



# CTCPA

## 2021 Legislative and Regulatory Summary

July 2021

Dear CTCPA Member,

The Connecticut Legislative Session has finally come to an end. A whirlwind of a session, primarily virtual, took us all for a ride this year.

The CTCPA and our lobbyists worked tirelessly advocating on a wide variety of matters. From audits to taxation to unemployment, we testified and spoke with legislators and the administration throughout the session to ensure that CTCPA's membership was well represented and well served.

In addition to legislation, it has been a busy year on the regulatory front. In the midst of the crazy session, the CTCPA Advocacy Team also represented Connecticut accounting professionals at State Board of Accountancy meetings to advocate for the passage of regulatory changes we began working on with the State Board of Accountancy and the Department of Consumer Protection in 2018. We finally made it across the finish line at the end of June when these regulations were filed with the Secretary of State.

We are pleased to share with you the results of our state regulatory and legislative efforts. We also want to thank you for sending letters and making calls to public officials when asked to do so. We would also like to give a special shout-out to our dedicated group of volunteers who helped draft white papers and review last-minute amendments at legislators' requests, which seemed only to happen on evenings or weekends. CTCPA member engagement is essential to CTCPA's effective advocacy efforts. Thank you!

The CTCPA 2021 Legislative and Regulatory Summary follows. Should you have any questions or concerns, please contact one of us.

Best,

  
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## CANNABIS

Cannabis was a hot topic during this year's legislative session. All the bills related to cannabis failed to move forward during the regular session. SB 1201 was introduced during the Special Session and passed. Below are the sections of the measure that are of most significant interest to CTCPA members.

***Recreational Cannabis Employment Matters*** – See the Labor & Employment section of this document.

***Recreational Cannabis Possession and Use*** – Allows the legalization of marijuana. Specifically, it allows persons of the age 21 and older to possess 1-1.5 ounces of cannabis plant material and 5 ounces of such material securely locked in a container in the possessor's home or glove box or trunk of that person's vehicle. Starting July 1, 2023, the possession limit does not include any live plants. Penalties are included in this bill regarding possession by underage persons and possession that exceeds the outlined limits. These penalties are exempt if the person is authorized under the medical marijuana law.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021, except (1) the POST guidance provision is effective January 1, 2022, and (2) a conforming change regarding driver's license suspensions is effective April 1, 2022

***Cannabis-Related Financial Assistance And Workforce Training Programs*** – Authorizes up to \$50 million in state general obligation bonds for Department of Economic and Community Development (DECD) and the Social Equity Council to use for specified financial assistance and workforce training programs.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** June 22, 2021

***Cannabis Tax Matters*** – See the Taxes and Fees section of this document.

***CI Investments In Cannabis Establishments*** – Allows Connecticut Innovations, Inc. (CI) the ability to offer financial aid to cannabis establishments, including making equity investments in such establishments.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

***Criminal Record Erasure*** – Allows offenders who have been penalized for acts that have been decriminalized to request to have their offenses erased from their record. Should the conviction be appealed, the court must order the destruction of all incriminating documents.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2022, except for the automatic erasure provisions, which are effective January 1, 2023

**Financial Recordkeeping and DCP Enforcement** – Mandates cannabis establishments to update, maintain and keep records of their business transactions for the current tax year and the three immediately preceding years in an auditable format; gives the DCP commissioner certain powers to supervise and enforce the bill's provisions; exempts certain information from FOIA disclosure.

[June 2021 Special Session Public Act 21-1 \(SB1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

**Professional Licensing Denials** – Denies state entities from refusing to license a professional if they:

- Are employed or associated with a cannabis establishment,
- Possess or use cannabis that is legal under the bill or the medical marijuana law, or
- Have been convicted for possessing or using under 4 ounces of cannabis. This does not apply if denying a license is required due to:
  - Federal law
  - An agreement between the federal government and the state, or
  - A substantial risk to public health or safety.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

## **CPA RULES AND RESPONSIBILITIES**

Several changes were made to both state regulations and statutes concerning CPAs during the last few months. A set of regulatory changes that the CTCPA has been working on was approved by the legislature's Regulation Review Committee and submitted to the Secretary of State. The amended regulations will offer additional CPA Exam testing dates to ensure greater flexibility for candidates. The legislation also reduces confusion by bringing about conformity with American Institute of CPAs (AICPA) standards.

The Department of Consumer Protection and the State Board of Accountancy also jointly sought some additional new requirements for CPAs.

Information on all the modifications regarding CPAs can be found below:

**Commissions and Fees** – Brings Connecticut statutes concerning the prohibitions on commissions and contingency fees in line with the AICPA Code of Professional Conduct.

[Public Act 21-37 \(HB 6100\). An Act Concerning Department Of Consumer Protection Licensing And Enforcement, Antitrust Issues And The Palliative Use Of Marijuana And Revisions To The Liquor Control Act.](#)

**Effective Date:** October 1, 2021

**Continuous Testing** – Allows continuous testing on the CPA exam.

[Proposed Regulations 2019-027, Regulations 2021-010.](#)

**Effective Date:** June 30, 2021

**CPA Evolution** – Eliminates the names of the CPA exam sections to align with the UAA model and ensure Connecticut can offer the new exam in 2024 that includes technology.

