is a state board charged with providing technical, financial, and other assistance and oversight to municipalities experiencing fiscal distress. It is composed of state officials and members with business, labor, and municipal government expertise appointed by the governor

or legislative leaders. Generally, and depending on a municipality's level of fiscal distress, MARB may (1) require monthly status reports and monitor compliance with financial plans and budgets; (2) review and comment on budgets and approve revenue assumptions; (3) review and comment on, or approve, debt obligations; (4) recommend efficiency measures and hire consultants or a financial manager; and (5) set an interim budget.

§ 396 — PRIORITY LIST GRANT COMMITMENTS

Authorizes school construction state grant commitments totaling \$150.6 million toward total estimated project costs of \$305.6 million

Under the state school construction grant program, the state reimburses towns and local districts for a percentage of eligible school construction costs through state general obligation bonds (with less wealthy municipalities getting a higher reimbursement). The municipalities pay the remaining costs.

The bill authorizes school construction state grant commitments totaling \$150.6 million toward total estimated project costs of \$305.6 million. For each project the bill authorizes, the table below shows the district, school, project type, estimates for total cost and state grant commitment, and state reimbursement rate.

Table: 2026 School Construction Grant Commitments

District	School	Project Type	Estimated Project Cost	Estimated Grant	Reimbursement Rate
Milford	Jonathan Law High School	Extension/ Alteration	\$12,650,000	\$4,968,920	39.28%
Norwich	Teachers' Memorial Global Studies Magnet Middle School	New Construction	69,367,713	55,494,170	80.00%
Seymour	Bungay Middle School	New Construction	60,000,000	38,748,000	64.58%
Stamford	Julia Stark Elementary School	Alteration/ Energy Conservation	14,347,081	8,608,249	60.00%
Waterbury	Roberto Clemente International Dual Language School	Extension/ Alteration	38,755,850	30,589,992	78.93%

<i>District</i>	<i>School</i>	<i>Project Type</i>	<i>Estimated Project Cost</i>	<i>Estimated Grant</i>	<i>Reimbursement Rate</i>
Westport	Long Lots Elementary School	New Construction	110,472,124	12,229,264	11.07%
Totals			305,592,768	150,638,595	

EFFECTIVE DATE: Upon passage

§ 397 — THE SCHOOL CONSTRUCTION PROGRAM GRANT REIMBURSEMENT RATE

Caps the total reimbursement percentage a board of education may receive for school construction grants at 95% of eligible costs; creates a new bonus of an additional 20% for any school district that has increased enrollment by 20% or more over a 10-year period

The Department of Administrative Services (DAS) school construction grant program reimburses school districts for eligible school construction project costs. The bill caps the total reimbursement percentage a board of education may receive under this program at 95%. Under existing law, the top standard reimbursement rate is (1) 70% for new construction projects and (2) 80% for renovation projects. However, the law has additional provisions that allow for reimbursement rate bonuses, such as an additional (1) 15% for an early childhood care and education program in an elementary school or (2) 10% for cooperative arrangements between school districts. The bill prohibits combining any available bonuses in a way that leads to more than 95% reimbursement for a single project.

The bill also establishes a new bonus of an additional 20% for any school district that has increased enrollment by 20% or more over the 10-year period immediately preceding the date the school construction project application is submitted to DAS. This is also subject to the 95% cap.

EFFECTIVE DATE: July 1, 2026

§§ 398-403 — RENAMING THE SCHOOL BUILDING PROJECTS ADVISORY COUNCIL AS THE SCHOOL SAFETY AND SECURITY INFRASTRUCTURE ADVISORY COUNCIL

Renames the School Building Projects Advisory Council as the School Safety and Security Infrastructure Advisory Council and revises its responsibilities

The bill renames the School Building Projects Advisory Council as the School Safety and Security Infrastructure Advisory Council and revises its responsibilities. It shifts the council's focus from school building projects in general to the safety and security aspects of projects including by changing (1) members and their qualifications and (2) the chairperson from the DAS commissioner or her designee to the Department of Emergency Services and Public Protection (DESPP) commissioner or his designee.

EFFECTIVE DATE: Upon passage

Advisory Council Responsibilities

Under current law, the council makes recommendations for improvements to the DAS school building projects process to the governor and the Appropriations, Education, and Finance, Revenue and Bonding committees. The bill instead requires it to make recommendations for improvements to DESPP's school safety and security grant process, including eligibility criteria, to the governor and the Education and Public Safety and Security committees.

The bill requires the council to develop recommendations for school safety and security infrastructure projects that meet relevant industry standards. This replaces the council's current requirement to develop model blueprints that meet certain safety criteria for new school building projects.

Under current law and the bill, the council must conduct studies, research, and analyses, but the bill requires that they be related to school safety and security infrastructure. Existing law, unchanged by the bill, also requires the council to periodically review and update, as necessary, the school safety infrastructure criteria.

Membership

The bill increases the council's membership from 11 to 13 by (1) adding one representative each from a rural, suburban, and urban school district and (2) removing the current member with experience administering the State Building Code. Each of the three representatives must have experience in school safety and security project planning. Under current law and the bill, the council must include a member with construction and American with Disabilities Act accessibility experience and expertise for students with disabilities. The bill changes the qualifications for the remaining four members by requiring each to be a person with experience in one of the following: (1) school safety and security infrastructure, (2) school safety and security planning, (3) school physical infrastructure hardening, and (4) higher education campus safety. As under current law, the governor must appoint these members.

In addition to the governor's appointed members, the council consists of the Office of Policy and Management secretary, the DAS, education, and DESPP commissioners, and the Connecticut Technical Education and Career System (CTECS) board chair, or their designees, and six members appointed by the governor. The bill replaces the CTECS board chair with the CTECS executive director.

Terms

The bill ends the terms for all current council members on June 30, 2026, and requires the new members to be appointed by September 1, 2026. Under the bill, on the day it passes, the DESPP commissioner, or the commissioner's designee, becomes council chairperson, and DESPP staff must serve as the council's administrative staff.

The bill also makes technical and conforming changes.

§ 404 — ENDOWED HIGH SCHOOL OR ACADEMY AND SCHOOL CONSTRUCTION

Authorizes the DAS commissioner to waive the school construction grant requirements to provide school construction grants to the state's three endowed high schools or academies

By law, an endowed high school or academy that has been recognized by the State Board of Education as the public high school for

that town enrolls students from the town at no cost to the student or family. Connecticut has three such academies, the Gilbert School in Winchester, the Norwich Free Academy in Norwich, and the Woodstock Academy in Woodstock.

The bill authorizes the DAS commissioner to waive any requirement of the school construction grant law that is inconsistent or incompatible with the educational or administrative structure of these schools or academies in order to provide a school construction grant, including the obligation for the board of education or town to pay for part of the project’s cost (local share).

