

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 26-68—sSB 1

Finance, Revenue and Bonding Committee

AN ACT MAKING ADJUSTMENTS TO THE STATE BUDGET FOR THE BIENNium ENDING JUNE 30, 2027, MAKING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2026, AUTHORIZING AND ADJUSTING BONDS OF THE STATE AND CONCERNING PROVISIONS RELATING TO REVENUE, SCHOOL CONSTRUCTION AND OTHER ITEMS TO IMPLEMENT THE STATE BUDGET

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[§§ 1-9 — FY 27 APPROPRIATIONS](#)

Adjusts FY 27 appropriations for state agency operations and programs for nine of the state's appropriated funds

[§ 10 — PROBATE COURT ADMINISTRATION FUND](#)

Requires that the fund's balance at the end of FY 26 remain in the fund

[§ 11 — FY 27 EARMARK FOR STATE LIBRARY GRANTS](#)

Shifts the funding source for an FY 27 earmark for State library grants

[§ 12 — FY 27 EARMARKS FOR SDE GRANTS](#)

Shifts the funding sources for, and makes various other changes to, FY 27 earmarks for SDE grants; adds earmarks for various purposes

[§§ 13-15, 18-51, 477 & 481-483 — CARRYFORWARDS AND TRANSFERS](#)

Carries forward certain agencies' unspent funds and requires that they be used in FY 27 or FY 28 for specified purposes

[§ 16 — YOUTH SERVICES PREVENTION GRANTS FOR FY 26](#)

Reserves \$410,000 of the Judicial Department's FY 26 appropriation for youth services prevention for grants to five specified organizations

[§ 17 — SCHOOL-BASED MENTAL HEALTH PROGRAMMING GRANTS](#)

Requires school-based mental health programming grants in FYs 26 and 27 to be made in support of the specified school districts rather than to the districts themselves

[§§ 52 & 53 — REGIONAL PERFORMANCE INCENTIVE PROGRAM GRANTS](#)

Requires OPM to distribute regional performance incentive program grants to two specified COGs for FY 27

[§ 54 — SUPPLEMENTAL REVENUE SHARING GRANTS TO WATERBURY, MANCHESTER, AND VERNON](#)

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

[§ 55 — DELAY OF ABSENTEE BALLOT APPLICATION PROVISION](#)

Would have delayed until July 1, 2027, PA 26-42, § 9, which established procedures for voters to have absentee ballot applications automatically sent to them (PA 26-76, §§ 37-39, repeals and replaces PA 26-42, § 9, and repeals this act's provision delaying implementation).

[§§ 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 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 LICENSE PLATES](#)

Requires DMV 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 the frequency of OPM's distribution of funds from the HAVOCT account from quarterly to annually

[§ 65 — OPM ENERGY POLICY](#)

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

[§ 66 — NEGLECTED CEMETERIES ACCOUNT](#)

OLR PUBLIC ACT SUMMARY

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 FOR HOLDING

Modifies PA 26-41 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 for holding 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 act 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 Tweed-New Haven Airport Authority's board of directors after a building permit is issued for a passenger terminal facility that meets certain requirements; generally (1) requires affirmative votes from at least 10 board members for certain actions and (2) expands the authority's powers and duties; defines "airport project" and makes related conforming changes

§ 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 on the East Haven side of Tweed-New Haven Airport is open and operating

§ 173 — TWEED NEW HAVEN AIRPORT DEVELOPMENT ZONE

OLR PUBLIC ACT SUMMARY

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 annual 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 generally may not set a meeting schedule that would cause them to overspend their appropriated funds

[§ 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 for FY 27 than projected (PA 26-130 amended this to place certain conditions on these amended budgets)

[§ 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 RAIL CROSSING IN NEWTOWN](#)

Requires DOT to allow Newtown to build an at-grade rail crossing, meeting certain conditions, on the Housatonic Railroad

[§ 181 — STATE EMPLOYEE CLASSIFIED SERVICE EXEMPTIONS](#)

Exempts certain positions from the state employee classified service (amended by PA 26-76, § 69)

[§ 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 someone 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)

[§ 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 — MEDICAL ORDERS FOR LIFE-SUSTAINING TREATMENT 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 fund associated lab testing and related costs

[§ 194 — CONSENT ORDERS](#)

Explicitly allows DPH to enforce compliance with 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 a UI 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 — SECURITY SCREENINGS AS WORKED HOURS](#)

Specifies that "hours worked" in state laws on overtime pay includes time employees spend in employer-required security screenings

[§ 202 — WORKPLACE HEAT SAFETY TASKFORCE](#)

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 — TRANSPORTATION NETWORK COMPANY 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 PA 26-12 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 CHANGES \(REPEALED\)](#)

Limits the greyfield revitalization program to East Hartford and the Capital City Economic Development District and expands the program's scope to include greyfield renovation (repealed by PA 26-76, § 58)

[§ 208 — CLAY ARSENAL WORKFORCE READINESS PROGRAM](#)

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 — TELEPHONE AND TELECOMMUNICATION SUBSCRIBER FEE TOWARDS FIREFIGHTERS CANCER RELIEF ACCOUNT](#)

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, rather than the state treasurer, to deposit the fees into the firefighters cancer relief account; specifies that the fee is not included in gross receipts for sales tax purposes

[§§ 211-214 — UCONN HEALTH CENTER MEDICAID REVENUE DIVERSION](#)

Requires DSS to divert a specified amount of federal Medicaid revenue to support UCHC-JVT'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 physician supplemental payment and correspondingly reduces its Operating Expenses appropriation

[§§ 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](#)

Specifies that health carriers and health plan administrators may use utilization management to encourage enrollees to use certain hospitals or health systems

[§ 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 the Legislative Commissioners' Office 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 — HAZARDOUS DUTY DISABILITY BENEFITS FOR STATE EMPLOYEE HEALTH CARE PROVIDERS INJURED IN AN ASSAULT](#)

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

[§§ 223 & 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

[§§ 224 & 225 — LOCAL OPTION 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 — HEALTH CARE FACILITY CERTIFICATE OF NEED PROGRAM](#)

Starting in July 2027, replaces the 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; in doing so, makes several changes compared to the existing process, such as eliminating required CON approval for service terminations and creating a separate process to oversee certain hospital service line pauses or terminations

[§ 247 — WORKER RETENTION](#)

OLR PUBLIC ACT SUMMARY

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 make recommendations on establishing a payroll tax program

[§§ 250 & 251 — INNOCENCE PROJECT REVOLVING LOAN ACCOUNT](#)

Creates the “innocence project revolving loan account” for the judicial branch to use to issue 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 parents and legal guardians written notice about an upcoming referendum about the school district

[§ 253 — DELAY OF UNDERSIZED AND OVERSIZED LOBSTER SALES](#)

Delays the effective date, from upon passage to July 1, 2027, of a provision in PA 26-12 that generally allows food service establishments and licensed seafood dealers, under certain conditions, to sell lobsters that do not meet existing size requirements

[§§ 254 & 255 — REFUNDABLE SALES AND USE TAX CREDIT FOR PEOPLESBANK ARENA FACILITY MANAGER](#)

Creates an up to \$10 million refundable sales and use tax credit for the PeoplesBank Arena's facility manager if it contracts with UConn to host a certain number (at least 20) UConn athletic events each academic year at the arena for an agreed upon period of time (almost 20 years)

[§ 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 to the Housing Trust Fund conveyance tax revenue that exceeds \$300 million each fiscal year, annually adjusted for inflation

[§ 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 during this week

[§ 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 — CHANGES TO THE TAX ON CANNABIS SALES AND FUNDING FOR THE SOCIAL EQUITY AND INNOVATION ACCOUNT](#)

Replaces the tax rates and bases on retail sales of cannabis plant material, cannabis edible products, and other cannabis with a single tax rate and base; increases 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

[§§ 265 & 266 — CORPORATION BUSINESS TAX CHANGES](#)

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 research and experimental 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 INCOME 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 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

[§§ 269, 270 & 465 — FY 27 MUNICIPAL AID TO LEDYARD AND MONTVILLE](#)

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

[§ 271 — INCOME 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 INSURANCE PREMIUM TAX 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 surcharge against employers that maintain a productivity gap

[§ 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 SPECIAL TRANSPORTATION FUND 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, GRANTS, AND OTHER PROGRAMS](#)

Authorizes new state GO bonds for FY 27 for various state capital projects, grants, and other programs

[§§ 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 — ALLOWABLE USES OF CHFA BOND AUTHORIZATION](#)

Expands the allowable uses of an existing bond authorization for CHFA

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

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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 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 types of projects 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 — DAS AND CSCU REPORTING CHANGES](#)

Changes the frequency of certain reporting by DAS and CSCU so that they are done twice per year 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 & 344 — SUPPLEMENTAL GRADUATE LOAN PROGRAM AND CHESLA BONDS](#)

Creates the Supplemental Graduate Loan Program to give loans to eligible graduate students and authorizes \$30 million in GO bonds for the program; increases, from \$300 million to \$750 million, the aggregate amount of outstanding CHESLA bonds that may be secured by special capital reserve funds

[§ 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; authorizes \$2 million in GO bonds

[§ 343 — AGING-IN-PLACE GRANT PROGRAM](#)

Creates a grant program to help certain homeowners make accessibility modifications so they can stay in their primary residences

[§§ 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 towns 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 certain board members to vote by proxy and changes the cap on the total cost of the board’s recommended projects

[§ 350 — CHANGES TO DECD’S CONCENTRATED POVERTY GRANT PROGRAM](#)

Allows certified community development corporations to be funded for eligible projects under a DECD grant program seeking to reduce the effects of concentrated poverty; sets a 90-day deadline for DECD to review and evaluate program applications

[§ 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 certain alternative sites proposed by local officials and state legislators for replacing or relocating the Windham Technical High School; 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 programs as having met the income requirements for their financial assistance programs (PA 26-76 repeals this latter provision)

[§§ 357-362 — HOSPITAL PROVIDER TAX CHANGES](#)

Changes the hospital provider tax in several ways, including lowering the tax rate on inpatient hospital services in phases, modifying how the tax rate on outpatient hospital services is calculated, and requiring children’s general hospitals to pay the tax starting July 1, 2026; diverts revenue from this tax to a new dedicated account for supplemental payments to hospitals

[§ 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 from OHS to OPM existing law's requirements to develop 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

[§ 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 LAW CHANGES](#)

Delays, until January 1, 2027, the effective date of a provision in PA 26-12 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 certain 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 fund transfers

[§ 376 — WATERBURY 2025-26 SCHOOL DAYS NOTWITHSTANDING](#)

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

[§ 377 — CHARTER SCHOOL PLANNING GRANTS](#)

Requires SDE to use a portion of its FY 27 charter school appropriation to give planning grants to three specified charter schools

[§ 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

[§ 379 — MAGNET SCHOOL FUNDING](#)

Reduces FY 27 funding designated for magnet schools not operated by a local or regional board of education

[§ 380 — ROBERTA B. WILLIS SCHOLARSHIP FUNDING CONTRACTS WITH HIGHER EDUCATION INSTITUTIONS](#)

Permits OHE, with OPM approval, to enter into 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 NEW PROMISE PROGRAMS](#)

Requires OHE to create a program to support establishing 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 the Office of the Student Loan Ombudsman from DOB to the Office of Higher Education; requires the ombudsman to report to the legislature on the office's 2025 and 2026 activities

[§§ 388 & 389 — REVIEWING BOARD OF EDUCATION FINANCIAL CONDITION AND ADDING A MEMBER TO MARB](#)

Creates a process for school boards 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 school board implements it; requires school boards with a plan to meet with MARB to discuss compliance; adds the SDE commissioner to MARB

[§§ 390-395 — SUPPLEMENTAL EDUCATION FUNDING](#)

Provides supplemental education funding for towns, choice school operators (magnet, charter, and vo-ag operators), and SDE administration; funds these grants with General Fund appropriations and a Probate Court Administration Fund transfer; requires an increase in ECS funding for FY 28

[§ 396 — SCHOOL CONSTRUCTION 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](#)

Lowers the total reimbursement percentage cap on eligible costs a school board may receive for school construction grants from 100% to 95%; 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 — SCHOOL BUILDING PROJECTS ADVISORY COUNCIL RENAME AND RESPONSIBILITY REVISION](#)

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

[§ 404 — SCHOOL CONSTRUCTION GRANT REQUIREMENTS FOR ENDOWED HIGH SCHOOLS AND ACADEMIES](#)

Authorizes the DAS commissioner to waive the school construction grant requirements to provide grants to the state's three endowed high schools and 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 "notwithstandings")

[§ 442 — SAGA BENEFITS](#)

Sets a standardized \$269 monthly cash benefit for SAGA beneficiaries, thereby eliminating prior 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 with payor mixes of more than 75% Medicaid residents; allows DSS to recalculate Medicaid reimbursement rates outside of the normal schedule under certain circumstances

[§ 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 required to be studied under the recent Medicaid rate study with (1) no corresponding Medicare rate or (2) average five-state benchmark; requires Medicaid behavioral health services rates to include medication

administration by licensed home health agencies to people with psychiatric conditions under certain care plans

[§ 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 with the goal of reducing health insurance premiums; authorizes OPM to direct state agencies to pursue federal approval for the Connecticut Option program under certain circumstances; 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 a 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 federal changes impacting 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 under SNAP and Medicaid

[§ 459 — LEGISLATIVE REVIEW OF MEDICAID STATE PLAN AMENDMENTS](#)

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

[§§ 460 & 461 — FORMULARY REQUIREMENTS FOR GENERIC DRUGS AND BIOSIMILAR PRODUCTS](#)

Requires health benefit plans to make certain generic drugs and biosimilar products 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 dental and nonemergency medical transportation services, removes references to OHS, and allows DSS to make changes needed for federal waiver approval

[§ 463 — RENTAL ASSISTANCE PROGRAM INSPECTIONS](#)

Requires DOH to use \$250,000 of its FY 27 RAP appropriation for housing unit inspections

[§ 464 — ONE-TIME MUNICIPAL GRANT PAYMENTS](#)

Appropriates approximately \$100 million in FY 26 for one-time grant payments to municipalities and carries forward any unspent funds to FY 27 for the same purpose; requires each municipality to report to OPM on its use of the grant

[§ 466 — YOUTH SERVICES PREVENTION GRANTS](#)

Specifies how a portion of the funds appropriated to the Judicial Department in FY 27 for youth services prevention must be distributed

[§ 467 — ELECTION-RELATED FUND TRANSFER](#)

Makes a one-time transfer of \$3.25 million from the Citizens' Election Fund to the secretary of the state in FY 27 for municipal early voting grants and a public information campaign

[§§ 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](#)

Requires completion of an associate's degree to be eligible for the Finish Line Scholar Program and modifies BOR's reporting requirements

[§§ 471-475 — FY 26 DEFICIENCY APPROPRIATIONS AND REDUCTIONS](#)

Makes deficiency appropriations for FY 26 in the General Fund and STF and reduces appropriations in the General Fund, STF, and Insurance Fund

[§ 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

[§§ 478-480 — RESERVED AMOUNTS FROM FY 26 AND FY 27 LINE ITEM APPROPRIATIONS](#)

Earmarks certain amounts from line items in agency budgets

[§ 484 — REPORTING ON THE DESPP-SCSU SOCIAL WORK AND LAW ENFORCEMENT PROJECT](#)

Requires the DESPP commissioner, POST, and the SCSU president to annually report to the legislature on the status of the DESPP-SCSU social work and law enforcement project

[§§ 486 & 487 — GOVERNOR'S GUARD ACCOUNTS](#)

OLR PUBLIC ACT SUMMARY

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 PAYMENTS FOR MASHANTUCKET PEQUOT 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 legislative interns

§ 490 — FEDERAL CUTS RESPONSE FUND

Increases, by \$50 million, the FY 26 appropriation from the Federal Cuts Response Fund to OPM

§§ 1-9 — FY 27 APPROPRIATIONS

Adjusts FY 27 appropriations for state agency operations and programs for nine of the state’s appropriated funds

The act changes FY 27 appropriations for state agency operations and programs for nine of the state’s appropriated funds, as shown in the table below. Across the funds, the changes reduce total net FY 27 appropriations by approximately \$492.6 million.

Changes in FY 27 Net Appropriations by Fund

§	Fund	FY 27 Net Appropriation		
		Prior Law	Act	Change
1	General Fund	\$25,361,911,684	\$24,874,524,791	(\$487,386,893)
2	Special Transportation Fund	2,405,174,959	2,409,981,298	4,806,339
3	Mashantucket Pequot and Mohegan Fund	52,541,796	54,291,796	1,750,000
4	Banking Fund	36,595,890	33,470,890	(3,125,000)
5	Insurance Fund	120,109,550	116,462,754	(3,646,796)
6	Consumer Counsel and Public Utility Control Fund	37,519,262	38,365,138	845,876
7	Workers’ Compensation Fund	27,437,125	27,174,687	(262,438)
8	Tourism Fund	18,709,502	20,723,422	2,013,920
9	Municipal Revenue Sharing Fund	559,409,674	551,799,145	(7,610,529)

EFFECTIVE DATE: July 1, 2026

§ 10 — PROBATE COURT ADMINISTRATION FUND

OLR PUBLIC ACT SUMMARY

Requires that the fund's balance at the end of FY 26 remain in the fund

By law, any balance in the Probate Court Administration Fund on June 30 that exceeds 15% of its authorized expenditures in the coming fiscal year is automatically transferred to the General Fund. The act overrides this requirement for FY 26 by requiring that any balance in the fund as of June 30, 2026, remain there.

EFFECTIVE DATE: Upon passage

§ 11 — FY 27 EARMARK FOR STATE LIBRARY GRANTS

Shifts the funding source for an FY 27 earmark for State library grants

The FY 26-27 biennial budget act (PA 25-168) reserved (earmarked) \$500,000 from the State Library's "Other Expenses" line item appropriation in FYs 26 and 27 for grants to three specified organizations. This act requires the FY 27 earmark for these grants to come from the State Library's appropriation for Various Grants, rather than Other Expenses.

