



Analysis of FY18-19 Biennial Budget Implementer Changes:

Arts & Culture Related

October 27, 2017

On October 26, the Connecticut General Assembly adopted a bipartisan biennial budget that was the result of a month of negotiations between the leadership of Republican and Democratic caucuses in the House and the Senate. The State Senate adopted the budget by a vote of 33-3 and the House of Representatives adopted the budget by a vote of 126-23. Governor Malloy was not involved in negotiations during the last several weeks preceding the vote. He has not yet announced whether he intends to sign or veto the budget, but the votes in the House and Senate exceeded the threshold to override a potential veto.

Below are excerpts of an analysis from the Office of Legislative Research (OLR) of the 881 pages of budget implementer language, which makes numerous policy changes to state government, many of which will effect nonprofits. The document summarizes relevant sections of the bill. If you would like to read those sections as they appear in law, [click here](#) to view the full bill. You can read the full OLR Bill Analysis on the budget [here](#).

To read The Alliance analysis of the appropriations made in this budget, [click here](#).

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Arts & Culture – Specific:

§ 214 — ARTWORK IN STATE BUILDINGS

Prohibits, for two years, the state bond commission from allocating a portion of bond proceeds for art work in state building projects

- Prohibits, from January 1, 2018 to January 1, 2020, the state bond commission from allocating, for the purchase of artwork, bond proceeds for constructing, reconstructing, and remodeling state buildings
- Current law requires that the state bond commission allocate at least 1% of bond proceeds for artwork in state building projects
- Applies the prohibition to projects commenced on or after January 1, 2018 to January 1, 2020

§ 626 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDITS

Permanently bars the issuance of film and digital media tax credits to certain motion pictures; allows the credits to be used against the gross receipts tax on cable, satellite, and competitive video services

- Restores and makes permanent the moratorium on issuing film and digital media production tax credits to certain motion pictures
 - Prior moratorium expired on July 1, 2017
 - Moratorium does not apply to motion pictures that conduct at least 25% of their principal photography days in a Connecticut facility that receives at least \$25 million in private investment and opens for business on or after July 1, 2013
- Starting January 1, 2018, allows credits to also be claimed against the gross receipts tax on cable, satellite, and competitive video services
- Under current law, credits may only be claimed against the insurance premium and corporation business tax
- Limits the extent to which transferred credits may be claimed against the gross receipts tax on cable, satellite, and competitive video services as follows:
 - For the income year beginning on or after January 1, 2018, transferred credits may be claimed against such tax (1) only if there is common ownership of at least 50% between the transferor and transferee and (2) at 92% of face value
 - For income years beginning on or after January 1, 2019, transferred credits may be claimed against such tax (1) at 92% of face value if there is at least 50% common ownership between the transferee and transferor or (2) at 95% of face value if transfer is to another taxpayer

§§ 637 & 639 — TOURISM FUND

Establishes a tourism fund and capitalizes it by transferring 10% of the room occupancy tax

- Establishes a separate and non-lapsing tourism fund and capitalizes it with 10% of the revenue generated by the room occupancy tax
- Requires the revenue services commissioner to deposit 10% of the revenue generated by the room occupancy tax in the fund
- The fund must also contain any other money the law requires to be deposit in the fund

§ 662 — CONNECTICUT TELEVISION NETWORK (CT-N) REDUCTION

Reduces by half the amount of specified tax revenue that must be reserved for CT-N

- Reduces, from \$3.2 million to \$1.6 million, the amount of revenue that is reserved for CT-N from the gross receipts tax on cable, satellite, and competitive video services companies

Overarching, With Implications for A&C:

§ 140 — NONPROFIT COLLABORATION INCENTIVE GRANT PROGRAM

Eliminates annual solicitation requirements for nonprofit grant program

- Eliminates the annual requirement for the OPM secretary to publish a notice of funding availability and solicit proposals for funding under the nonprofit collaboration incentive grant program
- Under existing law, unchanged by the bill, eligible nonprofit organizations may apply for such funding at times and in a manner the OPM secretary prescribes
- By law, the program provides grants to nonprofit organizations for infrastructure costs related to the consolidation of programs and services resulting from the collaborative efforts of two or more such organizations