[Proposed Regulations 2019-027, Regulations 2021-010.](#)

**Effective Date:** June 30, 2021

**Exam Eligibility** – Permits individuals who have earned 120 or more college credits, but have not yet graduated, to apply to take the CPA exam.

[Public Act 21-37 \(HB 6100\). An Act Concerning Department Of Consumer Protection Licensing And Enforcement, Antitrust Issues And The Palliative Use Of Marijuana And Revisions To The Liquor Control Act.](#)

**Effective Date:** June 25, 2021

**License Renewal** – Mandates CPA licenses be renewed online.

[Public Act 21-37 \(HB 6100\). An Act Concerning Department Of Consumer Protection Licensing And Enforcement, Antitrust Issues And The Palliative Use Of Marijuana And Revisions To The Liquor Control Act.](#)

**Effective Date:** October 1, 2021

**Notification Requirements for Change of Address and Other Employment Information** – Requires that any licensee, individual, or firm notify the State Board of Accountancy in writing within thirty days of any change of address, email address, or change of employment or any other information provided on the last renewal application.

Also adds that any firm that changes its legal form shall notify the State Board of Accountancy within 30 days. If there is any change in firm ownership or percentage ownership, the firm must apply for an initial permit.

[Proposed Regulations 2019-027, Regulations 2021-010.](#)

**Effective Date:** June 30, 2021

**Professional Conduct Rules** – Adopts the AICPA Code of Professional Conduct. The legislation and regulations passed in this session both pushed for adoption of the AICPA Code of Professional Conduct. The legislation focused on issues regarding commissions and contingency fees, whereas the regulations addressed ethical issues and uniformity.

[Public Act 21-37 \(HB 6100\). An Act Concerning Department Of Consumer Protection Licensing And Enforcement, Antitrust Issues And The Palliative Use Of Marijuana And Revisions To The Liquor Control Act.](#)

**Effective Date:** October 1, 2021

[Proposed Regulations 2019-027, Regulations 2021-010.](#)

**Effective Date:** June 25, 2021

**Record Retention Requirements** – Requires CPAs to keep records for a minimum of seven years unless federal law requires a more extended period.

According to the Office of Legislative Research summary of House Bill 6100, Section 34, “The bill requires CPAs to keep work product and workpaper related to work for a client for at least seven years after creation unless the law requires a longer retention. Current law only specifies that CPAs must retain workpaper as required by law.

As is the case under existing law, work product or workpaper related to the audit of a corporation subject to the Securities Exchange Act of 1934 must comply with the retention laws specific to those audits.”

[Public Act 21-37 \(HB 6100\) An Act Concerning Department Of Consumer Protection Licensing And Enforcement, Antitrust Issues And The Palliative Use Of Marijuana And Revisions To The Liquor Control Act.](#)

**Effective Date:** July 1, 2021

## **CRIMINAL BACKGROUND CHECKS, RECORDS, AND PUBLIC SAFETY**

There was a great deal of discussion about social justice and the need to modify state laws concerning criminal records, the use of background checks, and more. By the end of the session, a majority of legislators in the House and Senate agreed to make significant changes to the state's criminal record erasure laws and legalized, with restrictions, the possession and use of cannabis

**Broad Criminal Record Erasure** – Permits the erasure of certain criminal conviction records beginning in 2023. Following their most recent conviction, a person must wait seven years for the erasure of misdemeanors and ten years for felonies. Not all misdemeanors or felonies are eligible for erasure. Erasure eligibility does not apply to:

- Class A, B, C, and specific class D felonies,
- Unclassified felonies that have more than a five-year prison terms,
- Family violence crimes,

- Particular crimes requiring sex offender registration,
- Certain class A misdemeanors.

No criminal record is eligible for erasure if the convicted person has not finished serving their sentence, including parole or probation.

The legislation also prohibits certain discriminatory acts based on criminal records that have been deleted.

[Public Act 21-32 \(SB 1019\). An Act Concerning The Board Of Pardons And Paroles, Erasure Of Criminal Records For Certain Misdemeanor And Felony Offenses, Prohibiting Discrimination Based On Erased Criminal History Record Information And Concerning The Recommendations Of The Connecticut Sentencing Commission With Respect To Misdemeanor Sentences.](#)

**Effective Date:** January 1, 2023, except for certain provisions on (1) discriminatory practices within CHRO jurisdiction (sections 11, 12, 16, 17, 23, 24 & 26) and (2) state agency discrimination (sections 18-22), which are effective October 1, 2021.

**Cannabis Criminal Record Erasure** – Allows individuals to seek the erasure of their criminal record for any marijuana-related crimes that have since been decriminalized.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2022, except for the automatic erasure provisions, which are effective January 1, 2023

**Recreational Use of Cannabis** – Decriminalizes the possession of a certain amount of marijuana and permits its recreational use for individuals who are at least 21 years old.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

## ECONOMIC AND COMMUNITY ASSISTANCE

**Community Investment Fund 2030** – Establishes a five-year program with up to \$875 million in bonds to fund eligible projects and grants in qualified municipalities. The municipal areas must be designated as public investment communities or alliance districts. The Community Investment Fund 2030 Board must be created within DECD and is responsible for accepting funding applications. The board must review the applications and submit them to the Governor for review.

