Connecticut General Assembly

Office of Fiscal Analysis
Office of Legislative Research

TO: Members of the Finance, Revenue, and Bonding Committee

FROM: OFA & OLR Staff

RE: Items for April 29, 2015 Agenda – **Updated 4/30 (Minor technical corrections to 4/29 document)**

BILLS FOR JF CONSIDERATION

1. S.B. No. 946 AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET. (FIN) (JFS)

FISCAL IMPACT:

Summary

The bill raises revenue primarily through taxes and yields estimated General Fund surpluses of $295.6 million in FY 16 and $42.1 million in FY 17 based on January 15, 2015, consensus revenue projections and relative to the spending package reported out of the Appropriations Committee on April 27th.

General Fund Budget ($ - millions)						
	GOV		COMM		DIF	
	FY 16	FY 17	FY 16	FY 17	FY 16	FY 17
Jan Consensus	17,447.4	18,199.4	17,447.4	18,199.4	-	-
Taxes	568.0	368.3	1,131.5	683.6	563.5	315.3
Other Revenues	15.2	18.0	26.2	45.0	11.0	27.0
Federal Funds	(25.7)	(30.6)	(5.0)	(18.7)	20.7	11.9
Other Transfers	47.7	53.8	29.3	53.5	(18.5)	(0.3)
Transfers Out for GAAP	(47.6)	(47.6)	(47.6)	(47.6)	0	0
Policies Subtotal	557.6	361.9	1,134.4	715.8	576.8	353.9
TOTAL Est. Revenue *	18,005.0	18,561.3	18,581.8	18,915.2	576.8	353.9
Appropriations *	17,997.1	18,546.5	18,286.2	18,873.1	289.1	326.6
Surplus/(Deficit)	7.9	14.8	295.6	42.1	287.7	27.3
*Governor figures altered slightly from recommended to make technical updates						

The bill restores funding to the Municipal Revenue Sharing Account[1] by diverting 0.5% of the Sales and Use Tax to the account beginning October 1, 2015. Estimated revenue into the account is $294.2 million in FY 16 and $408.9 million in FY 17. These funds would be distributed according to provisions of sSB 1.

Total Effective Sales Tax Rates per the Bill				
	Current	7/1/2015 – 9/30/2015	10/1/2015 - 6/30/2016	7/1/2016 thereafter
State Sales Tax Rate	6.35%	6.35%	5.85%	5.35%
Municipal Rate	0%	0%	0.5%	0.5%
Total	6.35%	6.35%	6.35%	5.85%
Governor's proposal reduces the rate from 6.35% to 6.20% effective 11/1/15, and 5.95% effective 4/1/17				

Personal Income Tax

Personal Exemption from the Income Tax

The bill delays until 2018 the scheduled increase in the personal exemption for single filers from $14,500 to $15,000, which results in a state revenue gain of $15.1 million (18 months) in FY 16 and $10.8 million (12 months) in FY 17.

New Top Marginal Rate for the Income Tax

The bill establishes a new top marginal rate of 6.99% in the Income Tax for those tax filers with CT Adjusted Gross Incomes over the following thresholds: $500,000 (Single Filers); $800,000 (Head of Household); and $1,000,000 (Married Filing Jointly). The resulting revenue gains are estimated to be $102.4 million in FY 16 and $94.7 million in FY 17.

Supplemental Tax on Capital Gains Income

The bill establishes a 2% supplemental tax on all capital gains income for those tax filers with CT Adjusted Gross Incomes over the following thresholds: $500,000 (Single Filers); $800,000 (Head of Household); and $1,000,000 (Married Filing Jointly). The resulting revenue gains are estimated to be $167.6 million in FY 16 and $178.0 million in FY 17.

Income Tax Exemption for Military Retirement Pay

The bill increases, from 50% to 100%, the Income Tax exemption for military retirement pay. The resulting revenue losses are estimated to be $6 million (18 months) in FY 16 and $4 million (12 months) in FY 17.

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[1] The account was established in 2011 but funding was eliminated in 2013.

Earned Income Tax Credit

The bill results in a revenue gain of $11 million in FY 16 and $11 million in FY 17 by delaying the scheduled restoration of the state's Earned Income Tax Credit (EITC) rate to 30.0% from 27.5% of the federal EITC.

Sales and Use Tax

Sales Tax Rate

The bill results in a state revenue loss of $252.7 million in FY 16 and $702.4 million in FY 17 by (1) reducing the state sales tax rate from 6.35% to 5.85% effective October 1, 2015 and (2) reducing the state sales tax rate from 5.85% to 5.35% effective July 1, 2016.

The bill results in a municipal revenue gain of $294.2 million in FY 16 and $408.9 million in FY 17 by designating a 0.5% municipal sales tax rate, effective October 1, 2015. The bill diverts money attributed to the "municipal rate" into the Municipal Revenue Sharing Account.

Clothing and Footwear Exemption from the Sales Tax

The bill results in a revenue gain of $136.8 million in FY 16 and $142.6 million by eliminating sales tax exemption for clothing and footwear under $50 due to take effect July 1, 2015.

Sales Tax Holiday

The bill results in a revenue gain of $1.0 million in FY 16 and FY 17 by limiting the sales tax 'free week' to clothing and footwear under $100. (Current law limits the exemption to items that are less than $300.)

Computer and Data Processing Services

The bill results in a revenue gain of $162.8 million in FY 16 and $207.0 million in FY 17 by eliminating the exemptions for (1) computer and data processing services and (2) the world-wide web, effective October 1, 2015.

New Taxable Services

The bill results in a revenue gain of $322.7 million in FY 16 and $410.3 million in FY 17 by extending the general sales and use tax to various services currently not taxed, effective October 1, 2015.

The bill also results in a cost of $1.1 million in FY 16 and $849,925 in FY 17 to the Department of Revenue Services (DRS) to administer the expanded Sales Tax provisions. This consists of a one-time cost of $300,000 in FY 16 for updates to the online Taxpayer Service Center and changes to the DRS' internal Integrated Tax Administration System for data capture and scanning, as well as on-going salary and fringe costs for 7 Revenue Examiners and 3 Tax Correction Examiners.

Sales and Use Tax, Alcoholic Beverages Tax

Beer Growlers

The bill results in a revenue gain of $1.6 million (Sales and Use Tax) and $0.2 million (Alcoholic Beverages excise Tax) in each year of the biennium by allowing certain entities to sell sealed containers of draught beer (i.e., "growlers") for off-premises consumption.

Corporations and Health Provider Taxes

Credit Caps re: Corporations and Health Provider taxes

The bill results in a revenue gain of $42.5 million in FY 16 and $34.0 million in FY 17 by lowering from 70% to 50.01% the cap on the usage of credits against the Corporate Income Tax. In addition, the bill results in a revenue gain of $4.0 and $2.8 million by establishing a 50.01% cap on the usage of credits against the Health Provider Tax.

Corporate Tax Surcharge

The bill results in a revenue gain of $44.4 million in FY 16 and $75.0 million in FY 17 by extending the 20% surcharge. The bill phases out the surcharge by 2019.

Net Operating Loss Carryforwards re: Corporations Tax

The bill results in a revenue gain of $156.3 million in FY 16 and $90.1 million in FY 17 by limiting the applicability of loss carryforwards to 50% of net income in any income year.

Business Entity Tax

The bill results in a revenue loss of $20 million every two years (beginning in FY 17) by reducing the biennial fee due by 50%.

Combined Reporting for the Corporations Tax

Section XX implements mandatory combined reporting under the Corporation Business Tax, which results in a revenue gain of $38.6 million in FY 16 and $23.7 (18 months) million in FY 17 (12 months). This estimate is based on data from Maryland, which required corporations to report data that would be required to prepare combined returns. According to the Maryland data combined reporting increased existing collections by as much as 26.5% in one year, but also decreased collections by as much as 6.5% in another year. For the purposes of this estimate, an average of Maryland's combined reporting impact is utilized.

It should be noted that the impact in Connecticut would be influenced by: 1) the current provision in Connecticut law allowing taxpayers to elect to file a combined return, 2) policies currently enacted in Connecticut aimed at preventing income shifting by corporations and the establishment of economic nexus for Corporation Business Tax purposes, and 3) the potential utilization of additional tax credits to further reduce liability under the Corporation Business Tax.

Hospital Tax Refund

The bill results in a revenue loss in FY 17 by requiring the Department of Social Services to refund the hospitals $56.0 million from the hospital tax. The funding is to be distributed in proportion to the hospitals' tax payments due in FY 17.

Background

PA 11-6, as amended by PA 11-44 and PA 11-61, implemented a tax on hospital net patient revenue effective July 1, 2011. The fee, determined by the Department of Social Services, has not changed since instituted. It is based on Federal Fiscal Year 2009 total net patient revenues as reported to the Department of Public Health's Office of Health Care Access (OHCA). The fee currently is 5.5% of inpatient revenues and 3.83% of outpatient revenues.

The Department, as proposed by the Governor, will (1) update the base for the Hospital Net Revenue Tax from Federal Fiscal Year 2009 to 2013 total net patient revenues and (2) equalize the tax rates on inpatient and outpatient services. No legislation is required for this change.

This change will result in a revenue gain of $160.5 million in FY 16 and FY 17 each.

Insurance Companies Tax

Credit Caps re: Insurance Premiums Tax

The bill results in a revenue gain of $18.7 million in FY 16 and $18.7 million in FY 17 by delaying scheduled expiration of the two lower tiers of caps on credit utilization against the tax.