EFFECTIVE DATE: July 1, 2026

§ 12 — FY 27 EARMARKS FOR SDE GRANTS

Shifts the funding sources for, and makes various other changes to, FY 27 earmarks for SDE grants; adds earmarks for various purposes

The FY 26-27 biennial budget act earmarked specified amounts from the State Department of Education's (SDE) Other Expenses line item appropriation in FYs 26 and 27. This act requires the FY 27 earmarks to come from SDE's appropriation for Various Grants, rather than Other Expenses, (except as described below) and additionally:

1. increases, from \$20,000 to \$70,000, the amount earmarked for a grant to Girls on the Run Greater Connecticut;
2. eliminates the earmarks for a (a) \$5,000 grant to the Martin Luther King Scholarship Committee of Greater Middletown and (b) \$10,000 grant to Newington Public Schools for diverse library circulation materials;
3. requires the \$75,000 earmarked for a grant to Bridgeport's Board of Education for the Bridgeport Public Schools Debate League to instead be given to the United Way of Coastal Fairfield County for the same purpose (PA 26-76, § 67, instead requires this grant to be made to the United Way of Coastal and Western Connecticut for the same purpose.);
4. requires half of the \$50,000 grant to Sound Waters to be used for job training instead of summer camp;
5. requires the \$750,000 earmarked for a teacher residency program in FY 27 to be reserved from SDE's appropriation for the Teacher Residency RESC Alliance, rather than Other Expenses, and specifies that the grant must go

OLR PUBLIC ACT SUMMARY

- to a teacher residency program operated by the RESC Alliance; and
6. adds earmarks for additional grants, shown in the table below.

Additional Amounts Reserved From FY 27 Line Item Appropriations to SDE

§	Grant Recipient	Amount
12(ww)	DT Cares	\$75,000
12(xx)	African Caribbean American Parents of Children with Disabilities	150,000
12(yy)	CIAC/CAS	200,000
12(zz)	Athlife	100,000
12(A)	Goodwin University Magnet Schools	500,000
12(B)	Big Brothers Big Sisters	125,000
12(C)	CAS	150,000
12(D)	Bethel High School All Sports Booster Club	30,000
12(E)	Plainville Public Schools	80,000
12(F)	Waterford Public Schools	100,000
12(G)	Scotland Elementary School Extended School Year Program	75,000
12(H)	Parent Leadership Training Institute	75,000
12(I)	Rocky Hill Board of Education to enclose library and art spaces at West Hill School	80,000
12(J)	Newington Board of Education for Nor'easter Academy	100,000
12(K)	Middletown Public Schools for school security	250,000

(PA 26-76, §§ 11, 12 & 67, makes additional changes to these SDE earmarks.)
EFFECTIVE DATE: July 1, 2026

§§ 13-15, 18-51, 477 & 481-483 — CARRYFORWARDS AND TRANSFERS

Carries forward certain agencies' unspent funds and requires that they be used in FY 27 or FY 28 for specified purposes

Funds Carried Forward for FY 27

The act carries forward unspent balances from FY 26 appropriations and requires that they be used for other purposes in the same agency, as listed in the table below.

Funds Carried Forward for FY 27¹

§	Agency	FY 26 Purpose	FY 27 Purpose	Amount
13	Department of Economic and Community Development (DECD)	Other Expenses	Grant to CFAL for Digital Inclusion for literacy training	Up to \$100,000

OLR PUBLIC ACT SUMMARY

§	Agency	FY 26 Purpose	FY 27 Purpose	Amount
14	DECD	Other Expenses	Grant to RESC Alliance	Up to \$250,000
15	SDE	Other Expenses, for a grant to Free Agent Now	Same as FY 26	\$200,000
18	DECD	Various Grants	Grant to Glastonbury for parks and recreation	Up to \$500,000
19	DECD	Various Grants	Grant to PARC, Inc. in Plainville	Up to \$50,000
20	DECD	Various Grants, for Newington projects	Newington projects: town pools project planning (up to \$15,000), fire department planning (up to \$30,000), animal shelter planning (up to \$20,000), and Lucy Robbins Welles Library renovation planning (up to \$20,000)	Up to \$85,000
21	DECD	Various grants, for a grant to A Little Compassion	Grant to Tri-Town Youth Services Bureau	Up to \$10,000
22	DECD	Various Grants	Grant to Stratford Veterans Museum	Up to \$50,000
23	Department of Energy and Environmental Protection (DEEP)	Other Expenses	Grant to Sustainable CT	Up to \$250,000
24	Office of Policy and Management (OPM)	Other Expenses	Grant to Hartford for outdoor recreation	Up to \$1,000,000
25	State Library	Other Expenses	Grant to Middletown for Russell Library	Up to \$50,000
26	DEEP	Other Expenses	Reimbursement to Hartford for work performed at Batterson Park	Up to \$4,730,000
27(a)	Judicial Department	Legal Aid, for the Right to Counsel program	Same as FY 26	\$1,750,000
29	DECD	Various Grants	Grant to Southend Senior Center in Hartford	Up to \$200,000
30	DECD	Various Grants	Grant to Parkville Senior Center	Up to \$200,000
31	DECD	Various Grants	Grant to Wethersfield Senior Center	Up to \$200,000
32	DECD	Various Grants	Grant to Hartford Communities	Up to

OLR PUBLIC ACT SUMMARY

§	Agency	FY 26 Purpose	FY 27 Purpose	Amount
			That Care for musical instruments and instruction	\$90,000
33	DECD	Various Grants	Grant to SAND Elementary School in Hartford for musical instruments and instruction	Up to \$90,000
34	DECD	Various Grants	Grant to Kennelly School in Hartford for musical instruments and instruction	Up to \$90,000
35	DECD	Various Grants	Grant to Naylor School in Hartford for musical instruments and instruction	Up to \$90,000
36	DECD	Various Grants	Wethersfield Early Childhood Collaborative for recruitment ambassadors	Up to \$250,000
37	DECD	Various Grants	Grant to Clay Arsenal CDC	Up to \$525,000
39	DECD	Various Grants	Grant to Naugatuck American Legion	Up to \$200,000
41	DECD	Various Grants	Grant to Working Cities Challenge/Middletown Works ²	Up to \$1,150,000
42	DECD	Various Grants	Grant to Milford Founders Walk	Up to \$600,000
44	Judicial Department	Other Expenses	Grant to Middletown Racial Justice	Up to \$20,000
45	DECD	Various Grants	Grant to Manchester for parks and recreation	Up to \$1,000,000
46	DECD	Various Grants	Grant to Bolton for parks and recreation	Up to \$250,000
48	DECD	Various Grants	Grant to Middletown Board of Education	Up to \$150,000
49	Department of Social Services (DSS)	Other Expenses	Grant to Effective School Solutions	Up to \$1,500,000
50	DECD	Various Grants	Grant to Connecticut AI Alliance for an AI symposium grant	Up to \$90,000
51	SDE	Other Expenses	Grant to Burns Latino Academy for musical instruments and instruction	Up to \$25,000 ³
477	Legislative Management	Statues	Removal of the John Mason statue from the State Capitol building	Up to \$100,000
481	Department of Emergency Services and Public Protection (DESPP)	Social Work Law Enforcement Training Partnership	Same as FY 26	\$850,000
482	DECD	Various Grants	Grant to American Legion Post 17	Up to

OLR PUBLIC ACT SUMMARY

§	Agency	FY 26 Purpose	FY 27 Purpose	Amount
			in Naugatuck	\$200,000

¹ PA 26-76, §§ 10, 21, 86, 104 & 108, include additional carryforwards for FY 27.

² PA 26-76, § 68, instead requires that the grant be made to Working Cities Challenge and requires \$150,000 of it to be used for Middletown Works.

³ PA 26-76, § 88, increases the maximum amount of this carryforward to \$90,000.

Funds Carried Forward to FY 28 (§ 27(b))

The act requires up to \$2.5 million of the Judicial Department's FY 27 appropriation for Legal Aid that is made available to the Right to Counsel program be carried forward to FY 28 for the same purpose.

Funds Carried Forward and Transferred for FY 27 (§§ 28, 38, 40, 43, 47 & 483)

The act carries forward to FY 27 and transfers the amounts shown in the table below for specified grants and programs.

Funds Carried Forward and Transferred

§	From	To	Purpose	Amount
28	Office of Early Childhood (OEC): Early Care and Education	OEC: Care4Kids TANF/CCDF	Family child care provider agreement	Unspent balance
38	DESPP: Other Expenses	DESPP: Various Grants	Grant to Bridgeport for its police department drone program	Up to \$500,000
40	SDE: Other Expenses	SDE: Various Grants	Grant to Effective School Solutions	Up to \$450,000
43	Judicial Department: Youth Services Prevention	DECD: Various Grants	Grant to My Architecture Workshops	Up to \$100,000 ¹
47	Connecticut State Colleges and Universities (CSCU): Charter Oak State College	CSCU: Various Grants	AI Academy	\$500,000
483	Department of Children and Families: Various Grants	Department of Housing: Various Grants	Grant to Thames River Community Services	Up to \$250,000

¹ PA 26-76, § 87, increases the maximum amount of this carryforward from \$100,000 to \$200,000.

EFFECTIVE DATE: Upon passage

§ 16 — YOUTH SERVICES PREVENTION GRANTS FOR FY 26

Reserves \$410,000 of the Judicial Department's FY 26 appropriation for youth services prevention for grants to five specified organizations

OLR PUBLIC ACT SUMMARY

The act reserves \$410,000 of the Judicial Department's FY 26 appropriation for youth services prevention for grants to the following organizations:

1. \$75,000 to Dominican American Coalition of Connecticut, Inc.;
2. \$30,000 to Intempo Organization, Inc.;
3. \$200,000 to My Architecture Workshops, Inc.;
4. \$50,000 to Second Change Re-entry Initiative Program (SCRIP); and
5. \$55,000 to Tri-Town Youth Services.

(PA 26-76, § 100, (1) eliminates the \$200,000 grant to My Architecture Workshops, Inc. and (2) requires that any unspent funds released to the remaining four grantees carry forward until they are fully spent.)

EFFECTIVE DATE: Upon passage

§ 17 — SCHOOL-BASED MENTAL HEALTH PROGRAMMING GRANTS

Requires school-based mental health programming grants in FYs 26 and 27 to be made in support of the specified school districts rather than to the districts themselves

PA 26-1, § 9, earmarks a portion of the Department of Social Services' FY 26 and FY 27 appropriations for Other Expenses for grants to the Newington, Wethersfield, Cromwell, Rocky Hill, and Middletown school districts for specified school-based mental health programming. This act requires the grants to be made in support of these school districts rather than to the districts themselves.

EFFECTIVE DATE: Upon passage

§§ 52 & 53 — REGIONAL PERFORMANCE INCENTIVE PROGRAM GRANTS

Requires OPM to distribute regional performance incentive program grants to two specified COGs for FY 27

For FY 27, the act requires the OPM secretary to distribute the following regional performance incentive grants: (1) \$250,000 to the Southeastern Connecticut Council of Governments (COG) for a pilot program to consolidate public service answering points and (2) \$800,000 to the Capitol Region COG for CTFastrak east expansion. (PA 26-76, § 47, changes the purpose of the South Central Regional COG grant to a study on public service answering points consolidation.)

EFFECTIVE DATE: July 1, 2026

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

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

OLR PUBLIC ACT SUMMARY

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

EFFECTIVE DATE: Upon passage

§ 55 — DELAY OF ABSENTEE BALLOT APPLICATION PROVISION

Would have delayed until July 1, 2027, PA 26-42, § 9, which established procedures for voters to have absentee ballot applications automatically sent to them (PA 26-76, §§ 37-39, repeals and replaces PA 26-42, § 9, and repeals this act's provision delaying implementation).

Effective July 1, 2026, PA 26-42, § 9, established 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. This act would have delayed this until July 1, 2027 (PA 26-76, §§ 37-39, repeals and replaces PA 26-42, § 9, and repeals this act's provision delaying implementation).

EFFECTIVE DATE: Upon passage

§§ 56 & 57 — CONNECTICUT MUNICIPAL DEVELOPMENT AUTHORITY AGREEMENTS

Modifies requirements for CMDA when it enters into agreements for PILOTs

The act 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.

By law, CMDA may negotiate and, with the 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. Under prior law, these agreements were required as a condition of any private right of development within a district. The act removes this requirement. It also requires CMDA to get the host municipality's consent before entering into these PILOT agreements.

The act also makes a technical change.

EFFECTIVE DATE: Upon passage

§ 58 — CLARIFYING CHANGE TO HOUSING COMMISSIONER'S POWERS

Clarifies the housing commissioner's general powers

OLR PUBLIC ACT SUMMARY

The act makes a minor change to clarify that the housing commissioner's general powers include those related to planning and constructing housing projects. Another law, passed in 2025, 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, a "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 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 act extends certain limitations on landlord-imposed fees and payments and tenant screening reports to third parties acting on behalf of landlords or the state. Prior law only applied these requirements 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 (for example, (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). The act applies this prohibition 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 the tenant a (1) copy of it or, if the landlord may not provide a copy, information that allows the tenant to request one from the entity that made the report and (2) receipt or invoice from the entity that made the report. The act extends these requirements 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 act repeals provisions in the FY 26-27 biennial budget act that, as of July

1, 2026, would have ended the quarterly user fee on nursing homes and intermediate care facilities (ICFs) for individuals with intellectual disabilities, and instead generally imposed a quarterly 6% tax on their revenue as of that date. In doing so, it retains the 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 act similarly eliminates provisions in the budget act that require:

1. the 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 the Department of Revenue Services.

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

§ 62 — PIZZA STATE LICENSE PLATES

Requires DMV 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 act requires the Department of Motor Vehicles (DMV) commissioner to issue Pizza State commemorative license plates that (1) are designed to increase public awareness of the state's pizza-making tradition and (2) provide funding for Connecticut Foodshare. It requires the commissioner to determine the plate design and prohibits using them for a purpose other than as official registration marker plates.

Under the act, the Pizza State license plate fee is \$65, in addition to the regular motor vehicle registration fees. The commissioner must deposit (1) \$15 of this fee into a DMV-controlled account to cover the costs of producing, issuing, renewing, and replacing these license plates, and (2) \$50 of the fee into the Pizza State commemorative account that the act correspondingly establishes as a separate, nonlapsing account. DMV must distribute the money in this account annually to Connecticut Foodshare.

The act 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 finds suitable for supporting the Pizza State commemorative account. It requires any money the commissioner

receives from this marketing to be deposited into the account. The act also allows the commissioner to receive and deposit private donations into the account.

The act prohibits charging additional fees for (1) renewing this license plate or (2) transferring an existing registration to or from a registration with a Pizza State plate. However, the DMV commissioner may allow Pizza State plate registrants to make an additional, voluntary \$15 donation at the time of registration renewal, which must be deposited into the Pizza State commemorative account.

DMV may charge a higher fee for license plates with low numbers or (1) the numbers and letters from a previously issued license plate or (2) letters instead of numbers, in addition to the fees set for these registrations by law. The act requires all Pizza State license plate-related fees, except those designated for DMV's administrative costs, to be deposited in the Pizza State commemorative account.

The act 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 act expands, from two to three, the number of deputy commissioners the DESPP commissioner is authorized to appoint. By law, these deputies must help administer the agency under the DESPP commissioner's direction.

EFFECTIVE DATE: Upon passage

§ 64 — HISPANIC-AMERICAN VETERANS OF CONNECTICUT ACCOUNT DISTRIBUTION

Decreases the frequency of OPM's distribution of funds from the HAVOCT account from quarterly to annually

The act decreases, from quarterly to annually, the frequency of OPM's required distribution of funds from the Hispanic-American Veterans of Connecticut account to Hispanic-American Veterans of Connecticut (HAVOCT), Inc.

By law, this account is a separate, nonlapsing General Fund account created to receive a portion of the fees for 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). After receiving the distribution, HAVOCT must use the funds to provide bilingual services and help to Connecticut veterans and armed forces members.

EFFECTIVE DATE: July 1, 2026

§ 65 — OPM ENERGY POLICY

OLR PUBLIC ACT SUMMARY

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

The act removes an obsolete provision that made OPM responsible for all aspects of state staff planning and analysis for determining and evaluating energy policy. Since 2011, the law has generally given the Department of Energy and Environmental Protection (DEEP) jurisdiction over the state's energy policy planning and regulation (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 generally 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 act 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

Previously, the Commission on Human Rights and Opportunities (CHRO) was within the Department of Labor (DOL) for administrative purposes only, meaning that DOL could provide it with administrative and clerical support, send required notices or orders on its behalf, provide staff, and include its budgetary requests in the department budget (CGS § 4-38f). The act 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

OLR PUBLIC ACT SUMMARY

The act 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 was within OHS). It also makes numerous related minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2026

Transferred Functions

The act 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 table below.

Successor Agencies to OHS

Agency	OHS Functions Transferred to it Under the Act
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 (PA 26-76, § 96, repeals certain duplicative provisions related to this transfer)• 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 act, 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 act, a reference to OHS or its commissioner in any (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 successor agency or its head, as applicable.

Additionally, the act 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.

Additional OHS Functions Transferred to Other Agencies

<i>Transferee Agency (or Agency Head as Applicable)</i>	<i>Brief Summary</i>
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 hospital systems) must send certain information, including (1) notice of material change transactions and (2) reports of the practice's activities or related matters • Agency to whom hospitals or hospital systems must report on their affiliations with each other • 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 act makes related minor and clarifying 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; related reporting requirements for manufacturers • 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 act 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 act gives overall oversight of that program to OHA (PA 26-76, § 76, removes this provision, clarifying that OHA is the agency assuming these functions from OHS) • Authority to seek a federal waiver to advance the Covered Connecticut program's purposes
OPM	<ul style="list-style-type: none"> • Duty to (1) specify subgroup race and ethnicity categories for use by state entities collecting demographic data for health care or public health purposes and (2) conduct reviews of demographic

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<i>Transferee Agency (or Agency Head as Applicable)</i>	<i>Brief Summary</i>
	<p>changes and health data and reevaluate the standard categories (along with certain other officials and stakeholders)</p> <ul style="list-style-type: none"> • 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 adoption of alternative payment methodologies
Department of Revenue Services	<ul style="list-style-type: none"> • Agency to whom pharmaceutical manufacturers or wholesale distributors must give 180 days' advance notice before withdrawing certain prescription drugs from sale

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 act requires the assessment to cover the costs of OPM, rather than OHS, that are appropriated from the insurance fund, and makes related conforming changes. Similarly, the act requires hospitals to pay an assessment to DPH, rather than OHS, to cover the costs of the Health Systems Planning Unit's operations.

Eliminated Functions

The act eliminates the Health Care Cabinet, which was previously within OHS. Under prior law, the cabinet advised the governor on various issues related to the state's health care system.

The act also eliminates certain other functions that were previously 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 FOR HOLDING

OLR PUBLIC ACT SUMMARY

Modifies PA 26-41 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 for holding and (2) adjusting when DESPP must promulgate a related return form

PA 26-41, § 10, allows anyone to deliver or surrender any firearm or ammunition they possess to DESPP or a local police department for holding for at least 14 days and establishes a process for returning these items to transferors and destroying those that are not returned after a period of time. Under PA 26-41, the maximum period that DESPP and local police departments must hold these firearms and ammunition before they may be destroyed is two years. This act (PA 26-68) makes several corresponding changes to reduce that period to one year, including to a provision requiring DESPP to give notice about PA 26-41.