§ 212 — PERFORMANCE-INFORMED BUDGETING

Requires the governor and the legislature, in developing each biennial budget, to consider performance-informed analyses submitted by selected budgeted agencies

- Requires the legislature to identify at least one budgeted agency for each biennium, beginning July 1, 2017, to transmit specified information and analyses for a performance-informed budget review for the next biennium
- The Office of Fiscal Analysis (OFA) must provide technical support in identifying the agency or agencies
- “Performance-informed budget review” means consideration by the legislature and governor when developing a budget of an analysis by a budgeted agency of each program it administers, including information and analyses the bill specifies, such as program goals, fiscal and staffing data, the populations served, the amount of service provided and its effectiveness, the measurable impact on service recipients' quality of life, and any recommendations to improve the program's performance
- By October 1, 2018, and each October 1 of every even-numbered year thereafter, the administrative head of the agency or agencies selected in the immediately preceding biennium must transmit the required information to the (1) OPM secretary, (2) Appropriations Committee (through OFA), (3) Finance, Revenue and Bonding Committee and (4) relevant committee of cognizance. He or she must do so using the results-based format developed by the Appropriations Committee's accountability subcommittee
- The governor and legislature must consider this information and analysis in developing biennial budgets, and a public review of the reports transmitted by each agency must be incorporated into the budget hearing process conducted by the relevant subcommittees of the Appropriations Committee
- Creates a joint bipartisan subcommittee on performance-informed budgeting consisting of seven members each from the Finance, Revenue and Bonding and Appropriations committees, and specifies the appointing authorities, terms, and how chairpersons are chosen.

§ 250 — FISCAL STABILITY AND ECONOMIC GROWTH COMMISSION

Establishes a 14-member commission to develop and recommend policies to achieve state government fiscal stability and promote economic growth and competitiveness

- Establishes a 14-member Commission on Fiscal Stability and Economic Growth
- Requires the commission to develop and recommend policies to (1) achieve state government fiscal stability and (2) promote economic growth and competitiveness in Connecticut
 - Specifies that it study and make recommendations on state revenues, tax structures, spending, debt, administrative and organizational actions, and related activities, including relevant municipal activities

- Specifies that the purpose of the study and recommendations is to (1) achieve consistently balanced and timely budgets that support family and business interests and revitalizing major cities and (2) materially improve the state's attractiveness for businesses and residents
- Provides that the commission's members include six appointed by the legislative leaders and eight appointed by the governor, all to be made within 30 days after the bill's passage
 - Limits commission members to those with expertise in public finance, economic growth and development, job creation, or public administration
 - Prohibits appointment of current public officials
 - Requires appointing authorities to try to coordinate appointments so to have policy balance and diversity
 - Specifies that any vacancy is to be filled by the appointing authority
 - Requires the governor to select the commission's chairpersons from among the members
 - Requires appointees to abide by Connecticut ethics laws for public officials and prohibits members from receiving compensation for serving on the commission
- Requires the commission's chairpersons to schedule and hold the commission's first meeting within 40 days after the bill's passage
 - Requires the OPM secretary and DECD commissioner to (1) provide staff for the commission and (2) each designate at least one staff member to attend the commission's meetings
 - Requires the legislature's four caucuses, the treasurer, the comptroller, and the attorney general to each appoint a staff member to (1) attend commission meetings if asked and (2) inform their respective agencies about the commission's activities
- Authorizes the commission to ask any state office, department, board, commission, or other agency to provide information and assistance as may be needed or appropriate to fulfill its tasks
- Requires the commission to hold at least one public hearing on its proposals
- Requires the commission, by March 1, 2018, to report to the governor, the legislature, and the Appropriations; Commerce; Finance, Revenue and Bonding; and Planning and Development committees on its findings and recommendations
 - Requires the commission to end on the later of when it submits its report or March 1, 2018
- Requires the Appropriations; Commerce; Finance, Revenue and Bonding; and Planning and Development committees to hold a joint public hearing or individual public hearings on the commission's report by March 30, 2018
- Requires, during the 2018 regular session, (1) at least one of the above legislative committees to introduce, hold a public hearing on, and report out at least one bill with the report's recommendations that are relevant to the committee's cognizance and (2) the legislature to hold a vote on the bill (it is unclear whether this provision is enforceable against future legislatures)