If the Governor selects a recommended project, it must be considered within two months at a Bond Commission meeting.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Small Business Express Program** – Makes several changes to the DECD's Small Business Express Program. They include:

- Removing the matching grants and job creation incentive factors,
- Eliminating the constraint that there cannot be more than two minority business revolving loan funds and raises the maximum loan size these funds can deliver,
- Creating a more flexible assistance program by eliminating some requirements and expanding the kinds of support that may be given from the fund,
- Permitting, in consultation with Connecticut Innovations, the DECD Commissioner to create a new Small Business Express Program component,
- Modifying the administration and financing allocation of the Small Business Express Program component operated in cooperation with Connecticut-based financial institutions,
- Recreating the DECD goal that by July 1, 2026, the Small Business Express Program will be self-financed and have a nonpayment percentage of 20% or less.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021, except the provisions related to DECD's annual reporting requirements and the legislative hearing requirement, are effective upon passage

## GOVERNMENT ADMINISTRATION

**Remote Meetings** – Permits public agencies to hold virtual and hybrid meetings accessible to the public until April 30, 2022. Agencies holding such meetings must give a minimum of 48 hours notice, and the public must have the same opportunity to participate as those attending in person.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Electronic Transactions** – Allows municipalities as well as public agencies to perform and send certain notices and applications electronically and hold virtual meetings and hearings.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** October 1, 2021, except that most provisions affecting property tax circuit breakers are effective July 1, 2021

**Probate Court Orders** – Mandates all state agencies acknowledge, apply, and honor every probate court order, rejection, or decree the court by statute is authorized to issue. The measure makes parties appealing these probate decisions file all appeals in Hartford Superior Court, which is different than most probate appeals. Additionally, the measure;



- Makes technical changes,
- Mandates appeal hearings to start within 90 days after filing, except where a stay is granted by the Superior or probate court and,
- Does not allow the referral of an appeal to a special assignment probate judge by the Superior Court.

[Public Act 21-183 \(SB 940\). An Act Concerning State Agency Compliance With Probate Court Orders.](#)

**Effective Date:** October 1, 2021

## LABOR AND EMPLOYMENT

The 2021 Connecticut General Assembly session saw a slew of labor and employment proposals that would have driven up the cost of doing business in Connecticut. In some cases, it made it difficult to ensure the protection of those we serve. By the end of the legislative session, CTCPA was able to stop the measures of greatest concern, including restrictions on noncompete, non-solicitation, and exclusivity agreements and prohibitions on the use of criminal background checks.

The employment legislation that passed covers many matters. Below you will find topics from cannabis to voting rights and more:

***Breastfeeding in the Workplace*** – Creates specific conditions for employer-provided breastfeeding/breast milk expressing areas for employees. As long as it doesn't create an undue hardship, this space must:

- Be private and isolated from the public during times that milk is being expressed, and
- Be near or include a cold storage device to keep breast milk.

[Public Act 21-27 \(HB 5158\). An Act Concerning Breastfeeding In The Workplace.](#)

**Effective Date:** October 1, 2021

### Discrimination

***Age Discrimination in the Workforce*** – Bans age discrimination during the job application process. The measure specifically makes it a discriminatory practice to ask a potential employee their graduation date, birth date, or age on their initial application.

[Public Act 21-69 \(SB 56\). An Act Deterring Age Discrimination In Employment Applications.](#)

**Effective Date:** October 1, 2021

***Discrimination Based on Hairstyles*** – Prohibits discriminating against someone based on the person's hair texture or "protective hairstyle," or depriving anyone of any state or federal constitutional rights. The law states that the term "race" includes ethnic traits historically associated with race, including hair texture and protective hairstyles such as wigs, hairstyles, and headwraps.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

***Gender Wage Discrimination*** – Mandates that employers grant equal pay for "comparable" work instead of equal employment. Comparable work will consider various things, including effort, responsibility, and skill, and performed under similar working conditions.

[Public Act 21-30 \(HB 6380\). An Act Concerning the Disclosure of Salary Range for a Vacant Position.](#)

**Effective Date:** October 1, 2021

***Essential Workers Covid-19 Assistance Program*** – Develops the Essential Workers COVID-19 Assistance Program, which will benefit certain essential workers through June 30, 2024 for lost wages, out-of-pocket medical expenses, and burial expenses due to contracting COVID-19.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** October 1, 2021

***Time Off To Vote*** – Allows employees two hours of unpaid time to vote in state and other elections should he or she request in advance to do so.

[June 2021 Special Session Public Act 21-2 \(SB1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

***Recreational Cannabis Employment Matters*** – Establishes rules regarding what employees and employers can and cannot do. The lengthy bill covers matters such as an employer's right to develop a written cannabis possession and use policy which may prohibit the use of cannabis in and out of work, when an employer may or may not take adverse action against an employee or potential employee, and drug testing. The bill also exempts certain employees and employers from having to comply with this measure.

