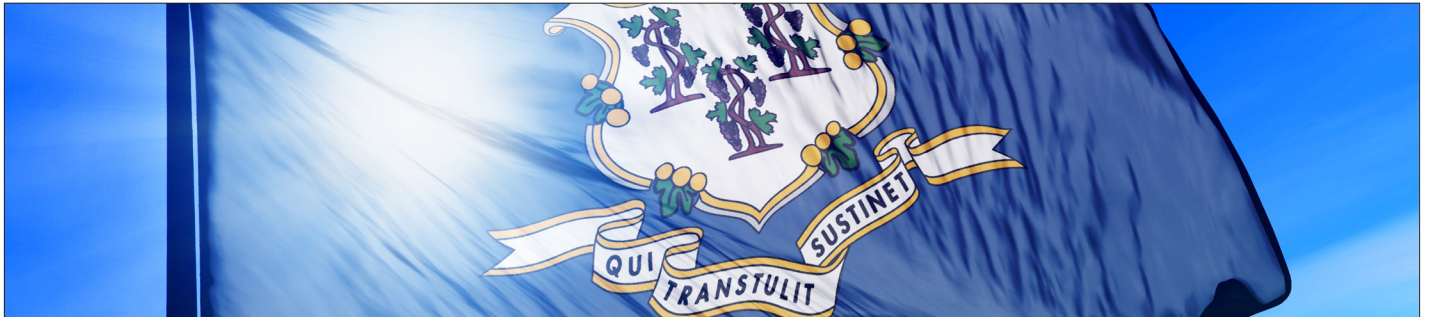


## CAPITOL UPDATE

### THE GOVERNMENT AFFAIRS GROUP



## A Snapshot of Issues in the 2020 Legislative Session

The Government Affairs Group of Murtha Cullina LLP | February 3, 2020

With the holidays behind us and ongoing dysfunction in Washington, DC, state legislatures continue to be a hotbed of activity in governing. Connecticut, like the region, will continue to be an active legislature this year. 2020 marks the second year of a two-year legislative session, often referred to as the “short session,” which will convene on February 5, and will adjourn on May 6, 2020.

This year is also an election year and every member of the Connecticut General Assembly is up for re-election. There are 151 Members of the House of Representatives and 36 Senators and both chambers have a democratic majority. The Democratic majority numbers 91 seats to 60 Republican seats in the House of Representatives and 22 seats to 14 Republican seats in the Senate.

The short session also marks the second year in a biennium budget so except for some tweaking, the severe fiscal concerns that faced Governor Lamont upon taking office have been mostly addressed for the biennium. Although if the country were to enter into an economic downturn, the state’s fiscal health could worsen quickly perhaps requiring budget negotiators to dip into the recently replenished rainy day fund to balance the state budget. Beyond the budget, the Governor and legislature expect to tackle several other public policy issues this year.

**Transportation Infrastructure and Tolls** – The issue of tolls continues to dominate the Governor’s time and attention. Since running for election, Governor Lamont has changed his toll proposal many times from trucks-only tolling, to tolling all vehicles, back to trucks-only tolling and settling on what appears to be tolling of big rigs on state bridges and highways.

The General Assembly had planned to go into special session prior to February 5th to put an end to the toll debate but legislative leadership contacted the Governor on Thursday, January 30th to inform him that plans for a special session were cancelled. According to legislative leaders, they plan to address the issue during the regular legislative session.

The Governor’s latest proposal would raise approximately \$170 million per year to repair the state’s aging infrastructure. Tolls have become so contentious since Governor Lamont’s election that a no-tolls local official lost her seat on the Republican Town Committee in Fairfield and pro-toll advocates rallied in Fairfield County while no-toll advocates rally in and outside the Capitol. The intent of the proposal is to generate funds to repair and rebuild Connecticut’s aging infrastructure. Republicans in the House and Senate remain opposed to tolls because of their lack of trust in state government and in their view government’s habit of raiding funds and using them for other pet projects. We anticipate Republicans will continue the battle of tolls into the regular session and through the election cycle.

**Vaccinations** – One challenging public health issue that is expected to be addressed during the 2020 session concerns vaccinations for children. Connecticut law now allows parents to claim a religious exemption to exempt their children from being vaccinated. However, the Department of Public Health recently reported that 149 schools in Connecticut are lacking “herd immunity” to protect children who cannot be vaccinated because of medical conditions. Herd immunity is achieved when 95% of children are vaccinated. Reports issued in 2019 showed an increasing number of schools in Connecticut without herd immunity because levels of vaccinated children were below 95% of the total population. Legislative leadership has promised to address the issue despite a strong contingent of concerned parents who want to preserve the religious exemption.