EFFECTIVE DATE: Upon passage

§§ 405-441 — SCHOOL CONSTRUCTION PROJECTS EXEMPTIONS, WAIVERS, AND MODIFICATIONS

Exempts school construction projects in 26 towns and three regional school districts from statutory and regulatory requirements to allow them to qualify for state reimbursement, receive a higher reimbursement rate, or have their project reauthorized, among other things (commonly referred to as “notwithstandings”)

The bill exempts school construction projects in 26 towns and three regional school districts from statutory and regulatory requirements to allow them to, among other things, (1) qualify for state reimbursement grants, (2) receive higher reimbursement percentages for the grants, or (3) have their project reauthorized due to a change in scope or cost. (These exemptions are commonly referred to as “notwithstandings.”) Generally, other than the specific notwithstanding provisions mentioned below, the projects must meet all other eligibility requirements.

The table below describes the notwithstandings that the bill grants.

EFFECTIVE DATE: Upon passage, unless otherwise noted below.

Table: Notwithstandings for School Construction Projects

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
405	Greenwich	Old Greenwich School, extension and alteration and	Allows the entire project to qualify retroactively as an early childhood care and education program (and, thus, receive

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
		roof repair	a 15 point reimbursement rate bonus) if the project's submitted application included plans for space that would otherwise qualify for the bonus
406	Bristol	Edgewood Pre-K Academy, renovation	Reauthorizes project and allows a change in scope if the cost does not exceed \$28.8 million; waives the filing deadline to be on the 2026 priority list (see above) Allows the project to qualify for the 15 point early childhood program bonus reimbursement rate if the reauthorization application includes plans for space that would otherwise qualify for the bonus
407	Plainville	Middle School of Plainville, renovation	Authorizes a 10 point reimbursement rate increase (current rate is 65%*)
408	Bridgeport	John Winthrop Elementary School, renovation, extension and alteration	Allows reimbursement bonus of 15% for early childhood care and education program for an existing application (the bonus 15% reimbursement was enacted last year; this project's application was submitted in December 2023)
409	Bridgeport	East End Elementary School, project unspecified	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$132 million if the district applies before September 1, 2026 Sets a 95% reimbursement rate instead of 78.57%* (project must include plans and specifications for early childhood care and education program space and result in a net zero school building facility)
410	Westport	Long Lots Elementary School, new construction	Waives the standard building space requirements
411 & 412	Branford	Mary T. Murphy Elementary School, project unspecified Mary R. Tisko Elementary School, project	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$ 98 million (per school) if the district applies before October 1, 2026 Authorizes a 15 point reimbursement rate increase (Branford's current rate is

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
		unspecified	35.71%*)
413	New Britain	Jefferson Elementary School, renovation	Waives the standard building space requirements for purposes of the grant calculation
414	Enfield	Crandall Elementary School, project unspecified	<p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$113,996,957 if the district applies before October 1, 2026</p> <p>Requires construction to begin by June 30, 2030</p> <p>Waives the standard building space requirements</p>
415	Enfield	Hazardville Memorial Elementary School, project unspecified	<p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$105,502,202 if the district applies before October 1, 2026</p> <p>Requires construction to begin by June 30, 2030</p> <p>Waives the standard building space requirements</p>
416	West Haven	West Haven High School, construction, extension, or major alteration of a gymnasium, including an ice rink	<p>Makes gymnasium, including an ice rink, project eligible for reimbursement</p> <p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$4 million if the district applies before October 1, 2026</p> <p>Gives the town full reimbursement for the gymnasium project (rather than half the town's rate; the town's 2026 rate is 76.67%)</p>
417	Seymour	Any public school, any energy or infrastructure improvement project financed through a tax-exempt lease	Makes certain ineligible costs eligible for reimbursement for any existing or future energy or infrastructure improvement projects, including photovoltaic, building management systems, energy conservation, heating, ventilation, and air conditioning (HVAC) systems, and roof

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
		purchase agreement entered into between July 1, 2025, and June 30, 2027, unspecified energy or infrastructure projects	replacement projects
418	South Windsor	South Windsor High School, project unspecified	Effective July 1, 2026, authorizes a 15 point reimbursement rate increase for any project at this school if the application is submitted by June 30, 2027 (South Windsor's current rate is 42.50%*)
419	Suffield	Suffield High School, roof replacement	Allows replacement of a roof that is less than 20 years old to be eligible for a state reimbursement grant Allows Suffield to change the project's description to a roof replacement and photovoltaic project and then qualify as one
420	Suffield	Suffield Middle School, project unspecified	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$ 119.5 million if the district applies before July 1, 2026 Authorizes a 10 point reimbursement rate increase (Suffield's current rate is 51.07%*)
421	Fairfield	Timothy Dwight Elementary School, project unspecified	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$76 million if the district applies before July 1, 2026 Sets a 75% reimbursement rate instead of 26.07%*
422	Fairfield	Tomlinson Middle School, HVAC	Waives the requirement that plans and specifications must be approved by DAS before the project can be let out to bid to be eligible for reimbursement
423	Meriden	Pulaski Elementary, School project	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$122 million if the

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
		unspecified	district applies before October 1, 2026
424	Cheshire	Cheshire High School, outdoor athletic facilities (including turf field replacement)	<p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$ 1.5 million if the district applies before July 1, 2027</p> <p>Sets the allowable project reimbursement rate at 95%, including for any outdoor athletic facility costs that would otherwise be reimbursed at one-half of this rate (Cheshire's current rate is 50%*)</p>
425	Glastonbury	Glastonbury High School, construction of outdoor athletic facilities including the installation or replacement of synthetic turf fields, and replacement of a track and tennis courts	<p>Makes the outdoor athletic facilities including synthetic turf fields, track, and tennis courts eligible for reimbursement</p> <p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$5,525,000 if the district applies before July 1, 2027</p> <p>Gives the town full reimbursement for the gymnasium project (rather than half the town's rate; the town's 2026 rate is 25.83%)</p> <p>Waives the requirement that plans and specifications must be approved by DAS before the project can be let out to bid to be eligible for reimbursement</p>
426	Glastonbury	Naubuc Elementary School, alteration and code compliance	Waives the competitive bidding process requirement and allows Glastonbury to be reimbursed for ineligible project design fee costs
427	New Haven	10 existing school projects	Waives audit deficiencies related to the costs associated with the projects
428	New Haven	Roberto Clemente Leadership Academy for Global Awareness, new construction Hill Central School, new	Repeals § 161 of PA 25-174 that allowed up to \$17.8 million in reimbursements for otherwise ineligible costs for the two schools and required DAS to offset the remaining ineligible project costs against the amount due to the municipality for Bowen Field project