The measure does not apply to drug testing, continued employment conditions, or terms for hiring employees mandated under federal law, contracts or financial grants, certain state regulations that have adopted federal regulations regarding intrastate commerce, state or federal laws or orders requiring prospective employees to be drug tested for security or safety reasons, any candidate whose potential employer has entered into a collective bargaining agreement covering hiring or continuous employment conditions, or drug testing. The measure also does not apply to credentialing, discipline, privileges, qualifications, or review of nonemployees of a hospital or medical organization or licensed healthcare medical staff.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2022, except certain exemptions (see section 101) are effective July 1, 2021

## Unemployment Compensation

**Unemployment Benefit Modifications** – With year after year of trust fund insolvency and frustrations with several aspects of benefit eligibility, the business community negotiated a comprehensive unemployment measure to see some entities' unemployment compensation taxes lower and others increase. Among its changes, beginning in 2024, the bill does the following:

**Minimum Weekly Benefit** – Raises the minimum weekly benefit from \$15 to \$40 and mandates it to be regulated yearly to accommodate inflation; exemptions include when the federal government provides additional payments to claimants.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Minimum Weekly Earnings** – Increases the minimum earnings claimants necessary to be eligible for the minimum benefit from \$600 to \$1,600 (annually adjusted for inflation).

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Maximum Benefit Rate** – Freezes the maximum unemployment compensation benefit rate for specific claims first filed in years 2024 through 2027.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** October 6, 2024

**Severance Pay** – Deletes an exception that lets specific claimants collect unemployment benefits during a week they accepted severance pay.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Vacation Pay** – Prohibits claimants from attaining benefits during any week for which they accepted specified vacation pay.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Absences** – Reduces the length of some absences from work for which an employee may be fired and disqualified for benefits.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Unemployment Taxes** – See the Taxes and Fees section of this document.

**Unemployment Quarterly Reports Expanded** – Expands the information that employers must submit to the Department of Labor in their quarterly wage reports.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Wage Range Disclosure** – Requires employers to give a job applicant the wage range for the position for which they are applying. The wage information must be provided before or at the time an offer is given or earlier if the applicant requests it. Employers must also give their employees their position wage range once hired or if their position changes. The measure permits job candidates and employees to file a lawsuit within two years to rectify violations of this law.

[Public Act 21-30 \(HB 6380\). An Act Concerning the Disclosure of Salary Range for a Vacant Position.](#)

**Effective Date:** October 1, 2021

**Workplace e-Cigarette and Smoking Ban** – Prohibits smoking (whether tobacco, cannabis, or hemp) and e-cigarette usage in most workplaces. Regardless of the number of employees, the ban applies to all areas inside the workplace and within 25 feet of any doorways that lead outside. An employer is still allowed to designate their entire property, inside and out, as nonsmoking areas.

[June 2021 Special Session Public Act 12-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** October 1, 2021

## **School Finance Matters**

**College Application and Fees** – Requires the Connecticut state universities Board of Regents (BOR) and the University of Connecticut Board of Trustees (BOT) to create an annual "Fee-Free Day" jointly.

On that day, high school students may apply for admission to any Connecticut public higher education institution governed by the BOR or BOT without paying an application fee. Any applicant must have completed the Free Application for Federal Student Aid (FAFSA) to waive their application fee.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

**Graduation Fees** – Eliminates the ability of Charter Oak State College, the Connecticut State University System, any Connecticut regional community-technical college, or the University of Connecticut to charge a student a graduation fee.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Debt-Free Community College Funding** – Created a dedicated revenue stream to fund the debt-free community college program. In the Fiscal Year 2024, up to \$14 million of the Connecticut Lottery Corporation revenues will be transferred to a dedicated debt-free community college account.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**School Lunch Debt** – Mandates school boards not publicly identify or shame a child for any unpaid meals starting with the 2021-2022 school year. Forbidden acts include:

- Delaying or refusing to serve a meal to the child,
- Designating a specific meal for the child,
- Taking disciplinary action against the child.

School boards must develop a parent or guardian communication procedure to inform parents or guardians and try to collect unpaid meal charges. They also are permitted to collect donations or grants to help pay outstanding charges

[Public Act 21-46 \(SB 2\) An Act Concerning Social Equity And The Health, Safety, And Education Of Children.](#)

**Effective Date:** July 1, 2021

**Student-Athlete Compensation** – Requires schools to adopt and athletes to comply with their college or university's policy on endorsement contracts and employment activities for student-athletes.

Starting on January 1, 2022, the measure permits student-athletes to earn monies through endorsement contracts or a job as long as it is not related to any intercollegiate athletic program. Student-athletes may, with a written agreement, engage in legal or professional representation.

[Public Act 21-132 \(HB 6402\). An Act Concerning Higher Education.](#)

**Effective Date:** July 1, 2021

**Education Cost Sharing (ECS)** – Grants each town at least the same ECS grant amount in Fiscal Years 2022 and 2023 as they received in Fiscal Year 2021. The towns that are overfunded won't see a decrease in funding but will be held harmless. Other towns will see their grants increase as per the 2017 ECS schedule. Premiums for need students, English language learners, and concentrated poverty will increase, as will the ECS bonus for towns sending students to regional schools. Additionally, the ECS bonus is extended to municipalities sending students to endowed academies functioning as public high schools.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Minimum Budget Requirements (MBR)** – Renews the minimum budget requirement (MBR) for Fiscal Year 2022 and on. The measure also excludes federal funds related to COVID-19 expenses and state school security grants from each municipality's MBR.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

## **STATE BIENNIEL BUDGET (SPENDING AND REVENUES)**

### **Spending**

The Connecticut Legislature adopted a two-year state budget. There is usually a great deal of pushing and shoving during a budget year, and this year was no different. As is often the case in Connecticut, much of the disagreement was between the House and Senate. Still, the Connecticut business community is pleased that Governor Lamont was in the mix as he stayed firm on his stance that no new broad taxes were needed. In the last two days of the regular legislative session, the House and Senate passed a budget that included spending priorities for House Democrats and avoided broad-based tax increases.