PA 26-41, § 11, relatedly 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 act. This act moves up 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 for holding under the acts.

EFFECTIVE DATE: October 1, 2026, except the provisions on DESPP giving notice and creating a return request form are 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 act prescribes

The act 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 act specifies that it does not prohibit someone from exercising an existing right to dig, excavate, or disturb soil within Adriaen's Landing as long as it is done in a way that (1) protects human health and the environment and (2) is consistent with the act'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 act 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) anyone 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 act prohibits CRDA from unreasonably withholding the approval described above. If any membrane, layer, or other barrier is removed, breached, or otherwise damaged, the act requires the person responsible to (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 act requires CRDA, in consultation with DEEP, to make a protocol on disturbing polluted soil or groundwater on or under an Adriaen's Landing site that is managed under this act's provisions. The protocol must specify a process for providing notice if a disturbance occurs and best practices for managing affected soil or groundwater. The act 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 act 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 act'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, CRDA 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 act allows anyone (for example, an individual, governmental entity, or business) 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 someone is having an opioid-related drug overdose and administers an opioid antagonist to them.

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

Revenue Bonds for Participating Corporations

The act 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 act, a participating corporation is a business entity, quasi-public authority, or government entity involved with the authority for certain airport projects.

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

Other Changes

The act allows the authority's board of directors 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. (PA 26-76, § 93, allows, instead of requires, these actions taken under delegated authority to be subject to board approval.)

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

1. issuing bond anticipation notes;
2. specifying bonds as securities in which state and local officials, insurance companies, and various types of banks and fiduciaries can properly invest;
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. making 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 Tweed-New Haven Airport Authority's board of directors after a building permit is issued for a passenger terminal facility that meets certain requirements; generally (1) requires affirmative votes from at least 10 board members for certain actions and (2) expands the authority's powers and duties; defines "airport project" and makes related conforming changes

The act modifies the appointments of Tweed-New Haven Airport Authority's board of directors 30 days after the local building official and fire marshal issue a building permit for a passenger terminal facility, meeting certain requirements, on the East Haven side of the Tweed-New Haven Airport. It also generally (1) requires affirmative votes from at least 10 board members for certain actions, such as building a new facility, and (2) expands the authority's powers and duties.

Additionally, the act defines the term "airport project" for the laws governing Tweed-New Haven Airport and makes related conforming changes to laws specifically on the authority's (1) exemption from state and local taxes (§ 171) and (2) required annual report (§ 172).

EFFECTIVE DATE: July 1, 2026

Board of Directors Appointments (§ 168)

The act modifies the appointments of Tweed-New Haven Airport Authority's board of directors 30 days after the local building official and fire marshal issue a building permit for a passenger terminal facility on the side of the Tweed-New Haven Airport next to East Haven. (PA 26-76, § 91, clarifies that the facility must be on the East Haven side of the airport.) The facility must be designed to support scheduled and charter commercial airline flights, including at least 2,100 parking spaces.

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Until the permit is issued as described above, the appointments remain unchanged, meaning the board 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 building permit issuance, the act increases the East Haven mayor's appointments from five to seven and eliminates the COG appointments, while retaining the New Haven mayor's eight appointments and the residency requirement for all mayoral appointments. Any COG-appointed member currently serving continues to do so until the additional East Haven mayoral appointments are made. (PA 26-76, § 91, specifies that the terms of these COG-appointed members terminate at this time.)

As under existing law, all of the mayoral-appointed board members are special directors vested with the additional powers set in the authority's bylaws.

Specified Actions That Require 10 Affirmative Board Votes (§§ 168 & 169)

Under both existing law and the act, eight board members are a quorum and an affirmative vote of a majority at a meeting is sufficient for board actions. The act specifies that this does not apply where the laws on the authority's powers and duties or the board's adoption of written procedures require otherwise.

Starting immediately after building permit issuance (see above) and regardless of other state laws, the act also requires affirmative votes from at least 10 board members for the following actions, unless the actions are required to comply with applicable federal law (including mandatory grant conditions of the Federal Aviation Administration), the airport operating certificate, safety or security directives, or any action needed for 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 terminal expansion project the authority approved before permit issuance (including all associated supporting infrastructure needed to complete the expansion project);
3. any addition, material modification, or closing of airport entrances or exits;
4. any lease agreement or renewal relating to general aviation services, including adding any fixed base operations;
5. any amendment or renewal to a lease or other agreement 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 from the private operator; (c) parking operations at the

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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 the airport's Runway 2-20 exceeding 6,635 linear feet.

The act also eliminates prior law's prohibition on expanding the existing paved runway length of Runway 2-20 of 5,600 linear feet.

(PA 26-76, §§ 89 & 91, (1) adds to the above list of actions any amendments to the authority's bylaws and (2) specifies that authority bylaws are not considered procedures.)

Authority's Powers and Duties (§§ 166 & 169)

The act expands the authority's statutory powers and duties. Specifically, the act gives the authority the following powers and allows it to exercise them 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 (or services provided by) a "financing project" (see below) or a portion of one, and to contract with any person in relation to the project (PA 26-76, § 92, specifies that the authority can also contract with any participating corporation);
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 repay 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 related to 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.

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Under existing law, among other things, the authority generally has the power to (1) issue and sell bonds and use the proceeds for airport capital improvements and (2) acquire property for airport purposes. The act expands these powers by allowing the authority to also (1) use bond proceeds for financing projects and fund or refund these projects and (2) lease and sell property for airport purposes.

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

Under the act, a “financing project” is an airport project’s leasing, licensing, or operation and any other activity or property for which the authority is authorized to issue bonds or provide financing under the laws governing Tweed-New Haven. (PA 26-76 specifies that these projects also include airport projects (§ 89). It also further expands the authority’s powers by allowing it to (1) manage, maintain, supervise, and operate any improvements or additions to the airport and (2) operate the authority, subject to applicable federal law and regulations (§ 92).)

Airport Projects. Existing law generally authorizes the Tweed-New Haven Airport Authority to contract with private people and businesses to build, rebuild, enlarge, or change airport projects. Under the act, these projects (which were undefined in prior law) include any acquisition, disposition, demolition, remediation, construction, renovation, repair, replacement, expansion, environmental remediation, or other real property development or improvement related to an airport facility or its access. This includes:

1. acquiring off-airport land required by a permitting agency;
2. for a runway, taxi lane, hanger, depot, apron, mezzanine or baggage handling, administration, maintenance, storage, utilities, or parking;
3. furniture, fixtures, equipment, communication, navigation, safety infrastructure, and systems and other personal property reasonably needed in connection with these developments; and
4. associated interest, reserve fund deposits, and other financing costs and charges needed or incident to developing, financing, completing, and placing in operation any airport project, entirely authority-owned or suitable for authority use, according to the authority’s purposes.

The act also specifically defines “cost” in relation to airport projects, which generally includes all or part of the cost of various related activities, such as land acquisition, construction, demolition, environmental remediation, certain machinery and equipment, and engineering, financial, and legal services.

§ 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 on the East Haven side of Tweed-New Haven Airport is open and operating

Regardless of any state law, the act requires the state treasurer to make certain

payment in lieu of taxes (PILOT) grants, after the Office of Policy and Management (OPM) secretary certifies that a passenger terminal facility on the side of the Tweed-New Haven Airport next to East Haven is open (see above) and operating. The treasurer must do so annually 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 the state's behalf and they are in addition to any PILOT grants East Haven or New Haven otherwise receive.

(PA 26-76, § 90, (1) requires the treasurer to begin making the PILOT payments after the OPM secretary certifies that East Haven has approved a building permit for the facility (rather than after the facility has opened and is operational), but not before July 1, 2027, and (2) clarifies that the facility must be located on the East Haven side of the airport.)

(The act also authorizes new general obligation bonds for certain airport-related grants to East Haven, New Haven, and the Tweed-New Haven Airport Authority; see § 297(a) below.)

§ 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 act requires the 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 submits a proposal to do so, or both municipalities jointly submit one. (PA 26-76, § 94, specifies that the proposal must be for census tracts within the municipality that submits it, or within both municipalities if a joint proposal.)

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) match 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 act 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 act also specifies that an airport development zone established under the act'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 prohibited by state law, local ordinance, or zoning regulations.

§ 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 act 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 (1) has more than 500 units and (2) is in a Superior Court-ordered receivership. Under the act, municipalities may also refund all or some of the interest the common interest community has already paid.

It 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 act extends this

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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 annual limits for SPRB members; narrows the prohibition on persons holding state or municipal positions from serving on the board

The act increases the compensation rates and annual compensation 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 prior law and the act, the maximum depends on the position the member holds, as shown in the table below.

Annual Maximum Compensation for SPRB Members

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

Prior law prohibited people serving on the board from also holding a state or municipal government position. The act narrows this prohibition by applying it only to those holding elected or paid positions.

EFFECTIVE DATE: July 1, 2026

§ 177 — EXECUTIVE BOARDS AND COMMISSIONS MEETING SCHEDULES

Specifies that executive branch boards and commissions that compensate their members on a per diem basis generally may not set a meeting schedule that would cause them to overspend their appropriated funds

The act 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 funds appropriated for 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

OLR PUBLIC ACT SUMMARY

Authorizes municipalities and regional boards of education to amend their adopted budgets and adjust tax levies if they receive more state aid for FY 27 than projected (PA 26-130 amended this to place certain conditions on these amended budgets)

The act 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 act, municipalities (by vote of their legislative body or board of 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. (PA 26-130, § 15, amended this provision to place conditions on these amended budgets, including that they cannot reduce local education funding below the greater of the (1) amount in the original adopted budget or (2) town's or region's FY 27 minimum budget requirement for education plus the supplemental education funds provided in the budget act (PA 26-68). (Generally, the law's minimum budget requirement prohibits a town from decreasing its education appropriation from one year to the next, with limited exceptions.)

The act's provisions apply regardless of conflicting (1) statutes affecting education and boards of education, municipalities, and property tax levy and collection; (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 act 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 (PURA) and energy and environmental protection 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 RAIL CROSSING IN NEWTOWN

Requires DOT to allow Newtown to build an at-grade rail crossing, meeting certain conditions, on the Housatonic Railroad

The act requires DOT to allow Newtown (or its authority or agent) to build an at-grade pedestrian crossing on the Housatonic Railroad. (PA 26-76, § 103, specifies that this requirement applies to building a public, at-grade crossing for

pedestrians and bicyclists across the roadway and track of the Housatonic Railroad's Stepney Branch located at approximately Milepost 0.0 in Newtown.)

Under the act, this requirement applies regardless of (1) the state law prohibiting the construction of public, at-grade 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 approved by Newtown's legislative body and the Housatonic Railroad and built according to DOT's recommendations. (PA 26-76, § 103, (1) requires that the Maybrook Railroad Company also approve the crossing and (2) specifies that the Housatonic and Maybrook Railroad companies, and their respective successors, are "owners" of the railroad for the purposes of the state law on owners' liability for land available for public recreation.)

EFFECTIVE DATE: Upon passage

§ 181 — STATE EMPLOYEE CLASSIFIED SERVICE EXEMPTIONS

Exempts certain positions from the state employee classified service (amended by PA 26-76, § 69)

The act exempts certain positions from the state employee classified service, which excuses them from various civil service exams and other hiring and promotion procedures. Specifically, the act exempts positions titled (1) agency legal director, (2) Energy and Environmental Protection office director (legal), and (3) first assistant commissioner of Revenue Services. (PA 26-76, § 69, amends this provision to specify that "agency legal director" does not include the agency legal director of the Department of Revenue Services or the OPM general counsel. That act also removes the position of first assistant commissioner of Revenue Services from being exempted.)

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 act changes who must perform criminal history record checks (background checks) for state jobs with access to federal tax information. For these positions, the act requires state agencies with custody of the information and the Department of Administrative Services (DAS) (on behalf of executive branch agencies) to require background checks for (1) job applicants and transferring employees and, (2) at least every five years, each current employee, contractor, and subcontractor. Under prior law, these background checks were done by the employing agency or by DAS if it provided human resources services for the employing agency. Under the act and state law, a state agency is any office, department, board, council, commission, institution, constituent unit of the state system of higher education,

technical education and career school or other agency in state government.

As under existing law, an 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 someone who opens, manages, or operates a health care facility without a required DPH license or certificate

The act allows the Department of Public Health (DPH), after a hearing, to impose a civil penalty of up to \$25,000 per day against a person who provides professional services without a required DPH license or certificate. This action may be taken, as applicable, by DPH or its licensing boards or commissions.

The act also allows DPH, after a hearing, to impose a civil penalty of up to \$25,000 per day on anyone who opens, manages, or operates a health care facility without a required DPH license (or certificate for nursing facility management services). (For facilities, PA 26-76, § 78, lowers the maximum daily civil penalty to \$5,000.)

The act 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 act sets a maximum \$5,000 daily fine for this offense. (PA 26-76, § 77, lowers the criminal penalty to a class C misdemeanor, punishable by up to three months in prison, and sets a maximum \$2,000 daily fine for this offense.) But the 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 the property.

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

Additionally, the act specifies that DPH (for DPH-regulated professions without a separate licensing board or commission), 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. Under the act, 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

OLR PUBLIC ACT SUMMARY

DPH specific authority to pursue injunctive relief against facilities operating without the required license or certificate.

The act also makes minor, technical, and conforming changes, including clarifying changes to an existing provision on the penalty for people who own the land or building at which a facility is operating without a required DPH credential.
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 act 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, within seven days after the disposition of the body or remains, must notify the commissioner (in the way she requires) about when and how it was done.

Under the act, 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 arrange 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, if there is an unresolved dispute over 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)

Prior law set 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 could be disclosed only to certain eligible parties (such as the funeral director, surviving spouse, and state and federal agencies authorized by federal law) and (2) DPH disclose the record, or for deaths since that date, information in it, upon the request of any other person, researcher, or other state or federal agency, with the SSN redacted.

The act removes the 1997 start date from these provisions (in practice, SSNs were not included on state death certificates before this date) and specifically requires DPH, for deaths that occurred at any time, to give any person, researcher, or state or federal agency information from the death certificate electronically upon

request. 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 act also makes related minor and technical changes.

EFFECTIVE DATE: Upon passage

§ 188 — TECHNICAL CHANGE

Makes a technical change

The act 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 act 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 — MEDICAL ORDERS FOR LIFE-SUSTAINING TREATMENT 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. Under this program, 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 act 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 prior law, DPH's regulations for the program had to require providers to give patients the original form right after it was signed. Under the act, the regulations instead must require providers to give patients a copy of the order or access to it.

EFFECTIVE DATE: Upon passage

§ 193 — HIV/AIDS SERVICES FUNDING

Allows DPH's contracted program for HIV PrEP and PEP drug assistance to also fund 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 act 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 laws, regulations, permits, and orders through an agreed settlement or consent order

The act explicitly allows DPH to enforce compliance with applicable 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 act 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 a UI tax non-charge for employers using a shared work program during an extended benefit period or a high unemployment period

Beginning January 1, 2027, the act 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 act, 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). It requires the non-charge to continue until the U.S. labor secretary notifies the state labor commissioner that the extended benefit period or high unemployment period has ended.

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

§ 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 act 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 act eliminates the Employment Security Advisory Board and makes conforming changes. Under prior law, the board advised 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 — SECURITY SCREENINGS AS WORKED HOURS

OLR PUBLIC ACT SUMMARY

Specifies that “hours worked” in state laws on overtime pay includes time employees spend in employer-required security screenings

Under state overtime laws, an employee’s “hours worked” includes all time that the employee must be on the employer’s premises, including time that the employee must spend waiting for the employer to provide work to do (see *Background — Connecticut Supreme Court Case on Pre- and Post-Shift Hours*). The act specifies that it also includes time the employee spends in security screenings required by the employer.

EFFECTIVE DATE: October 1, 2026

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.*, 354 Conn. 151 (2026)).

§ 202 —WORKPLACE HEAT SAFETY TASKFORCE

Creates a taskforce to study workplace heat safety

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

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 House and Senate minority leaders).

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

Requirements

The act 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 by July 25, 2026. The Labor and Public Employees Committee’s administrative staff must serve in this capacity for the task force. The task force

OLR PUBLIC ACT SUMMARY

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

EFFECTIVE DATE: Upon passage

§§ 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 act increases the per diem (daily) 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 act 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 — TRANSPORTATION NETWORK COMPANY STUDY

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

PA 25-168, § 228, required the comptroller to study in-state transportation network company (TNC) and third-party delivery company drivers' compensation. This act extends, from July 1, 2026, to October 1, 2026, the deadline for him to report to the Labor and Public Employees Committee on the study.

EFFECTIVE DATE: Upon passage

§ 206 — DOUBLE UTILITY POLES

OLR PUBLIC ACT SUMMARY

Amends a provision in PA 26-12 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

PA 26-12, § 44, 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.

This act generally 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. Under PA 26-12, § 46, and the act, however, users (including electric distribution companies) do not have to meet this requirement if they have not been identified on a list of uncompleted transfers maintained by PURA.

EFFECTIVE DATE: July 1, 2027

§ 207 — GREYFIELD REVITALIZATION PROGRAM CHANGES (REPEALED)

Limits the greyfield revitalization program to East Hartford and the Capital City Economic Development District and expands the program's scope to include greyfield renovation (repealed by PA 26-76, § 58)

Existing law allows the economic and community development (DECD) commissioner, in coordination with the Department of Housing commissioner, Connecticut Municipal Redevelopment Authority (now the Connecticut Municipal Development Authority (CMDA)), and the 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 for the same purpose.

The act limits this program to greyfields in East Hartford and the statutorily designated Capital City Economic Development District and expands the program's scope to include greyfield renovations. PA 26-76, § 58, repeals these provisions.

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 WORKFORCE READINESS PROGRAM

OLR PUBLIC ACT SUMMARY

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 act 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 (such as degrees or certificates from institutions of higher education, private career schools, or certain providers of alternative routes to certification programs); (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 participating 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 act, 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, report annually to the Finance, Revenue and Bonding Committee 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 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 — TELEPHONE AND TELECOMMUNICATION SUBSCRIBER FEE TOWARDS FIREFIGHTERS CANCER RELIEF ACCOUNT

OLR PUBLIC ACT SUMMARY

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, rather than the state treasurer, to deposit the fees into the firefighters cancer relief account; specifies that the fee is not included in gross receipts for sales tax purposes

By law, each telephone or 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.

Prior law required 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 act 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 act 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 act also requires, by August 1, 2026, and monthly thereafter, the revenue services (DRS) commissioner to deposit these 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 firefighters diagnosed with certain cancers and who die or become disabled because of it, (1) wage replacement benefits, (2) retirement and survivor benefits, and (3) certain disability benefits available from the Connecticut State Firefighters Association.