Film Tax Credits

The bill results in a revenue gain of $4.0 million in FY 16 and $4.0 million in FY 17 by delaying the scheduled expiration of the moratorium on new claims for film production tax credits for motion pictures.

Licenses, Permits and Fees

Filing Fees for Pass-Through Entities

The bill results in a revenue gain of $10.0 million in FY 16 and $12.8 million in FY 17 by increasing the fee, from $20 to $100 per year, to file an annual report with the Secretary of the State's Commercial Recording Division.

Revenue from Palliative Marijuana Fees

The bill shifts revenue from fees imposed for growing, distribution and use of palliative marijuana to the General Fund, which results in a revenue gain of $0.6 million in each year of the 2016-2017 biennium.

Registration Fees for Electronic Cigarettes

The bill results in a revenue gain of $2.0 million in FY 15 and $1.6 million in FY 17 by requiring manufacturers and sellers to register with the Department of Consumer Protection and annually renew their registration.

Special Revenue

Keno Gaming

The bill establishes keno gaming, which results in a revenue gain of up to $36 million annually, based on assumed annual sales of $100 million. Based on assumptions including one-time start-up costs totaling approximately $1.4 million in the first year, a transfer of up to 25% of net operating revenue annually, and an annual increase in lottery sales due to keno, it is estimated that this would increase special revenue transfers to the General Fund by approximately $13.6 million FY 16 and $30 million in FY 17.

Transfers

The bill transfers $29.25 million in FY 16 and $28.5 million in FY 17 from other funds or accounts into the General Fund. The bill reduces by $25.0 million the scheduled FY 17 transfer from the General Fund to the Special Transportation Fund and sets aside revenue in the amount of $47.6 million each year to amortize the remaining accumulative deficit according to Generally Accepted Accounting Principles (GAAP). This amortization is scheduled to continue over 13 years beginning in FY 16.

Transfers Impacting the General Fund		
Transfers From	**FY 16**	**FY 17**
Tobacco Health Trust Fund	$12.0 Million	$12.0 Million
Tobacco Settlement Funds - Preschool Expansion	$5.0 Million	None
Community Investment Account	$6.75 Million	$13.5 Million
Private Occupational Student Protection Account	$2.5 Million	None
Municipal Video Competition Account	$3.0 Million	$3.0 Million
Subtotal	**$29.25 Million**	**$28.5 Million**
Transfers To	**FY 16**	**FY 17**
Special Transportation Fund	None	$25.0 Million
GAAP Amortization	-$47.6 Million	-$47.6 Million
Subtotal	**-$47.6 Million**	**-$22.6 Million**
Total	**-$18.35 Million**	**$5.9 Million**

DPH license renewal fees

The bill increases by $5 license renewal fees for various professionals licensed by the Department of Public Health. The bill directs revenue from these fees to the Health Assistance Intervention Education Network. Annual revenue from this provision is estimated to be $746,000.

Tax Increment Financing (TIF) for Hartford Development

The bill requires Connecticut Innovations Inc. (CI) to enter into an agreement with Hartford to issue TIF bonds backed by a portion of the incremental state sales and hotel tax revenue generated at the city's Downtown North development, excluding any revenues generated by the proposed stadium for primarily hosting AA minor league baseball games. Since TIFs involve the issuance of General Obligation debt to be serviced by the General Fund, this proposal will result in a potentially significant General Fund debt service cost to the state but the amount and timing are uncertain at this time.

Rental Surcharge

The bill results in a revenue loss of approximately $100,000 annually by limiting the rental companies subject to the surcharge.

Sustainable Path
State Impact:

Agency Affected	Effect	FY 15 $	FY 16 $	FY 17 $
Resources of the General Fund	Revenue Impact	None	None	Potentially Significant
Resources of the Budget Reserve Fund	Revenue Impact	None	None	Potentially Significant
Resources of the State Employees Retirement Fund	Revenue Impact	None	None	Potentially Significant

Municipal Impact: None

Beginning in FY 17, the bill establishes a transfer of General Fund revenue to the Budget Reserve Fund (BRF) and the State Employees Retirement Fund (SERF), which is determined by a statutory formula. This results in a potentially significant diversion of revenue from the GF to the BRF and SERF in FY 17 and annually thereafter.2

In order for a revenue transfer to be triggered, total "combined revenue" must be in excess of a calculated threshold based on the average difference (as a percentage) between actual revenue and the ten year average.[3] The bill allows for the threshold to be adjusted for changes in tax policy that impact the corporation business tax or the personal income tax.

Based on current revenue estimates the bill will not result in a GF revenue transfer until FY 18, at which point approximately $82 million will be diverted. Under this scenario, the FY 17 threshold is $5,164 million while combined revenue is $5,099 million, or approximately $65 million less than the threshold. Due to the historical volatility of combined revenue the bill may still result in a transfer from the General Fund in FY 17 depending on actual revenue collected.

Based on historical data, the transfer of GF revenue to the BRF and SERF may exceed $800 million in a fiscal year. The table below compares actual deposits

[2] Per the bill, BRF revenue can be accessed in the event of a decrease in GF revenue greater than 2% over the prior year (for example, during a recession).
[3] For the purposes of the bill "combined revenue" is equal to the sum of: 1) the corporation business tax, and 2) the estimated & final payments portion of the personal income tax.

into the BRF to deposits that would have occurred under the provisions of the bill.

FY	Actual Deposit into BRF	Transfers as Calculated Under the Bill
2004	302,200,000	24,557,248
2005	363,900,000	433,646,700
2006	446,500,000	697,097,504
2007	269,200,000	815,841,033
2008	-	818,479,382
2009	-	-
2010	(1,278,500,000)	-
2011	(103,200,000)	-
2012	93,500,000	74,994,072
2013	177,200,000	200,364,682
2014	248,500,000	-

The breakout of the transfer from the GF to the BRF or SERF varies based on the amount of funds currently in the BRF relative to total GF appropriations, which is illustrated in the table below.

BRF Balance / Appropriations	Budget Reserve Fund	State Employees Retirement Fund
0 to 5%	95%	5%
5 to 10%	90%	10%
10 to 15%	85%	15%
Greater than 15%	0%	100%

SUMMARY OF SUBSTITUTE BILL:

INCOME TAX

Increased Rate

The bill increases, from 6.7% to 6.99%, the marginal tax rate for taxable incomes over (1) $1,000,000 for joint filers, (2) $500,000 for single filers and married people filing separately, and (3) $800,000 for heads of household. It makes a conforming change to the "benefit recapture" schedule to reflect the increased rate.

By law, taxpayers whose annual CT AGI exceeds specified thresholds are subject to a "benefit recapture" which eliminates the benefits they receive from having a portion of their taxable income taxed at lower marginal rates. These taxpayers must add specified amounts to their tax liability.

Capital Gains Surcharge

The bill establishes an additional 2% income tax on federally taxable capital gains for those with taxable incomes over (1) $1,000,000 for joint filers, (2) $500,000 for single filers and married people filing separately, and (3) $800,000 for heads of household.

Military Retirement Income

The bill fully exempts federally taxable military retirement pay from the state income tax. Current law exempts 50% of this retirement pay.

The exemption applies to federal retirement pay for retired members of the U.S. Army, Navy, Air Force, Marine Corps, Coast Guard, and Army and Air National Guard.

Delay in Scheduled Income Tax Reductions for Single Filers

The bill delays scheduled income tax reductions for single filers for three years. It does so by delaying scheduled increases in (1) their adjusted gross income (AGI) exempt from the tax and (2) income thresholds for phasing out their personal exemptions and credits and their maximum property tax credits.

Earned Income Tax Credit (EITC)

The bill delays by two years the scheduled increase in the EITC. Under current law, the EITC is scheduled to increase to 30% for the 2015 tax year. The bill instead maintains it at 27.5% for two more years, through the 2016 tax year.

EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2015

SALES AND USE TAX

Rate

Beginning October 1, 2015, the bill (1) splits the 6.35% sales and use tax rate into a 5.85% "state rate" and 0.5% "local rate" and (2) diverts the revenue attributed to the 0.5% local rate to the Municipal Revenue Sharing Account

(MRSA). The bill requires retailers to separately state the rates on bills or invoices they provide to purchasers. As under existing law, the total 6.35% tax is levied and administered by the state.

Beginning July 1, 2016, the bill lowers the state rate from 5.85% to 5.35%, but maintains the 0.5% revenue diversion to MRSA.

EFFECTIVE DATE: October 1, 2015

Clothing and Footwear Exemptions

The bill eliminates the sales and use tax exemption for clothing and footwear costing less than $50, currently scheduled to take effect on July 1, 2015. It also limits the exemption for clothing and footwear during the so-called "sales-tax-free-week" to items costing less than $100, rather than $300.

EFFECTIVE DATE: July 1, 2015

Computer and Data Processing Services

The bill increases, from 1% to 6.35%, the sales and use tax rate on computer and data processing services. It also expands the types of computer and data processing services subject to the tax to include the creation, development, hosting, and maintenance of a web site.

EFFECTIVE DATE: October 1, 2015

New Taxable Services

The bill extends the sales and use tax to additional services corresponding to specific North American Industry Classification System (NAICS) categories, as shown in Table 1.