Some budget highlights include:

- **General Fund Appropriations** – \$20.8 billion in Fiscal Year 2022 and \$21.7 billion in Fiscal Year 2023,
- **Special Transportation Fund Appropriations** – \$1.8 billion in Fiscal Year 2022 and \$1.9 billion in Fiscal Year 2023,
- **Spending Cap** – The two-year budget is below the spending cap by \$22.2 million in Fiscal Year 2022 and \$35.7 million in Fiscal Year 2023,
- **Carryforwards** – The budget brings forward \$494.2 million for initiatives from various accounts that would have lapsed,

- **Nonprofit Providers** – \$105 million will be given to nonprofit providers annually,
- **Municipal Funding** – Increase of \$120 million annually in municipal funding,
- **Education Cost Sharing (ECS)** – \$140 million will be given to local schools in ECS grants,
- **Free Community College Programs** – \$14 million in 2022 and \$15 million in 2023 for debt-free community college programs.

[Special Act No. 21-15 \(HB 6689\). An Act Concerning The State Budget For The Biennium Ending June 30, 2023, And Making Appropriations Therefor, And Making Deficiency And Additional Appropriations For The Fiscal Year Ending June 30, 2021.](#)

**Effective Date:** July 1, 2021

***Volunteer Fire Department Training Grants For Distressed Municipalities*** – Enforces the state fire administrator to issue an annual grant to municipalities in need to cover certification, training, and recruitment of their volunteer fire departments.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

***Local Health District Funding*** – Mandates the Department of Public Health raise payments to municipal and district health departments beginning in 2022.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

***Community Health Worker Grant Program*** – Requires that the Department of Public Health create a system that provides grants, through Fiscal Year 2023, to community action agencies that use the services of community health workers who service persons adversely affected by COVID-19.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

## **Taxes and Fees**

At the start of the legislative session, many new tax modifications were introduced, including the Consumption Tax, the Digital Ad Tax, and the tax on Capital Gains. Also proposed but not passed were a Health Insurance Tax and the Payroll Tax. We are happy to report that nearly all of these newly introduced measures failed by the end of the session.

## **Amnesty/Data Sharing**

**Disclosure Of Tax Return Information** – For Research or CP20 Win Data Requests – Under certain conditions, the DRS can distribute tax return information for evaluation or research reasons.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** October 1, 2021

**Amnesty Program** – Makes the DRS develop a tax amnesty program for individuals, businesses, or other taxpayers who pay Connecticut state taxes to give qualified taxpayers a 75% cut in interest.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

### **Cannabis Taxes**

**State Cannabis Tax** – Places a tax on cannabis and cannabis-related materials, with certain exceptions. The tax rate depends on the product's type and the total THC contained within the item.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

**Municipal Cannabis Tax** – Enforces a 3% municipal sales tax on the sale of cannabis that will be applied to the sale in addition to Connecticut's 6.35% sales tax.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

**State Sales Tax On Cannabis** – With certain exceptions, bans exemptions under the state's sales and use tax law from applying to cannabis sales; prohibits refunds to purchasers and businesses for sales and use taxes paid on cannabis.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

**Angel Investor Tax Credits** – Extends the angel investor tax credit program to eligible cannabis businesses owned and controlled by social equity applicants.



- Allows investors to claim a 40% income tax credit for credit-eligible investments in these businesses,
- Imposes a \$15 million per fiscal year cap on these credits and increases the total credits allowed under the program to \$20 million per fiscal year-end,
- Extends the program's sunset date by four years to 2028.

[June 2021 Special Session Public Act 21-1 \(SB 1201\). An Act Concerning Responsible And Equitable Regulation Of Adult-Use Cannabis.](#)

**Effective Date:** July 1, 2021

### **Corporation Business Tax and Tax Credits**

**Corporation Business Tax Surcharge** – Expands the 10% corporation business tax surcharge to the 2021 and 2022 income years; delays the start date of the capital base tax phase-out by three years and extends the phase-out period.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

**R&D Tax Credits** – Increases the amount of R&D tax credits corporations can claim annually from 50.01% to 70% of their yearly tax liability.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021, and applicable to income years commencing on or after January 1, 2021

**Invest CT Tax Credit Cap** – Raises the cumulative cap on Invest CT tax credits by \$200 million.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Film And Digital Media Production Tax Credit** – Under specific terms, film and digital media production tax credits be claimed against sales and use tax.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** January 1, 2022

## Fees

**Credit Card Service Fees** – Makes state agencies disclose and charge fees to payors that use credit, debit, or charge cards.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2022

**LLC Annual Report Fee** – Changes the limited liability company annual report filing fee for reports filed for each year before July 1, 2020 to \$20. The fee for reports filed for each year on or after July 1, 2020 will remain \$80.