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
		construction Bowen Field	
429	North Branford	North Branford High School, new construction	<p>Waives the requirement to submit change orders within six months after issuance and allows the town to submit them by January 1, 2027</p> <p>Allows the town to receive up to \$595,000 in reimbursement for certain ineligible costs due to premium time and rework</p>
430	Willington	Preschool through Grade 8, consolidation project	<p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$ 110 million if the district applies before October 1, 2027</p> <p>Amends an existing notwithstanding allowing a 15 point reimbursement rate increase for an unspecified school construction project in Willington to specifically apply it to this project</p> <p>Waives the standard building space requirements</p>
431	Woodbridge	Beecher Road School, project unspecified	<p>Effective July 1, 2026:</p> <p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$118.5 million if the district applies before October 1, 2026</p> <p>Makes the project eligible for the 5-point rate increase passed in the November 2025 housing act that starts July 1, 2026, as long as they otherwise meet the criteria (Woodbridge's current rate is 32.14%)</p> <p>Allows replacement of a roof that is less than 20 years old to be eligible for a state reimbursement grant</p>
432	Naugatuck	Any public school, any energy or infrastructure improvement project financed	Makes certain ineligible costs eligible for reimbursement for any existing or future energy or infrastructure improvement projects, including photovoltaic, building management systems, energy

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
		through a tax-exempt lease purchase agreement entered into between July 1, 2025, and June 30, 2027, unspecified energy or infrastructure projects	conservation, HVAC systems, and roof replacement projects
433	Danbury	King Street Primary School, project unspecified	Amends a 2025 notwithstanding that grants the project a maximum cost of \$7 million by (1) extending the application deadline to October 1, 2027, and (2) requiring construction to begin by October 1, 2029
434	Norwalk	Norwalk High School, new construction	Amends a 2020 notwithstanding for the same project to increase the project's maximum cost from \$239 million to \$260.73 million
435	Region 13	Middlefield Memorial School, renovation project	Makes eligible for reimbursement costs associated with site preparation and demolition that was not included as part of the guaranteed maximum price determined for the construction manager's contract prior to the commencement of the renovation project
436	Region 15 (Middlebury and Southbury)	Pomperaug Elementary School, new construction	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$112.3 million if the district applies before October 1, 2027 Waives the standard building space requirements
437	Region 15 (Middlebury and Southbury)	Gainfield Elementary School, new construction	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$111.91 million if the district applies before October 1, 2027 Waives the standard building space requirements
438	Region 17	Haddam-Killingworth High School,	Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$151.9 million if

Bill §	Town or District	School and Project	Exemption, Waiver, or Other Change
		unspecified project	<p>the district applies before October 1, 2026</p> <p>Sets the project's reimbursement rate at 51.43%, including for any costs (such as outdoor athletic facilities, gyms, and auditoriums) that would otherwise be reimbursed at one-half of this rate (51.43% is Region 17's FY 26 rate for general construction)</p> <p>Waives the standard building space requirements</p>
439	Winchester	Gilbert School, bus loop renovation	<p>Makes the bus loop renovation eligible for reimbursement</p> <p>Waives the filing deadline to be on the 2026 priority list (see above) for the project with a maximum cost of \$4,685,000 if the district applies before October 1, 2026</p>
440	Norwich	Norwich Free Academy, alteration	<p>Sets a 95% project reimbursement rate (it was 76.43%)</p> <p>Waives requirements for (1) a competitive bidding process for orders and contracts and (2) DAS approval of plans and specifications before bid is let out</p>
441	Cheshire	<p>Any school</p> <p>Any energy or infrastructure improvement project financed through a tax-exempt lease purchase agreement and part of an energy performance contract previously executed and duly awarded through a prior procurement process</p>	<p>Makes certain ineligible costs eligible for reimbursement for any existing or future energy or infrastructure improvement projects, including photovoltaic installations on roofs or free-standing solar carports or free-standing, ground-based solar arrays, building management systems, energy conservation, HVAC systems, and roof replacement projects</p>

*FY 26 reimbursement rates for general construction are shown for reference; actual rates depend upon the year the application is submitted and the final determination of the project type (new or renovation)

§ 442 — SAGA BENEFITS

Sets a standardized \$269 monthly cash benefit for SAGA beneficiaries, thereby eliminating current law's payment reduction for certain transitional people

The bill sets a standardized \$269 monthly cash benefit for State Administered General Assistance (SAGA) beneficiaries (subject to future cost of living adjustments), and in doing so, eliminates current law's temporary payment reduction for certain transitional people.

By law, SAGA generally provides cash assistance to single or married childless people who have very low incomes, do not qualify for other cash assistance programs, and are considered "transitional" or "unemployable." Under current law, monthly benefits are \$262 for unemployable individuals and transitional recipients who must pay for their shelter and \$66 for transitional recipients who do not pay for shelter (these benefit amounts account for annual cost of living adjustments). For the latter, in practice the Department of Social Services (DSS) sends the transitional person's medical information to an independent reviewer, and if the person is deemed medically unemployable, the person's monthly benefit retroactively increases to \$262.

EFFECTIVE DATE: Upon passage

§ 443 — MEDICAID PREFERRED DRUG LIST AND ANTIRETROVIRAL DRUGS

Adds antiretroviral drugs to the Medicaid preferred drug list, allowing the state to negotiate supplemental rebates with drug manufacturers for these drugs

The bill adds antiretroviral drugs to the Medicaid preferred drug list, and in doing so, allows the state to negotiate supplemental rebates with drug manufacturers for them. (This group of medications is used to prevent and treat HIV.)

By law, DSS, in consultation with the Medicaid Pharmaceutical and Therapeutics Committee, may establish a preferred drug list (formulary) that limits the number of drugs that may be dispensed under the Medicaid program. Nonpreferred drugs in the drug classes

included on the preferred drug list are subject to prior authorization. Under current law, classes of antiretroviral drugs are exempt from prior authorization requirements and cannot be included on preferred drug lists.

EFFECTIVE DATE: July 1, 2026

§ 444 — PERIODIC REVIEW OF MEDICAID PRESCRIPTION DRUGS

Authorizes the DSS commissioner to periodically review available data on the clinical effectiveness of certain Medicaid-covered outpatient prescription drugs

The bill authorizes the DSS commissioner to periodically review available data on the clinical effectiveness of Medicaid-covered outpatient prescription drugs that are projected to exceed, after factoring in rebates, (1) a per-consumer net cost of \$25,000 per year or (2) an aggregate annual cost to the program of \$10 million.

Under the bill, the commissioner may, within available appropriations, contract with a third party to conduct a comparative effectiveness review of any of these prescription drugs. At a minimum, this review must include the following:

1. clinical efficacy and outcomes;
2. pricing-related information, such as prices paid by other states or developed nations;
3. the prescription drug's net price to the program compared to its therapeutic benefits, such as the seriousness and prevalence of the disease or condition the drug is treating;
4. the extent of the prescription drug's use and the likelihood that its use will reduce the need for other medical care;
5. how many manufacturers produce it; and
6. whether there are pharmaceutical equivalents.