§§ 211-214 — UCONN HEALTH CENTER 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 physician supplemental payment and correspondingly reduces its Operating Expenses appropriation

Starting in FY 26 and in each fiscal year after, the act 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 act, 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 act allows DSS, with the OPM secretary's approval, to establish receivables for anticipated hospital tax revenue.

The act 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 Operating Expenses appropriation 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 act 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, these 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.

Correspondingly, starting January 1, 2027, the act also requires health carriers (insurers, HMOs, fraternal benefit societies, or hospital or medical service corporations) and utilization review companies, when preauthorizing or pre-certifying 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. (PA 26-76, § 35, allows these notifications to also be issued electronically.)

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

OLR PUBLIC ACT SUMMARY

The act 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.

(PA 26-76, § 41, directs the department to conduct the study if there are available appropriations.) Under the act, 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 act, "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

Specifies that health carriers and health plan administrators may use utilization management to encourage enrollees to use certain hospitals or health systems

The act 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.

Under existing 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 act, 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 types (other personal property and real property) to comply with the motor vehicle mill rate cap. Under the law, its motor vehicle rate must be lower than its rate for other property types. The act 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 act, the motor vehicle mill rate cap is a rate set in statute that a municipality's and taxing 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 the Legislative Commissioners' Office to make necessary technical, grammatical, and punctuation changes when codifying the act

The act requires the Legislative Commissioners' Office to make technical, grammatical, and punctuation changes as necessary to codify it, 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 act, 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 act 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 act 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 — HAZARDOUS DUTY DISABILITY BENEFITS FOR STATE EMPLOYEE HEALTH CARE PROVIDERS INJURED IN AN ASSAULT

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

The act requires health care providers who are employed at a state-operated health care facility or institution that provides 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. Under the act, a “health care provider” is someone directly employed by a state agency and who is involved in direct patient care.

Existing law also gives 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 & 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

OLR PUBLIC ACT SUMMARY

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 act extends this 92% redemption rate for two additional years, to the 2026 and 2027 income years. (Sections 223 and 268 contain identical provisions. PA 26-76, § 81, repeals § 223).

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 — LOCAL OPTION 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 act 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 act, 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 act 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 act 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 — HEALTH CARE FACILITY CERTIFICATE OF NEED PROGRAM

Starting in July 2027, replaces the 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; in doing so, makes several changes compared to the existing process, such as eliminating required CON approval for service terminations and creating a separate process to oversee certain hospital service line pauses or terminations

Existing law requires certain health care facilities to apply for and receive certificate of need (CON) approval when proposing to (1) establish a new facility or provide new services, (2) change ownership, (3) purchase or acquire certain equipment, or (4) terminate certain services. (Other provisions of this act transfer oversight of this existing CON program from the Office of Health Strategy (OHS) to the Department of Public Health (DPH), as part of the overall elimination of OHS.)

Starting July 1, 2027, the act sunsets the existing CON program and replaces it with a new process overseen by a panel comprised of the DPH and social services (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 act's new process differs in various respects from the existing one. For example, it:

1. eliminates required CON approval for service terminations, and creates a separate process to oversee only hospital service line 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, instead of only a subset as under existing law, but allows the applicant to waive the hearing under certain conditions;
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 act, the existing CON program continues for applications submitted on or before June 30, 2027. That program is administered by the Health Systems Planning Unit, with the DPH commissioner (previously the OHS commissioner) having independent decision-making authority over CON decisions. For the existing program, the act 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.

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

EFFECTIVE DATE: October 1, 2026

CON Panel and DPH CON Program (§§ 227 & 228)

The act 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 act, 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 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 CON applications or any other matter appropriate for panel review under the act. The panel may cancel a monthly meeting if no applications (or other business) have been appropriately submitted to it with at least five days' notice before the scheduled meeting.

The act 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 act, starting July 1, 2027:

1. anyone applying for a CON must file the application with DPH's CON program,
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 act's new CON process and with any panel-issued order or decision, including any associated panel-imposed conditions. In any enforcement action under the act (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 (§§ 229, 239 & 243)

The following table compares the activities requiring CON approval under the existing program and the act's new process.

Activities Requiring CON Approval

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Existing Law	Act's New Process
Establishment of a new "health care facility" (see below)	Same as existing 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 act does not carry forward an existing 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 existing law (under act's definition of "health care facility")
Establishment of an outpatient surgical facility	Same as existing law (under act's definition of "health care facility")
Establishment of cardiac services, including inpatient and outpatient cardiac catheterization, interventional cardiology, and cardiovascular surgery	Same as existing law
Acquisition of CT, MRI, PET, or PET-CT scanners, except for replacement under specified conditions	Same as existing law
Acquisition of non-hospital based linear accelerators, except for replacements under specified conditions	Same as existing law (but the act does not carry forward a related notification requirement about replacements)
Increase in a facility's licensed bed capacity, except for certain mental health facilities	Same as existing law, other than the exception (see below) See below for related DPH reporting requirement
Acquisition of equipment using technology that is new to the state	Same as existing 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 existing law
Termination of the following: <ul style="list-style-type: none"> hospital inpatient or outpatient services certain outpatient surgical services by 	Not required, but the act creates a new review process for certain hospital service pauses or terminations (see below)

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<i>Existing Law</i>	<i>Act's New Process</i>
<p>outpatient surgical facilities or certain hospitals</p> <ul style="list-style-type: none"> • 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 <p>Under this law, a termination is the combined stop to a service for more than 180 days over a two-year period</p>	

The act's list of exemptions from CON requirements under the new process is generally similar to the existing 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 act 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 act differs from existing 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 existing law, psychiatric residential treatment facilities are not exempt);
2. not carrying forward an existing 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 an existing exemption for increases in the licensed bed capacity of mental health facilities that meet specified criteria (the act extends the exemption under the existing CON program by one year).

Also, under existing 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 act 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 act 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 existing 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 act 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 existing law. (While existing 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 existing 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 act 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 existing law, under the act, anyone who is unsure whether a CON is required must 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 in a way set by the DPH commissioner.

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:

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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 act 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 (§§ 230, 240 & 241)

The act 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.

Existing law requires consideration of a longer list of factors, including similar matters as under the act 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. Existing law, unlike the act, also requires additional factors to be considered in deliberations for hospital ownership transfers.

Generally similar to existing law, the act 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 existing law, the consultant must submit the bills for its services directly to the applicant, who must pay within 30 days after receiving them. The act sets a \$100,000 limit on these bills per application.

Under the act, 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 act 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 (§§ 231 & 241)

The act 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 existing 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 act, 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 act'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 act's notice and application process differs in several respects from the existing process. Among other things, existing 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 act, 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 act, 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 act 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 act 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 has 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, existing law requires a hearing on CON applications only if requested by a specified number of people. By contrast, under the act, 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 act, 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 act 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 act 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 to preview the proposed conditions (unless the law otherwise prohibits this) at least five days before sending the proposed decision.

The act 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 act, 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 act, 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 (such as sending it back to the hearing officer).

The act specifies that it 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 act allows the CON program to recommend, and the panel to impose, any conditions on a CON approval that are consistent with the act'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 act, 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 act specifies that the CON program and applicant may agree to extend any of these deadlines.

Expedited Review Pathway (§ 232)

The act 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 act'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 act 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 act 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 act, 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 act 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.

(Under existing law, there is no general expedited CON pathway, but there is a separate 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 act 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 (§§ 233 & 242)

Generally mirroring existing law, under the act:

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 existing law,

- the act 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 (§§ 234 & 245)

Under a generally similar process as existing law, the act 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 positions of the transacting parties. The act'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 act'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 revenue threshold under the existing program is set at \$1.5 billion from FY 13.)

Similar to existing law, the act requires the CON program to hire an independent consultant to conduct the review at the purchaser's expense. The maximum bills per application are \$250,000 under the act compared to \$200,000 under the existing program.

The act 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 act, 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 deemed complete, the program must issue a final CMIR report and make it part of the public CON record for that application.

In several respects, the act's CMIR provisions mirror those under existing 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) and 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 (§§ 235 & 246)

The act requires the CON program's director to investigate all inquiries about compliance with the act's new CON process. It gives the panel similar enforcement authority as the administering agency has under existing 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 existing 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 existing 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 act generally mirrors existing procedures (and related deadlines) for these penalties, such as prior notice, the right to a hearing, and the right to appeal. It similarly mirrors an existing provision that makes failing to pay the penalty after the final assessment grounds for deducting Medicaid payments.

The act's provisions on cease and desist orders are also similar to those in existing law, 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 act's new CON procedures or requirements. The act includes prior notice, hearing, and appeal provisions that are similar to existing law, with the panel holding the hearings and issuing the order.

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

Regulations and Policies and Procedures (§ 236)

The act requires the DPH commissioner to adopt regulations to implement the new CON process. It also allows her to implement policies and procedures while adopting the 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.

Hospital Service Pauses or Terminations (§§ 237 & 244)

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

By contrast, the act'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 a 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 after. Under the act, 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. its current and historical utilization rates;
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 act, 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 act 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 after the pause or termination. 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 act, 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 or before the meeting. Within 10 days after the meeting, the panel must make its decision to approve, modify, or add conditions to the plan. A 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

A nonprofit hospital needs approval from DPH (previously the Office of Health Strategy) and the 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 (CGS § 19a-486 (as amended by § 92 of this act) 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

PA 26-12, §§ 9 & 10, 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 act eliminates a provision of PA 26-12 that exempts successor employers from having to retain employees whose attendance and performance records, while working for the terminated contractor, would cause a reasonably prudent employer to terminate the employee.

Instead, this act 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 act requires the DSS commissioner, starting by January 1, 2027, to annually report to the Appropriations and Public Health committees on the collection of funds for deposit into the hospital supplemental payment account and how the account's funds were used during the prior calendar year. (PA 26-76, § 33, requires the reports to also be sent to the Finance, Revenue and Bonding Committee.)

The hospital supplemental payment account, created under § 359 of this act, must be 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 make recommendations on establishing a payroll tax program

Study's Scope

The act creates a 14-member working group to study and make recommendations on establishing a payroll tax program for employees in Connecticut. The study must at least examine the following:

1. considerations for making the program mandatory or optional, including (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 then opt out;
2. payroll tax rates and tax credits for different wage levels;

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3. statutory wage reductions for participants;
4. ways to mitigate lower Social Security benefits caused by participating, such as (a) paying a state-administered retirement or income benefit for participants and (b) retirement account contributions paid by the employees or employers on the employees' behalf;
5. ways to mitigate any reductions in employer-provided retirement benefits caused from having a lower reported salary, such as adjusting pension calculations and employer retirement account contributions;
6. administrative requirements for the Department of Revenue Services (DRS) and participating employers; and
7. the program's financial impact on state revenue, employee net wages, and employer payroll expenses, if program participation is mandatory for both employees and employers.

Membership and Appointments

The working group's membership includes (1) the DRS commissioner, Office of Policy and Management (OPM) secretary, state treasurer, and Finance, Revenue and Bonding chairpersons, or any of their designees, and (2) a representative of the governor's office.

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

Appointing Authorities and Required Qualification

<i>Appointing Authority</i>	<i>Qualification</i>
Senate president pro tempore (2 members)	One must be a labor organization representative and the other must be the group's co-chairperson
House speaker (2 members)	One must be an executive from a payroll services company doing business in Connecticut and the other must be the group's co-chairperson
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

Appointing authorities must make their initial appointments by June 25, 2026, and fill any vacancies. The chairpersons must schedule and hold the first meeting by July 25, 2026.

Staffing and Assistance

The Finance, Revenue and Bonding Committee's administrative staff must

serve as the working group’s administrative staff. The Office of Legislative Research and the Office of Fiscal Analysis must help the group do related research and calculate the program’s development and implementation 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” for the judicial branch to use to issue loans to claimants who may qualify for wrongful incarceration compensation from the state

The act creates the “innocence project revolving loan account” to be used by the judicial branch to give loans to people who (1) may qualify for wrongful incarceration compensation from the state and (2) have submitted such a claim against the state to the claims commissioner. (PA 26-76, §§ 61 & 62, renames this account the “CT innocence fund revolving loan account.”)

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

1. \$400,000 of the amount appropriated for FY 26 and
2. \$500,000 of the amount appropriated for FY 27.

EFFECTIVE DATE: Upon passage

§ 252 — SCHOOL BUDGET REFERENDUM NOTIFICATIONS BY SCHOOLS

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

State law generally 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 about 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 act explicitly allows a school superintendent to issue written notice through the school district’s schools to inform parents or legal guardians that a referendum about the district is coming up. The notice is subject to the same content requirements and advocacy restrictions described above.

EFFECTIVE DATE: October 1, 2026 (but amended by PA 26-76, § 107, to take

effect upon passage).

§ 253 — DELAY OF UNDERSIZED AND OVERSIZED LOBSTER SALES

Delays the effective date, from upon passage to July 1, 2027, of a provision in PA 26-12 that generally allows food service establishments and licensed seafood dealers, under certain conditions, to sell lobsters that do not meet existing size requirements

PA 26-12, § 64, generally allows, under certain conditions, (1) food service establishments to sell consumers lobsters that do not meet certain minimum and maximum length requirements and (2) licensed seafood dealers to sell these lobsters to food service establishments. This act 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 an up to \$10 million refundable sales and use tax credit for the PeoplesBank Arena's facility manager if it contracts with UConn to host a certain number (at least 20) UConn athletic events each academic year at the arena for an agreed upon period of time (almost 20 years)

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 and CRDA is currently contracted with Oak View Group to manage the facility.) 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 act creates a refundable sales and use tax credit of up to \$10 million under which, generally, the PeoplesBank Arena's facility manager may qualify if it contracts with UConn to host a certain number and type of UConn athletic events each year at the arena for a period of time. The act specifies that the value of any credit claimed under the act does not count toward the reconstruction and renovation contributions required from CRDA, the state, or the contractor.

EFFECTIVE DATE: July 1, 2026

Requirements to Qualify for the Credit

The act allows UConn to enter into a qualified agreement with a qualified operator to allow the operator to claim the act's credit. Under the act, "qualified operator" is the entity (or 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 CRDA on Church Street in Hartford.

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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 an academic year with the unanimous consent of the qualified operator, UConn, CRDA, and the OPM secretary. An “academic year” under the act is the period of time beginning July 1 and ending on the next June 30.

The act requires any qualified agreement to include provisions:

1. requiring the qualified operator to repay a prorated portion of any credit it claims under the act 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 breached the agreement and is unable or unwilling to host the minimum number of required events in future academic years; and
3. dividing net profit or loss between the qualified operator and UConn on an annual basis in a way that the operator is responsible for any net loss from the operation of the PeoplesBank Arena and UConn is entitled to a share of net profits from the operation of the PeoplesBank Arena according to a specific schedule.

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

Schedule of Net Profit Payments by the 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	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 year six and for the remainder of the qualified agreement's term, the amount of net profit subject to the above percentages is prorated only if the operator fails to receive \$10 million dollars in aggregate credits.

The act requires any qualified agreement to be executed by December 31, 2026, but amendments can be executed after that date. The OPM secretary and CRDA must approve any agreement or amendment beforehand.

Claiming the Act's Credit

The act allows the qualified operator to claim the act's credit in the latter of (1) each of the first five academic years identified in the qualified agreement or (2) the academic year beginning 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 total amount of the credits cannot exceed \$10 million. The operator must claim the credit on its tax return due under the sales and use tax law for the monthly period ending July 31st during the academic year.

Under the act, the DRS commissioner may require confirmation or documentation from CRDA of the qualified operator's eligibility for the credit. If the operator must 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 qualified 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 issues a repayment voucher. This repayment is a final tax due to the state and is subject to collection according to state law.

If the amount of the credit allowed exceeds the 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 operator. The act'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 act 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

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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 required 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. This act (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 act 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. (Section 490 correspondingly increases the FY 26 appropriation from the latter fund to OPM.)

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 act 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

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

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

Prior law required the comptroller, starting in FY 26, to 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 during this week

The act 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.

By law, during this week, the state’s 6.35% sales and use tax does not apply to clothing and footwear costing less than the threshold amount, 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 act establishes a tax credit for qualified small businesses that offer employees an Individual Coverage Health Reimbursement Arrangement (ICHRA, see *Background — ICHRA*). (PA 26-76, § 85, requires that the arrangement be offered through the state’s health insurance exchange, Access Health CT.) 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.

Credits

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Under the act, 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 act caps the total amount of tax credits available under the act 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

Under the act, a qualified small business 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 needs to administer the credits.

Approval

The act 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.

(PA 26-76, § 85, also requires the commissioner to give Access Health CT a copy of each certification letter and allows him to enter a memorandum of understanding with the exchange’s chief executive officer to facilitate the credit’s administration by sharing certain additional information.)

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 — CHANGES TO THE TAX ON CANNABIS SALES AND FUNDING FOR THE SOCIAL EQUITY AND INNOVATION ACCOUNT

Replaces the tax rates and bases on retail sales of cannabis plant material, cannabis edible products, and other cannabis with a single tax rate and base; increases 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

The act replaces the tax rates and bases on retail sales of cannabis plant material, cannabis edible products, and other cannabis (which were 0.625 cents, 2.75 cents, and 0.9 cents, respectively, per milligram of total THC reflected on its label) with a single tax rate of 10.75% based on 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 act, 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 act 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 act also makes technical and conforming changes, including deleting obsolete definitions.

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

§§ 265 & 266 — CORPORATION BUSINESS TAX CHANGES

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 research and experimental 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 act disallows the federal bonus depreciation deduction for qualified production property. 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 (26 U.S.C. § 168(n)). Under this 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 act, this federal treatment of R&E expenditures flows through for Connecticut corporation business tax purposes beginning only in the 2026 income year. Specifically, the act 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. For state corporation business tax purposes, the act disallows the retroactive application of this change starting with the 2022 tax year.

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

The act 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 May 26, 2026, 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 act 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 INCOME TAX CREDIT FOR QUALIFIED SMALL BUSINESSES

OLR PUBLIC ACT SUMMARY

Creates an income tax credit for qualifying small businesses that incur eligible R&D spending in Connecticut and requires DECD to administer a 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 act 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, up to the limits established under the act.

Eligible R&D Spending

Under the act, 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 (1) be an S corporation or entity considered a partnership for federal income tax purposes, such as an LLC, and (2) have gross income for the previous tax year of \$70 million or less, including income 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 act, 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 act 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 spent or incurred this amount 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 act, 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 act 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 act, 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.