[Public Act 21-201 \(SB 1100\). An Act Concerning the Failure to File for Certain Grand List Exemptions and the Fee for Limited Liability Companies to File an Annual Report.](#)

**Effective Date:** July 13, 2021

**Physician Assistant License Fee** – Reinstates the \$155 PA licensure fee.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

## Miscellaneous Taxes

**Admissions Tax** – Deletes the admissions tax for recreation amusement and entertainment establishments but not movie theaters.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Ambulatory Surgical Centers** – Starting July 1, 2023, changes the current 6% gross receipts tax on ASCs with a 3% net revenue tax on ASC services. This measure is susceptible to exclusions. It also deletes the existing exemption for the first \$1 million of ASC gross receipts but maintains the exclusion for Medicaid and Medicare payments.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Beer Excise Tax** – Lowers from \$7.20 to \$6 the excise tax on each barrel of beer. This reduction does not apply to beer sold for offsite consumption at facilities covered by a manufacturer's permit.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Highway Usage Tax** – See the Transportation section of this document.

## **Personal Income Tax**

**Income Tax Exemptions for Certain Retirement Income** – Phases out, over four years, the income tax on income from IRAs, other than Roth IRAs, for taxpayers with qualifying payments, starting with the 2023 tax year; clarifies that teachers who are eligible for the general pension and annuity exemption may take either the teacher pension exemption or the general pension and annuity exemption, whichever is greater.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

**Earned Income Tax Credit** – Raises the EITC from 23% to 30.5%.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021, and applicable to taxable years commencing on or after January 1, 2021

**Child Tax Credit Plan** – Mandates the OPM Secretary develop a strategy to establish a state-level child tax credit.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021

**Property Tax Credit** – Lengthens the constraints on eligibility for the property tax credit against the personal income tax to the 2021 and 2022 tax years.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021, and applicable to taxable years commencing on or after January 1, 2021

**Double Taxation** – Ensures that Connecticut residents will not face double taxation on their 2020 taxes. Connecticut residents will instead receive a credit against their Connecticut personal income taxes. This credit will be for taxes paid in the other state(s) where that employee – due to COVID-19 – is now working remotely in Connecticut versus their typical work state outside Connecticut. The Governor has signed the bill.

[Public Act 21-3 \(HB 6516\). An Act Mitigating Adverse Tax Consequences Resulting From Employers Working Remotely During COVID-19 And Concerning The Removal Of Liens On The Property Of Public Assistance Beneficiaries And A Three-Tiered Grants In Lieu Of Taxes Program.](#)

**Effective Date:** March 4, 2021

### Property Taxes

**Crumbling Foundations** – Renders the Connecticut Foundation Solutions Indemnity Company (CFSIC) permanently and removes the five-year limit on reduced property taxes for homes with failing foundations. The measure also requires particular government-maintained information regarding the foundations is kept confidential.

[Public Act 21-120 \(6646\). An Act Concerning Crumbling Foundations.](#)

**Effective Date:** July 1, 2021, except the property tax provision is effective upon passage

**Elderly Property Tax Freeze** – Extends eligibility for the municipal Elderly Tax Freeze Program to residents 65 years of age and older. This is a local option program, and the measure also permits towns and legislative bodies to establish a higher age requirement.

[Public Act 21-84 \(HB 6458\). An Act Lowering The Age Of Eligibility For Property Tax Relief For Senior Citizens And Establishing A Task Force To Protect Senior Citizens From Fraud.](#)

**Effective Date:** October 1, 2021, and applicable to assessment years beginning on and after that date

**Grand List Filing Date Exceptions** – The bill allows taxpayers in Danbury, Hartford, Middletown, Plainville, and Seymour to claim a property tax exemption for a specified property and grand lists even though they missed the November 1 filing deadline. It does so by waiving the deadline if the taxpayer files for the exemption by July 31, 2021 and pays the statutory late filing fee. The tax assessor must confirm that he or she received the fee, verify the property's eligibility for the exemption, and subsequently approve the exemption. The municipality must refund any taxes, interest, or penalties paid on the property as if the claim were timely filed. Details regarding grand list years and exemptions are provided below:

Hartford 2018 and 2019	Machinery and equipment used for manufacturing, biotechnology, and recycling (§ 12-81(76))
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Plainville 2020	Machinery and equipment used for manufacturing, biotechnology, and recycling (§ 12-81(76))
Plainville 2020	Machinery and equipment used for manufacturing, biotechnology, and recycling (§ 12-81(76))
Seymour 2018	Machinery and equipment used for manufacturing, biotechnology, and recycling (§ 12-81(76))
Danbury 2019 and 2020	Property owned, or held in trust for, any corporation organized exclusively for scientific, educational, literary, historical, or charitable purposes and used exclusively for such purposes or preserving open space land (§ 12-81(7))
Middletown 2017 2017, 2018, and 2019	Property owned or held in trust for any corporation organized exclusively for scientific, educational, literary, historical, or charitable purposes and used exclusively for such purposes or preserving open space land (§ 12-81(7))

[Public Act 21-201 \(SB 1100\). An Act Concerning The Failure To File For Certain Grand List Exemptions.](#)

**Effective Date:** July 1, 2021

***Municipal Volunteers Maximum Exemption*** – Raises the limit for the property tax exemption that towns are permitted to set for certain volunteer emergency personnel; this act establishes the cap at an amount equal to the relief municipalities may give such people through abatements.

The act raises the exemption cap from \$1 to \$2 million and divides it by the town's mill rate at the assessment. This ends up raising the maximum exemption amount from \$1,000 to \$2,000.