§ 389 – NONPROFIT GRANT PROGRAM BOND AUTHORIZATION

This section authorizes bond funding for the Nonprofit Grant Program

- Sec. 389 authorizes \$25 million in bonds for the Nonprofit Grant Program

§ 706 — BOND COVENANT TIED TO BRF, SPENDING CAP, AND GO BOND CAP LAWS

Requires certain state bonds to include a pledge to bondholders that the state will comply with the BRF law, spending caps, and GO and credit revenue bond caps, except under limited circumstances

- For each fiscal year during which state general obligation (GO) or credit revenue bonds issued from May 15, 2018 to June 30, 2020, are outstanding, expressly requires the state to comply with the following requirements in the bill and existing law:

- BRF law, as amended by the bill (§ 704)
- Cap on General Fund and STF expenditures in effect as of the bill's effective date (§ 705)
- Statutory spending cap, as amended by the bill (§ 709)
- Caps on GO and credit revenue bond authorizations, allocations, issuances, and expenditures, as established by the bill (§§ 710-712)
- Also requires, for such bonds issued during this timeframe, that the treasurer include a pledge to bondholders that the state will not enact any laws taking effect from May 15, 2018 to June 30, 2028, that change the state's obligation to comply with the laws listed above until the bonds are fully paid off, unless the following conditions are met:
 - bondholders are protected in another way or
 - (1) the governor declares an emergency or the existence of extraordinary circumstances in which he invokes the statute allowing him at his discretion, and requiring him whenever the comptroller projects a General Fund budget deficit greater than 1%, to reduce appropriated accounts by up to 5% and total fund appropriations by up to 3% (CGS § 4-85), (2) at least three-fifths of the members of each house of the General Assembly approve the change in compliance, and (3) the change is limited to the fiscal year in progress
- Under the bill, the pledge must apply for 10 years from the bonds' first issuance date, but not to refunding bonds issued to pay the original bonds

§ 709 — STATUTORY SPENDING CAP DEFINITIONS

Modifies definitions used to calculate the state's statutory spending cap and requires a base adjustment under certain circumstances

- Existing statutory spending cap bars the legislature from authorizing an increase in “general budget expenditures” for any fiscal year that exceeds the greater of the “increase in personal income” or “increase in inflation,” unless (1) the governor declares an emergency or the existence of extraordinary circumstances and (2) at least three-fifths of each house of the legislature approves the extra expenditure for those purposes (CGS § 2-33a)
- Current law defines the “increase in personal income” as the state's average annual increase in personal income for the preceding five years, based on United States Bureau of Economic Analysis data; bill instead defines it as the compound annual growth rate of the personal income in the state over the preceding five calendar years
- Bill excludes food and energy items from the consumer price index for urban consumers (CPI-U) used to calculate the “increase in inflation,” and requires it to be calculated on a calendar year basis (December over December basis)
- Modifies the definition of “general budget expenditures” by:
 - Eliminating the exclusion for statutory grants to distressed municipalities if the grants were in effect on July 1, 1991
 - Excluding expenditures of federal funds granted to the state or state agencies
 - Requiring expenditures for federal programs in which the state is participating as of the bill's passage and receiving federal matching funds to be subject to the cap; Expenditures for such programs in which the state begins participating after the bill's passage are excluded from the cap for the first fiscal year in which they are authorized, but must be considered general budget expenditures for that year for purposes of determining the following year's general budget expenditures
- Temporarily excludes from the cap certain payments for unfunded pension liabilities
 - For FYs 18 through 22, excludes annual expenditures for the portion of the actuarially determined employer contribution (ADEC) representing the unfunded liability for that fiscal year for any retirement system or alternative retirement program administered by the State Employees Retirement Commission, other than the teachers' retirement system

- For FYs 18 through 26, excludes annual expenditures for the portion of the ADEC representing the unfunded liability for that fiscal year for the teachers' retirement system
- Requires that a base adjustment be made in any fiscal year in which an expenditure's funding source is converted, from the previous fiscal year, from (1) an appropriation to state bonding, a revenue intercept, or a nonappropriated source, or (2) any of these three funding sources to an appropriation