§§ 269, 270 & 465 — FY 27 MUNICIPAL AID TO LEDYARD AND MONTVILLE

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

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The FY 26-27 biennial budget act earmarked \$800,000 each to Ledyard and Montville for FY 27. The act shifts the funding source for these municipal aid grants from unspecified Other Expenses to the Mashantucket Pequot and Mohegan Fund. It correspondingly increases the Mashantucket Pequot and Mohegan Fund grant amounts for these two towns for FY 27 by \$800,000.

EFFECTIVE DATE: July 1, 2026, except the provision correspondingly increasing grant amounts from the fund is effective upon passage.

§ 271 — INCOME 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 act 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. 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 act, uncompensated expenditures that are eligible for credit include the following:

1. changes 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; and
3. other expenses the caregiver paid or incurred that helped him or her provide care to an eligible family member, such as a home health aide, respite care, adult day care, personal care attendants, or health care equipment or 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 act exempts from the state's 6.35% sales and use tax nonelectronic school supplies. However, PA 26-76, § 101, limits this exemption to nonelectronic school supplies that are purchased for nonbusiness purposes and directs DRS to issue related policies and procedures.

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

§ 273 — SOURCING INSURANCE PREMIUM TAX 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 act 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 the amount of revenue from each of these taxes that is attributed to each municipality.

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 surcharge against employers that maintain a productivity gap

The act requires the OPM secretary, by January 1, 2027, 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 productivity gains lead to a more skilled workforce. The plan must include:

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 workforce and productivity gap contribution from employers.

Under the act, the workforce and productivity gap contribution portion of the plan must include four items. First, a formula for an annual surcharge for each income or tax year an employer maintains a “productivity gap,” which the act 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 act 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 plan must include an augmented productivity tax exemption that ensures that any augmented productivity achieved by an employer is permanently exempt from Connecticut taxation. (PA 26-76, § 59, eliminates this second item.) Under the act, “augmented productivity” is the portion of gross revenue that exceeds an employer's three-year historical average and 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 do their 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 include administrative procedures for reporting and collecting the productivity gap surcharge, based on Connecticut-specific payroll and tax data.

Last, the plan must include the establishment of a workforce and economic stability account. The act requires the account to be used (1) for depositing the collected surcharges in and (2) exclusively for workforce retraining, technical education, and career transition programs for displaced employees. (PA 26-76, § 59, instead requires the account's surcharge collected funds to be used for grants to employers to (1) acquire generative or assistive artificial intelligence technologies that demonstrate a measurable increase in per-worker output without a corresponding reduction in headcount and (2) train staff on those technologies.)

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 to apply film and digital media production tax credits against the sales and use tax at a reduced amount of their face value. The act allows the companies that are eligible for that credit to apply to DECD for a voucher for an additional film and digital media production tax credit that the act creates.

Under the act, 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 these cities, for at least one day. (PA 26-76, § 34, increases this minimum from one day to 20 days.)

The credit equals a percentage of these production expenses and costs, ranging from 30% to 50% as follows:

1. 30% for expenses and costs from \$100,000 up to \$500,000;
2. 35% for those over \$500,000 up to \$1 million; and
3. 50% for those over \$1 million.

The 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. The credit may also be sold, assigned, or otherwise transferred according to the process for the other film and digital media production tax credit. The total amount of credits is capped at \$1.5 million.

“Eligible production company,” “production expenses or costs,” and “state-certified qualified production” have the same meanings as under the law for the other film and digital media production tax credit, and companies apply for the act’s credit in the same way as the other credit.

(PA 26-76, § 34, makes additional changes that generally (1) require DECD to

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notify eligible production companies about the act's credit when the department issues eligibility certificates for the other film and digital media production tax credit; and (2) specify what credit-related notices and reservations do not constitute or guarantee and what the credit vouchers are subject to.)

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

§ 276 — TRANSFER OF FY 26 SPECIAL TRANSPORTATION FUND REVENUE TO FY 27

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

The act 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 act 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 act 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. It also makes a technical change.

Modified FY 27 Revenue Estimates

<i>Fund</i>	<i>Prior Law</i>	<i>Act</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

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<i>Fund</i>	<i>Prior Law</i>	<i>Act</i>
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

EFFECTIVE DATE: July 1, 2026

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

Authorizes new state GO bonds for FY 27 for various state capital projects, grants, and other programs

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

The act includes a standard provision requiring that, as a condition of bond authorizations for most of the act's grants to private entities (those under § 297), 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.

New GO Bond Authorizations for FY 27 for State Capital Projects, Grants, and Other Programs

<i>§</i>	<i>Agency</i>	<i>For</i>	<i>Amount</i>
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

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§	Agency	For	Amount
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
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 Airport, including roadway	5,000,000

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§	Agency	For	Amount
		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
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
OTHER PROGRAMS			
352	DECD	Tuition support for medical students at the Frank H. Netter MD School of Medicine at Quinnipiac University	20,000,000

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

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Prior to receiving the above grant, the act 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 act, 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 act 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.

FY 27 Authorizations for Previously Enacted Programs and Grants

§	Agency	Purpose/Fund	Amount
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

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§	Agency	Purpose/Fund	Amount
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 act makes several changes to bond authorizations for programs and projects related to UConn, including effectively transferring several 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 bond allocation cap and bond issuance cap (CGS §§ 3-20(d)(2) & 3-21(f)(2)).)

The act repeals a law that authorized \$46.1 million in GO bonds over a five-year period (FY 22 through FY 26) for a program generally aimed at helping recruit research faculty to the university. The act simultaneously authorizes the same bonding amount for this program under Phase III of the UConn 2000 infrastructure program (this phase covers FYs 05 through 31).

The act similarly cancels 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 the act 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 act eliminates a \$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

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Phase III. For these eliminated authorizations, the act makes conforming changes to the corresponding bond supertotals.

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

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

<i>Project</i>	<i>Prior 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
Harry A. Gampel Pavilion and Hugh S. Greer Field House	164	204	40
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
System telecommunications infrastructure upgrades, improvements, and expansions – Health Center	0	6	6

EFFECTIVE DATE: July 1, 2026

§ 309 — ALLOWABLE USES OF CHFA BOND AUTHORIZATION

Expands the allowable uses of an existing bond authorization for CHFA

The act 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 prior law, only the latter use was 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 giving loans to eligible borrowers for down payment or closing cost assistance (or both).
EFFECTIVE DATE: July 1, 2026

§§ 310 & 311 — OPM BOND CANCELLATION

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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 act 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 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 act extends grant eligibility to food systems. (PA 26-76, § 71, makes the same extension while also allowing grants for food system enhancements.)

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

Prior law authorized \$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 purchasing or leasing zero-emission school buses and electric vehicle charging or fueling infrastructure. The act changes the purpose of these grants to instead provide a portion of the funds necessary for these entities to maximize federal, state, or other sources of funding or financing for the same purposes.

EFFECTIVE DATE: July 1, 2026

§ 315 — CHANGES TO DAS CAPITAL PROJECT

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

Existing law authorizes \$19 million in GO bonds to DAS for Capital Area

System upgrades and modernization. The act 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 act (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

Prior law authorized \$10 million in GO bonds to the Connecticut Higher Education Supplemental Loan Authority for a nursing student loan subsidy program. The act 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

Prior law authorized \$15 million in GO bonds to DEEP for grants to municipalities for renovations and expansion of, and equipment for, solid waste facilities. The act changes the purpose of the grants so that it is instead to support solid waste reduction strategies.

EFFECTIVE DATE: July 1, 2026

§§ 337 & 338 — DAS AND CSCU REPORTING CHANGES

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

Prior law required quarterly reporting to the legislature by (1) DAS, on the status of the design, alteration, renovation, and construction of the facilities for the Office of the Chief Medical Examiner, and (2) the CSCU chancellor, in consultation with the Office of Early Childhood commissioner, on their coordinated efforts to construct, improve, or equip child care centers on or near college and university campuses in the state. The act changes the frequency of both reports so that they are instead next due by October 1, 2026, and semiannually (every six months) 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 CTECS to biennially develop a five-year capital plan and submit it to the Finance, Revenue and Bonding Committee. The act requires it to also provide its plans to the Education Committee. Unchanged by the act, the first plan is due by January 1, 2027.

EFFECTIVE DATE: July 1, 2026

§§ 340, 341 & 344 — SUPPLEMENTAL GRADUATE LOAN PROGRAM AND CHESLA BONDS

Creates the Supplemental Graduate Loan Program to give loans to eligible graduate students and authorizes \$30 million in GO bonds for the program; increases, from \$300 million to \$750 million, the aggregate amount of outstanding CHESLA bonds that may be secured by special capital reserve funds

The act requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to create, subject to available funding, a Supplemental Graduate Loan Program to give 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 act 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 act 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 act requires CHESLA to have a separate, non-lapsing account for 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.

Finally, the act 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

§ 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; authorizes \$2 million in GO bonds

The act (1) 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 and (2) authorizes \$2 million in GO bonds for the program (see § 297 above).

DECD must (1) develop eligibility criteria for selecting among grant applicants and 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 help certain homeowners make accessibility modifications so they can stay in their primary residences

The act 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 eligible homeowners grants for making accessibility modifications that let them remain in their primary residences.

Under the act, 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 has a disability; and (3) has a household income no greater than 60% of the median household income for the area where 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 someone who is elderly or has a disability.

The act caps grants at \$10,000 per eligible homeowner. It also (1) requires ADS to make 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

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

OLR PUBLIC ACT SUMMARY

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 act 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. CHFA may also, within available resources, make additional subordinate loans to Homes for CT borrowers subject to any terms it sets, such as interest rates and maturity.

The act caps the interest rate participating lenders may charge under the program at the Wall Street Journal prime rate on the date the borrower and lender lock in the rate, rather than a specified Federal Home Loan Bank of Boston (FHLBank Boston) rate on that date, as prior law required. The prior cap was the FHLBank Boston’s New England Fund rate for short- or long-term advances with an advance term that most closely matches the loan’s term.

The act 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 (1) expenses needed to complete residential building construction or build related improvements or (2) any other expenses that CHFA determines are necessary. The total amount of program loans is capped at \$100 million and no more than \$10 million may be used 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 towns may use TAR grants, allowing them to buy certain equipment

The act expands the purposes for which towns 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 act, 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 act, the OPM secretary may approve a town’s request to use grant funds for other purposes as well.

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 U.S. DOT financial assistance programs (“federal programs”), including TIFIA and RRIF.

The act allows 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. The act applies regardless of existing state STO bond procedures, which set a 30-year limit on the bond’s maturation period.

The act also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2026

§ 349 — COMMUNITY INVESTMENT FUND 2030 BOARD

Allows certain board members to vote by proxy and changes the cap on the total cost of the board’s recommended projects

The act allows the Community Investment Fund 2030 board’s state legislators and gubernatorial appointees to designate someone to act as a proxy by notifying the board’s administrator in writing if they cannot attend a board meeting.

Under state law, the board may recommend to the governor eligible projects to be funded by the Community Investment Fund 2030. Prior law limited the total recommended project cost to \$175 million per fiscal year. The act instead limits the cost to 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, and water and sewer infrastructure improvements) and (2) further consistent and systematic fair, just, and impartial treatment of all individuals.

EFFECTIVE DATE: Upon passage

§ 350 — CHANGES TO DECD’S CONCENTRATED POVERTY GRANT PROGRAM

Allows certified community development corporations to be funded for eligible projects under a DECD grant program seeking to reduce the effects of concentrated poverty; sets a 90-day deadline for DECD to review and evaluate program applications

The act expands a grant program under which the DECD commissioner must fund certain “eligible projects” in concentrated poverty census tracts so that the program also must fund eligible projects undertaken by a certified community development corporation. Starting July 1, 2026, and until January 1, 2030, these corporations may apply to the commissioner in a form and way he sets, for a grant for an eligible project, or any combination of them. The act makes related technical and conforming changes, including requiring the commissioner to notify the corporations about the program.

Additionally, the act sets a 90-day deadline for DECD to review and evaluate program applications (from any type of applicant). As under existing law for municipal applicants, DECD must work with certified community development corporation applicants to revise their applications if the department believes it would improve or strengthen them.

EFFECTIVE DATE: July 1, 2026

Grant Program Terminology and Requirements

By law, and under the act, a “certified community development corporation” is a 501(c)(3) federally tax-exempt organization that is certified by DECD’s Office of Community Economic Development Assistance (OCEDA) and meets the following requirements:

1. focuses a substantial majority of its efforts on serving one or more “target areas” (a contiguous geographic area in which the current unemployment rate exceeds the state’s by at least 25% or mean household income is 80% or less of the state’s as determined by the most recent decennial census),
2. has the purpose of engaging and working with local residents and businesses on community development efforts to sustainably develop and improve urban communities in a way that creates and expands economic opportunities for low- and moderate-income people, and
3. shows OCEDA that its constituency is meaningfully represented on its board based on specific characteristics.

Existing law does not specifically define “eligible projects” but requires that they must, at least, seek to reduce the effects of concentrated poverty. It also specifies that eligible projects include the following:

1. building, renovating, or rehabilitating mixed-income rental and owner-occupied housing to retain households of different income levels and increase the rate of owner-occupied housing in concentrated poverty census tracts;
2. establishing or improving workforce development programs, including

programs that (a) partner with organizations to identify unemployed or underemployed people and at-risk youths living in the tracts, (b) identify workforce training opportunities and other resources for them, and (c) link them with appropriate training and resources to increase their skills and earning potential; and

3. building, renovating, or rehabilitating public infrastructure to support and improve private investment opportunities, quality of life, and public safety in the tracts.

Under existing law, the DECD commissioner must set the criteria for awarding grants under the program and documentation and information requirements for applicants.

§ 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 act requires the housing commissioner and CHFA executive director to seek a partnership with at least one municipality or hospital 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 certain alternative sites proposed by local officials and state legislators for replacing or relocating the Windham Technical High School; 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 act 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 (known as the 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 that are located closer to the existing school than the site the secretary previously identified for consideration.

The act 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. The evaluation 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 act 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.

Lastly, the act 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 programs as having met the income requirements for their financial assistance programs (PA 26-76 repeals this latter provision)

Required Financial Assistance Policies

The act 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 act, 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 act 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." (PA 26-76, § 28, removes the requirement for this statement and instead directly requires hospitals to translate the notice if the population threshold is met.)

Automatic Income Eligibility for Certain Patients (Repealed by PA 26-76)

Under the act, 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 (TANF) 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 act, 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.

(PA 26-76, § 57 repeals these provisions on deeming patients eligible if they are enrolled in certain public assistance programs.)

EFFECTIVE DATE: October 1, 2026

§§ 357-362 — HOSPITAL PROVIDER TAX CHANGES

Changes the hospital provider tax in several ways, including lowering the tax rate on inpatient hospital services in phases, modifying how the tax rate on outpatient hospital services is calculated, and requiring children's general hospitals to pay the tax starting July 1, 2026; diverts revenue from this tax to a new dedicated account for supplemental payments to hospitals

The act makes various changes to the hospital provider tax including:

1. decreasing the tax rate on inpatient hospital services from 6% to 4% for FYs 27 through 31 and 3.5% starting in FY 32;
2. reducing the total revenue amounts on which the outpatient hospital services tax rate is calculated;
3. changing the applicable federal fiscal year used to calculate the tax base; and
4. generally requiring children's general hospitals to pay the tax starting July 1, 2026, rather than only after the state receives federal approval to remove the exemption for children's general hospitals.

The act also diverts hospital tax revenue to a new dedicated account for specified supplemental payments and requires certain actions if the account has insufficient funds for these payments.

EFFECTIVE DATE: July 1, 2026, except the provisions on the hospital supplemental payment account and FY 27 information reporting requirements and administrative protests are effective upon passage.

Tax Rate and Base (§ 358)

Inpatient Hospital Services. Starting FY 27, prior law set the tax rate for

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inpatient hospital services at 6% of each hospital's audited net revenue for the applicable federal fiscal year (FFY) attributable to these services. The act decreases this rate to (1) 4% for FYs 27 through 31 and (2) 3.5% starting in FY 32.

Outpatient Hospital Services. By law, 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, 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. The act generally retains this calculation but additionally requires that it be adjusted for changes in taxpayer status, as described below.

For FY 27, prior law set the amount of total revenue to be collected at \$1.195 billion and required it to be increased by \$25 million over the prior fiscal year, starting in FY 28. The act instead sets this amount as shown in the following table.

Total Revenue to be Collected Amounts Under the Act

FY	Total Revenue
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

Applicable Federal Fiscal Year. The act 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.)

Applicable FFY for the Hospital Provider Tax

Prior Law		Act	
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 after	FFY that ended in the calendar year two years before the four-year period started	FY 37 and every five years after	FFY that ended in the calendar year that is two years before the five-year period started

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 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 act additionally requires that the tax base be subject to any changes in taxpayer status.

The act 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 act, this requirement no longer applies if the Centers for Medicare and Medicaid Services (CMS) denies the request.

Tax Recalculations for Hospital Dissolutions, Cessations of Operations, or Changes in Taxpayer Status. Under prior law, the amount of hospital provider tax due from each hospital had to be recalculated if any hospital dissolved (ceased to operate for any reason other than a merger, consolidation, acquisition, or reorganization) or ceased for any reason to be subject to the hospital tax. The amount due from each hospital was not recalculated for the fiscal year in which the hospital dissolved or ceased to operate, but in the following fiscal year and each subsequent year, the tax had to be recalculated so that the tax amount was proportionately redistributed among the other hospitals.

The act sunsets this recalculation requirement and creates a different process for dissolutions and cessations that take place starting in FY 27. Under the new process, 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 to be collected for the respective year (used to calculate the tax on outpatient hospital services, as shown in the table above) is reduced, without further action. The reduction (1) equals the amount of outpatient hospital services tax attributable to the hospital for the fiscal year it dissolved or ceased operations and (2) does not change the outpatient hospital services tax rates for remaining taxpaying hospitals.

Tax Rate Adjustments for Hold Harmless Safe Harbor Rate. Under the act, for any calendar quarter starting on or after July 1, 2026, 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 CMS in a written decision responding to a tax waiver the Department of Social Services (DSS) submits under the law. Similarly, the act requires the tax rate on outpatient hospital services to be automatically modified to ensure that the same amount of revenue set under the act is collected.

If the hold harmless rate for the inpatient hospital services tax is less than the rate set under the act, 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. Under the act, by June 25, 2026, each hospital required to pay the hospital provider tax for FY 27 must submit to the DRS commissioner the

information he requires to calculate the audited net revenue for FFY 24 of all hospitals subject to the tax, including audited net inpatient and outpatient revenue. 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 act, as under existing 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. As under existing law, the commissioner may engage an independent auditor to help him with these duties and responsibilities.

The act 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 prior law as amended by the act, as described below. (PA 26-76, § 82, makes a technical correction to this provision.)

