



General Assembly

February Session, 2026

**Governor's Bill No. 5039**

LCO No. 537



Referred to Committee on GOVERNMENT OVERSIGHT

Introduced by:

Request of the Governor Pursuant  
to Joint Rule 9

***AN ACT REQUIRING TRANSPARENCY AND ADDITIONAL  
OVERSIGHT OF THE DISTRIBUTION OF CERTAIN LEGISLATIVELY  
DIRECTED FUNDS.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2026*) (a) For purposes of this section  
2       and section 3 of this act:

3       (1) "Legislatively directed funds" means an appropriation by public  
4       or special act of the General Assembly that authorizes or obligates a  
5       specific amount of money for a contract or other expenditure with a  
6       grant, loan or other economic assistance or incentive to a specific entity.

7       "Legislatively directed funds" does not include any of the following:

8       (A) An appropriation made in response to a natural disaster or other  
9       emergency situation;

10       (B) An appropriation where the recipient is a state agency or political  
11       subdivision of the state;

12       (C) An appropriation made through a formula-driven or competitive

13 award process; or

14 (D) Any funds authorized by the State Bond Commission pursuant  
15 to section 3-20 of the general statutes.

16 (2) "State agency" means any department, board, council,  
17 commission, institution or other executive branch agency of state  
18 government, but does not include any constituent unit of the state  
19 system of public higher education.

20 (b) The Secretary of the Office of Policy and Management shall  
21 establish policies and procedures regarding requirements for the  
22 administration of legislatively directed funds by state agencies. Such  
23 policies and procedures shall include, but need not be limited to, that:

24 (1) State agencies shall only distribute legislatively directed funds to  
25 recipients on a reimbursement basis, unless the state agency establishes,  
26 to the satisfaction of the secretary or the secretary's designee, that (A) a  
27 unique circumstance exists necessitating that such funding be disbursed  
28 other than on a reimbursement basis, and (B) the recipient has  
29 demonstrated that it has sufficient financial controls;

30 (2) The recipient of legislatively directed funds shall establish, to the  
31 satisfaction of the administering state agency, that it has a plan and the  
32 capacity to utilize such funding and that it has sufficient financial  
33 security protections to ensure safe use and administration of the funds;  
34 and

35 (3) Prior to transferring any legislatively directed funds to a  
36 subawardee or a subrecipient, a recipient of legislatively direct funds  
37 shall obtain the written approval of the administering state agency of  
38 such transfer to the subawardee or subrecipient.

39 (c) On or before September 1, 2026, and annually thereafter, each  
40 recipient shall submit a report to the state agency administering its  
41 legislatively direct funds, in a form and manner established by the

42 secretary under subsection (b) of this section, concerning how the  
43 recipient utilized the legislatively directed funds during the  
44 immediately preceding fiscal year.

45 (d) On or before November 1, 2026, and annually thereafter, each  
46 state agency shall submit a report to the secretary, in a form and manner  
47 established by the secretary under subsection (b) of this section, on any  
48 legislatively directed funds the state agency administered during the  
49 prior fiscal year, including a summary of any report received under  
50 subsection (c) of this section, or a statement that the state agency did not  
51 administer any legislatively directed funds during such period.

52 (e) On or before January 1, 2027, and annually thereafter, the  
53 Secretary of the Office of Policy and Management shall publish on the  
54 Internet web site of the Office of Policy and Management a database of  
55 all legislatively directed funds administered by a state agency during  
56 the prior fiscal year. Such database shall contain a summary of the  
57 information obtained by the secretary through the annual reports  
58 submitted by recipients of legislatively directed funds and state  
59 agencies that administer such funds pursuant to subsections (c) and (d)  
60 of this section.

61 Sec. 2. Subsection (d) of section 4-186 of the 2026 supplement to the  
62 general statutes is repealed and the following is substituted in lieu  
63 thereof (*Effective July 1, 2026*):

64 (d) The provisions of this chapter shall not apply to: (1) [To  
65 procedures] Procedures followed or actions taken concerning the lower  
66 Connecticut River conservation zone described in chapter 477a and the  
67 upper Connecticut River conservation zone described in chapter 477c,  
68 (2) [to] the administrative determinations authorized by section 32-9r  
69 concerning manufacturing facilities in distressed municipalities, (3) [to]  
70 the rules made pursuant to section 9-436 for use of paper ballots, [and]  
71 (4) [to] guidelines established under section 22a-227 for development of  
72 a municipal solid waste management plan, and (5) policies and

73 procedures established under section 1 of this act concerning the  
 74 administration of legislatively directed funds.

75       Sec. 3. (NEW) (*Effective July 1, 2026*) No state agency shall enter into a  
 76 contract to provide funds, including, but not limited to, funds in the  
 77 form of a grant, loan or other economic assistance or incentive, to a  
 78 specific entity at the direction of the General Assembly or any member  
 79 of the General Assembly, unless the General Assembly enacts a public  
 80 or special act that appropriates funds for such purposes and such public  
 81 or special act (1) identifies the entity with reasonable particularity,  
 82 including by specifying the entity's legal name, the actual name the  
 83 entity is doing business under or the entity's principal office address, (2)  
 84 describes the purposes for which the specific entity will use the  
 85 appropriation, and (3) if the legislatively directed funds are intended to  
 86 be subawarded or subcontracted to a specific entity, the public or special  
 87 act provides the same information required by subdivisions (1) and (2)  
 88 of this section with respect to such subawardee or subcontractor. The  
 89 requirements of subdivisions (1) to (3), inclusive, of this section shall not  
 90 apply to appropriations or funds that are excluded from the definition  
 91 of "legislatively directed funds" in subparagraphs (A) to (D), inclusive,  
 92 of subdivision (1) of subsection (a) of section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2026</i>	New section
Sec. 2	<i>July 1, 2026</i>	4-186(d)
Sec. 3	<i>July 1, 2026</i>	New section

***Statement of Purpose:***

To implement the Governor's budget recommendations.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*