The bill excludes from this review any brand-name prescription drug or biologic designated under federal law for a rare disease or condition

and for which the only approved indication is for one or more rare diseases or conditions.

Under the bill, the results of the review may be made public and shared with any entity or multi-state prescription drug purchasing collaborative that Connecticut is a member of to help negotiate additional supplemental rebate agreements beyond those required under federal law.

EFFECTIVE DATE: July 1, 2026

§ 445 — WAGE INCREASES FOR NURSING HOME EMPLOYEES

Specifies that for nurses, the wage increases for nursing home employees authorized under PA 25-168 are only for those who solely provide direct patient care

PA 25-168, § 332, requires the DSS commissioner, regardless of the state's nursing home Medicaid reimbursement law and within available appropriations, to increase nursing home reimbursement rates to support wage increases for employees (nurses; nurse's aides; and dietary, housekeeping, laundry, maintenance, and plant operation personnel) as follows: (1) 3% effective July 1, 2025; (2) 3% effective July 1, 2026; and (3) 4% effective January 1, 2027.

The bill specifies that these wage increases for nurses are only for those who solely provide direct patient care services and supports and do not work in administrative roles.

Under existing law, if a facility receives a rate adjustment for these wage increases and does not provide them, DSS may decrease the facility's rate by the same amount.

EFFECTIVE DATE: Upon passage

§§ 446 & 447 — NURSING HOME MEDICAID REIMBURSEMENT

For nursing homes, establishes an enhanced Medicaid performance payment for improving their quality-based metrics, paid from a pool of \$10 million each year; requires DSS to phase in PDPM; establishes enhanced payments for homes whose payor mixes are more than 75% Medicaid residents; allows DSS to recalculate Medicaid reimbursement rates outside of the normal schedule under certain circumstances that may interfere with a home's ability to meet patient day requirements

The bill makes several changes in laws on Medicaid reimbursement

for nursing homes. Primarily, it:

1. establishes an enhanced Medicaid performance payment for nursing homes that improve their quality-based metrics and requires the Department of Social Services (DSS), beginning in FY 29, to pay it from an annual pool of \$10 million;
2. beginning July 1, 2026, requires DSS to phase in the federal Patient Driven Payment Model (PDPM) for nursing home resident assessments;
3. establishes an enhanced payment for nursing homes whose payor mix is more than 75% Medicaid residents and, beginning in FY 27, requires DSS to pay it from a pool of \$2.5 million for the first year and \$5 million for each of the following years; and
4. beginning in FY 26, allows the DSS commissioner to recalculate, at any time, a home's acuity-based rate to address (a) temporary licensed bed reductions during renovations, (b) prolonged staffing challenges, and (c) other obstacles that interfere with a home's ability to keep a full patient census and that justify, in her opinion, relief from the minimum allowable patient day requirement in existing law (generally 90% of capacity).

Acuity-Based Enhanced Quality Performance Payments

Existing law requires DSS to implement an acuity-based Medicaid reimbursement rate for nursing homes. (Acuity-based rates generally reimburse nursing homes based on the level of care residents need.)

As part of this transition, existing law authorizes DSS, beginning October 1, 2026, to establish a quality metrics program to pay nursing homes (1) for achieving high-quality outcomes based on the program's quality metrics and (2) to incentivize high-quality services to Medicaid residents based on individualized reports DSS gives the nursing homes.

The bill establishes enhanced Medicaid quality performance payments for eligible nursing homes based on their performance in the quality metrics program. Beginning with FY 29, it requires DSS to make

these enhanced payments from an annual pool of \$10 million and allows DSS to prorate payments to stay within available funding.

Under the bill, a facility's maximum quality score points determines its payment. Maximum quality score points may be awarded for a facility's improvement in its quality metrics and DSS may use the following to determine a facility's points:

1. the Center for Medicare and Medicaid Services (CMS) nursing home quarterly metrics for patient stays of 101 days or longer,
2. a consumer satisfaction survey, or
3. Department of Public Health data.

A nursing home is ineligible for these enhanced payments under the bill if CMS has (1) identified the home as a special focus facility, due to serious quality of care issues, or special focus facility candidate or (2) given it an abuse icon on CMS's Nursing Home Compare website. The bill also prohibits these homes from participating in the quality metrics program.

Rebasing Rates Using the Patient Driven Payment Model

Beginning July 1, 2026, the bill requires DSS to calculate quarterly adjustments to the Medicaid nursing home facility reimbursement case-mix index scores using the nursing component of the PDPM (see *Background – PDPM*) resident assessment. In order to align Medicaid cost data with the PDPM's resident assessment data, it requires DSS to rebase nursing homes' per diem rates using the cost year ending September 30, 2024, for rates that go into effect July 1, 2026.

Additionally, the bill requires DSS to phase in Medicaid rate adjustments over a three-year period. It must use phase-in parameters as needed to stay within available appropriations. These parameters may include, among other things, budget adjustment factors, case-mix neutrality factors, and stop loss and stop gain corridors.

Medicaid Utilization Pool

The bill requires DSS to give an enhanced Medicaid payment to each nursing home where the resident payor mix is more than 75% Medicaid. To identify eligible nursing homes, the bill requires DSS to annually determine each nursing home's payor mix using annual Medicaid cost reports. Nursing homes that receive an enhanced Medicaid payment under the bill must use it to support increased Medicaid utilization and enhance access and services for Medicaid residents.

Under the bill, these enhanced payments must be made from a pool of up to \$2.5 million for FY 27 and \$5 million for the following fiscal years, and DSS may prorate payments to stay within available funding.

Background — PDPM

PDPM is a case-mix classification model developed by CMS to determine payments for patients based on their characteristics and services received. States using a previous model, no longer accepted by CMS, for acuity-based nursing home Medicaid payments may transition to this model.

EFFECTIVE DATE: Upon passage, except the provision allowing DSS to recalculate a facility's Medicaid rate under certain circumstances is effective July 1, 2026.

§ 448 — MEDICAID RATE INCREASE FOR FAMILY PLANNING CLINICS

Requires DSS to amend the Medicaid state plan to increase reimbursement rates for licensed family planning clinics, give at least \$500,000 in Medicaid state share funds to do so, and use funds appropriated for family planning services for FY 27 for this purpose

The bill requires the DSS commissioner to amend the Medicaid state plan to increase reimbursement rates for licensed family planning clinics and give at least \$500,000 in Medicaid state share funds to do so. The commissioner must use funds appropriated for family planning services for FY 27 for this purpose.

EFFECTIVE DATE: July 1, 2026

§ 449 — MAPOC MEMBERSHIP

Adds a health care worker labor organization member to MAPOC

The bill requires the Human Services Committee chairpersons to appoint a health care worker labor organization representative to the Council on Medical Assistance Program Oversight (MAPOC). By law, MAPOC monitors and makes recommendations to the Department of Social Services on Medicaid and other medical assistance programs and reports to the legislature.