Table 1: New Taxable Services

New Services Taxed
Offices of Certified Public Accountants
Other Accounting Services
Architectural Services
Engineering Services
Drafting Services
Building Inspection Services
Geophysical Surveying and Mapping Services

Surveying and Mapping (except Geophysical) Services
Interior Design Services
Industrial Design Services
Other Specialized Design Services
Administrative Management and General Management Consulting Services
Human Resources Consulting Services
Marketing Consulting Services
Process, Physical Distribution, and Logistics Consulting Services
Other Management Consulting Services
Other Scientific and Technical Consulting Services
Direct Mail Advertising
Advertising Material Distribution Services
Marketing Research and Public Opinion Polling
Translation and Interpretation Services
Veterinary Services
All Other Professional, Scientific, and Technical Services
Golf Courses and Country Clubs
Dry Cleaning and Laundry Services (except Coin-Operated)

EFFECTIVE DATE: October 1, 2015, and applicable to (1) sales on or after that date and (2) sales of services that are billed to customers for a period that includes October 1, 2015.

CORPORATION INCOME TAX

Surcharge

The bill (1) extends the 20% corporation income tax surcharge for two additional years, to the 2016 and 2017 income years, (2) imposes a temporary 10% surcharge for the 2018 income year, and (3) eliminates the surcharge beginning with the 2019 income year.

As under current law, the surcharge applies to companies that have more than $250 in corporation tax liability and either (1) have at least $100 million in annual gross income in those years or (2) file combined or unitary returns, regardless of the amount of annual gross income.

Net Operating Loss (NOL)

The law allows corporations to deduct NOLs (the excess of allowable deductions over gross income for a taxable year) and thereby reduce their tax liability. Under current law, corporations may carry forward NOLs for 20 years.

Beginning with the 2015 income year, the bill limits the amount of NOL a corporation may carry forward to the lesser of (1) 50% of net income, or for companies with taxable income in other states, 50% of the net income apportioned to Connecticut, and (2) the excess of NOL over the NOL being carried forward from prior income years.

Tax Credit Limit

Current law allows corporations to use tax credits to reduce their corporation tax liability by up to 70% in any income year. The bill reduces the tax credit limit to 50.01% beginning with the 2015 income year.

Combined Reporting

This bill requires any company that is (1) a member of a corporate group of related companies meeting certain criteria and (2) subject to the Connecticut corporation tax (a "taxable member"), to determine its Connecticut corporation tax liability based on the net income or capital base of the entire group. Under the bill, a company must use this method of computing tax liability if it is part of a corporate group engaged in a "unitary business," as defined in the bill.

The bill establishes (1) the corporate groups that must file unitary returns; (2) how unitary groups must apportion net income, net operating losses, and capital base for Connecticut corporation tax purposes; (3) treatment of certain tax credits, credit limits, tax surcharges, and minimum taxes in a unitary filing; and (4) filing and estimated tax payment requirements for groups filing unitary returns.

EFFECTIVE DATE: Upon passage; the surcharge and combined reporting provisions are applicable to tax years beginning on or after January 1, 2015.

BUSINESS ENTITY TAX

Beginning January 1, 2016, the bill reduces the business entity tax from $250 to $125. By law, businesses pay the tax every other year. It applies to foreign and domestic LLCs, limited liability partnerships (LLPs), limited partnerships (LPs), and S corporations that are required to register with the secretary of the state.

EFFECTIVE DATE: January 1, 2016

INSURANCE PREMIUM TAX CREDIT LIMIT

The bill extends, to 2015 and 2016, the temporary cap on the maximum insurance premium tax liability that an insurer may offset through tax credits.

By law, (1) type one credits are film and digital media production, entertainment infrastructure, and digital animation tax credits; (2) type two credits are insurance reinvestment credits; and (3) type three credits are all other tax credits. Table 2 shows the order and reduction schedule under current law and the bill.

Table 2: Order and Reduction Schedule for Claiming Insurance Premium Tax Credits under Current Law and the Bill

Credit Types Claimed	*Order of Applying Credits*	*Maximum Reduction in Tax Liability*
Type 3	Not applicable	30%
Types 1& 3	1. Type 3 2. Type 1	Type 3 = 30% Sum of two types = 55%
Types 2 & 3	1. Type 3 2. Type 2	Type 3 = 30% Sum of two types = 70%
Types 1, 2, & 3	1. Type 3 2. Type 1 3. Type 2	Type 3 = 30% Type 1 & 3 = 55% Sum of all types = 70%
Type 1 & 2	1. Type 1 2. Type 2	Type 1 = 55% Sum of two types = 70%

EFFECTIVE DATE: Upon passage and applicable to calendar years starting on or after January 1, 2015.

FILM AND DIGITAL MEDIA PRODUCTION TAX CREDIT MORATORIUM

The bill extends, to FY 16 and FY 17, the temporary moratorium on issuing film and digital media production tax credits for motion pictures. Under current law, the moratorium is scheduled to expire in FY 15.

EFFECTIVE DATE: Upon passage

HOSPITAL (HEALTH PROVIDER) TAX

Credit Limit

Beginning with the 2015 income year, the bill imposes a limit of 50.01% on the amount of tax credits hospitals may use to reduce their hospital tax liability.

EFFECTIVE DATE: Upon passage and applicable to income years beginning January 1, 2015.

FY 17 Refund

The bill requires the Department of Social Services commissioner to use $56 million of FY 17 hospital tax revenue to issue refunds to hospitals in proportion to the amount of hospital tax they paid.

EFFECTIVE DATE: July 1, 2015

KENO

This bill allows the Connecticut Lottery Corporation to offer Keno games, in addition to the state lottery, generally subject to the same requirements as other lottery games, including those concerning lottery sales agents, advertisements, and prizes.

In establishing Keno, the corporation must comply with any revenue agreement the state, through the Office of Policy and Management (OPM), makes with the Mashantucket Pequot and Mohegan tribes to share Keno revenue. The act authorizes OPM to enter into such agreements.

The bill also gives the corporation the exclusive right to operate and manage the sale of lottery games in Connecticut, except on the Mashantucket Pequot and Mohegan reservations.

EFFECTIVE DATE: July 1, 2015

BUSINESS FILING FEES

The bill increases, from $20 to $100, the fee certain business entities pay for filing an annual report with the Secretary of the State. The fee applies to LPs, LLCs, and LLPs.

EFFECTIVE DATE: October 1, 2015

PALLIATIVE MARIJUANA FEES

The bill transfers, from the palliative marijuana administration account to the

General Fund, all fees the Department of Consumer Protection collects under its regulation of palliative marijuana.

EFFECTIVE DATE: July 1, 2015

TOBACCO SETTLEMENT FUND DISBURSEMENTS

For FY 16 and FY 17, the bill eliminates the $12 million disbursement from the Tobacco Settlement Fund to the Tobacco and Health Trust Fund. Beginning in FY 18, it reduces the disbursement to $6 million per year.

The bill also reduces, from $10 million to $5 million, the FY 16 disbursement from the Tobacco Settlement Fund to the Smart Start competitive grant account.

EFFECTIVE DATE: July 1, 2015

COMMUNITY INVESTMENT ACCOUNT (CIA)

From January 1, 2016 to June 30, 2017, the bill diverts 50% of the funds deposited in the CIA to the General Fund on a quarterly basis.

By law, the CIA contains land use document recording fees town clerks remit to the state treasurer.

EFFECTIVE DATE: July 1, 2015

TRANSFERS TO THE GENERAL FUND

The bill transfers funds from various sources to the General Fund, as shown in Table 3.

Table 3: Transfers to the General Fund

Source	***Amount (millions)***	***FY***
Private Occupational School Student Protection Account	2.5	2016
Municipal Video Competition Trust Account	3.0	2016 and thereafter

EFFECTIVE DATE: Upon passage for the private occupational student protection account transfer; July 1, 2015 for the municipal video competition trust account transfer.

TRANSFERS FROM THE GENERAL FUND TO THE SPECIAL TRANSPORTATION FUND (STF)

Beginning in FY 17, the bill adjusts the amounts annually transferred from the General Fund to the STF, as shown in Table 4.

Table 4: Annual Transfers from the General Fund to STF (millions)

Fiscal Year	*Current Law*	*Bill*	*Difference*
2017	$162.8	$137.8	($25)
2018	162.8	274.8	112
2019	162.8	417.8	255
2020 and thereafter	162.8	562.8	400

EFFECTIVE DATE: July 1, 2015

BEER GROWLERS

This bill allows restaurant, café, and tavern alcohol permittees to sell at retail, permittee-provided sealed containers of draught beer for off-premises consumption.

These retail sales are limited to (1) four liters of beer per day to any individual and (2) the authorized hours for off-premises alcohol consumption sales. By law, off-premises sale and dispensing of alcohol are allowed only on Monday to Saturday from 8:00 a.m. to 9:00 p.m. and Sundays from 10:00 a.m. to 5:00 p.m. Permittees cannot sell or dispense alcohol on Thanksgiving Day, New Year's Day, or Christmas Day.

EFFECTIVE DATE: Upon passage

BUDGET RESERVE FUND

The bill creates a mechanism for diverting projected surpluses in certain income and corporation tax revenues during the fiscal year to the Budget Reserve Fund (BRF). It does so by (1) establishing a formula for calculating a threshold level for deposits to the BRF and (2) requiring anticipated revenue that exceeds this threshold to be automatically diverted during the fiscal year from the General Fund to a newly created Restricted Grants Fund. The bill requires the (1) state comptroller to begin certifying the threshold amount in FY 16 and (2) state treasurer to begin making the transfers in FY 17. The state treasurer must transfer any amounts in the Restricted Grants Fund at the end of each fiscal year to the BRF.