[Public Act 21-83 \(HB 6420\). An Act Concerning The Property Tax Exemption For Certain Municipal Volunteers.](#)

**Effective Date:** July 1, 2021, and applicable to assessment years beginning on and after October 1, 2021

***Payment in Lieu of Taxes (PILOT) Program Changes*** – Creates a minimum return rate for PILOT grants and a system for prorating the grants when appropriations cannot fully fund the grants. The suggested proration method considers each municipality's secure net grand list per capita, label as an alliance district, and percentage of state-owned property. It obliges those municipalities and districts are separated into three tiers and bases their PILOT grant percentage (30% to 50%) on the tiers.

[Public Act 21-3 \(HB 6516\). An Act Mitigating Adverse Tax Consequences Resulting From Employees Working Remotely During COVID-19, And Concerning The Removal Of Liens On The Property Of Public Assistance Beneficiaries And A Three-Tiered Grants In Lieu Of Taxes Program.](#)

**Effective Date:** July 1, 2021

**Tax Assistance and Waivers** – Increases the maximum total property tax bill from \$25 to \$100 that a municipality's legislative organization can waive. In addition, it lets municipalities and taxing districts implement programs for Fiscal Years 2022 and 2023 to offer interim property tax or municipal utility charge assistance to residents, businesses, and nonprofits. These entities will only receive assistance if the municipality's legislative organization, or taxing district's board of directors, authorizes the program. The optional relief program is restricted to Fiscal Years 22 and 23; therefore, there is no annual option.

The measure allows municipalities and taxing districts to create programs that:

- Allow taxpayers to postpone payments for 90 days from the date they are owed (presumably without sustaining interest) or;
- Reduce the interest rate (generally from 1.5% to 0.25% per month) on delayed payments for 90 days from the date they are owed.

Relief regarding property taxes or municipal water, sewer, electric rates, charges, or assessments taxes may apply under either program.

[Public Act 21-73 \(HB 6643\) An Act Concerning Municipal Taxation Assistance Programs And The Municipal Property Tax Waiver.](#)

**Effective Date:** July 1, 2021

**Property, Tax, Water, And Sewer Liens** – Enforces new restrictions on entities that obtain the right to implement real property liens, ensuring specified delinquent tax, sewer, and water payments.

The act applies to liens for delinquent:

- Real property taxes and any liens that by law are enforceable using the same method as applies to these taxes,
- Sewer benefit evaluations or sewer use, and connection costs enforced by municipal water pollution control personnel or regional sewer authorities and,
- Water fees inflicted by municipal water companies and regional water authorities.

It also makes any lien assignment completed on or after July 1, 2022 invalid unless in a written agreement between the assignee and municipality or authority. The contract must incorporate the disclosure and other requirements specified in the measure. The assignee must offer:

- Written payoff announcement,
- Written notices before starting a foreclosure.

Additionally, all parts of a foreclosure sale must be "commercially reasonable." Finally, the assignee is responsible for any act considered unfair or deceptive under the Connecticut Unfair Trade Practices Act.

[Public Act 24-143 \(SB 941\). An Act Concerning The Assignment Of Certain Property, Tax, Water And Sewer Liens.](#)

**Effective Date:** October 1, 2021

## Sales Taxes

**Sales And Use Tax Exemption For Breastfeeding Supplies** – Starting July 1, allows breast pumps and certain related parts, supplies, and kits to be exempt from the sales and use tax.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021, and applicable to sales occurring on or after July 1, 2021

**Revenue From Meals And Beverages Tax** – Lets specific companies keep the sales tax they collect selling meals and beverages during one of three specified weeks in 2022.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** July 1, 2021

**Sales And Use Tax Exemptions For Beer Manufacturers** – Exempts certain sales and uses tax exemptions to eligible beer manufacturers.

[June 2021 Special Session Public Act 21-2 \(SB 1202\). An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023.](#)

**Effective Date:** June 23, 2021, and applicable to sales occurring on or after July 1, 2023.

## Unemployment Taxes

**COVID Relief for Experience Rates** – Excludes COVID-19-related layoffs from applying against an employer's unemployment insurance experience rate. It also excludes statewide benefits and taxable wages for the 2020 and 2021 years when determining the unemployment tax rate for new employees who begin work on January 1, 2022.

[Public Act 21-5 \(HB 5377\). An Act Concerning The Removal Of COVID-19 Related Layoffs From The Unemployment Compensation Experience Account.](#)

**Effective Date:** October 1, 2021

**Taxable Wage Base Increases** – Raises the taxable wage base from \$15,000 to \$25,000 and indexes it (annual increases tied to inflation).

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Temporary Experience Tax Rates** – Temporarily lowers some employers' experience tax rates from

2024 to 2025 and provisionally decreases the experience period used for determining employers' experience rates from 2026 to 2027.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Experience Tax Rates Range** – Expands the range of experience tax rates from 0.5% to 5.4% to 0.1% to 10%.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Experience Rate Non-Charge** – Creates a "non-charge" against an employer's experience rate for benefits paid to a claimant through the Shared Work program for claims filed when the state's average rate of unemployment exceeds a specified threshold.