EFFECTIVE DATE: July 1, 2026

§ 450 — MEDICAID RATE REVIEWS

Requires DSS, when reviewing Medicaid rates, to include rates (1) required to be studied under the recent Medicaid rate study and (2) with no corresponding Medicare code or average five-state benchmark; requires Medicaid behavioral health services rates to include medication administration by licensed home health agencies to people with psychiatric conditions

The bill requires the DSS commissioner, when reviewing Medicaid rates, to include rates: required to be studied under the Medicaid rate study established under PA 23-186 (*see Background – Medicaid Rate Study*) with no corresponding (1) Medicare rate for the same health care service or (2) average five-state rate benchmark included in the Medicaid rate study.

Under the bill, if any state within the Medicaid rate study's five-state rate benchmark group (Maine, Massachusetts, New Jersey, New York, and Oregon) has a corresponding rate for the same or a substantially similar health care service, the DSS commissioner must use this rate for comparison in her review. If two or more states in the benchmark group have corresponding rates, the commissioner must use an average of these rates for comparison.

When setting Medicaid behavioral health service reimbursement rates, the bill requires the commissioner to include medication administration services by licensed home health care agencies to people with psychiatric diagnoses under a care plan that is (1) developed and supervised by a licensed behavioral health clinician or prescriber and (2) overseen by the state's behavioral health administrative services

organization (currently Carelon Behavioral Health CT).

EFFECTIVE DATE: July 1, 2026

Background — Medicaid Rate Study

Legislation passed in 2023 directed DSS to study Connecticut’s Medicaid reimbursement rates, which have not been broadly adjusted since 2007. A study team, hired by DSS, compared Medicaid reimbursement rates to Medicare reimbursement rates for the same service code, or, for services without a corresponding Medicare code, the average Medicaid reimbursement rates across the five-state rate benchmark group.

§ 451 — EXCEPTION FOR ENTITIES PURSUING SMALL-HOUSE STYLE NURSING FACILITY

Waives certain requirements on per-room bed limits for nursing homes developing a new small-house style facility

Starting July 1, 2026, current law prohibits placing newly admitted nursing home residents in a room with more than two beds. The bill allows the Department of Public Health (DPH) commissioner to waive this requirement for a nursing home actively investing in and developing a new small-house style skilled nursing facility to meet the two-bed limit. The bill allows the DPH commissioner to set documentation requirements for the homes to qualify for a waiver in the transitional period before the new facility opens.

The bill limits any waiver to one nursing home for each small-house style skilled nursing facility and prohibits any waiver from extending past July 1, 2027.

EFFECTIVE DATE: July 1, 2026

§ 452 — UCONN HEALTH CENTER MEDICAID REPORT

Requires UConn Health Center to report on payer mix, increased access to specialists for Medicaid enrollees, and efforts to increase the proportion of Medicaid days

The bill requires UConn Health Center to report, by January 15, 2027, to the governor and the Appropriations, Higher Education and Employment Advancement, Human Services, and Public Health

committees on at least the following:

1. the most recent payer mix for health center services;
2. increasing access to specialists for Medicaid enrollees; and
3. efforts made to increase the proportion of Medicaid days, including increasing the census in the adolescent psychiatric unit and inpatient services provided to people incarcerated in Department of Correction facilities.

“Medicaid days” are the total number of inpatient days a Medicaid-eligible patient stays in a hospital.

For the report, UConn Health Center must consult with stakeholders, including medical professionals, community groups, and labor unions.

EFFECTIVE DATE: Upon passage

§ 453 — CONNECTICUT OPTION STUDY AND TRANSITIONAL HEALTH CARE PREMIUM ASSISTANCE PLAN

Allows OPM to study the feasibility of establishing a Connecticut Option program; authorizes OPM to direct state agencies to pursue federal approval for the Connecticut Option program under certain circumstances, and requires OPM to design a plan for transitional health care premium assistance to offset 2027 Access Health CT premium and cost-sharing increases

The bill allows the Office of Policy and Management (OPM) secretary, within available appropriations, to study the feasibility of establishing a Connecticut Option program, with the goal of reducing health insurance premiums. A Connecticut Option program is a plan to lower health care coverage costs and expand health care coverage.

The study must at least include analyses, conclusions, and recommendations sufficient for the OPM secretary, in consultation with the insurance commissioner, to evaluate and compare program design models. The study must review the efficacy, impact, and reasonableness or proposed program design elements, including:

1. provider reimbursement methodologies;
2. value-based or performance-based contracting arrangements;

3. enrollee cost-sharing and premium affordability targets;
4. incentives or rewards for delivering high-quality, cost-effective health care; and
5. any state-specific premium assistance programs or risk stabilization programs.

State-specific programs reviewed in the study may include a state-operated reinsurance program that may maximize available federal funding under a state innovation waiver and premium support to facilitate a purchase option leveraging the state's medical assistance program on or off the exchange for people ineligible for the medical assistance program.

The study must also at least:

1. identify any necessary statutory or regulatory changes required to implement the Connecticut Option program;
2. determine state agency staffing needs to effectively implement the Connecticut Option program;
3. analyze the state insurance market and projected impacts of the program on people who get health care through the exchange; and
4. include required state action or design elements needed to achieve multiple premium savings targets.

The bill allows the OPM secretary to file an interim report by January 15, 2027, and requires him to submit a final report by January 31, 2028, to the Appropriations, Human Services, and Insurance and Real Estate committees. The final report must describe the feasibility of the Connecticut Option program, any recommendations on the program, and a summary of stakeholder engagement and feedback (see below).

If the OPM secretary, in consultation with the Insurance commissioner, determines that a Connecticut Option program is

feasible after completing the study or related reports, the bill authorizes him to direct the relevant state agency to develop and implement (1) a state innovation waiver, (2) a Medicaid Section 1115 demonstration waiver, or (3) any applicable federal waiver required to maximize federal funding for the program or any component part of the program design to help achieve health care savings. The bill subjects any approval of a Connecticut Option program to the same legislative review requirements as Medicaid waivers and certain Medicaid state plan amendments. These generally allow the Appropriations and Human Services committees to hold a hearing a vote to approve, modify, or deny the application (see below).

Transitional Health Care Premium Assistance

The bill allows the OPM secretary to design a plan to provide transitional health care premium assistance that may be funded from the Federal Cuts Response Fund established under state law, or other funding sources.

Under the bill, by October 1, 2026, the OPM secretary must design a plan for transitional health care premium assistance to offset 2027 premium and cost-sharing increases on Access Health CT. The plan must include a state health care premium subsidy to enable an eligible enrollee to get an affordable health plan on Access Health CT by December 31, 2027.