The bill increases the BRF's maximum balance from 10% to 15% of the net General Fund appropriations for the current fiscal year. Beginning in FY 17, it also requires that a portion of the amounts deposited in the BRF be used to pay the State Employee Retirement Fund's unfunded liability. This portion ranges from 5% to 15% of the amount deposited in the BRF, depending on the BRF's balance.

Beginning in FY 17, the bill authorizes the legislature to transfer funds from the BRF to the General Fund in any fiscal year in which the April 30 consensus revenue estimate projects a 2% decline in General Fund tax revenue from the current fiscal year to the next fiscal year. It also allows them do so for the three subsequent fiscal years.

Beginning by December 15, 2020, the bill requires the Office of Policy and Management secretary, Office of Fiscal Analysis director, and state comptroller to report to the Finance, Revenue and Bonding Committee on the BRF deposit formula and include any recommended changes.

EFFECTIVE DATE: July 1, 2015

RENTAL SURCHARGE

By law, the state imposes a surcharge on short-term car, truck, and machinery rentals (i.e., 30 days or less). The surcharge is (1) 3% for car and truck rentals and (2) 1.5% for machinery rentals.

The bill limits the rental companies subject to the surcharge to people or businesses generating at least 51% of their total annual revenue from rentals, excluding retail or wholesale rental equipment sales. As under current law, the surcharge applies to companies that (1) are in the business of renting cars, trucks, or machinery and (2) have a fleet of at least five cars, trucks, or pieces of machinery in Connecticut.

Under current law, the 1.5% surcharge applies to heavy construction, mining, and forestry equipment without an operator. The bill expands it to cover all equipment a rental company owns.

EFFECTIVE DATE: July 1, 2015

DPH LICENSE RENEWAL FEES

The bill (1) increases, by $5, license renewal fees for various Department of Public Health-licensed professionals and (2) directs the revenue generated by the increase to the Health Assistance Intervention Education Network (HAVEN). It requires the renewal form to indicate that the $5 goes directly to contribute to HAVEN's mission.

The increase applies to license renewals for the professions listed in Table 5.

Table 5: DPH-Licensed Professions Subject to Fee Increase

Profession		
Physician Assistance	Optometrist	Radiographer
Physician/Surgeon	Optician	Dental Hygienist
Chiropractor	Psychologist	Respiratory Care Practitioner
Naturopathic Physician	Veterinarian	Perfusionist
Nursing Home Administrator	Embalmer	Marital and Family Therapist
Podiatrist	Funeral Director	Licensed Clinical Social Worker
Physical Therapist	Electrologist	Professional Counseler
Physical Therapist Assistant	Hearing Instrument Specialist	Massage Therapist
Licensed Nurse Midwife	Speech Language Pathologist	Nutrionist
Licensed Practical Nurse	Athletic Trainer	Accupuncturist
Registered Nurse	Occupational Therapist	Paramedic
Advanced Practice Registered Nurse	Occupational Therapist Assistant	Audiologist
Dentist	Licensed Alcohol and Drug Counselor	

EFFECTIVE DATE: July 1, 2015

TAX INCREMENT FINANCING (TIF) FOR HARTFORD DEVELOPMENT

The bill requires Connecticut Innovations Inc. (CI) to enter into an agreement with Hartford to issue TIF bonds backed by a portion of the incremental sales and hotel tax revenue generated at the city's Downtown North development, excluding any revenues generated by the proposed stadium for primarily hosting AA minor league baseball games. The bill exempts the TIF plan from the legislative approval process required under CI's existing TIF program.

EFFECTIVE DATE: July 1, 2015

ELECTRONIC CIGARETTES

The bill establishes a framework for regulating the manufacture and sale of electronic nicotine delivery systems and vapor products, devices used to produce the effects of smoking. Existing law bans people from selling, giving, or delivering these devices to minors and bans minors from buying or possessing them in public. The bill requires manufacturers and sellers to register with the Department of Consumer Protection and annually renew their registration. It also subjects them to fines and penalties for failing to comply with its requirements. The registration and renewal fees and the fines and penalties are the same for both groups. Table 6 identifies these fees, fines, and penalties.

Table 6: Registration and Renewal Fees & Fines and Penalties Pertaining to Manufacturers and Sellers of Electronic Nicotine Delivery Systems and Vapor Products

Requirements	*Sellers*	*Manufacturers*
Application Registration Fee	$75	$75
Annual Fee	400	400
Fine for doing business without registration certificate	Up to 50 per day	Up to 50 per day
Fine for doing business after registration certificate expires	90 infraction	90 infraction

The bill requires the Public Health Committee to hold a public hearing on any proposed federal rule changes that subject tobacco products to the Food, Drug, and Cosmetic Act. The committee must hold the hearing within 30 days after rule becomes final and determine if Connecticut law needs to be change to conform to this rule.

EFFECTIVE DATE: January 1, 2016, except the provision requiring the public hearing takes effective upon passage.

2. S.B. No. 947 AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES. (FIN) (JFS)

Fiscal Impact:

The bill increases and reduces General Obligation (GO) and Special Tax Obligation (STO) bond authorizations as summarized in the table below:

Increases and Reductions to GO and STO Bond Authorizations
$ millions

Description	FY 16	FY 17	TOTAL
General Obligation Bonds			
New authorizations	1,644.4	1,697.1	**3,341.5**
Reductions	(258.4)	-	**(258.4)**
TOTAL	**1,386.0**	**1,697.1**	**3,083.1**
Special Tax Obligation Bonds			
New authorizations	671.4	693.3	**1,364.7**

The General Fund fiscal impact is summarized in the table below. Assuming that $1,644.4 million is allocated through the State Bond Commission during FY 16 and the Office of the State Treasurer issues the bonds before the end of FY 16, the debt service cost in FY 17 would be $164.4 million. Please see the summary packet for further information.

New General Obligation Bond Authorization and Estimated Debt Service Cost
$ millions

Fiscal Year	Authorization Amount	Total Debt Service Cost*	Interest	Principal
2016	1,644.4	2,507.7	863.3	1,644.4
2017	1,697.1	2,588.0	891.0	1,697.0

TOTAL	**3,341.5**	**5,095.7**	**1,754.3**	**3,341.4**
*Figures assume that bonds are issued at 5.0% over 20 year term				

The Special Transportation Fund fiscal impact is summarized in the table below. Assuming that $671.4 million is allocated through the State Bond Commission during FY 16 and the Office of the State Treasurer issues the bonds before the end of FY 16, the debt service cost in FY 17 would be $56.2 million. Please see the summary packet for further information.

New Special Tax Obligation Bond Authorization and Estimated Debt Service Cost $ millions

Fiscal Year	Authorization Amount	Total Debt Service Cost*	Interest	Principal
2016	671.4	1,123.7	452.3	671.4
2017	693.3	1,160.3	467.0	693.3
TOTAL	**1,364.7**	**2,284.0**	**919.3**	**1,364.7**
*Figures assume that bonds are issued at 5.5% over 20 year term				

See Attachment A for a listing of authorizations.

3. Substitute for S.B. No. 1 (COMM) AN ACT CONCERNING TAX FAIRNESS AND ECONOMIC DEVELOPMENT. (PD,PD,FIN) (JFS)

FISCAL IMPACT:

Municipality Affected	Fund-Effect	FY 16 $	FY 17 $
All Municipalities	Revenue Gain	None	Significant
Various Municipalities	Revenue Loss	None	Significant

The bill 1) changes the reimbursement rates, and the basis for determining those rates, for the State Property PILOT and College & Hospital PILOT grant programs; 2) caps the motor vehicle mill rate at 29.36; 3) distributes a portion of sales tax revenue to municipalities; and 4) establishes an optional commercial property tax revenue sharing system for regional councils of government. Below is a description of the fiscal impact of each section:

<u>Changes to PILOT grants</u>

This portion of the bill would cost approximately $45.3 million to implement in FY 15. It is not clear how payments under the bill's provisions would be impacted by future changes in municipal mill rates and grand lists.

Motor Vehicle Tax Cap

The bill caps the motor vehicle mill rate at 29.36. If this cap had been in place in FY 14, it is anticipated that 57 municipalities would have lost approximately $82.6 million in revenue.

Sales Tax Distribution

sSB 946 diverts a portion of sales tax revenue ($294.2 million in FY 16 and $408.9 million in FY 17) to the Municipal Revenue Sharing Account. sSB 1 distributes that revenue to municipalities and regional councils of government, beginning in FY 17.

Due to the timing of payments, this results in a FY 17 revenue gain of $264.8 million to municipalities and $29.4 million to regional councils of government. In FY 18, it is estimated that municipalities will receive $368.0 million and regional councils of government will receive $40.9 million.

The bill requires that the grant a municipality receives under this provision of the bill, in excess of the amount that offsets the revenue loss to that municipality resulting from the mill rate cap, be reduced in the event that municipal spending growth exceeds 2.5% based on the two prior years.

Grand List Growth Sharing

The bill allows each regional council of government to establish a property tax base sharing program under which its member municipalities share property tax revenues generated by the growth in their commercial and industrial property tax bases.