Subsequent Years. The act changes the deadlines for information reports required for subsequent years to align with the act's changes to the applicable FFY used to calculate the tax. Under the act, hospitals must report the required information by June 1, 2030, and every five years after, rather than by January 1, 2029, and every four years after. The act requires that the amounts reported be deemed accepted on the first day of the federal fiscal year, rather than state fiscal year as prior law required, as long as the commissioner has not started an audit of the hospital before then.

The act 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 generally requires the DRS commissioner, if he determines a hospital has additional audited net revenue, to mail the taxpayer a notice by the first day of the state fiscal year. Starting July 1, 2026, hospitals may file an administrative protest to contest the commissioner's determination. The act 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)

Prior law required 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 act limits this provision to hospitals that are both owned and operated exclusively by the state.

Exemption for Children's General Hospitals (§ 358)

Existing 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 the removal, 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 act requires children's general hospitals to pay the tax starting July 1, 2026, even if federal approval has not yet been obtained. But the act authorizes them to get a refund if the approval is not ultimately granted. The act also makes a conforming change to the definition of hospitals subject to the tax to include Department of Public Health-licensed children's general hospitals.

Revenue Diversion to Hospital Supplemental Payment Account (§ 359)

Starting in FY 27, the act requires any hospital provider 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 act 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 act requires the OPM secretary and DRS commissioner to take certain actions if the OPM secretary determines that the hospital supplemental payment account will have insufficient funds to make certain supplemental payments due to hospitals (see §§ 361 & 363).

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 he determines it is feasible to collect all or part of the tax by (1) notifying DSS to deduct and withhold delinquent hospital taxes from any amount DSS would otherwise pay the taxpayer or (2) using other collection methods, the DRS commissioner must take those 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, he 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. If the committee approves the amount, then the state comptroller must transfer it 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 act 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 act generally requires the hospital provider 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 occur:

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 act's changes to the inpatient and outpatient hospital services taxes or supplemental payment amounts are found to be invalid.

If any of these occur, the act requires the General Assembly 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 act, these actions are not required if the taxes are federally permissible and CMS approves 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 act 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 act (with variation allowed as needed for federal approval or compliance).

(PA 26-76, §§ 19 & 20, repeals and replaces these provisions with nearly identical ones.)

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).

§ 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

The act sets new requirements for Medicaid supplemental payments. Prior law required DSS to establish supplemental pools in accordance with the settlement agreement. Under the act, this requirement applies from FYs 20 to 26.

Prior law also required DSS to pay \$708.3 million in Medicaid supplemental payments to hospitals for FY 27. For FY 28 and after, prior law required 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 act 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 receiving Medicaid supplemental payments. The act 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 act also sets requirements for various disproportionate share hospital (DSH) payments. Payments under the act are based on an entity's characteristics as of January 1, 2025, unless there is a dissolution or change from nongovernmental entity status.

The act requires the DSS commissioner to diligently pursue required federal approvals and make payments while pursuing federal approval. The act 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 act removes obsolete provisions and makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2026

General Inpatient Supplemental Payment Pool

The act creates a general inpatient supplemental payment pool. Nongovernmental hospitals (hospitals that are not exclusively state-owned and operated) that do not receive DSH payments must participate in the pool, which is distributed proportionately based on the hospital's share of federal FY 24 total

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Medicaid inpatient revenue as reported to the Office of Health Strategy (OHS). The act 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.

General Inpatient Pool Amounts

Year	Payment
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 act 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. The table below shows the payment amounts.

Small Hospital Inpatient Pool Amounts

Year	Payment	
Tier	Less than \$10 million in federal FY 24 Medicaid revenue	At least \$10 million in federal FY 24 Medicaid inpatient revenue
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 act creates a mid-sized hospital inpatient supplemental payment pool for nongovernmental hospitals that (1) do not 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 total federal FY 24 Medicaid inpatient revenue reported to OHS, as shown in the table below.

Mid-Sized Hospital Inpatient Pool Amounts

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Year	Payment	
Tier	Less than \$18 million in federal FY 24 Medicaid inpatient revenue	At least \$18 million 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 Inpatient Supplemental Payment Pool

The act 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. This pool is in addition to that one and is not a substitute for it. 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. Payments are tiered based on total federal FY 24 Medicaid inpatient revenue reported to OHS, as shown in the table below.

Independent Mid-Sized Hospital Inpatient Pool Amounts

Year	Payment	
Tier	Less than \$30 million in federal FY 24 Medicaid inpatient revenue	At least \$30 million 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 act 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 total federal FY 24 Medicaid inpatient revenue reported to OHS, as shown in the table below.

Large Hospital Inpatient Pool Amounts

Year	Payment	
Tier	Less than \$300 million in federal FY 24 Medicaid inpatient revenue	At least \$300 million in federal FY 24 Medicaid inpatient

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		<i>revenue</i>
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 act creates a general outpatient supplemental payment pool. Nongovernmental hospitals that do not receive DSH payments must 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. The table below shows payment amounts. If an eligible hospital dissolves or is no longer a nongovernmental hospital, available amounts are reduced by the amount the hospital would have received.

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 act 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 total federal FY 24 Medicaid outpatient revenue reported to OHS, as shown in the table below.

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 outpatient revenue</i>	<i>At least \$30 million in federal FY 24 Medicaid outpatient 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

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Year	Payment	
FY 31 and after	11,025,000	23,350,000

Independent Mid-Sized Hospital Outpatient Supplemental Payment Pool

The act 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 total federal FY 24 Medicaid outpatient revenue reported to OHS, as shown in the table below.

Independent Mid-Sized Hospital Outpatient Pool Amounts

Year	Payment	
Tier	Less than \$30 million in federal FY 24 Medicaid outpatient revenue	At least \$30 million in federal FY 24 Medicaid outpatient 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

Physicians and Mid-Level Practitioners

The act 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 act requires DSS to apportion the payments among eligible entities in proportion to the gap between (1) Medicaid payments received by the entity 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. DSS must make payments for each fiscal year in the subsequent fiscal year, starting for FY 28.

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 act 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 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 a federal employer identification number assigned to the faculty practice plan.

Payments must be apportioned among eligible faculty practice plans 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. DSS must make payments for each fiscal year in the subsequent fiscal year, starting for FY 28.

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 Physician and Mid-Level Practitioners and Faculty Practice Plans

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 act 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 act, 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 act (see below).

Disproportionate Share Hospital Payments

Starting for FY 26, the act 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 to the state's annual DSH payment allotment. The act sets separate DSH payment amounts for three types of private acute care hospitals.

For private acute care hospitals in a municipality with a population over 145,000, and with federal FY 24 Medicaid charges over 25% of total charges, the

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act sets payment amounts as shown in the table below.

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 private acute care 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 act sets payment amounts as shown in the table below.

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 private acute care children's hospitals with federal FY 24 Medicaid charges over 35% of total charges, the act sets payment amounts as shown in the table below.

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 act 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.

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The act 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 act requires DSS to confer with the Connecticut Hospital Association (CHA) and revise the provisions described above as needed. Specifically, she must revise the supplemental payment pool structure, pool amounts, DSH payment amounts, and distribution methodologies so that the total value of 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 act 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 act 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 act, 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 act must comply with federal laws on Medicaid and federal financial participation, including regulations on the upper payment limit. The act 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 act requires DSS to consult with the CHA at least 15 days before submitting these demonstrations to CMS.

Other Limited Revisions and Adjustments

The act allows the DSS commissioner, in consultation with the Office of Policy and Management (OPM) and the CHA, to revise the payment structure for payments under the act if she determines that the payments scheduled for a future quarter (1) may exceed an aggregate or provider-specific upper payment limit, (2)

violate a federal requirement in a way that makes any payments ineligible for federal financial participation, or (3) otherwise fail to maximize federal financial participation. Revisions must (1) ensure ongoing compliance with all applicable federal requirements and (2) in the aggregate, produce a total state-wide payment level that is not materially less than the payment level contemplated under the act. The act requires any revisions to keep the combined payment amounts to each health system nearly equal to payment levels required under the act and only allows them to vary to the extent needed to get federal approval, comply with federal law, or maximize federal financial participation.

The act eliminates a provision in prior law that prohibited 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 act, 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 payments 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 act 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 act 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 act requires these hospitals to pay the taxes on inpatient and outpatient hospital services while federal approval is pending (see §§ 357-362).

Under the act, while federal approval is pending, any children's general hospital that would be eligible for payments under the act 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 act, DSS must continue to make any payments under the act to a successor organization resulting from a merger, consolidation, or acquisition, if the successor organization is nongovernmental

hospital eligible for Medicaid enrollment. Under the act, if an entity that existed January 1, 2025, was acquired by more than one entity after that date, then payments that would be due to that entity must be equitably apportioned among the acquirors.

Dissolutions or Other Terminations

The act 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 act instead prohibits these payments from being made to any other hospital.

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

Transfers from OHS to OPM existing law's requirements to develop 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

The act transfers from OHS to OPM existing responsibilities for developing health care cost growth benchmarks, primary care spending targets, and health care quality benchmarks, and makes related conforming and technical changes. (Other sections of the act eliminate OHS and make various agencies, including OPM, successor agencies (see §§ 68-161).) The act 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 act transfers from the OHS commissioner to the OPM secretary the responsibility 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. Prior law specified factors to consider in doing so (related to median income, gross state product, inflation, and total healthcare expenses). The act eliminates these factors and replaces them with a different method.

Healthcare Cost Growth Benchmarks by Calendar Year. Regardless of the requirement described above, the act requires the secretary, by July 1, 2027, to establish the following annual cost growth benchmark.

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 are 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 act maintains existing requirements for informational public hearings before adopting the health care cost growth benchmarks and primary care spending targets developed as described above, including the requirement to post online the hearings' notices and summaries and any recommendations to modify or not modify the annual benchmarks and targets (specifically, the annual quality benchmarks and targets under the act). However, it eliminates (1) the office's discretion to modify the growth benchmark or spending target after an informational public hearing if reasonably warranted and (2) a provision that expressly required the office to post the benchmarks and targets on its website.

Hospital Payment Growth Methodology (§ 365)

By July 1, 2027, the act 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 act's factors for assessing compliance with the hospital payment growth benchmark.

Under the act, 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 act'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 act, a "hospital payment growth benchmark" is a benchmark value to measure annual hospital payment growth that equals the cost growth benchmark value the act establishes.

Hospital-Specific Preliminary Results. The act requires the secretary, before finalizing the methodology, to give each hospital its preliminary results and the data and assumptions used to calculate the results (PA 26-76, § 95, specifies that the results must be based on the prior year's data). 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 (PA 26-76, § 98, requires this only as feasible and practical); 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 act transfers from the commissioner to the secretary existing law's requirement to annually review the current and projected inflation rate and publish the review online. Existing law, unchanged by the act, allows modification of the benchmark if the inflation review requires it, with no informational public hearing required before the modification.

Legislature's Review and Approval Eliminated. Under prior law, if the average annual health care cost growth benchmark for a succeeding five-year period differed from the average benchmark for the previous five-year period by more than 0.5%, it had to be submitted to the Insurance and Real Estate Committee for review and approval. The act eliminates this requirement.

Primary Care Spending Targets (§ 365)

The act 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 capitation, care management, and care coordination payments, and may exclude market specific factors, such as long-term care;
2. set 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. set 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, but the cumulative increase in the target over the five-year period cannot 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 set under these provisions.

As mentioned above, the act eliminates a provision in prior law that required annual primary care spending targets to be posted on the office's website, but it maintains the online posting requirement for any recommendations to modify or not modify them based on an informational hearing.

Health Care Quality Benchmarks (§ 365)

The act transfers from the commissioner to the secretary existing requirements for the commissioner 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 act requires the secretary, in implementing the provisions above, to perform certain functions described below by July 1, 2028. The act specifies that these functions must not prevent the secretary from reporting each provider's cost growth performance at the market level.

Methodology to Analyze APCD Data. The secretary must adopt and post on the office's website a revised methodology for (1) analyzing data from the state's all-payer claims database (APCD) and (2) 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.

By law, the "all-payer claims database" is a database that receives and stores data from a reporting entity (for example, an insurer or a 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 (PA 26-76, § 97, clarifies that this applies to provider entities only) 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 (§ 366)

Existing law requires payers to annually report aggregated data by August 15, including aggregated, self-funded data needed 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 act requires reporting to OPM instead of OHS, extends this requirement to hospitals, and adds data needed to calculate performance toward the hospital growth benchmark, as applicable.

It 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. The act transfers from OHS to OPM the existing requirement to annually post online a report on total health care expenditures by March 31. 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. Among other things, prior law allowed it to include information on primary care spending as a percentage of total medical expenses. The act 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 act requires the secretary to establish and coordinate a process for payers and provider entities to review submitted data and submit information and feedback that may improve the data's accuracy.

Report on Hospital Payment Growth. The act 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 Benchmarks (§ 367)

The act (1) transfers from OHS to OPM responsibility to identify payers or providers who exceed the health care growth benchmark or do not meet the primary care spending targets and (2) requires OPM to identify those who do not meet the quality benchmark.

Under the act, 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 cannot 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 determining whether to identify a hospital as exceeding it, the secretary must (1) use the hospital payment growth methodology, including considering the factors below, and (2) 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 act 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 act 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 require any provider entity or hospital identified as exceeding the applicable benchmark to file a cost growth benchmark plan in a way the secretary sets.

The secretary must send a written notice about this requirement, including supporting data.

Provider Entity or Hospital Requirements. Within 45 days after receiving this notice, the provider entity or hospital must file with the secretary:

1. a complete cost growth benchmark plan;
2. an application to waive or extend the requirement to file the 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 way set by the secretary.

Documentation and Supporting Evidence. Under the act, the provider entity or hospital may file documentation or supporting evidence with the secretary to support its application to waive or extend the requirement to file a plan.

The secretary must require the provider entity or hospital to submit any other relevant information the secretary deems necessary to consider 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.

The act allows the secretary to do the following:

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1. deny the dispute over the applicable benchmark finding;
2. accept the provider entity's or hospital's data and justification that the applicable growth benchmark was not exceeded for the year;
3. waive the requirement for a cost growth benchmark plan; or
4. delay the requirement for a plan in response to a waiver or extension request considering 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 act requires the secretary to 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 they are implementing to improve future long-term efficiency and reduce cost growth;
3. whether the factors that led to their increased costs can reasonably be considered unanticipated and outside of their 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. their 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.

Waivers or Extensions. If the secretary declines to waive or extend the requirement to file a cost growth benchmark plan, the secretary must give the provider entity or hospital written notice about the denial and requirement to file a plan.

A provider entity or hospital must file a plan within 45 days after receiving the denial notice. If granted an extension, it must file the plan on the date given for an extension.

Plan Contents. The provider entity or hospital must generate the cost growth benchmark plan identifying the cost growth causes and include specific strategies, adjustments, and proposed action steps to implement to improve cost performance. The plan must include specific identifiable and measurable expected outcomes and a timetable of up to 18 months for implementation.

Approval. The secretary must approve any cost growth benchmark plan that he determines (1) is reasonably likely to address the underlying cause of the provider

entity's or hospital's cost growth and (2) has a reasonable expectation for successful implementation.

OPM Consultation on Incomplete or Unacceptable Plan. If the secretary finds the plan unacceptable or incomplete, he may consult with the entity or hospital on the criteria that have not been met and may allow up to 30 calendar days for plan resubmission. The provider entity or hospital must propose all aspects of the plan and the secretary cannot 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 post 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 work to implement the cost growth benchmark plan in good faith. At any point during the plan's implementation, the provider entity or hospital may file a plan amendment for the secretary's approval.

Provider Entity or Hospital Report to OPM on Plan Outcome. At the conclusion of the timetable set in the plan, the provider entity or hospital must report to the secretary on the plan's outcome. If the plan was unsuccessful, the secretary must:

1. extend the existing plan's implementation timetable,
2. approve an amendment to the plan 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 additional plans, or
5. implement the financial penalty for the provider entity or hospital failing to file or implement a plan (see below).

OPM must remove the identity of a provider entity or hospital that successfully completes a cost growth benchmark plan.

Failure to File or Implement a Cost Growth Benchmark Plan. Under the act, 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 social services (DSS) commissioner for review, if the secretary determines that the entity or hospital has:

1. willfully neglected to timely file a cost growth benchmark plan with the secretary,
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 project's value must be up to (1) \$100,000 for a small hospital with fewer than 180 licensed beds; (2) \$200,000 for a midsize hospital with 180 to 499 licensed beds; and (3) \$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)

The act transfers from the commissioner to the secretary the requirement to hold annual informational public hearings to compare the:

1. growth in total health care expenditures in the performance year to that year's health care cost growth benchmark and
2. performance of payers and provider entities in the performance year to that year's quality benchmarks.

The act also transfers from the commissioner to the secretary the requirement to submit reports to the Insurance and Real Estate and Public Health committees annually on specific matters relating to these hearings. The act changes the due date of both annual reports from October 15 to January 15.

For the report on total health care expenditures, the act 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 act requires the secretary, annually by March 1, to notify any payer, provider entity, hospital, or other entity that exceeded the cost growth benchmark, primary care spending target, quality benchmark, 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 the following available to them:

1. the APCD data sets, analytic files, and methodology used to determine the benchmarks or targets, as applicable (the payer, provider entity, hospital, or other entity must receive approval from the 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.

The APCD release committee must expedite release requests under this provision.

Expedited Request Process. By January 1, 2027, the secretary must establish an expedited APCD data request process for one of these requests. Under the process, the release committee's chairperson, or his or her designee, must meet with the secretary and approve or disapprove a data request application within 10 days after the meeting. Within five days after approval, the secretary must send a data use agreement to the requesting entity. Within 10 days after receiving an approved data

use agreement from the entity, the secretary must give the entity the data. The act exempts these entities from a data release fee.

Challenge and Cost-Driver Assessment. The secretary must consider any timely challenge submitted by an entity. In making and publicly presenting a cost-driver assessment, the secretary must use the revised methodology adopted under the act 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 act 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. Participation in any value-based payment model developed under the act must be voluntary for providers.

EFFECTIVE DATE: July 1, 2026

Membership

The members must be appointed by the DSS commissioner and include 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 LAW CHANGES

Delays, until January 1, 2027, the effective date of a provision in PA 26-12 that generally requires the benefit portion of the prevailing wage to be determined at the journeyman rate

PA 26-12, § 54, requires (1) the labor (DOL) 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 act repeals that provision in PA 26-12, 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 was under PA 26-12).

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 certain workers

The act requires the 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 recommendations for legislation 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 fund transfers

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 act requires OEC to make an annual spending plan and makes minor changes to the law’s provision on fund transfers.

Annual Proposed Spending Plan (§ 387)

The act 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 the amount of planned expenditures and how the spending will meet OEC's policy goals.