EFFECTIVE DATE: Upon passage

§§ 454 & 455 — BASIC HEALTH PROGRAM

Requires DSS to seek approvals to establish a BHP or continue Covered Connecticut as state-funded program if CMS fails to renew the federal waiver currently supporting Covered Connecticut; sets related planning and reporting requirements

In practice, the Covered Connecticut program is partially federally funded through a Section 1115 Medicaid demonstration waiver and DSS must apply to CMS to periodically renew or make changes to the waiver. The bill allows DSS, in consultation with OPM and after applying to CMS to approve, renew, or continue this waiver, to develop an application to establish a basic health program (BHP) authorized under the federal Affordable Care Act (ACA) (see *Background– Basic*

Health Program).

Under the bill, if CMS denies or fails to approve the Covered Connecticut Section 1115 waiver by July 1, 2027, DSS must either (1) seek any necessary federal approvals to establish a BHP and take all necessary actions to maximize federal funding or (2) take necessary steps to continue Covered Connecticut as a state-funded program, starting January 1, 2028.

If the DSS commissioner establishes a BHP, she must coordinate benefit administration and provision under the BHP in accordance with the ACA. If she determines that the cost of medical assistance given to eligible individuals in the BHP will exceed federal subsidies, or if changes in federal law or regulations affect funding, program eligibility, or program administration, the commissioner may develop a plan to respond to these changes, in consultation with OPM. Eligible individuals (1) have household incomes above 133% but no more than 200% of the federal poverty level (FPL); (2) are under age 65; (3) are ineligible for state medical assistance programs (for example, Medicaid); and (4) are otherwise eligible to buy a qualified health plan through Access Health CT.

If federal ACA funds for the BHP exceed the cost of medical assistance that would otherwise be given to eligible individuals, the DSS commissioner must use the excess funds to reduce premiums and cost sharing or provide additional benefits for people eligible for the BHP.

The bill requires the DSS commissioner to forward any application for federal approval or changes to the BHP to the Appropriations and Human Services committees at least 30 days before seeking federal approval.

The DSS commissioner must also report every six months, starting by January 1, 2027, and continuing until January 1, 2029, to the Appropriations, Human Services, and Insurance and Real Estate committees. The report must describe activities and planning to sustain Covered Connecticut as an affordable coverage option for qualified people, including a status report and contingency planning for the

Section 1115 waiver renewal, and, if needed, efforts to sustain the program through the BHP authority or a state-funded alternative.

The bill also establishes a separate, nonlapsing BHP account, which contains any money required by law to be deposited into it (for example, federal subsidies) and DSS must use the funds solely to operate the BHP.

EFFECTIVE DATE: Upon passage, except the BHP account is effective from the CMS approval date for the state's BHP program.

Background — Basic Health Program

The ACA allows states to establish BHPs for people (1) ineligible for Medicaid; (2) under age 65; (3) with household income between 133% and 200% of the FPL (individuals with incomes under 133% of the FPL qualify for Medicaid); and (4) ineligible for minimal essential health care coverage (for example, State Children's Health Insurance Program (HUSKY B in Connecticut)) or who cannot afford their employer's coverage.

The federal law has cost-sharing limits and requires that state BHPs provide benefits at least as robust as those in the state's "essential health benefits package" available to someone buying insurance through its health insurance exchange.

States that operate a BHP are eligible for federal subsidies equaling 95% of the premium tax credits and cost-sharing reductions that the federal government would have spent if BHP enrollees had received their assistance when enrolling in an exchange health plan.

The law requires states to establish funds into which the federal subsidies are deposited and can be used only to reduce BHP enrollees' premiums and cost sharing or to give them additional benefits (42 U.S.C. § 18051).

§ 456 — STAKEHOLDER ENGAGEMENT FOR CONNECTICUT OPTION PROGRAM AND BHP

Requires OPM to hold stakeholder engagement meetings to develop the Connecticut Option program or the BHP

The bill requires the OPM secretary, in developing the Connecticut

Option program or the BHP, to hold a series of stakeholder engagement meetings, to the extent possible. The meeting must include potential stakeholders, including (1) representatives of hospitals, health centers, health care providers, and health insurers, HUSKY Health plan enrollees, and Access Health CT enrollees; (2) legislators from the Appropriations, Human Services, Insurance and Real Estate, and Public Health committees, and (3) other people with health equity and health coverage policy expertise, including Commission on Racial Equity in Public Health representatives.

EFFECTIVE DATE: July 1, 2026

§ 457 — SAFETY NET MITIGATION WORKING GROUP

Establishes a safety net mitigation working group to advise on, monitor, and coordinate the state's response to significant changes to federal law or policy that impact safety net programs

The bill establishes a safety net mitigation working group to advise on, monitor, and coordinate the state's response to significant changes to federal law or policy that impact public health, social services, or other safety net programs.

The working group must include the following members, or their designees:

1. the OPM secretary;
2. the Access Health CT chief executive officer;
3. the developmental services, insurance, labor, mental health and addiction services, public health, revenue services, and social services commissioners; and
4. the Appropriations, Human Services, Housing, and Insurance and Real Estate committee chairpersons, who must jointly choose the working group's chairpersons.

The working group must:

1. convene within 90 days of the bill's passage;

2. review any significant changes in federal law or policy that impact public health, social services, or other safety net programs;
3. consider regulatory, administrative, or legislative measures to mitigate adverse programmatic, procurement, or service outcomes and recommend measures to OPM and legislative committees included on the working group; and
4. solicit input from stakeholders, including municipal governments and community-based providers, and independent experts (like academic researchers and policy organizations) as needed.

The bill requires the Human Services Committee administrative staff to function in that capacity for the working group.

The bill requires the working group to report annually, starting by February 1, 2027, and continuing until February 1, 2029, to the Appropriations, Housing, Human Services, and Insurance and Real Estate committees. The reports must include:

1. the estimated income of changes to federal policies, guidance, or programs on Medicaid and Supplemental Nutrition Assistance Program (SNAP) due to recent or upcoming federal action or inaction;
2. implementation of federal law on work and community engagement requirements for Medicaid and SNAP under P.L. 119-21 (the federal FY 25 Reconciliation Law, commonly referred to as H.R. 1 or the One Big Beautiful Bill Act);
3. the estimated number of beneficiaries who have lost or are expected to lose Medicaid or SNAP benefits since work and community engagement requirement implementation; and
4. a summary of actions taken to improve user experiences and streamline communication with Medicaid and SNAP participants.

These actions include (1) efforts to engage benefit recipients in relevant decision-making processes, (2) a long-term plan to give information and support to benefit recipients and providers to minimize disenrollment of eligible people, and (3) statistics on DSS's customer service call center and actions DSS has taken to improve them.

The working group terminates when it submits its final report or on February 1, 2029, whichever is later.