§§ 710-712 — CAP ON GENERAL OBLIGATION (GO) AND CREDIT REVENUE BOND ALLOCATIONS, ISSUANCES, AND SPENDING

Imposes caps on the amount of GO and credit revenue bonds (1) the State Bond Commission may allocate each calendar year starting January 1, 2017; (2) the treasurer may issue each fiscal year starting July 1, 2018; and (3) for which the governor may approve allotment requisitions in any fiscal year

- Imposes caps on GO and credit revenue bond allocations, issuances, and spending, with certain exclusions
 - Beginning January 1, 2017, imposes a \$2 billion aggregate cap on the amount of GO and credit revenue bonds the State Bond Commission may authorize (i.e., allocate) in any calendar year (allocation cap)
 - Beginning July 1, 2018, imposes a \$1.9 billion aggregate cap on the amount of GO bonds or notes and credit revenue bonds the treasurer may issue in any fiscal year (issuance cap)
 - Prohibits the governor from approving allotment requisitions (i.e., expenditures) that would result in the issuance of more than \$1.9 billion in GO bonds or notes or credit revenue bonds in any fiscal year (spending cap)
- Excludes from the issuance and spending caps bonds issued as part of the Connecticut State University 2020 or UConn 2000 infrastructure programs
- Requires the caps to be annually adjusted for inflation (based on the change in the consumer price index for all urban consumers for the preceding calendar year, less food and energy)
- Annually, beginning by January 1, 2018, requires the treasurer to provide the governor with a list of allocated but unissued bonds (i.e. bonds authorized by the legislature and allocated by the State Bond Commission, but not yet issued by the treasurer); requires the governor to post the list on the Governor's office webpage
- Beginning by April 1, 2018, requires the governor annually to provide the treasurer with a list of GO and credit revenue bond expenditures of up to \$1.9 billion that can be made on the following July first; requires him to post the list on the Governor's office website
- Existing law, unchanged by the bill, limits the total amount of General Fund-supported state debt the legislature can authorize to 1.6 times the estimated net General Fund tax receipts for the fiscal year of the authorization (CGS § 3-21)

Addendum

§ 208 — YOUTH SERVICES GRANTS

Appropriates funds, for FYs 18 and 19, to the Judicial Branch for specified youth services grants, in the following amounts:

Agency	Amount
Advocacy Academy Accomplish Education Inc.	\$8,000
Archipelago Inc. Project Music	\$37,500
Arte Inc.	\$80,000
Artist Collective	\$10,000
Artist Collective	\$10,000

Beat the Street Community Center	\$15,000
BIMEC (Believe in Me Corp)	\$15,000
Boys & Girls Club of Greater Waterbury	\$18,333
Boys & Girls Club of Greater Waterbury	\$18,333
Boys & Girls Club of Southeastern Connecticut	\$5,000
Boys and Girls Club of Lower Naugatuck Valley	\$30,000
Boys and Girls Club of Meriden	\$10,000
Boys and Girls Club of Stamford	\$37,500
Boys and Girls Club/Chandler Street	\$30,000
BREGAMOS THEATER	\$10,000
Bridgeport Caribe Youth Leaders, Inc.	\$25,000
Bridgeport Caribe Youth League, Inc.	\$85,000
BSL Education Foundation	\$20,000
Buddy Jordan Foundation	\$40,000
C.U.R.E.T	\$10,000
C.U.R.E.T	\$10,000
Caribe Youth Leaders	\$55,000
Central CT Coast YMCA/Hamden	\$40,000
Central CT Coast YMCA/Valley	\$40,000
CHAMP Community Hands in Action Mentoring Program	\$10,000
Charter Oak Boxing	\$15,000
Church of the Good Shepard	\$110,000
Citadel of Love	\$20,000
City of Meriden/Police Cadets	\$10,000
Computer Center Pope Park	\$30,000
Cross Street Training and Academic Center, Inc.	\$5,000
East Hampton Youth and Family Services	\$55,000
Ebonyhorse Woman, Inc.	\$10,000
Ebonyhorse Woman, Inc.	\$10,000
Family Reentry Organization, Inc./Transition Mentoring Program	\$10,000
Friends of Pope Park Troop 105	\$35,000
Garde Arts Center	\$15,000
Girls, Inc.	\$10,000
Goodworks, Inc.	\$10,000
Goodworks, Inc.	\$10,000
GVI	\$25,000