Under the act, the OEC commissioner must present the plan to the Early Childhood Education Endowment Advisory Board at its first meeting during the fiscal year for which the plan is developed.

EFFECTIVE DATE: Upon passage

Fund Transfers (§ 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 act specifies that he must do so by June 30 annually.

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 prior law, before this appropriation occurred, the amount necessary to fund the deficit had to be deducted from the amount transferred to the endowment in the preceding fiscal year. The act instead requires transferring the necessary amount from the fund itself but prohibits transferring more than the amount transferred in the preceding fiscal year.

The act also makes several technical changes.

EFFECTIVE DATE: July 1, 2026

§ 376 — WATERBURY 2025-26 SCHOOL DAYS 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 act 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 — CHARTER SCHOOL PLANNING GRANTS

Requires SDE to use a portion of its FY 27 charter school appropriation to give planning grants to three specified charter schools

The act requires the State Department of Education (SDE) to use \$225,000 of its FY 27 appropriation for charter schools to give \$75,000 planning grants to (1)

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OLAM Public Charter School in Stamford, (2) PROUD Academy in Ansonia, and (3) Taino CoLAB Academy in Waterbury.
EFFECTIVE DATE: July 1, 2026

§ 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 that must provide health services to private school students under state law. The act extends to FY 27 the requirement to reduce these grants proportionately if the amount appropriated for them does not fully fund them according to the statutory formula. Under prior law, this requirement applied through FY 26.

EFFECTIVE DATE: July 1, 2026

§ 379 — MAGNET SCHOOL FUNDING

Reduces FY 27 funding designated for magnet schools not operated by a local or regional board of education

In 2025, the bond act (PA 25-174, § 224) designated \$12 million of SDE's FY 27 magnet school appropriation to be distributed proportionately based on the share of enrolled students in interdistrict magnet schools operated by entities that are (1) not a local or regional board of education, (2) an independent institution of higher education's board of governors (or equivalent), or (3) any other SDE-approved third-party, not-for-profit corporation. This act reduces the amount designated from \$12 million to \$6,250,000. (PA 26-76, § 99, raised the amount from \$6,250,000 to \$6,410,000.)

EFFECTIVE DATE: July 1, 2026

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

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

The act permits the Office of Higher Education (OHE), with OPM's approval, to enter into 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.

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By law, OHE annually allocates funds for these scholarships to participating higher education institutions in the state. Existing law requires OHE to notify them annually by (1) October 1 about the proportion of funds they will receive the next fiscal year and (2) November 1 about the estimated amount of funds allocated to them in the next fiscal year.

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 act requires SDE to administer a teacher apprenticeship program within available appropriations.

EFFECTIVE DATE: July 1, 2026

§ 382 — OHE PROGRAM TO SUPPORT NEW PROMISE PROGRAMS

Requires OHE to create a program to support establishing new promise programs

The act requires OHE to establish a program to support the creation of new promise programs throughout the state. Under the act, “promise programs” are scholarship programs that give recipients postsecondary scholarships and associated services, such as mentoring, peer support, and internships.

The act (1) sets a goal of eight new promise programs by January 1, 2031, and (2) requires prioritizing new programs that serve students in alliance districts (see *Background — Alliance Districts*). For this purpose, OHE must:

1. coordinate with interested municipalities and regional coalitions;
2. support the new promise programs with start-up technical assistance, including for funding, stakeholder engagement, program design, evaluation metrics, and sustainability; and
3. hire a consultant with expertise in promise program development and operation.

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 lowest scoring districts. 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

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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 act creates a new 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

Grant Administration

The act 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 otherwise represent 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 qualify for grants; and (3) the program's application form.

Duties of Parent Training and Information Centers

The act 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 special education students' issues and concerns and make recommendations for resolving them;
3. provide training and information to parents (including those with low income or 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 act requires SDE to disseminate information about any parent training and information center established under the act 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 act, each parent training and information center must submit an annual report to the Education Committee that at least 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 limited English proficiency; and (3) number of families the center helped resolve special education complaints.

§§ 385, 386 & 485 — STUDENT LOAN OMBUDSMAN

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

The act transfers the Office of the Student Loan Ombudsman from the Department of Banking (DOB) to the Office of Higher Education. 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.

Conforming with the transfer, the act:

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 the requirement that the ombudsman consult with the commissioner on its student loan borrower education course.

The act 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. (PA 26-76, § 84, repeals § 485 of this act because it was duplicative.)

EFFECTIVE DATE: July 1, 2026

§§ 388 & 389 — REVIEWING BOARD OF EDUCATION FINANCIAL CONDITION AND ADDING A MEMBER TO MARB

Creates a process for school boards 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 school board implements it; requires school boards with a plan to meet with MARB to discuss compliance; adds the SDE commissioner to MARB

The act creates a process by which a local or regional board of education (school board) may ask the SDE commissioner for a fiscal intervention and oversight plan. Under the act, the SDE-created plan must be reviewed by the Municipal Accountability Review Board (MARB, see *Background — MARB*), and then needs to be approved by the OPM secretary and State Board of Education (SBE) before the school board implements it. The plans must require school boards to meet with MARB to discuss their financial condition and compliance with the plan.

The act also adds the SDE commissioner to MARB and specifies that its provisions do not affect other state and federal laws that give SBE authority over school boards.

EFFECTIVE DATE: July 1, 2026

SDE Review and Fiscal Intervention and Oversight Plan

Under the act, when a school board applies to the SDE commissioner, she, in consultation with the OPM secretary, must conduct an initial review of the school board's financial condition. This may include, among other things, (1) meeting with local officials, (2) assessing the school board's budget deficit and its underlying causes, 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 school board, which must at least (1) account for any legal mandates, orders, or settlements affecting the school board's costs and (2) require the school board to appear before MARB to discuss its financial condition and compliance with the plan.

Submission to MARB

The act requires the SDE commissioner to 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 school board and the municipality or municipalities it serves. MARB's review must include checking that the plan:

1. ensures accuracy in the accounting of the school board's expenses and liabilities;
2. improves the school board's financial reporting systems as needed;
3. establishes and maintains transparency in the school board's fiscal operations;
4. requires the school board to notify SDE about any of its contracts 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 school board to appear before it and discuss its financial condition and compliance with the plan.

Submission to OPM Secretary and SBE

The act requires MARB to 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. After the OPM secretary approves the plan, the SDE commissioner must submit it to SBE for its approval. When SBE approves it, the school board 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.

§§ 390-395 – SUPPLEMENTAL EDUCATION FUNDING

Provides supplemental education funding for towns, choice school operators (magnet, charter, and vo-ag operators), and SDE administration; funds these grants with General Fund appropriations and a Probate Court Administration Fund transfer; requires an increase in ECS funding for FY 28

Supplemental Education Aid (§§ 390 & 391)

The act appropriates \$183 million in FY 26 to SDE for Supplemental Education and requires SDE to use the funds for specified purposes, including funding to towns and choice school operators, as described below. It also carries forward any unspent funds from this appropriation and makes them available for the same purpose in FY 27.

Aid to Towns. Under the act, \$162.2 million of this amount is for supplemental education aid grants to towns, and SDE must distribute grants to every town, in the amounts specified in the act (totaling approximately \$162 million), in addition to their Education Cost Sharing (ECS) funds. (This amount combines with the additional \$10.9 million provided in § 394 for a total of \$172.9 million in supplemental education aid for towns.)

Although the act generally requires these grants to be paid in FY 27, the act provides a \$5 million FY 26 supplemental grant for Hartford, which must be paid by June 30, 2026, out of Hartford's FY 27 supplemental grant. (PA 26-76, § 80, specifies that the \$5 million for Hartford in FY 26 must be deducted from the town's supplemental education aid grant for FY 27.)

Under the act, these one-time funds must be spent only on education and cannot

be used to supplant local funding for educational purposes. (PA 26-130, §§ 13, 14 & 16, repealed the nonsupplant provision for all towns except Bridgeport). The act also excludes these funds from a town's minimum budget requirement (MBR) calculation for FY 28 (except PA 26-130, § 16, excludes Bridgeport from this provision). By law, the MBR generally prohibits a town from budgeting less for education than it did in the previous fiscal year, and ECS funds are part of the MBR.

Magnet, Charter, and Vo-Ag Supplemental Grants. The act also reserves portions of the Supplemental Education appropriation to provide one-time grant increases to certain education program operators, as follows:

1. \$5,550,000 for magnet school operators that are not boards of education;
2. \$2,750,000 for magnet schools operated by school boards ("host magnets");
3. \$8,700,000 for charter school operators; and
4. \$800,000 for boards that operate vocational-agricultural centers.

Administration Costs and Local Option MARB Oversight. Additionally, the act reserves \$3 million of the Supplemental Education appropriation for SDE administrative costs related to (1) implementing the supplemental grants and (2) the oversight activities associated with the act's provisions allowing a school board, by a majority vote of the board, to submit to increased oversight by SBE and MARB, (see § 388 above).

ECS Funding for FY 28 (§ 392)

The act requires that ECS funding for FY 28 (the first year of the next biennium budget) be at least the amount provided for FY 27 plus \$152,200,000.

District Relief and Compensatory Use Learning Aid Grants (§§ 393-395)

For FY 27, the act provides a total of \$10,945,502 in additional aid to specified towns through these one-time grants. SDE must distribute the grants, in the amounts specified in the act, to the specified towns by October 31, 2026. The act funds these grants by transferring \$10,945,502 from the Probate Court Administration Fund to the temporary education aid for school districts account that the act creates. As with the other supplemental education aid, the grants must be spent for education purposes, cannot supplant local education funding, and are not included in a town's MBR. (The PA 26-130 amendments to these provisions described above also apply to these grants.)

EFFECTIVE DATE: Upon passage, except the provision on district relief and compensatory use learning aid grants is effective July 1, 2026, and the ECS funding level for FY 28 is effective July 1, 2027.

§ 396 — SCHOOL CONSTRUCTION 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

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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 act authorizes school construction state grant commitments totaling \$150.6 million toward total estimated project costs of \$305.6 million. For each project the act authorizes, the table below shows the district, school, project type, total cost and state grant commitment estimates, and state reimbursement rate.

2026 School Construction Grant Commitments

<i>District</i>	<i>School</i>	<i>Project Type</i>	<i>Estimated Project Cost</i>	<i>Estimated Grant</i>	<i>Reimbursement Rate</i>
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 Elementary 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%
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

Lowers the total reimbursement percentage cap on eligible costs a school board may receive for school construction grants from 100% to 95%; 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 act lowers the total reimbursement percentage cap a school board or an endowed academy may receive under this program from 100% to 95% of eligible costs. By law, the top standard reimbursement rate is 80% (for new construction or renovation projects). However, there are 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 act prohibits combining any available bonuses in a way that leads to more than 95% reimbursement for a single project.

The act also establishes a new 20% bonus for any school district that has increased enrollment by at least 20% over the 10-year period immediately preceding the date the school construction project application is submitted to DAS, as long as the total reimbursement percentage does not exceed the act's 95% cap.

EFFECTIVE DATE: July 1, 2026

§§ 398-403 — SCHOOL BUILDING PROJECTS ADVISORY COUNCIL RENAME AND RESPONSIBILITY REVISION

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

The act 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 emergency services and public protection (DESPP) commissioner or his designee.

EFFECTIVE DATE: Upon passage

Advisory Council Responsibilities

Under prior law, the council made recommendations for improvements to the DAS school building projects process to the governor and the Appropriations, Education, and Finance, Revenue and Bonding committees. The act 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 act requires the council to develop recommendations for school safety and security infrastructure projects that meet relevant industry standards. This replaces the council's previous requirement to develop model blueprints that meet certain safety criteria for new school building projects.

Under prior law and the act, the council must conduct studies, research, and analyses, and the act further requires that these be related to school safety and security infrastructure. Existing law, unchanged by the act, also requires the council to periodically review and update the school safety infrastructure criteria as needed.

Membership

The act increases the council's membership from 11 to 13 by (1) adding to the number of members the governor appoints one representative each from a rural, suburban, and urban school district who each have experience in school safety and security planning and (2) removing the member with experience in engineering.

The act changes the qualifications for three members by requiring each to be a

person with experience in one of the following: (1) school safety and security planning, (2) school architecture (a licensed architect), and (3) higher education campus safety and security.

Unchanged by the act, the council must include a member with experience in (1) Connecticut Building Code administration and (2) construction and American with Disabilities Act accessibility and expertise for students with disabilities.

Unchanged by the act, the council also consists of the OPM secretary and the DAS, SDE, and DESPP commissioners or their designees. Under prior law, the Technical Education and Career System (CTECS) board chair or his designee was an additional council member. The act replaces the CTECS board chair with the CTECS executive director or her designee.

Terms

The act ends the terms of all current gubernatorially appointed council members on June 30, 2026, and requires the new members to be appointed by September 1, 2026. Under the act, on the day it takes effect, the DESPP commissioner, or the commissioner's designee, becomes council chairperson, and DESPP staff must serve as the council's administrative staff.

The act also makes technical and conforming changes.

§ 404 — SCHOOL CONSTRUCTION GRANT REQUIREMENTS FOR ENDOWED HIGH SCHOOLS AND ACADEMIES

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

By law, an endowed high school or academy that has been recognized by SBE to serve as a town's public high school must enroll students from the town at no cost to the student or family (CGS § 10-34). Eligible endowed schools and academies can apply for school construction grants, and their grant percentage is determined by a ranking calculated using the total populations of each town that uses the school or academy as their designated public high school. Connecticut has three such academies, the Gilbert School in Winchester, the Norwich Free Academy in Norwich, and the Woodstock Academy in Woodstock.

The act 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 school board 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

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higher reimbursement rate, or have their project reauthorized, among other things (commonly referred to as “notwithstandings”)

The act 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 act grants.
EFFECTIVE DATE: Upon passage, unless otherwise noted below.

Notwithstandings for School Construction Projects

Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
405	Greenwich	Old Greenwich School, extension and alteration and roof repair	Allows the entire project to qualify retroactively as an early childhood care and education program (and, as a result, receive 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 § 396 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 § 396 above) for the project with a maximum cost of \$132 million if the district applies before September 1, 2026

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Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
			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 unspecified	Waives the filing deadline to be on the 2026 priority list (see § 396 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 35.71%*)
413	New Britain	Jefferson Elementary School, renovation	Waives the standard building space requirements for purposes of the grant calculation
414	Enfield	Prudence Crandall Elementary School, project unspecified	Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$113,996,957 if the district applies before October 1, 2026 Requires construction to begin by June 30, 2030 Waives the standard building space requirements
415	Enfield	Hazardville Memorial Elementary School, project unspecified	Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$105,502,202 if the district applies before October 1, 2026 Requires construction to begin by June 30, 2030 Waives the standard building space requirements
416	West Haven	West Haven High School, construction, extension, or	Makes gymnasium, including an ice rink, project eligible for reimbursement Waives the filing deadline to be on the

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Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
		major alteration of a gymnasium, including an ice rink	2026 priority list (see § 396 above) for the project with a maximum cost of \$4 million if the district applies before October 1, 2026 Gives the town full reimbursement for the gymnasium project (rather than half the town's rate; the town's 2026 rate is 77.14%)
417	Seymour	Any public school, any energy or infrastructure improvement project financed through a tax-exempt lease purchase agreement entered into between July 1, 2025, and June 30, 2027, unspecified energy or infrastructure projects	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 replacement projects
418	South Windsor	South Windsor High School, project unspecified	Effective July 1, 2026, authorizes a 20 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 § 396 above) for the project with a maximum cost of \$119.5 million if the district applies before July 1, 2026 (PA 26-76, § 45, extends this deadline to July 1, 2027.) Authorizes a 10 point reimbursement rate increase (Suffield's current rate is 51.07%*)

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Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
421	Fairfield	Timothy Dwight Elementary School, project unspecified	<p>Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$76 million if the district applies before July 1, 2026</p> <p>Sets a 75% reimbursement rate instead of 26.07%*</p>
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	Casimir Pulaski Elementary, School project unspecified	Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$122 million if the district applies before October 1, 2026
424	Cheshire	Cheshire High School, outdoor athletic facilities (including synthetic turf field replacement)	<p>Waives the filing deadline to be on the 2026 priority list (see § 396 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 § 396 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 33.57%)</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	Waives the competitive bidding process requirement and allows Glastonbury to be reimbursed for ineligible project design fee

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Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
		and code compliance	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 construction Bowen Field	Repeals § 161 of PA 25-174 that allowed up to \$17,824,348 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
429	North Branford	North Branford High School, new construction	Waives the requirement to submit change orders within six months after issuance and allows the town to submit them by January 1, 2027 Allows the town to receive up to \$595,000 in reimbursement for certain ineligible costs due to premium time-labor and rework
430	Willington	Preschool through Grade 8, consolidation project	Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$110 million if the district applies before October 1, 2027 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 Waives the standard building space requirements
431	Woodbridge	Beecher Road School, project unspecified	Effective July 1, 2026: Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$118.5 million if the district applies before October 1, 2026 Makes the project eligible for the 5 point rate increase passed in the November

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Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
			<p>2025 housing act (PA 25-1, November Special Session) 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 through a tax-exempt lease purchase agreement entered into between July 1, 2025, and June 30, 2027, unspecified energy or infrastructure projects	Makes certain ineligible costs eligible for reimbursement for any existing or future energy or infrastructure improvement projects, including photovoltaic, building management systems, energy 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 \$260,734,812
435	Region 13 (Durham and Middlefield)	Middlefield Memorial School, renovation project	Makes eligible for reimbursement costs associated with site preparation and demolition that were not included as part of the guaranteed maximum price determined for the construction manager's contract prior to the start of the renovation project
436	Region 15 (Middlebury and Southbury)	Pomperaug Elementary School, new construction	<p>Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$112.3 million if the district applies before October 1, 2027</p> <p>Waives the standard building space</p>

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Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
			requirements
437	Region 15 (Middlebury and Southbury)	Gainfield Elementary School, new construction	<p>Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$111.91 million if the district applies before October 1, 2027</p> <p>Waives the standard building space requirements</p>
438	Region 17 (Haddam and Killingworth)	Haddam-Killingworth High School, unspecified project	<p>Waives the filing deadline to be on the 2026 priority list (see § 396 above) for the project with a maximum cost of \$151.9 million if 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	The 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 § 396 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>Amends a 2025 notwithstanding to set a 95% project reimbursement rate for the project (it was 77.5%)</p> <p>Waives requirements for (1) a competitive bidding process for orders and contracts and (2) DAS approval of plans and specifications before going out to bid</p>
441	Cheshire	Any school, any energy or infrastructure improvement project financed through a tax-	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,

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Act §	Town or District	School and Project	Exemption, Waiver, or Other Change
		exempt lease purchase agreement and part of an energy performance contract previously executed and duly awarded through a prior procurement process	building management systems, energy conservation, HVAC systems, and roof replacement projects

*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 prior law's payment reduction for certain transitional people

The act 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 prior 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 prior law, monthly benefits were \$262 for unemployable people 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 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 act 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, the Department of Social Services (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 prior law, classes of antiretroviral drugs were exempt from prior authorization requirements and could not 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 act 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 act, the commissioner may, within available appropriations, contract with a third party to conduct a comparative effectiveness review of any of these prescription drugs. This review must at least 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 it will reduce the need for other medical care;
5. how many manufacturers produce it; and
6. whether there are pharmaceutical equivalents.