**Vaping** – With health concerns over teen vaping escalating in the state, the General Assembly in 2019 raised the age to 21 to purchase all tobacco products including e-cigs. In the late summer and fall there was a rash of severe illnesses and deaths that were traced back to the use of e-cigarettes. Many states reacted by placing a temporary ban on the sale of e-cigs or flavored e-cigs. Connecticut did not. When this matter was fully investigated by the Center for Disease Control (CDC) and the Food and Drug Administration (FDA), it was discovered that virtually all medical issues were the result of people using illicit vapor products containing THC and Vitamin D Acetate. These products were bought on the street or from bootleg online sources. The FDA has since banned the sale of all flavored cartridge based e-cigs except menthol. This issue is sure to be discussed this session by those who feel that the FDA did not go far enough in their ruling.

**Healthcare Reform Efforts** – The legislature is expected to revisit efforts to reform the healthcare system in the upcoming session. During the 2019 session legislation was introduced creating a public option for health insurance. Included in an amendment by the Chairs of the Insurance Committee on the bill in the last two weeks session was a proposal to create an organization modeled on the Massachusetts Health Policy Commission. The Connecticut version of the Massachusetts Commission would set benchmark pricing or payment models to control costs in the health care system.

The amendment swept hospitals, surgical centers, clinics and physician organizations into a definition of a “Health Care Entity” and created a process whereby health care entity cost drivers in the system are subject to a public hearing process. Additionally, determined cost drivers were required to develop a performance improvement plan if the cost associated with the services rendered exceeded the established benchmark in a certain area.

The 2019 amendment also included a provision to allow for the importation of prescription drugs from Canada into Connecticut. The legislation passed the House but failed to pass the Senate prior to adjournment last year.

The Insurance Committee held an informational forum in November to look at various proposals to reform the healthcare system. This forum will be the basis for crafting legislation in 2020, which will likely include a benchmarking system, a reinsurance component and prescription drug importation from Canada.

On January 22, Governor Lamont signed Executive Order No. 5, which charges the Office of Health Strategy, headed by Vicki Veltri, to create a Connecticut Cost Benchmark Technical Advisory Board to develop benchmarks in healthcare by December of this year.

**Sports Betting and Off-Reservation Casino** – To date, the Governor and legislature have tried to achieve global consensus on these issues and have not been successful. The state’s two Native American Tribes, the Mashantucket Pequot and Mohegans, believe the state compacts signed more than 25 years ago provide them sole ownership of any type of sports betting, online or otherwise.

Senator Osten continues to lead the charge on this issue and recently announced a draft bill that would allow the state’s two Tribes to operate retail and online sports betting and establish a Bridgeport Casino to be operated jointly by the Tribes. The proposal would also allow for internet lottery and online keno as well as create “entertainment zone facilities” to be run by the Tribes in Hartford, New Haven and a third municipality jointly selected by the Tribes.

Ultimately, the Governor would have to re-negotiate and amend the compacts with the Tribes in order for the Tribes to gain exclusivity on sports betting. Osten's proposal has the support of Senate Democratic leadership and various members of all four caucuses. Meanwhile, the Tribes joint venture to develop an East Windsor casino has yet to be constructed. MGM continues to state they will pursue all legal avenues if Connecticut does not allow for open competitive bidding for developing a third casino or operating sports betting. All the while, Connecticut neighbors continue to pass laws allowing sports betting including most recently New Hampshire. Rhode Island also has legalized sports betting. With all this uncertainty, there is room for movement on this issue in 2020.

**Recreational Marijuana** – This issue will once again be a hot topic. The Governor supports the legalization of regulated recreational marijuana. The Governor desires a regional approach with neighboring states New York and New Jersey to try to have similar, coordinated policies. Meanwhile, adjacent Massachusetts is currently selling recreational marijuana in dispensaries while Maine and Vermont have passed laws legalizing it.

**Bonding** – One major unfinished issue is a 2019 bond package that is still stuck in a stalemate between the Governor and legislature. The Governor has made his support of a bonding bill contingent upon the legislature adopting tolls to finance road and bridge repairs. All the while, legislators are concerned that a stalemate on bonding has prevented projects from being funded in their districts. If a watered-down tolls proposal does pass the General Assembly, bond funds may still be tightly controlled as a result of decreased revenue from tolls. The standoff continues.

**Potential Efforts to Tax Nonprofits** – As municipalities face mounting fiscal challenges, they will step up the pressure on the state to authorize municipal taxation of nonprofit entities. Municipal leaders claim that tax exempt nonprofits have become a major financial burden, particularly in the major cities where they represent a significant percentage of the real property. Not-for-profit-organizations remain committed to maintaining their tax-exempt status, which if repealed, would decrease funds from their primary purpose. This issue will continue to play-out in the 2020 legislative session.

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