Haitian Woman Association - Anacaona Youth Enrichment Program	\$25,000
Hartford Drill, Drum and Dance Corp.	\$20,000
Hartford Urban League	\$7,500
Hartford Urban League	\$7,500
Headquarters & Church Care of Kanaan Baptist Church	\$110,000
Heavy Hitters USA	\$5,000
HIGHER HEIGHTS YOUTH EMPOWERMENT PROGRAMS, INC	\$20,000
Hispanic Coalition of Greater Waterbury, Inc.	\$18,333
Hispanic Coalition of Greater Waterbury, Inc.	\$18,333
Historically Black College Alumni, Inc.	\$5,000
Human Resources Agency of New Britain, Inc.	\$65,000
Kids Kook Association, Inc.	\$10,000
M.G. LL	\$45,000
McGivney Center	\$25,000
Meriden Wallingford Chrysalis	\$15,000
Meriden YMCA	\$10,000
Mi Casa	\$40,000
Middlesex United Way	\$85,000
Mount Olive Ministries	\$15,000
New Haven Reads Community Book Bank	\$50,000
New London Babe Ruth League, Inc.	\$5,000
New London Football League	\$15,000
New London Little League, Inc.	\$10,000
New London NAACP	\$5,000
New Opportunities of Greater Meriden/Boys to Men Program	\$12,000
NH Symphony Orchestra	\$25,000
O.P.M Afterschool Program	\$25,000
Oddfellows Playhouse	\$20,000
OIC	\$25,000
Orcutt Boys and Girls Club	\$55,000
Original Works Inc.	\$10,000
Our Piece of the Pie	\$10,000
Our Piece of the Pie	\$10,000
Pathways Sandero Center/Greater New Britain Teen Pregnancy Prevention Inc	\$20,000
Patrons of the Trumbull Nature & Arts Center, Inc.	\$20,000
Police Activity League of Waterbury C/O Waterbury YMCA	\$18,333

Police Activity League of Waterbury C/O Waterbury YMCA	\$18,333
Police Athletic League/ NH PAL	\$45,000
Project Overcome Inc.	\$20,000
r' Kids, Inc.	\$35,000
Riv Memorial Foundation Inc.	\$18,333
Riv Memorial Foundation Inc.	\$18,333
Rushford Hospital youth Program	\$10,000
Safe Futures, Inc.	\$20,000
Solar Youth	\$40,000
Sound Community Services, Inc.	\$10,000
St. Margaret Willow Plaza NRZ, Assoc. Inc.	\$18,333
St. Margaret Willow Plaza NRZ, Assoc. Inc.	\$18,333
Stamford YMCA	\$10,000
Stamford YMCA	\$40,000
Stratford Police Athletic League	\$10,000
Sullivan Basketball Academy, Inc.	\$20,000
Supreme Athletes	\$15,000
Take A Chance Foundation Inc.	\$20,000
The Pillar	\$10,000
The Village Initiative Project, Inc.	\$25,000
The Walter E. Lockett Jr. Foundation	\$100,000
Town of Clinton/Partner in Community	\$55,000
Town of East Hartford: Youth Services/Youth Task Force	\$55,000
Town of Manchester	\$55,000
United Mentoring Academy, Inc.	\$20,000
Upper Albany Collaborative	\$12,500
Upper Albany Collaborative	\$12,500
Upper Albany Collaborative	\$32,500
Upper Albany Collaborative	\$32,500
VETTS, Inc.	\$65,000
Village Initiative Project, Inc.	110,000
Walnut Orange Walsh Neighborhood Revitalization Zone Association Inc.	\$18,333
Walnut Orange Walsh Neighborhood Revitalization Zone Association Inc.	\$18,333
William E Edwards Academic College Tours, Inc.	\$15,000
Windsor Collaborative	\$10,000
Windsor Collaborative	\$10,000

Windsor Collaborative	\$5,000
Windsor Collaborative	\$5,000
With These Hands	\$70,000
Women & Family Center	\$10,000
Writer's Block Ink	\$15,000

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(*Areas of focus include Arts & Culture)