The act excludes from this review any brand-name prescription drug or biologic that (1) is designated under federal law for a rare disease or condition and (2) only has an approved indication for one or more rare diseases or conditions.

The DSS commissioner may make the review results public and share them 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.

This act specifies that the nurse wage increases only apply to nurses who solely provide direct patient care services and supports and do not work in administrative roles. (PA 26-76, § 42 repeals this provision and instead excludes nursing home directors and assistant directors, starting July 1, 2026, from receiving these wage increases.)

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 with payor mixes of more than 75% Medicaid residents; allows DSS to recalculate Medicaid reimbursement rates outside of the normal schedule under certain circumstances

The act 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 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 with a payor mix of 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.)

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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 act 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 act, a facility's maximum quality score points determine 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 Centers for Medicare and Medicaid Services (CMS) nursing home quarterly metrics for patient stays of at least 101 days,
2. a consumer satisfaction survey, or
3. Department of Public Health data.

A nursing home is ineligible for these enhanced payments under the act 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 act also prohibits these homes from participating in the quality metrics program.

Rebasing Rates Using the Patient Driven Payment Model

Beginning July 1, 2026, the act requires DSS to calculate quarterly adjustments to the Medicaid nursing home facility reimbursement case-mix index scores using the nursing component of PDPM (see *Background — PDPM*) resident assessment. In order to align Medicaid cost data with 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 act 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 act 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 act 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 act must use it to support increased Medicaid utilization and enhance access and services for Medicaid residents.

Under the act, 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.

EFFECTIVE DATE: Upon passage, except the provision allowing DSS to recalculate a facility's Medicaid rate under certain circumstances is effective July 1, 2026

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.

§ 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 act 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 act requires the Human Services Committee chairpersons to appoint a health care worker labor organization representative to the Council on Medical Assistance Program Oversight (MAPOC). (PA 26-146, § 2, also adds a representative of the Connecticut Dental Health Partnership's Dental Policy Advisory Council to MAPOC.) By law, MAPOC monitors and makes recommendations to DSS 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 required to be studied under the recent Medicaid rate study with (1) no corresponding Medicare rate or (2) average five-state benchmark; requires Medicaid behavioral health services rates to include medication administration by licensed home health agencies to people with psychiatric conditions under certain care plans

The act 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 act, 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 act requires the commissioner to include medication administration services by licensed home health care agencies to people with psychiatric diagnoses under a care plan (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, existing law generally prohibits placing newly admitted nursing home residents in a room with more than two beds. The act allows the public health (DPH) commissioner to waive this prohibition for a nursing home actively investing in and developing a new small-house style skilled nursing facility to meet the two-bed limit. The act 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 act 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 act 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 with the goal of reducing health insurance premiums; authorizes OPM to direct state agencies to pursue federal approval for the Connecticut Option program under certain circumstances; requires OPM to design a plan for transitional health care premium assistance to offset 2027 Access Health CT premium and cost-sharing increases

The act allows the Office of Policy and Management (OPM) secretary, within available appropriations, to (1) study the feasibility of establishing a Connecticut Option program with the goal of reducing health insurance premiums and (2) design a plan to provide transitional health care premium assistance that may be funded from the state’s Federal Cuts Response Fund or other funding sources. 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 of 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 (1) a state-operated reinsurance program that may maximize available federal funding under a state innovation waiver and (2) 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 statutory or regulatory changes needed to implement the Connecticut Option program,
2. determine state agency staffing needs to effectively implement the program,
3. analyze the state insurance market and the program’s projected impacts on people who get health care coverage through the exchange, and
4. include required state action or design elements needed to achieve multiple premium savings targets.

The act 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 § 456).

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 act 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 its design to help achieve health care savings. The act 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 and vote to approve, modify, or deny the application (see § 459).

Transitional Health Care Premium Assistance

Under the act, 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. “Transitional health care premium assistance” is state-funded subsidies to address the impact of federally funded premium subsidies for people who purchase coverage through Access Health CT.

EFFECTIVE DATE: Upon passage

§§ 454 & 455 — BASIC HEALTH PROGRAM

OLR PUBLIC ACT SUMMARY

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

The Covered Connecticut program provides Medicaid-like coverage, at no cost to participants, to people with incomes too high to qualify for Medicaid but still at or below 175% of the Federal Poverty Level (FPL). In practice, the 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 act 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 act, if CMS denies or fails to approve the Covered Connecticut Section 1115 waiver by July 1, 2027, DSS must either (1) seek any federal approvals needed to establish a BHP and take all necessary actions to maximize federal funding or (2) take steps needed 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 federal changes 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 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 act 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 act 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 have 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 that 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 act 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 meetings must include potential stakeholders, including (1) representatives of hospitals, health centers, health care providers, 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 federal changes impacting safety net programs

The act 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.

OLR PUBLIC ACT SUMMARY

The working group must include the Access Health CT chief executive officer, as well as the following officials or their designees:

1. the OPM secretary;
2. the developmental services, insurance, labor, mental health and addiction services, public health, revenue services, and social services commissioners; and
3. the Appropriations, Human Services, Housing, and Insurance and Real Estate committee chairpersons, who must jointly choose the working group's chairpersons (PA 27-76, § 102, adds ranking members of these committees to the working group and requires chairpersons and ranking members to jointly choose the working group's chairpersons).

The working group must:

1. convene by August 24, 2026;
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 these measures to OPM and the 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 act requires the Human Services Committee administrative staff to function in that capacity for the working group.

The act 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 impact of changes to federal policies, guidance, or programs on Medicaid and the 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 and 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 under SNAP and Medicaid

To the extent needed to verify exemptions from SNAP work requirements and Medicaid community engagement requirements under federal law, the act requires the DSS commissioner to identify parameters for an effective assessment of “medical frailty” for a Medicaid recipient or applicant. The act allows her to consider existing definitions in state or federal laws, definitions in other states, and medical codes used to identify pertinent diagnoses.

The act 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 the Council on Medical Assistance Program Oversight.

EFFECTIVE DATE: Upon passage

§ 459 — LEGISLATIVE REVIEW OF MEDICAID STATE PLAN AMENDMENTS

Generally extends legislative review requirements to cover 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 act extends this requirement to cover any proposed SPA to provide medical assistance through a Medicaid managed care organization, except for medical assistance provided through a BHP (see §§ 454 & 455).

By law, under this process, the committees may hold a hearing and must approve, deny, or modify the SPA application within specified deadlines or it is deemed approved. The committees’ decision is binding. Any application DSS submits to the federal government must be in line with the committees’ 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 DRUGS AND BIOSIMILAR PRODUCTS

OLR PUBLIC ACT SUMMARY

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

Under the act, health benefit plans issued or renewed on or after January 1, 2027, must make certain generic drugs and biosimilar products 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. For biosimilar products, the formulary must include at least one biosimilar product on the formulary in a lower cost sharing tier than the reference product.

The generic drug or biosimilar product 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 act authorizes the insurance commissioner to adopt implementing regulations.

Applicability of Requirements

These formulary requirements apply as long as the generic drug or biosimilar product has a lower net drug cost than the reference drug or product. Health benefit plans also may not restrict enrollees from using a pharmacy of the enrollee's choice unless the reference product is similarly restricted. And 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 act specifies that it does not require:

1. health benefit plans to cover (a) a reference product after a generic drug or biosimilar product is approved or (b) any drug or product that the formulary developers determine is no longer medically appropriate or cost-effective,
2. health benefit plan coverage or enrollee cost sharing for generic drugs or biosimilar products that are not permitted under applicable federal or state laws, or
3. health benefit plans to include on the formulary generic drugs or biosimilar products if the formulary developers did not include the reference products due to clinical concerns about their safety or efficacy based on scientific evidence.

The act's requirements apply only to coverage and cost sharing for generic drugs, biosimilar products, 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 act 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 products. Lastly, the act 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 dental and nonemergency medical transportation services, removes references to OHS, and allows DSS to make changes needed for federal waiver approval

Benefits and Coverage

Prior law required Covered Connecticut to provide dental and nonemergency medical transportation services. The act removes this requirement and instead allows DSS to cover these services under the program, starting January 1, 2027.

Prior law limited coverage to in-network health care providers and in-network services unless the insurance commissioner deems the health carrier's network inadequate. The act applies this limit on or before January 1, 2028, and makes it subject to federal approval.

Prior law required DSS, through the program, to give enough premium and cost-sharing subsidies to ensure fully subsidized coverage. The act narrows this requirement to only apply to premium coverage.

Office of Health Strategy Duties and References

The act removes references to the Office of Health Strategy (OHS), transfers duties assigned to it under prior law, and makes conforming changes. The act:

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 waiver under the ACA, and correspondingly requires DSS, rather than OHS, to comply with related reporting requirements and implement the waiver if granted.

(Section 1332 waivers, also called State Innovation Waivers, allow states to seek federal approval to waive certain ACA requirements while generally retaining ACA protections. Other provisions of the act eliminate OHS and generally transfer its functions to other agencies.)

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. (Section 1115 waivers allow states to test new approaches

in Medicaid while maintaining federal funding.) CMS subsequently approved the waiver, which is funded by the federal government through December 31, 2027. The act 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 act allows the DSS commissioner to seek approval for a BHP (see §§ 454 & 455).

Reporting Requirements

Prior law required 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 act maintains the annual reporting requirement but removes the January 1 due date.

EFFECTIVE DATE: Upon passage

§ 463 — RENTAL ASSISTANCE PROGRAM INSPECTIONS

Requires DOH to use \$250,000 of its FY 27 RAP appropriation for housing unit inspections

The act requires DOH to use \$250,000 of its FY 27 Rental Assistance Program (RAP) appropriation from the General Fund for housing unit inspections checking for compliance with state and local health, housing, building, and safety codes.

RAP is a state-funded program that helps very low-income families afford decent, safe, and sanitary housing in the private market. Recipients of RAP certificates may choose any private rental housing that meets program requirements, such as housing quality standards.

EFFECTIVE DATE: July 1, 2026

§ 464 — ONE-TIME MUNICIPAL GRANT PAYMENTS

Appropriates approximately \$100 million in FY 26 for one-time grant payments to municipalities and carries forward any unspent funds to FY 27 for the same purpose; requires each municipality to report to OPM on its use of the grant

The act appropriates \$100,000,006 in FY 26 to OPM for one-time payments to municipalities and carries forward any unspent funds to FY 27 for the same purpose. The act specifies payment amounts for each municipality and requires them, by January 1, 2027, to report to OPM on how they used the grant. (PA 26-76, § 54, amends this provision to specify that Bridgeport's payment must be excluded from its minimum budget requirement calculation.)

EFFECTIVE DATE: Upon passage

§ 466 — YOUTH SERVICES PREVENTION GRANTS

OLR PUBLIC ACT SUMMARY

Specifies how a portion of the funds appropriated to the Judicial Department in FY 27 for youth services prevention must be distributed

Under the act, approximately \$8.033 million is appropriated to the Judicial Department in FY 27 for youth services prevention (see § 1). The act allocates \$7.595 million of these funds for grants to specified organizations.

EFFECTIVE DATE: July 1, 2026

§ 467 — ELECTION-RELATED FUND TRANSFER

Makes a one-time transfer of \$3.25 million from the Citizens' Election Fund to the secretary of the state in FY 27 for municipal early voting grants and a public information campaign

For FY 27, the act makes a one-time transfer of \$3.25 million from the Citizens' Election Fund to the secretary of the state for (1) early voting grants to municipalities (\$2.25 million) and (2) a public information campaign (\$1 million).

EFFECTIVE DATE: Upon passage

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

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

The act 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.

Existing 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

Requires completion of an associate's degree to be eligible for the Finish Line Scholar Program and modifies BOR's reporting requirements

Qualifying Student Requirements

By law, the Finish Line Scholars program awards grants to students who enrolled at Connecticut State Community College (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 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 Free Application for Federal Student Aid (FAFSA), and (4) accept all available financial aid.

Under prior law, a student must have completed at least 60 credits at CT State through the Mary Ann Handley program to qualify for the Finish Line Scholars’ program. The act instead requires students to have received an associate’s degree. (PA 26-76, § 56, further specifies that this degree must have been earned during the fall 2025 semester or any following semester.)

Reporting Requirements

By law, the Board of Regents for Higher Education (BOR) is required to submit a report by November 1, 2026, March 1, 2027, and each following semester, to the Appropriations and Higher Education and Employment Advancement committees. The report must include 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 act (1) changes the deadlines to January 1, 2027; June 1, 2027; and each following quarter, and (2) additionally requires the report to 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 based on 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 DEFICIENCY APPROPRIATIONS AND REDUCTIONS

Makes deficiency appropriations for FY 26 in the General Fund and STF and reduces appropriations in the General Fund, STF, and Insurance Fund

The act appropriates a total of \$231,750,000 from the General Fund and

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\$17,541,500 from the Special Transportation Fund (STF) to cover deficiencies in various state agencies and programs for FY 26. It also reduces FY 26 appropriations from the (1) General Fund by \$152,076,000; (2) STF by \$13,191,500; and (3) Insurance Fund by \$3,000,000.

EFFECTIVE DATE: Upon passage

§ 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 act requires the Office of Legislative Management (OLM) to apply to legislative employees for FY 27, terms consistent with those 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. Article 20 of the agreement generally requires employees to receive a 2.5% general wage increase, plus annual increments and top step lump sum payments for FY 27 (§ 3 covers a safety shoe allowance).

EFFECTIVE DATE: Upon passage

§§ 478-480 — RESERVED AMOUNTS FROM FY 26 AND FY 27 LINE ITEM APPROPRIATIONS

Earmarks certain amounts from line items in agency budgets

The act earmarks certain amounts from line items in agency budgets for various purposes, as shown in the table below.

Reserved Amounts from FY 26 and FY 27 Line Item Appropriations

§	Agency	Appropriation For	Earmarked For	Amount
478	Department of Energy and Environmental Protection (DEEP)	Various Grants (FY 27)	Schaghticoke, Paucatuck Eastern Pequot, and Golden Hill Paugussett tribes for storm damage clean-up and hazardous tree removal on their reservations	\$100,000
479	DEEP	Various Grants (FY 27)	Mashantucket Pequot, Mohegan, Schaghticoke, Paucatuck Eastern Pequot, and Golden Hill Paugussett tribes for hunting and fishing license fees	50,000
480	Department of Transportation (DOT)	Rail Operations (FY 26)	Shore Line East ¹	3,000,000
		Rail Operations (FY 27)		4,000,000

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¹PA 26-76, § 55, instead requires both earmarks to be from DOT's FY 27 Rail Operations appropriation; (2) requires \$4,000,000 to be earmarked for the Shore Line East rail line and \$3,000,000 for increasing service on the line; and (3) makes a technical correction. PA 26-21, § 5, has the same earmarks for Shore Line East.

EFFECTIVE DATE: July 1, 2026, except the DOT earmark is effective upon passage.

§ 484 — REPORTING ON THE DESPP-SCSU SOCIAL WORK AND LAW ENFORCEMENT PROJECT

Requires the DESPP commissioner, POST, and the SCSU president to annually report to the legislature on the status of the DESPP-SCSU social work and law enforcement project

The act adds a reporting requirement to the law establishing a social work and law enforcement project at Southern Connecticut State University (SCSU) by the Department of Emergency Services and Public Protection (DESPP), in consultation with the Police Officer Standards and Training Council (POST). Specifically, it requires the DESPP commissioner, POST, and the SCSU president to jointly report on the status of the project and its associated expenditures to the Appropriations and Public Safety and Security committees. They must do so by January 1, 2027, and annually after.

EFFECTIVE DATE: July 1, 2026

Background — Related Act

PA 26-76, § 106, alters, from January 1, 2026, to January 1, 2027, the date by which the DESPP commissioner must enter into a memorandum of understanding (MOU) with SCSU to establish the project and requires the MOU to be for at least \$850,000 and address expanding and supporting the social work and law enforcement project, in addition to its establishment.

§§ 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 act 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 prior law, the account is a separate, nonlapsing account within the General Fund.

The act also establishes two subaccounts within the Governor's Guards horse account: the "First Company Governor's Horse Guard account" and the "Second Company Governor's Horse Guard account." These accounts must be used solely for the respective company's activities in Avon and Newtown. (PA 26-76, § 63, eliminates these subaccounts and instead requires money in the Governor's Guards horse account to be allocated and accounted for by each unit.)

EFFECTIVE DATE: July 1, 2026

§ 488 — PILOT PAYMENTS FOR MASHANTUCKET PEQUOT 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 act expands the Mashantucket Pequot reservation lands that are eligible for the 100% reimbursement rate under the payment in lieu of taxes (PILOT) program.

Under prior law, Mashantucket Pequot reservation land was eligible if it was (1) designated within the 1983 settlement boundary and (2) taken into trust by the federal government for the Mashantucket Pequots. The act 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 gives 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 legislative interns

Each year, the General Assembly provides legislative internships to undergraduate college students, who may receive college credit after completing their service. The act codifies a \$500 stipend for each legislative intern. Additionally, it 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 (in practice, legislative interns were not paid a stipend).

EFFECTIVE DATE: July 1, 2026

§ 490 — FEDERAL CUTS RESPONSE FUND

Increases, by \$50 million, the FY 26 appropriation from the Federal Cuts Response Fund to OPM

The act increases the FY 26 appropriation from the Federal Cuts Response Fund to OPM by \$50 million (from \$330.8 million to \$380.8 million). By law, the purpose of this appropriation is to (1) respond to the policy impacts of the federal FY 25 Reconciliation Law (commonly referred to as H.R. 1 or the One Big

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Beautiful Bill Act (P.L. 119-21)) and (2) mitigate federal funding reductions for state programs. (Section 259 of the act correspondingly transfers this same amount to the fund from the General Fund for FY 26.)

SA 26-1 authorizes the OPM secretary to transfer any part of this appropriation to any agency in any appropriated fund to carry out the appropriation's intent. It allows the legislative leaders, by majority vote, to disapprove any expenditure or transfer of these appropriated funds. Any unspent funds remaining in the Federal Cuts Response Fund after FY 27 must be returned to the Budget Reserve Fund, after which the former fund terminates.

EFFECTIVE DATE: Upon passage