House of Representatives

General Assembly

File No. 565

January Session, 2025

Substitute House Bill No. 7208

House of Representatives, April 7, 2025

The Committee on Government Administration and Elections reported through REP. BLUMENTHAL of the 147th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REFERENDA ON THE SALE OF MUNICIPAL AUTHORITIES, DEPARTMENTS, AGENCIES OR ASSETS THEREOF OR THE PRIVATIZATION OF MUNICIPAL SERVICES OR FUNCTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2025*) (a) (1) Notwithstanding the provisions of any special act, charter or home rule ordinance and except as provided in subsection (b) of this section, in any municipality where the legislative body has authorized, on or after July 1, 2025, such municipality to enter into an agreement for (A) the sale of any municipal authority, department or agency, or any asset of any such authority, department or agency, or (B) the provision of services or the performance of functions by a private company that are substantially similar to and in lieu of services provided or functions performed by municipal employees, a petition signed by five per cent or more of the electors of such municipality, and complying with the provisions of section 7-9 of the general statutes, may be filed with the municipal clerk, not later than thirty days after the legislative body has granted such

authorization, proposing that such authorization be submitted to the electors of the municipality at the next regular election. Until the expiration of such thirty-day period and unless the municipal clerk determines that such petition fails to satisfy the requirements of this subdivision, the municipality shall not finalize entering into any agreement described in this subdivision.

(2) If the municipal clerk determines that a petition described in subdivision (1) of this subsection satisfies the requirements of said subdivision, such municipal clerk shall notify the legislative body and chief executive officer of such municipality that the necessary action has been taken for submission to the electors and a referendum shall be held at the next regular election, in accordance with the provisions of chapter 152 of the general statutes, on whether to approve of the legislative body's authorization under subdivision (1) of this subsection.

(3) If a majority of the electors voting at the referendum held pursuant to subdivision (2) of this subsection approve of the legislative body's authorization under subdivision (1) of this subsection, the municipality may proceed with entering into an agreement for the purposes of subparagraph (A) or (B) of subdivision (1) of this subsection, as applicable. If a majority of such electors do not so approve, the municipality shall not so proceed and shall be prohibited from entering into any agreement for such purposes, with respect to such municipal authority, department, agency or any asset thereof or with respect to such services provided or functions performed, for a period of five years.

(b) In any municipality operating under a special act, charter or home rule ordinance pursuant to which less than five per cent of the electors of such municipality may file a petition to hold a referendum on a matter described in subdivision (1) of subsection (a) of this section, the provisions of such special act, charter or home rule ordinance shall prevail over the provisions of subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2025*	New section

Statement of Legislative Commissioners:
In Subsec. (a)(2), "under said subdivision (1)" was changed to "under subdivision (1) of this subsection" for consistency with standard drafting conventions; and in Subsec. (a)(3), "subparagraph (A) or (B), as applicable, of subdivision (1) of this subsection" was changed to "subparagraph (A) or (B) of subdivision (1) of this subsection, as applicable" for consistency with standard drafting conventions.

GAE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 26 $	FY 27 $
All Municipalities	Potential Cost	See Below	See Below

Explanation

The bill requires certain agreements between a municipality and a private company to be submitted to a referendum if petitioned for by a municipality's electors. This may result in a potential cost to municipalities beginning in FY 26 to the extent there are additional referendums.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 7208

AN ACT CONCERNING REFERENDA ON THE SALE OF MUNICIPAL AUTHORITIES, DEPARTMENTS, AGENCIES OR ASSETS THEREOF OR THE PRIVATIZATION OF MUNICIPAL SERVICES OR FUNCTIONS.

SUMMARY

This bill requires certain agreements between a municipality and a private company to be submitted to a referendum if successfully petitioned for by a municipality's electors. Specifically, the requirement applies to agreements, authorized by the municipality's legislative body on or after July 1, 2025, to be entered into that (1) sell a municipal department, agency, authority, or any of its assets, to a private company or (2) have a private company provide services or perform functions that are substantially similar to and in lieu of those conducted by municipal employees.

The referendum requirement is triggered if a petition that meets state law's requirements (see BACKGROUND) is signed by at least 5% of a municipality's electors and filed with the applicable clerk within 30 days of the legislative body's authorization to enter into the agreement. Before entering into an applicable agreement, the municipality must wait until the petition period expires, and (presumably only if a petition is submitted) until the clerk determines a petition does not satisfy the bill's provisions.

Otherwise, if the clerk determines the petition satisfies the bill's requirements, he or she must notify the legislative body and the municipality's chief executive officer of the successful petition and that a referendum must be held at the next regular election on whether to approve the legislative body's authorization. If a majority of the voters approve the referendum, the municipality may proceed in entering into

the agreement. If the majority does not approve the authorization, the municipality may not proceed and is prohibited from entering into an agreement regarding the same sale or privatization for a five-year period (the bill does not specify when this period begins).

This bill's provisions apply regardless of any special act, charter, or home rule ordinance provision, unless a municipality is operating under a provision that authorizes a lower threshold of electors to trigger a referendum. If so, the act's, charter's, or ordinance's threshold supersedes the bill's threshold.

EFFECTIVE DATE: July 1, 2025

BACKGROUND

Petition Requirements

A referendum petition must be on a form set or approved by the town clerk. Each petition page must contain a statement, signed under penalty of false statement by the circulator, that (1) includes the circulator's name and address, (2) each person signing the petition did so under penalty of false statement and in the circulator's presence, (3) the circulator knows each signer or ensured the signer satisfactorily identified themself, and (4) the signatures were not obtained before six months of the petition's filing. Any page without this statement is considered invalid (CGS § 7-9).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute
Yea 13 Nay 6 (03/19/2025)