EFFECTIVE DATE: Upon passage

§ 458 — “MEDICAL FRAILTY” ASSESSMENT

Requires the DSS commissioner to identify parameters for an effective “medical frailty” assessment, if needed to verify exemptions from work and community engagement requirements

To the extent needed to verify exemptions from SNAP work requirements and Medicaid community engagement requirements under federal law, the bill requires the DSS commissioner to identify parameters for an effective assessment of “medical frailty” for a Medicaid recipient or applicant. The bill allows her to consider existing definitions in state or federal laws, definitions in other states, and medical codes used to identify pertinent diagnoses.

The bill requires the commissioner to maximize the use of this information and medical codes to effectuate ex parte eligibility determinations to the extent federal law allows. The commissioner must give regular updates on the parameters to MAPOC.

EFFECTIVE DATE: Upon passage

§ 459 — LEGISLATIVE REVIEW OF MEDICAID STATE PLAN AMENDMENTS

Extends legislative review requirements to any proposed SPA to provide medical assistance through a Medicaid managed care organization

State law requires the DSS commissioner to submit federal waiver applications, renewals, and amendments and certain Medicaid state plan amendments (SPAs) to the Appropriations and Human Services committees before submitting them to the federal government for approval. The bill extends this requirement to any proposed SPA to

provide medical assistance through a Medicaid managed care organization, except for medical assistance provided through a BHP (see above).

By law, under this process, the committees may hold a hearing and must approve, deny, or modify the SPA application within 60 days or it is deemed approved. The committees' decision is binding. Any application DSS submits to the federal government must be in accordance with the committee's modifications, if any, or approval. If the committees deny an application, the law prohibits DSS from submitting it to the federal government.

EFFECTIVE DATE: July 1, 2026

§§ 460 & 461 — FORMULARY REQUIREMENTS FOR GENERIC AND BIOSIMILAR DRUGS

Requires health benefit plans to make certain generic and biosimilar drugs available on formularies with lower cost sharing relative to the respective reference product already on the formulary

Under the bill, health benefit plans issued or renewed on or after January 1, 2027, must make certain generic and biosimilar drugs available on formularies with lower cost sharing (including out-of-pocket costs) relative to the respective reference product (the comparative brand-name drug or biological product) already on the formulary. If the drug is a biosimilar product, the formulary must include at least one biosimilar product on the formulary in a lower cost sharing tier than the reference product.

The generic or biosimilar drug must:

1. be approved by the U.S. Food and Drug Administration;
2. be marketed based on that approval; and
3. have a lower net drug cost (the cost to a covered person under the plan of a brand-name or generic drug, or biological or biosimilar product minus all applicable discounts and rebates) than the reference product.

The bill authorizes the insurance commissioner to adopt implementing regulations.

Applicability of Requirements

These formulary requirements apply as long as the generic or biosimilar drug has a lower net drug cost than the reference product. Furthermore, health benefit plans may not restrict enrollees from using a pharmacy of the enrollee's choice, unless the reference product is similarly restricted. Additionally, if the generic drug or biosimilar product has a lower net drug cost than the reference product or drug and none of the products are included on the formulary, the health benefit plan must not impose a more restrictive formulary exception process for the generic drug or biosimilar product than for the reference drug or product. A formulary exception process is generally the process to request coverage, due to medical necessity, for a drug not on the formulary.

The bill specifies that it does not require:

1. health benefit plans to cover (a) a reference product after a generic or biosimilar is approved or (b) any drug or product that the formulary developers determines is no longer medically appropriate or cost-effective,
2. health benefit plan coverage or enrollee cost sharing for generic or biosimilar drugs that are not permitted under applicable federal or state laws, or
3. health benefit plans to include on the formulary generic or biosimilar drugs if the formulary developers did not include the reference products due to clinical concerns about their safety or efficacy based on scientific evidence.

The bill's requirements apply only to coverage and cost sharing for generic, biosimilar, and brand-name drugs dispensed by pharmacies as outpatient prescriptions. They do not apply to those provided by a hospital, physician, or other healthcare provider while performing health care services that are paid for by the health benefit plan as part of

the payment for medical benefits.

The bill also does not prevent a health benefit plan from including on its formulary multiple generic drugs or biosimilar products with lower net drug costs than reference drugs or products.

Lastly, the bill specifies that its requirements will not interfere with a pharmacy's or pharmacist's compliance with the state's Pharmacy Practices Act.

EFFECTIVE DATE: January 1, 2027

§ 462 — COVERED CONNECTICUT

Allows, rather than requires, Covered Connecticut to cover nonemergency medical transportation and dental services, removes references to OHS, allows DSS to make waiver changes, and delays a reporting requirement

Benefits and Coverage

Current law requires Covered Connecticut to provide dental and nonemergency medical transportation services. The bill removes this requirement and instead allows DSS to provide cover these services starting January 1, 2027.

Current law limits coverage to in-network health care providers and in-network services, unless the Insurance commissioner deems the health carrier's network inadequate. The bill applies this limit on or before January 1, 2028, subject to federal approval.

Current law requires DSS to provide premium and cost-sharing subsidies sufficient to ensure fully subsidized coverage. The bill narrows this requirement to only apply to premium coverage.

Office of Health Strategy Duties and References

The removes references to the Office of Health Strategy (OHS), transfers duties assigned to it under current law, and makes conforming changes. The bill:

1. removes the requirement that DSS consult with OHS to administer the program and pursue federal waivers, and

2. allows DSS, rather than OHS, to seek a Section 1332 under the ACA, comply with related reporting requirements, and implement the waiver if granted.

Federal Waiver Changes

After the Covered Connecticut program was first established, DSS submitted a Section 1115 Medicaid demonstration waiver to CMS to request federal matching funds for the program. CMS subsequently approved the waiver, which is funded by the federal government through December 31, 2027. The bill allows the DSS commissioner to make program design changes needed to meet requirements for approval, renewal, or continuation of the Section 1115 waiver. If the state does not receive necessary federal approvals for Covered Connecticut, the bill allows the DSS commissioner to seek approval for a BHP (see above).

Reporting Requirements

Current law requires DSS to report annually by January 1 to the Appropriations, Human Services, and Insurance and Real Estate committees, to describe Covered Connecticut operations, finances, and progress. The bill maintains the annual reporting requirement, but removes the January 1 due date.

EFFECTIVE DATE: Upon passage

§§ 463, 467, 477-483 & 490 — BUDGET PROVISIONS

Please refer to the Fiscal Note for a summary of these sections

Please refer to the Fiscal Note for a summary of these sections.

§§ 464-466 — MUNICIPAL GRANTS AND YOUTH SERVICE PREVENTION GRANTS

Please refer to the Fiscal Note for a summary of these sections

Please refer to the Fiscal Note for a summary of these sections.

