

# Government Administration and Elections Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-6664

**Title:** AN ACT CONCERNING QUASI-PUBLIC AGENCY TRANSPARENCY.

**Vote Date:** 3/31/2021

**Vote Action:** Joint Favorable

**PH Date:** 3/26/2021

**File No.:**

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### SPONSORS OF BILL:

The Government Administration and Elections Committee

### REASONS FOR BILL:

To impose additional reporting requirements on quasi-public agencies and to increase legislative and executive branch oversight of quasi-public agencies. It would require all expenditures of \$5,000 or more to be subjected to approval of the board in hopes to create enhanced oversight and transparency.

### RESPONSE FROM ADMINISTRATION/AGENCY:

**Department of Administrative Services, State of Connecticut:** The DAS testified that they specifically oppose Section 3 of the bill. They explain that this section would require them to develop model rules on topics such as the operation of boards of directors, the issuance of bond and the use of funds from state grants. The DAS states that they are not experts or well versed on these topics and therefore is not well suited to give quasi-publics advise on said topics. They also testify that Section 3 would, “require significant resources for which DAS has not budgeted, in addition to the diversion of staff time from other agency programs and services”.

**Lawrence Fox, Chair of the State Contracting Standards Board, State of Connecticut Office of Governmental Accountability:** Fox testified that the bill does not properly provide the needed remedies their Board can provide. They state that the bill does not address the lack of oversight by the State Contracting Standards Board that state contracting agencies fall under. They explain that defining quasi-public agencies as state contracting agencies would, “provide the transparency, accountability, and oversight that an appropriately funded and staffed State Contracting Standards Board can provide”.

**Office of State Ethics, State of Connecticut:** The Office of State Ethics testified that if a state employee or public official seeks to contract with the state, the contract must be subject to an open and public process, but this requirement does not extend to members/directors of a quasi-public agency or to contracts with a quasi-public agency. They state that removing this existing exception would increase transparency.

#### **NATURE AND SOURCES OF SUPPORT:**

**David Glidden, Executive Director, CSEA SEIU Local 2001:** Glidden states that this bill will bring much needed transparency to the operations, expenditures, and contract policies of quasi-public agencies. They explain that bringing quasi-public agencies under the oversight of the SCSB and requiring annual audits that must be sent directly to the General Assembly committee of cognizance will help to protect taxpayer dollars and ensure the delivery of public services. They state that this bill begins to bring down the barriers that deter effective oversight.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Connecticut Lottery Corporation:** The Connecticut Lottery Corporation testified that due to their current transparency they are concerned with the unintended consequences of the approach of the bill. They state that they currently have in place a comprehensive purchasing policy, and their Board and Finance subcommittee examines and approves the yearly budget. They explain that requiring the Board to reapprove any expense over \$5,000, “would impede the proper governance of the corporation and again create unnecessary delays in the CLC’s state revenue-generating activities”. They also testified that they already provide salary and employment information to the Comptroller’s Office.

**Connecticut Paid Family & Medical Leave Insurance Authority:** The Connecticut Paid Family and Medical Leave Insurance Authority testified that the provisions in the bill impose greater restrictions and more bureaucracy on quasi-public agencies than standard state agencies. They state that the bill would result in undue delays, lost opportunities, increased expenses and impaired services.

**Kevin A. Dillon, Executive Director, Connecticut Airport Authority:** Dillon testified that the bill requires approval from the Attorney General for quasi-public agency consulting contracts valued over \$1 million or a duration of five years or more. They explain that the Attorney General’s office would not have the specialized knowledge of the aviation industry to dissect these types of contracts. They explain that this type of approval process would only create delay in important airport services; “Just a few years ago, we finalized a major cargo development that created hundreds of jobs at Bradley International Airport. That deal was so time-sensitive that any added delay likely would have resulted in the deal’s failure.” Dillon states that by subjecting quasi-public agencies to these approval processes threatens the CAA’s ability to move quickly on opportunities that are in the best interest of the state.

**David Griggs, President and CEO, MetroHarford Alliance:** Griggs testified that this bill will hinder the Connecticut Airport Authority’s ability to improve Bradley International Airport and ensure it is a strong economic asset capable of competing in the aviation industry. They explain that due to the aviation industry’s highly competitive nature it is imperative that the

CAA is able to respond quickly and successfully to business opportunities and this bill would make that very difficult for them to do.

**Nandini Natarajan, Chief Executive Officer-Executive Director, Connecticut Housing Finance Authority:**

Natarajan testified that this bill would impose new requirements on the Connecticut Housing Finance Authority such as requiring board approval of purchases over \$5,000. They explain that, "Subjecting all expenditures of \$5,000 or more to the approval of the board would essentially grind the operations of CHFA to a halt as a substantial portion of our necessary expenditures (e.g., building maintenance, architectural consultants, and lending and servicing agreements) are in excess of that amount". They testify that this legislation would inhibit their ability to operate effectively.

**Jeanette W. Weldon, Executive Director, Connecticut Health & Education Facilities**

**Authority:** Weldon testified that the proposed statutory change could prohibit key nonprofit entities throughout the state from accessing important tax-exempt financing through CHEFA. They also explain that the CHEFA Board of Directors that approves their financing is appointed by the Governor and handles very specific and often problem projects for its non-profit clients. They state that, "These projects and bond issues are complex and require specialized knowledge. We believe the mandates that would be imposed by HB 6194 and HB 6664 would subject CHEFA's business operations to unnecessary review and approval processes by entities that may lack the required expertise and would encumber and impair the financing process".

**Reported by: Jenna Schwerdtle**

**Date: 03/31/2021**