Under the bill's provisions, towns would remit a payment to their COGs equal to 20% (or less) of net commercial and industrial grand list growth, divided by 1,000, and multiplied by the regional mill rate. In other words, if a participating town's commercial and industrial grand list grew by $1 million, it could remit a payment of $6,000 to its COG (assuming a regional mill rate of 30).

The bill then establishes a formula for calculating the municipal commercial and industrial mill rate (for any participating municipality). The mill rate is intended to raise enough revenue to offset the payment to the COG.

SUMMARY OF SUBSTITUTE BILL:

PAYMENTS IN LIEU OF TAXES (PILOT)

This bill (1) increases PILOT grants for certain municipalities, based on the percentage of certain tax-exempt real property on their grand lists, and (2) establishes a minimum funding level for all municipalities receiving PILOTs equal to the amount they received in FY 15.

By law, the state makes annual PILOTs to municipalities to reimburse them for a part of the revenue loss from (1) state-owned property, Indian reservation and trust land, and municipally owned airports and (2) private nonprofit college and hospital property. By law, these PILOTs are based on a specified percentage of taxes that the municipality would otherwise collect on the property (generally 45% for state, municipal, and tribal property and 77% for college and hospital property).

Under current law, PILOTs are proportionately reduced if the amount appropriated is not enough to fully fund them. The bill instead establishes a minimum funding level for the PILOTs that varies according to a three-tier ranking system. The bill requires the Office of Policy and Management (OPM) to rank each municipality based on the percentage of tax-exempt property on its grand list, except for correctional and juvenile detention facilities. It requires OPM to rank any municipality with a mill rate of less than 25 in the bottom tier. The bill sets a minimum PILOT rate for municipalities based on this ranking, as shown in Table 1.

Table 1: SB 1's Minimum PILOT Reimbursement Rates

Municipalities	*College and Hospital Property*	*State-Owned Property*
Ten municipalities with the highest percentage of tax-exempt property	42%	32%
Next 25 municipalities	37%	28%
All other municipalities	32%	24%

The bill also requires that all municipalities receive PILOTs that equal or exceed the amount they received in FY 15.

It requires OPM, beginning by July 1, 2017, to annually report for four years to the Finance, Revenue and Bonding Committee on the PILOTs and include its recommendations for changes.

EFFECTIVE DATE: July 1, 2016

MOTOR VEHICLE PROPERTY TAX CAP

Beginning with the 2015 assessment year (for taxes paid in FY 17), the bill modifies the way in which municipalities tax motor vehicles by (1) allowing them to establish a motor vehicle mill rate different than their rate for real and personal property and (2) capping motor vehicle mill rates at 29.36 mills.

EFFECTIVE DATE: October 1, 2015, and applicable to assessment years beginning on and after that date.

MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DISTRIBUTIONS

The bill establishes a mechanism for sharing sales tax revenues with municipalities and councils of government (COG), using sales tax revenue deposited in MRSA. (sSB 946 directs a portion of sales tax revenue to MRSA, beginning October 1, 2015.)

Beginning October 1, 2016, OPM must determine the total amount of funds accumulated in MRSA and distribute (1) 90% of the funds to municipalities, according to the formula described below, and (2) 10% to COGs, on a per capita basis.

Distribution to Municipalities

The bill requires OPM to calculate each municipality's MRSA distribution using a three step calculation.

First, OPM must calculate the amount each municipality would receive (1) on a per capita basis and (2) under a specified formula that gives more weight to municipalities with mill rates that exceed the state's average mill rate. Municipalities with a mill rate over 25 receive the greater of these two amounts, while those with a mill rate under 25 receive the lesser.

OPM must then use a specified formula to increase the payments for municipalities with a mill rate over 25.

Lastly, OPM must proportionately reduce the payments for all municipalities based on the total amount available for distribution. The bill caps the percentage of the total distributions that the following four municipalities may receive: New Haven (2%), Hartford (5.2%), Bridgeport (4.5%), and Stamford (2.8%).

Penalty for Exceeding Allowable Spending Growth. The bill requires OPM to reduce a municipality's distribution in any year following a year in which the municipality increased its spending by more 2.5% over the prior year or the inflation rate, whichever is greater. The penalty reduces the municipality's distribution by a specified percentage.

Distribution to COGs

The bill requires COGs to use the sales tax distributions to establish a cooperative program among member towns to create efficiencies in delivering services and reducing costs in the region. The COGs' members must unanimously agree on the program and any distributions made under it.

EFFECTIVE DATE: October 1, 2016

PROPERTY TAX BASE SHARING

The bill authorizes a COG to establish a property tax base sharing program under which its member municipalities share a portion of property tax revenues generated by the growth in their commercial and industrial property tax bases. The bill requires each of the COG's member municipalities to agree to implement the program.

The bill establishes a (1) formula participating municipalities must use to calculate the mill rate on commercial and industrial property, based in part on the average mill rate in their regions, and (2) system for such municipalities to share up to 20% of their commercial and industrial property tax revenue with other municipalities in their regions.

Mill Rate for Commercial and Industrial Property

Under the bill, participating municipalities that have experienced growth in their commercial and industrial tax base since the 2013 assessment year must tax commercial and industrial property at a composite mill rate, rather than the mill rate that applies to all other property in the municipality. The bill establishes a formula for calculating the composite mill rate that is based on the (1) increase in the commercial and industrial tax base since 2013, (2) average mill rate in the municipality's planning region ("regional mill rate"), and (3) the municipality's general mill rate.

Property Tax Base Sharing

Participating municipalities must remit to their planning regions an amount equal to up to 20% of the property taxes paid on the growth in their commercial and industrial grand lists since 2013, based on the regional mill rate.

The planning regions must then distribute the property tax revenue to municipalities in the region according to a distribution index based on relative fiscal capacity. For each municipality, the index equals the municipality's population multiplied by a ratio measuring its fiscal capacity compared to that of other municipalities in its region.

If the municipality's fiscal capacity is the same as the regional average, its percentage share of the funds will be the same as its share of the region's population. If its fiscal capacity is above the regional average, its share will be smaller. If its fiscal capacity is below the regional average, its share will be larger.

EFFECTIVE DATE: October 1, 2015, and applicable to assessment years beginning on and after that date.

4. H.B. No. 7055 (RAISED) AN ACT CONCERNING CONNECTICUT FIRST. (FIN) (JFS)
FISCAL IMPACT:

Agency Affected	Effect	FY 15 $	FY 16 $	FY 17 $
Department of Revenue Services	GF - Revenue Loss	None	None	See Below
Treasurer, Debt Serv.	GF – Acceleration of Debt Service Costs	None	Potential	Potential

Section 1 establishes a Brownfield Remediation Tax Credit program. To the extent this program is utilized, this results in revenue loss of up to $20 million annually from FY 18 through FY 22.

Section 2 authorizes a total of $100.0 million in General Obligation (GO) bonds for a remedial action and redevelopment municipal grant program. The debt service cost to the General Fund to issue this amount at a 5.0% interest rate for a 20-year term is $152.5 million, which is comprised of $52.5 million in interest and $100.0 million in principal. Assuming that the entire $20.0 million is allocated through the State Bond Commission during FY 16 and the Office of the State Treasurer issues the bonds before the end of FY 16, the debt service cost in FY 17 will be $10.0 million.

Sections 3-4 increases renewable energy credits for Class I electric generation projects that meet certain criteria. The electric companies are entitled to recover reasonable costs to comply with its approved Class I procurement plan, through a reconciliation component of electric rates, as determined by PURA. To the extent that electric distribution companies' costs rise as a result, there would be an increased cost to the state and municipalities as ratepayers.

Section 5 expands the Angel Investor Tax Credit, and extends the availability of credits through FY 17. This results in a revenue loss of $3 million in FY 17.

Section 6 extends the 100% corporation business tax credit for starting a business in the 17 enterprise zones to certain taxpayers. To the extent such a business is established, this precludes a future revenue gain.

Section 7 increases, from 5% to 10%, the tax credit for fixed capital investments for those related to bioscience, clean technology, and cybersecurity. To the extent qualifying investments are made, this results in a significant revenue loss annually beginning in FY 18.

Section 8 accelerates the rate at which taxpayers may claim tax credits for investments in bioscience, clean technology, and cybersecurity facilities under the Urban and Industrial Sites Reinvestment tax credit program. To the extent such a qualifying project is undertaken, this results in a significant revenue loss beginning in FY 18.

Section 8 accelerates the rate at which taxpayers may claim tax credits for investments in bioscience, clean technology, and cybersecurity facilities under the Urban

Section 9 makes various changes to the to the Small Business Express (Express) program, including:

1. expanding eligibility;
2. reducing minimum loan amounts;
3. decentralizing decision making to regional entities and providing at least 10% available funding under Express to those regional entities;
4. adding new lending components that include up to 10% of available Express funding for a loan fund specifically for acquiring or purchasing machines and equipment, constructing facilities or making leasehold improvements, covering relocation costs, providing working capital, or covering other business-related expenses the commissioner approves, and
5. identifying and targeting underserved populations.

The bill does not change General Obligation (GO) bond authorizations relevant to the program.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that the bill causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

The Small Business Express program is funded through GO bond funds. The program has received $260 million in bond authorizations since its inception in 2011. As of April 7th, the unallocated bond balance available to the program is $65 million.

Section 10 requires the Department of Economic and Community Development (DECD) to provide a summary of identification efforts and any assistance granted to businesses in underserved municipalities. There is no impact to DECD as the agency currently provides reports on various business programs, such as Express, on an annual or biannual basis, dependent upon the program.