§§ 468 & 469 — LEGISLATIVE APPROVAL OF PCA AND CHILDCARE MOUS

Gives legislative approval to recent MOUs with the PCA and childcare provider unions

The bill approves two memoranda of understanding (MOUs)

submitted to the legislature on May 1, 2026, including any attachments or appendices to them, and any provisions that supersede a law or regulation. One of the MOUs is between the Personal Care Attendant (PCA) Workforce Council and the New England Health Care Employees Union, District 1199, SEIU. The other is between the Office of Early Childhood and the Connecticut State Employees Association SEIU Local 2001.

Exiting law generally (1) allows the PCA Workforce Council and Office of Early Childhood to collectively bargain with certain PCAs and childcare providers, respectively, over state payment rates and other working conditions and (2) requires their agreements to be submitted to the legislature for approval.

EFFECTIVE DATE: Upon passage

§ 470 — FINISH LINE SCHOLAR PROGRAM MODIFICATIONS

The bill modifies the qualifying student and reporting requirements under the Finish Line Scholars program

The bill modifies the student qualification and reporting requirements under the Finish Line Scholars program.

Qualifying Student Requirements

By law, the Finish Line Scholars program awards grants to students who enrolled at CT State and received a Mary Ann Handley program award (see *Background – Mary Ann Handley Award*) and then enroll in a bachelor's program at the Connecticut State Colleges and Universities (CSCU) or Charter Oak State College. To be eligible for an award under the program, students must also (1) be classified as an in-state student, (2) meet certain enrollment and academic progress requirements, (3) complete the Federal Application for Student Aid, (4) accept all available financial aid.

In current law, a qualifying student must have completed at least 60 credits at CT State through the Mary Ann Handley program to be eligible to participate in the Finish Line Scholars' program. The bill modifies this by instead requiring that the student received an associate's degree.

Reporting Requirements

By law, the board of regents (BOR) is required to submit a report by November 1, 2025, March 1, 2026, and each following semester, to the Appropriations and Higher Education and Employment Advancement committees that includes information on:

1. the number of students (a) enrolled during each semester, (b) receiving minimum awards, and (c) receiving awards for the unpaid portion of eligible institutional costs, as well the average amount of those awards;
2. the average number of credit hours students (a) enrolled in each semester and (b) completed each semester; and
3. student completion rates by degree program.

The bill modifies these requirements by (1) changing the deadlines to January 1, 2027, June 1, 2027, and each following quarter, and (2) adding that the quarterly report also include the average amount of institutional aid awarded to (a) Finish Line Scholars recipients by Student Aid Index (SAI) groups, and (b) students who did not receive a Finish Line Scholars award by the same SAI group. The “Student Aid Index” is the index used to determine financial aid eligibility as computed from a student’s FAFSA.

Background — Mary Ann Handley Award

In 2019, the legislature required BOR to establish a tuition-free community college program, which is known as the Mary Ann Handley Award (formerly known as PACT). It is offered to certain high school graduates (or transition program students) who enroll as part or full-time CT State students. Award eligibility depends on a student’s enrollment status, in-state student classification, and academic progress during matriculation.

§§ 471-475 — FY 26 APPROPRIATIONS ADJUSTMENTS

Please refer to the Fiscal Note for a summary of these sections

Please refer to the Fiscal Note for a summary of these sections.

§ 476 — LEGISLATIVE EMPLOYEES

Requires OLM to apply to legislative employees the same terms, including a 2.5% general wage increase, for FY 27 as required under a collective bargaining agreement with other state employees

The bill requires the Office of Legislative Management (OLM) to apply to legislative employees for FY 27, terms consistent with those contained in Article 20 (except § 3) of the tentative agreement for a successor collective bargaining agreement between the state and the Connecticut Employees Union Independent, NP-2 Bargaining Unit (CEUI), ratified on January 8, 2026, approved as required by law, and applicable to FY 27.

EFFECTIVE DATE: Upon passage

§ 484 — STATUS REPORT OF DESPP-SCSU SOCIAL WORK AND LAW ENFORCEMENT PROJECT

Requires an annual report on the status of the DESPP-SCSU social work and law enforcement project

PA 25-168, § 137, required the Department of Emergency Services and Public Protection (DESPP), in consultation with the Police Officer Standards and Training Council (POST), to establish a social work and law enforcement project at Southern Connecticut State University (SCSU). It correspondingly required the DESPP commissioner to enter an MOU with SCSU by January 1, 2026, to establish the project.

The bill requires the commissioner, POST, and the SCSU president to jointly report on the status of the project and its associated expenditures to the Public Safety and Security and Appropriations committees. They must do so by January 1, 2027, and annually after.

EFFECTIVE DATE: July 1, 2026

§§ 486 & 487 — GOVERNOR’S GUARD ACCOUNTS

Renames the “Governor’s Guards account” as the “Governor’s Foot Guards account” and establishes subaccounts in the Governor’s Guards horse account for each horse guard company

The bill renames the “Governor’s Guards account” as the “Governor’s Foot Guards account” and limits this account’s proceeds to foot guard programs. As under current law, the account is a separate,

nonlapsing account within the General Fund.

The bill also establishes two subaccounts within the Governor's Guards horse account. The first subaccount is the "First Company Governor's Horse Guard account" and the second is the "Second Company Governor's Horse Guard account." These accounts must be used solely for the respective company's activities in Avon and Newtown.

EFFECTIVE DATE: July 1, 2026

§ 488 — PILOT PAYMENT FOR MASHANTUCKET LAND

Requires PILOT payments for Mashantucket Pequot reservation land to be based on all land taken into trust by the federal government, rather than only those lands included within the 1983 settlement boundary

The bill expands the Mashantucket Pequot reservation lands that are eligible for the 100% reimbursement rate under the payment in lieu of taxes (PILOT) program.

Under current law, the statutory reimbursement rate for certain tribal land is 100% of the property taxes that would have been paid on any land (1) designated within the 1983 settlement boundary and (2) taken into trust by the federal government for the Mashantucket Pequots. The bill removes the settlement boundary criteria, thus providing PILOT payments on forgone property taxes on all land taken into trust for this tribe, regardless of whether it is within the 1983 settlement boundary area.

By law, the PILOT program provides annual grants to municipalities and fire districts to compensate them for forgone property tax revenue for (1) state-owned property, municipally owned airports, and tribal reservation land and (2) private nonprofit college and hospital property. PILOT grant amounts are generally determined by multiplying the assessed value of the PILOT-eligible property by the statutory reimbursement rate for the given property.

EFFECTIVE DATE: July 1, 2026

§ 489 — LEGISLATIVE INTERN STIPEND

Codifies a \$500 stipend for General Assembly interns

Each year, the legislature provides internships to undergraduate college students and gives them a stipend for their service. The bill codifies a \$500 stipend for each legislative intern. The bill also eliminates a provision requiring the Legislative Staff Internship Committee to pay at least half of the intern stipend with the remainder covered by appropriations to the committee for this purpose.

EFFECTIVE DATE: July 1, 2026

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 54 Nay 0 (03/30/2026)