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

**Fund Balance Tax** – Reduces the solvency tax rate from 1.4% to 1.0%

[Public Act 21-200 \(HB 6633\). An Act Restructuring Unemployment Insurance Benefits And Improving Fund Solvency.](#)

**Effective Date:** January 1, 2024

## **TECHNOLOGY/PRIVACY**

There were numerous technology measures discussed this year. The most significant debate was whether Connecticut should adopt a more extensive and burdensome privacy law similar to California. In the end, nothing was adopted. However, it is a priority of the Senate Majority Leader, so we expect the issue to return during the 2022 Connecticut General Assembly Session.

The three bills that passed that were of interest to the CTCPA and our membership were SB 1021, HB 5310, and HB 6607.

**Data Breaches** – Mandates data breach notifications contain more detail where unauthorized access to electronic files, media, databases, or computerized data includes personal information. The measure also reduces the time from 90 to 60 days in which data managers must notify consumers and the attorney general of a data breach.

[Public Act 21-59 \(HB 5310\). An Act Concerning Data Privacy Breaches.](#)



**Effective Date:** October 1, 2021

**Cybersecurity Incentive** – Forbids the Superior Court from imposing punitive damages for data breaches of restricted or personal information if the covered entity (defined below) where the breach occurred meets certain cybersecurity requirements. The protections exist where a covered entity's cybersecurity program (a) meets certain design requirements and (b) follows an industry-accepted cybersecurity framework. No protection applies where an entity's willful or wanton conduct or gross negligence fails to employ reasonable cybersecurity controls.

The act defines "covered entities" as "businesses accessing, maintaining, communicating, or processing personal or restricted information in or through systems, networks, or services located inside or outside the state."

The act does not:

1. Modify how certification is granted in class actions,
2. Change current requirements for state contractors receiving private information and Connecticut businesses that keep electronic personal information and undergo security breaches,
3. Restrict the power of the state's attorney general or the commissioner of the Department of Consumer Protection to pursue relief permitted by law.

Program design requirements:

The measure's protection applies only to entities with a cybersecurity program designed to safeguard restricted and personal information security and privacy. The plan must expressly protect against (a) unapproved access and procurement that would cause material risk of identity theft or other fraud, as well as (b) security or integrity threats or hazards.

Under the measure, an entity's cybersecurity plan should be founded on:

1. An organization's size and intricacy, plus its business and endeavors,
2. The type of information being safeguarded,
3. The cost and accessibility of tools to enhance information safeguards and lower vulnerabilities.

**Cybersecurity Frameworks** – The act notes that an "industry-recognized cybersecurity framework" consist of the most recent version of:

1. One or a combination of the following frameworks: National Institute of Standards and Technology (Framework for Improving Critical Infrastructure Cybersecurity, Special Publication 800-171 SP 800-53 and 800-53a), Federal Risk and Management Program (FedRAMP Security Assessment Framework), Center for Internet Security (Center for Internet Security Critical Security Controls for Effective Cyber Defense), and International Organization for Standardization and the International Electrotechnical Commission (ISO/IEC 27000-series).
2. One of the following federal laws and regulations: Security requirements of the Health Insurance Portability and Accountability Act of 1996, Title V of the Gramm-Leach-Bliley Act of 1999, Federal Information Security Modernization Act of 2014, and Security requirements of the Health Information Technology for Economic and Clinical Health Act.
3. The "Payment Card Industry Data Security Standard," along with one of the frameworks identified in bullet one of this section.

All entities must comply with changes to this act and any related regulations within six months of adoption and/or publication.

[Public Act 21-119 \(HB 6607\) \(as amended by House "A"\). An Act Incentivizing The Adoption of Cybersecurity Standards For Businesses.](#)

**Effective Date:** October 1, 2021

***Manufacturing Technology*** – Establishes a manufacturing technology working group to create a strategic plan to combine product development and production processes for Connecticut manufacturers. The strategic plan will be given to the Commerce Committee, and the group will dissolve either after it submits the strategic plan or October 1, 2022, whichever is the later date.

[Special Act 21-24 \(SB 1021\). An Act Establishing A Manufacturing Technology Working Group.](#)

**Effective Date:** July 1, 2021

## **TRANSPORTATION**

The CTCPA zeroed in on the Transportation Climate Initiative at the start of the legislative session. The measure, which would have generated 100 million in revenue from fuel wholesalers, failed to move forward.

At the conclusion of the session, two measures passed that were important to us:

***Public-Private Partnerships*** – Reinstates the Governor's order to approve at most five public-private partnership (P3) project agreements related to Department of Transportation projects through January 1, 2027. This replaces the previous legislation, which expired on January 1, 2020. The bill deletes provisions that currently stand that limit the state's share of project costs, mandates the Department of Transportation employees to perform inspections work to eliminate the need for consultants, and require Department of Transportation employees to present reports detailing their use of consultants and on the progress of P3 initiatives.

[Public Act 21-99 \(SB 9400\). An Act Concerning Public-Private Partnerships.](#)

**Effective Date:** June 28, 2021

***Highway Usage Tax*** – Enforce a highway usage tax on certain multi-unit motor vehicles starting January 1, 2023. The tax will be based on a vehicle's weight and the number of miles. All payments collected from this tax will be placed in the Special Transportation Fund. This measure passed with an exemption to certain vehicles transporting milk.

[Public Act 21-177 \(HB 6688\). An Act Concerning A Highway Use Fee.](#)

**Effective Date:** July 12, 2021, and applicable to calendar months beginning on or after January 1, 2023