Sections 11 – 14 require state agencies that receive federal funding to adopt regulations that include a federal deviation analysis, which would identify how the proposed regulation is different than the federal standard or procedure. The analysis, which must be submitted to the Regulations Review Committee along with a copy of the regulation, has no fiscal impact.

SUMMARY OF SUBSTITUTE BILL:

§ 1—Brownfield Remediation Business Tax Credit

- The bill authorizes business tax credits for cleaning up brownfields
- Credit equals lesser of 50% of eligible remediation costs or $2 million
- Credit applies against insurance premium, corporation business, air carrier, railroad company, cable television, and utility companies tax
- The bill imposes annual $20 million credit cap for FYs 18-22
- Credits may be transferred up to three times
- Credit administration modeled after Historic Rehabilitation tax credits

EFFECTIVE DATE: July 2015 and applicable to income years starting on or after January 1, 2017

§ 2—Bonds for Brownfield Remediation Programs

The bill authorizes $100 million in bonds for the Department of Economic and Community Development's (DECD) Brownfield Remediation and Redevelopment Grant and Brownfield Loan programs.

EFFECTIVE DATE: July 1, 2015

§§ 3-4—Renewable Energy Credits for Zero Emission Projects on Brownfields and Solid Waste Disposal Areas

- Bill authorizes renewal energy credits exclusively for zero emission projects (less than 750 kilowatts) on brownfields and solid waste disposal areas equal to the weighted average accepted bid price for the most recent solicitation for systems between 750 and 1,000 kilowatts, plus an additional 10% credit

- As under existing law, electric power companies must contract with project owners to purchase credits, the amounts for which are determined according to statutory criteria

EFFECTIVE DATE: July 1, 2015 and applicable to tax years starting on or after January 1, 2017

§ 5— Angel Investor Tax Credit

- Increases the angel investor tax credit from 25% to 33% for investments in bioscience, clean technology, and cybersecurity investments

EFFECTIVE DATE: July 1, 2015 and applicable to tax years starting on or after January 1, 2017

§ 6—Business Startups in Distressed Municipalities

- Extends the 100% corporation business tax credit for starting a business in the 19 statutorily authorized enterprise zones to taxpayers creating bioscience, clean technology, and cybersecurity businesses in the state's 25 distressed municipalities

EFFECTIVE DATE: July 1, 2015 and applicable to tax years beginning on our after January 1, 2017

§ 7—Fixed Capital Investments

- Increases, from 5% to 10%, the tax credit for fixed capital investments for those related to bioscience, clean technology, and cybersecurity

EFFECTIVE DATE: July 1, 2015 and applicable to tax years beginning on or after January 1, 2017

§ 8—Urban and Industrial Sites Reinvestment Tax Credits

- Accelerates the rate at which taxpayers may claim tax credits for investments in bioscience, clean technology, and cybersecurity facilities from 100% over 10 years to 100% over five years

EFFECTIVE DATE: July 1, 2015 and applicable to tax years beginning on or after January 1, 2017

§ 9—Small Business Express Changes

- **Expanded Eligibility**: Bill opens the program to more businesses by:
  - reducing minimum loan and grant amounts from $10,000 to $1,000,
  - making businesses that are operating for less than one year eligible for Express loans and grants
- **Regional Administration**: Bill requires the DECD commissioner to create an administrative component for regionally administering Express loans and grants
  - Commissioner must:
    - Reserve at least 7% of EXP funds for regional administration
    - Partner with regional economic development corporations to review applications and award assistance
    - Set administrative cost ratios these corporations can charge borrowers and provide other administrative guidelines
  - Requires regional entities to report annually on the businesses they assisted and the jobs they created
- **New Collaborative Lending Components**: Bill authorizes commissioner to collaborate with private lenders in providing EXP assistance:

    - Loan program for capital purchases, working capital, and other businesses
        - Commissioner may allocate up to 10% of EXP funds for this program

EFFECTIVE DATE: July 1, 2015

§ 10—Office of Small Business Affairs Annual Report

- Requires DECD's Office of Small Business Affairs to provide procedural information to small businesses seeking to bid on state and municipal contracts
- Requires office to submit an annual report on its activities by February 1.
    - Report must include data on the number and types of businesses that sought its assistance and summarize programs assisting small businesses
        - Current law required the office to submit a report on small business programs by February 1, 2011

EFFECTIVE DATE: October 1, 2015

§§ 11-14—Federal Deviation Analysis

- Requires state agencies to prepare an analysis of proposed regulations deviating from federal standards and procedures that indicates which provisions deviate from federal standards and explains why they do
- Agencies must:
    - Include analysis in regulation-making record
    - Make it publically available when providing notice of the regulations
    - Submit the analysis to the Regulations Review Committee

EFFECTIVE DATE: October 1, 2015

5. S.B. No. 1137 (RAISED) AN ACT CONCERNING THE CONNECTICUT COMPETITIVENESS COUNCIL. (FIN)

FISCAL IMPACT:

State Impact:

Agency Affected	Fund-Effect	FY 16 $	FY 17 $
Various State Agencies	GF - Potential Cost	Less than $1,000	Less than $1,000

Municipal Impact: None

Explanation

There may be a cost of less than $1,000 in FY 16 and in FY 17 to those agencies participating in the established Connecticut Competitiveness Council to reimburse legislators and agency staff for mileage expenses.

SUMMARY OF BILL:

This bill establishes a 10-member council to advise the governor, legislature, and businesses about Connecticut's economic competitiveness and ways to improve it. Legislative leaders must appoint eight members and the governor two by October 1, 2015. The members serve four-year terms except for the initial members, who serve staggered terms as the bill specifies. The House speaker and Senate president pro tempore appoint the chairpersons, who must hold the council's first meeting by August 31. The council must meet at least quarterly.

The bill specifies the council's duties and powers, which include annually assessing Connecticut's economic competitiveness and obtaining any necessary data from executive and legislative branch agencies to complete this and the other tasks the bill prescribes. The council must annually, beginning January 31, 2017, submit a report to the governor, the economic and community development commissioner, and several legislative committees on the state's competitiveness and recommend statutory changes to improve it.

EFFECTIVE DATE: July 1, 2015

6. S.B. No. 1134 (RAISED) AN ACT CONCERNING LEGISLATIVE OVERSIGHT OF STATE TAX CREDITS. (FIN) (JFS)

FISCAL IMPACT: No fiscal impact

SUMMARY OF SUBSTITUTE BILL:

This bill allows, under narrow conditions, the Office of Fiscal Analysis (OFA) to share tax return information with the Finance, Revenue and Bonding Committee's cochairpersons, vice-chairperson, and ranking members. By law, OFA may request and the Department of Revenue Services (DRS) must provide the returns for each state tax after DRS removed information that identifies individual taxpayers. Under the bill, OFA may provide the returns only at a closed meeting the chairpersons call to review the returns, which they may do only once a year. Such meetings are exempt from the Freedom of Information Act and no person attending the meeting can disclose the information provided at the meeting to any other person.

Under current law, OFA may request the returns only to estimate and forecast revenue. Under the bill, it may also do so to facilitate legislative oversight.

The bill also requires the economic and community development commissioner to assess Connecticut's capacity to engage in international trade and propose policies and programs to boost international trade. The commissioner must report her findings and recommendations to the Commerce and Finance, Revenue and Bonding committees by January 1, 2016. At a minimum, the report must: (1) identify business sectors with exportable products and services, (2) assess the extent to which businesses in these sectors engage in export trade, (3) identify the barriers or obstacles that prevent them from engaging in such trade, and (4) recommend how the state can eliminate those barriers.

EFFECTIVE DATE: July 1, 2015, except the study provision is effective upon passage

7. H.B. No. 7022 (RAISED) AN ACT CONCERNING AUTHORIZATION OF STATE GRANT COMMITMENTS FOR SCHOOL BUILDING PROJECTS AND CHANGES TO THE STATUTES CONCERNING SCHOOL BUILDING PROJECTS. (ED,FIN)

FISCAL IMPACT:

Section 1 of the bill approves a total of $479.4 million in state grant commitments for school construction projects, including: (1) $181.2 million for 18 new projects on the education commissioner's project priority list and (2) $298.2

million for nine previously-authorized projects that have changed substantially (more than 10%) in cost or scope.

The grants-in-aid will be financed through the issuance of $479.4 million in General Obligation (GO) bonds, which will be authorized in future fiscal years. The projected debt service cost to the General Fund to issue $479.4 million at a 5.0% interest rate for a 20-year term is $731.1 million, which is comprised of $251.7 million in interest and $479.4 million in principal. Since HB 7022 does not authorize new GO bonds, it has no fiscal impact in FY 16 or FY 17.

Approximately $231.4 million of the $479.4 million in GO bond principal represents a revenue gain to various municipalities whose projects are included on the priority list.

Sections 2, 3 and 4 are technical and administrative and result in no fiscal impact.

SUMMARY OF BILL:

This bill authorizes the administrative services commissioner to enter into $181,185,486 in school construction grant commitments regarding 18 new projects for various local and regional school districts, regional education service centers, and one college. It also includes authorizations for an additional $298,256,726 in grants for nine previously approved projects that have significant changes in cost or scope. The largest part of the increase for previously approved projects, $248,045,296 million, is for three technical high schools.

In addition to the school building project authorizations, the bill makes the following statutory changes:

- Requires DAS to establish a (1) standard checklist of health and safety items that districts must use before starting any construction project and (2) school building project clearinghouse for the collection and distribution of school building project designs and specifications.

- Allows a project on the priority list if the local referendum to approve the local funding commitment is scheduled and the results will be submitted by November 15 of the year it is submitted.

EFFECTIVE DATE: Upon passage for construction project commitments and July 1, 2015 for the statutory changes.

8. S.B. No. 540 (COMM) AN ACT INCREASING THE AGGREGATE CAP ON INSURANCE REINVESTMENT FUND TAX CREDITS AND RENAMING SUCH FUNDS INVEST CT FUNDS. (CE,CE,FIN)

FISCAL IMPACT:

Agency Affected	Effect	FY 15 $	FY 16 $	FY 17 $	Out Years
Department of Revenue Services	Potential Revenue Loss	None	None	None	Significant

The bill increases the aggregate cap on all tax credits available under the Insurance Reinvestment Fund tax credit from $200 million to $250 million. To the extent such credits are utilized, this results in potential significant General Fund revenue loss beginning as early as FY 18.[4]

SUMMARY OF BILL:

This bill increases the aggregate cap on Insurance Reinvestment Fund tax credits by $50 million, from $200 million to $250 million. It does not change the program's $40 million annual cap.

Investors qualify for the credits by investing in eligible businesses through state-certified business investment funds. Current law refers to these funds as Insurance Reinvestment Funds. The bill renames them, "Invest CT Funds."

EFFECTIVE DATE: July 1, 2015

9. Substitute for H.B. No. 6758 (RAISED) (File No. 24) AN ACT CONCERNING THE YOUNG PROFESSIONALS URBAN HOUSING INCENTIVE PROGRAM. (HSG,FIN) (JFS)

FISCAL IMPACT:

[4] Per statute, the tax credit is claimed over a 10 year period, beginning no earlier than three years after the initial qualifying investment.

Agency Affected	Effect	FY 15 $	FY 16 $	FY 17 $	Out Years
Department of Revenue Services	Revenue Loss	None	None	None	$1.0 million

The bill establishes a tax credit, capped at $1 million annually, for businesses that hire recent college graduates. This results in a General Fund revenue loss from the Corporation Business Tax of $1 million beginning in FY 18.

SUMMARY OF SUBSTITUTE BILL:

- Authorizes three-year tax credits for businesses that hire recent graduates from Connecticut colleges and universities patterned after the job expansion tax credit

- Businesses must apply for credit to DECD commissioner and may claim them after hiring eligible graduates

- Imposes $1 million annual cap

EFFECTIVE DATE: July 1, 2015, and applicable to income years beginning on or after January 1, 2017.

10. H.B. No. 7060 (RAISED) AN ACT CONCERNING THE FAILURE TO FILE FOR CERTAIN TAX EXEMPTIONS AND THE EXTENSION OF CERTAIN TAX CREDITS AND DEVELOPMENT PROGRAMS. (FIN) (JFS)

FISCAL IMPACT:

FISCAL IMPACT

State Impact:

Agency Affected	Fund-Effect	FY 16 $	FY 17 $
Department of Revenue Services	Revenue Loss	350,000	350,000
Various	GF - Cost	Potential	Potential

Municipal Impact:

Municipality Affected	Fund-Effect	FY 16 $	FY 17 $
Durham; North Branford; Wndsor	Cost/Revenue Loss	Potential	None

The bill establishes an Admissions Tax exemption, limited to FY 16 and FY 17 only, for athletic events held at the Ballpark at Harbor Yard. This results in an estimated revenue loss of $350,000 in each of FY 16 and FY 17.

The bill allows taxpayers who would have been eligible for certain tax exemptions, if they had not missed the deadline to file a claim, to receive such exemptions.

These exemptions are based on past grand lists, for which taxes have already been levied. Due to this, the bill results in either a revenue loss to affected municipalities or a cost to reimburse taxpayers for taxes that have already been paid.

The bill removes a limit, for certain projects in the Town of West Haven, on financial assistance from the state for economic development projects. To the extent that this increases the amount of funding the state provides for such projects, there is a cost.

The bill also expands the deadline by which a municipality must submit to the General Assembly an application to participate in a land value taxation pilot program. This has no fiscal impact.

SUMMARY OF SUBSTITUTE BILL:

§§ 1-3 — Filing Deadlines for Certain Property Tax Exemptions

This bill allows taxpayers in Durham and Windsor to receive property tax exemptions for the 2014 grand list year even though they missed the statutory filing deadlines for them. The exemptions are for machinery and equipment used for manufacturing, biotechnology, or recycling (CGS § 12-81(72)).

By law, property owners must apply to local assessors for these exemptions by November 1, annually. The bill waives this deadline for the Durham and Windsor property owners for the 2014 grand list if they apply for the exemption within 30 days of the bill's passage and pay the statutory late fee. In each case, the local assessor must (1) verify eligibility for and approve the exemption and (2) refund any taxes paid on the property.

The bill also allow a nonprofit organization to receive an exemption for real property on North Branford’s 2013 grand list even though it missed the deadline for filing the required property tax exemption statement (November 1, quadrennially). The organization must apply for the exemption within 30 days of the bill's passage and pay the statutory late fee to be considered to have filed the statement in a timely manner.

EFFECTIVE DATE: Upon passage

§ 4 — Land Value Taxation Pilot Program

The bill extends, from December 31, 2014 to December 31, 2015, the deadline for municipalities to submit plans under the existing land value taxation pilot program to the Commerce and Finance, Revenue, and Bonding committees. The land value taxation pilot program, requires the Office of Policy and Management to select up to three municipalities to develop a plan for taxing land at a higher rate than buildings.

EFFECTIVE DATE: Upon passage

§§ 5-6 — Steel Point Taxing District

This bill extends the time periods, by five years, during which Bridgeport's Steel Point Special Taxing District may receive state economic development assistance and issue bonds to finance its operations.

It extends, from June 30, 2015 to June 30, 2020, the deadline by which the Department of Economic and Community Development and Connecticut Innovations, Inc. may provide up to $40 million in financial assistance from existing programs to the Steel Point project. As under current law, the assistance must be used for developing and improving property in Bridgeport and may be in the form of grants, loans, loan guarantees, insurance contracts, investments, or a combination of these and may be provided from proceeds from sales of bonds, notes, or other debt.

Current law allows Bridgeport's city council to merge the Steel Point tax district into the city if the district failed to issue bonds by July 1, 2015. The bill extends this deadline to July 1, 2020.

EFFECTIVE DATE: Upon passage

§ 7—West Haven Mixed Use Project

The bill exempts a state-funded mixed-use project in West Haven from the law requiring legislative approval for economic development projects costing over $10 million. The project is exempted from this is law if the state funds are used to develop infrastructure and the project contains at least 200,000 square feet for retain and entertainment uses.

EFFECTIVE DATE: July 1, 2015

§ 8—Admissions Tax Exemption

Beginning July 1, 2015 and ending June 30, 2017, the bill exempts from the 10% admission tax Atlantic League professional baseball games at Bridgeport's Harbor Yard Ballpark.

EFFECTIVE DATE: July 1, 2015

11. H.B. No. 7056 (RAISED) AN ACT CONCERNING THE REVISOR'S TECHNICAL CORRECTIONS TO THE FINANCE, REVENUE AND BONDING STATUTES. (FIN)

FISCAL IMPACT: None

SUMMARY OF BILL:

The bill also makes technical changes in the statutes concerning the Connecticut Higher Education Trust, special taxing districts, property taxes, and various state taxes.

EFFECTIVE DATE: October 1, 2015, except for the provisions concerning (1) special taxing districts and the income tax, which are effective July 1, 2015 and (2) corporation income, tobacco products, and sales tax, which are effective upon passage.

12. H.B. No. 5945 (COMM) AN ACT CONCERNING THE SALE, VIA INTERNET AUCTION, OF LICENSE PLATES ISSUED BY THE DEPARTMENT OF MOTOR VEHICLES. (TRA,FIN) (JFS)

FISCAL IMPACT: None

The bill requires the Department of Motor Vehicles to study the feasibility of establishing a lottery program for license plates that allows plate holders to sell their plate numbers through an online auction. It is anticipated that DMV is able to complete the study within the course of its normal duties and at no cost.

SUMMARY OF SUBSTITUTE BILL:

This bill requires the Department of Motor Vehicles commissioner to study the feasibility of establishing a lottery program for license plate numbers that allows plate holders to sell their plate numbers through an online auction. The study must identify and assess different options for structuring the lottery and their costs and benefits. The commissioner must complete the study by January 1, 2017 and submit it to the Transportation and Finance, Revenue and Bonding committees

EFFECTIVE DATE: Upon passage

13. Substitute for H.B. No. 6738 (RAISED) AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE CONCERNING THE FEDERAL ACHIEVING A BETTER LIFE EXPERIENCE ACT. (PRI,FIN) (JFS)

FISCAL IMPACT: None

The cost to the Office of the State Treasurer to administer the fund is negligible because the incremental cost to OST is too small to quantify. (Within OST's normal business operations, the agency receives and invests billions of dollars, and cuts approximately 76,000 checks per month.)

The bill is not anticipated to result in a fiscal impact to the Department of Social Services based on the following factors (1) the bill does not change eligibility for state and federal programs, (2) it is assumed an individual or contributor will not contribute funds to the ABLE account if contributions would jeopardize eligibility for state or federal programs, and (3) it is assumed an eligible individual will not use contributions to the fund for services already covered by state or federal programs.

SUMMARY OF SUBSTITUTE BILL:

This bill establishes the Connecticut Achieving a Better Life Experience (ABLE) Trust, administered by the state treasurer in accordance with the federal ABLE Act of 2014 (P.L. 113-295), as a way to help eligible individuals with disabilities and their families save funds to pay for qualified disability expenses (e.g., education, housing, transportation, and health expenses). It does so by exempting exempts money deposited in the trust and interest earnings on it from state and local taxation.

EFFECTIVE DATE: October 1, 2015

14. Substitute for H.B. No. 6816 (RAISED) (File No. 470) AN ACT CONCERNING THE CONNECTICUT PORT AUTHORITY. (TRA,FIN)

See File 470.

15. H.B. No. 6840 AN ACT CONCERNING INVESTMENTS IN CONNECTICUT'S TRANSPORTATION INFRASTRUCTURE. (FIN) (JFS)

FISCAL IMPACT:

The bill authorizes new Special Tax Obligation (STO) bond between FY 16 and FY 20 as summarized in the table below:

STO Bond Authorizations

Fiscal Year	Amount $
2016	274,850,000
2017	520,200,000
TOTAL	**795,050,000**

The Special Transportation Fund fiscal impact is summarized in the table below. Assuming that $274.9 million is allocated through the State Bond Commission during FY 16 and the Office of the State Treasurer issues the bonds before the end of FY 16, the debt service cost in FY 17 would be $23.0 million. Please see the summary packet for further information.

New Special Tax Obligation Bond Authorization and Estimated Debt Service Cost $ millions

Fiscal Year	Authorization Amount	Total Debt Service Cost*	Interest	Principal
2016	274.9	460.0	185.1	274.9
2017	520.2	870.6	350.4	520.2
TOTAL	**795.1**	**1,330.6**	**535.5**	**795.1**
*Figures assume that bonds are issued at 5.5% over 20 year term				

SUMMARY OF BILL:

This bill authorizes up to $274.85 million in special tax obligation (STO) bonds for FY 16 and up to $520.2 million in FY 17 for the Department of Transportation's capital improvement program, as listed in Table 1.

Table 1: DOT Projects

Bureau of Engineering and Highway Operations
Design and engineering for Interstate 84 widening between exits 3 and 8
Design and engineering for Interstate 84 viaduct replacement in Hartford
Operational lanes for Interstate 84 interchange 40 to 42 in West Hartford
Design and engineering for Interstate 84 and Route 8 interchange improvements in Waterbury
Design and engineering for Interstate 91, Interstate 691 and Route 15 interchange improvements
Design and engineering for Interstate 95 widening between Bridgeport and Stamford
Design and engineering, including rights-of-way for Interstate 95 widening between the Baldwin Bridge and the Gold Star Bridge
Relocation and reconfiguration for the Interstate 91 interchange 29 in Hartford
Rehabilitation and repair for the Interstate 95 Gold Star Bridge
Reconfiguration for Route 7 and Route 15 interchange in Norwalk
Design and engineering for Route 9 improvements in Middletown
Urban bikeway, pedestrian connectivity, trails and alternative mobility programs
Rehabilitation for Route 15 West Rock Tunnel and interchange 59
Implementation of Innovative Bridge Delivery and Construction Program
Bureau of Public Transportation
Bus rolling stock for service expansions
State-wide rail rolling stock replacement program, including café cars on the New Haven Line
Continued expansion, rolling stock and development of stations on the Hartford Line
Extension of the CTfastrak bus rapid transit corridor east to Manchester
Implementation of a bus rapid transit corridor for Route 1 between Norwalk and Stamford
New signal system on the Waterbury branch line
Interim repairs to the SAGA moveable and Cos Cob bridges on the New Haven Line
Design, engineering and construction of a new dock yard on the Danbury branch line
Design and construction of the Orange, Barnum and Merritt 7 stations on the New Haven Line and Danbury branch line
Development of a Madison station and parking garage on Shoreline East
Study for an East Lyme (Niantic) station on Shoreline East
Design and construction of a parking deck and pedestrian bridge in New Haven on the New Haven Line
Design and construction of a pedestrian bridge in Stamford on the New Haven Line
Implementation of a statewide, real-time location and bus information system
Implementation of a real-time audio and video system on the New Haven Line
Development of a plan to upgrade capacity and speed on the New Haven Line
Study for statewide, centralized paratransit service coordination

EFFECTIVE DATE: July 1, 2015

16. S.B. NO. 697 (COMM) (FILE NO. 488) AN ACT CONCERNING AN ENTREPRENEUR LEARNER'S PERMIT PROGRAM. (CE,CE,GAE,FIN)

See File 488.

17. S.B. No. 1135 (RAISED) AN ACT ESTABLISHING A SUSTAINABLE PATH FOR MAINTAINING THE BUDGET RESERVE FUND AND REDUCING THE EFFECT OF REVENUE VOLATILITY ON THE STATE BUDGET. (FIN) (JFS)

FISCAL IMPACT:

State Impact:

Agency Affected	Effect	FY 15 $	FY 16 $	FY 17 $
Resources of the General Fund	Revenue Impact	None	None	Potentially Significant
Resources of the Budget Reserve Fund	Revenue Impact	None	None	Potentially Significant
Resources of the State Employees Retirement Fund	Revenue Impact	None	None	Potentially Significant

Municipal Impact: None

Beginning in FY 17, the bill establishes a transfer of General Fund revenue to the Budget Reserve Fund (BRF) and the State Employees Retirement Fund (SERF), which is determined by a statutory formula. This results in a potentially significant diversion of revenue from the GF to the BRF and SERF in FY 17 and annually thereafter.5

In order for a revenue transfer to be triggered, total "combined revenue" must be in excess of a calculated threshold based on the average difference (as a percentage) between actual revenue and the ten year average.[6] The bill allows for the threshold to be adjusted for changes in tax policy that impact the corporation business tax or the personal income tax.

Based on current revenue estimates the bill will not result in a GF revenue transfer until FY 18, at which point approximately $82 million will be diverted.

[5] Per the bill, BRF revenue can be accessed in the event of a decrease in GF revenue greater than 2% over the prior year (for example, during a recession).
[6] For the purposes of the bill "combined revenue" is equal to the sum of: 1) the corporation business tax, and 2) the estimated & final payments portion of the personal income tax.

Under this scenario, the FY 17 threshold is $5,164 million while combined revenue is $5,099 million, or approximately $65 million less than the threshold. Due to the historical volatility of combined revenue the bill may still result in a transfer from the General Fund in FY 17 depending on actual revenue collected.

Based on historical data, the transfer of GF revenue to the BRF and SERF may exceed $800 million in a fiscal year. The table below compares actual deposits into the BRF to deposits that would have occurred under the provisions of the bill.

FY	Actual Deposit into BRF	Transfers as Calculated Under the Bill
2004	302,200,000	24,557,248
2005	363,900,000	433,646,700
2006	446,500,000	697,097,504
2007	269,200,000	815,841,033
2008	-	818,479,382
2009	-	-
2010	(1,278,500,000)	-
2011	(103,200,000)	-
2012	93,500,000	74,994,072
2013	177,200,000	200,364,682
2014	248,500,000	-

The breakout of the transfer from the GF to the BRF or SERF varies based on the amount of funds currently in the BRF relative to total GF appropriations, which is illustrated in the table below.

BRF Balance / Appropriations	Budget Reserve Fund	State Employees Retirement Fund
0 to 5%	95%	5%
5 to 10%	90%	10%
10 to 15%	85%	15%
Greater than 15%	0%	100%

SUMMARY OF SUBSTITUTE BILL:

This bill creates a mechanism for diverting projected surpluses in certain income and corporation tax revenues during the fiscal year to the Budget Reserve Fund (BRF). It does so by (1) establishing a formula for calculating a threshold level for deposits to the BRF and (2) requiring anticipated revenue that exceeds this threshold to be automatically diverted during the fiscal year from the General Fund to a newly created Restricted Grants Fund. The bill requires the (1) state comptroller to begin certifying the threshold amount in FY 16 and (2) state treasurer to begin making the transfers in FY 17. The state treasurer must transfer any amounts in the Restricted Grants Fund at the end of each fiscal year to the BRF.

The bill increases the BRF's maximum balance from 10% to 15% of the net General Fund appropriations for the current fiscal year. Beginning in FY 17, it also requires that a portion of the amounts deposited in the BRF be used to pay the State Employee Retirement Fund's unfunded liability. This portion ranges from 5% to 15% of the amount deposited in the BRF, depending on the BRF's balance.

As under existing law, once the BRF reaches the maximum, the treasurer may not transfer additional funds to it. Any remaining funds must go towards (1) the State Employee Retirement Fund's unfunded liability and (2) paying off outstanding state debt.

Beginning in FY 17, the bill authorizes the legislature to transfer funds from the BRF to the General Fund in any fiscal year in which the April 30 consensus revenue estimate projects a 2% decline in General Fund tax revenue from the current fiscal year to the next fiscal year. It also allows them do so for the three subsequent fiscal years.

Beginning by December 15, 2020, the bill requires the Office of Policy and Management secretary, Office of Fiscal Analysis director, and state comptroller to report to the Finance, Revenue and Bonding Committee on the BRF deposit formula and include any recommended changes.

EFFECTIVE DATE: July 1, 2015