



House of Representatives

General Assembly

File No. 537

January Session, 2001

Substitute House Bill No. 6994

House of Representatives, May 1, 2001

The Committee on Finance, Revenue and Bonding reported through REP. MCDONALD of the 148th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MUNICIPAL FISCAL DISPARITIES.

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

1 Section 1. (NEW) (a) As used in this section and section 13a-175a of
2 the general statutes, as amended by this act:

3 (1) "Secretary" means the Secretary of the Office of Policy and
4 Management;

5 (2) "Municipality" means any town, consolidated town and city or
6 consolidated town and borough;

7 (3) "Population" for each municipality means the number of people
8 according to the most recent estimate of the Department of Public
9 Health;

10 (4) "Adjusted equalized net grand list per capita" means the most
11 recent adjusted equalized net grand list per capita determined for each

12 municipality pursuant to section 10-261 of the general statutes;

13 (5) "Equalized mill rate" means the tax rate derived from the most
14 recent available grand levy of a municipality divided by the equalized
15 net grand list on which such levy is based as determined by the
16 secretary in accordance with section 10-261a of the general statutes;

17 (6) "Grand levy" means the mill rate of the municipality multiplied
18 by the net taxable grand list of the municipality and includes the value
19 of special service districts if such districts contain fifty per cent or more
20 of the value of total taxable property within the municipality; and

21 (7) "Region" means a planning region designated or redesignated by
22 the secretary pursuant to section 16a-4a of the general statutes.

23 (b) On or before July 15, 2001, and annually thereafter, the secretary
24 shall submit to the Governor a list of municipalities that have (1) an
25 equalized mill rate that is fifty per cent more than the average
26 equalized mill rate of the region in which the municipality is located;
27 (2) an equalized grand list that is forty per cent less than the average
28 equalized grand list of the region in which the municipality is located;
29 (3) a median household income which is thirty per cent less than the
30 average median household income of the region in which the
31 municipality is located; or (4) a decrease in population in the year of
32 the latest equalized mill rate from the average population of the
33 previous five years.

34 (c) Within thirty days of submission of the list prepared pursuant to
35 subsection (b) of this section, the Governor shall convene a meeting of
36 the chief elected officials in each region in which a municipality
37 identified on the list is located. If any such municipality does not have
38 a chief elected official, a member of its legislative body shall be chosen
39 by a majority vote of such body to represent the municipality at the
40 meeting. The member of the legislative body chosen under this section
41 shall be deemed to be the chief elected official of such municipality for

42 the purposes of the meeting. The Governor shall provide notice of such
43 meeting to each chief elected official by certified mail, return receipt
44 requested. Each chief elected official receiving a notice under this
45 section shall participate in the process set forth in this section.

46 (d) On or before October thirtieth in the year of identification of a
47 municipality under subsection (b) of this section, the chief elected
48 officials shall submit to the Governor and the joint standing committee
49 of the General Assembly having cognizance of matters relating to local
50 government a methodology to address the problems of the
51 municipality through intertown collaboration and action. On or before
52 October thirtieth in the second year after identification, the chief
53 elected officials shall prepare a specific implementation strategy that
54 addresses the fiscal capacity of the municipality. Thereafter, the plan
55 shall be revised annually until the municipality no longer meets the
56 qualifying standards of subsection (b) of this section.

57 (e) The Secretary of the Office of Policy and Management, within
58 available funds, shall provide necessary staff and resources to assist
59 municipalities in preparing the methodology and strategy required
60 under subsection (c) of this section.

61 Sec. 2. Section 13a-175a of the general statutes is repealed and the
62 following is substituted in lieu thereof:

63 (a) For each fiscal year there shall be allocated fourteen million six
64 hundred thousand dollars out of the funds appropriated to the
65 Department of Transportation, or from any other source, not otherwise
66 prohibited by law, to be used by the towns for construction,
67 reconstruction, improvement or maintenance of highways, sections of
68 highways, bridges or structures incidental to highways and bridges or
69 the improvement thereof, including the plowing of snow, the sanding
70 of icy pavements, the trimming and removal of trees, the installation,
71 replacement and maintenance of traffic signs, signals and markings,
72 and for traffic control and vehicular safety programs, traffic and

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Minimal Cost, Reallocation of Resources

Affected Agencies: Office of Policy and Management, Governor’s Office, Department of Transportation

Municipal Impact: Minimal Cost, Potential Revenue Loss

Explanation

State Impact:

The bill results in a minimal cost by requiring the Governor to annually convene meetings of certain municipalities’ chief elected officials and to provide notice of such meetings via certified mail. The bill also requires the Office of Policy and Management (OPM), within available funds, to provide staff and resources to assist participating municipalities in these planning activities. Since the bill specifies that this task must be accomplished within available appropriations, a reallocation of resources would have to occur. The 2002-03 state budget, sHB 6668, as favorably reported by Appropriations, does not include any funding for this purpose.

The bill also requires OPM to annually compile and submit to the Governor a list of municipalities that meet certain standards with respect to four measures: (1) equalized mill rate; (2) equalized grand list; (3) median household income; and (4) population. OPM presently maintains the data necessary to compile these lists. Consequently,

there is no additional cost to OPM related to this requirement.

This bill establishes conditions that may require the Commissioner of Transportation to withhold all or a portion of the Town-Aid funds distributed to towns in accordance with Section 13a-175a of the general statutes. Under the current provisions of Section 13-175j, any funds not distributed are annually transferred to the Town-Aid Emergency Relief Fund. This bill does not change the amount of the annual \$35 million General Fund appropriation for Town Aid Road Grant. Therefore, it would have no fiscal impact on the state budget. However, it could adversely impact the amount that is annually distributed to towns that do not comply with Section 1 of the bill.

Municipal Impact:

Those municipalities listed by OPM would incur minimal cost, additional workload, and could lose revenue. The bill requires them to attend annual meetings convened by the Governor. The municipalities would incur minimal costs as a result of transportation to and from the meetings. Additional workload, presumably absorbable, would result from the planning activities required of listed municipalities. Finally, if a municipality fails to comply with the planning process described in the bill, the Governor may require the Commissioner of Transportation to withhold all or a portion of funds allocated for road construction and maintenance.

OLR Bill Analysis

sHB 6994

AN ACT CONCERNING MUNICIPAL FISCAL DISPARITIES.

SUMMARY:

This bill establishes a process to identify towns with potential fiscal problems (high mill rates or low grand lists), low median household incomes, or decreased population, and it imposes steps the state and the towns in an identified town's region must take to address the town's fiscal capacity. By July 15, 2001, and annually after, the Office of Policy and Management (OPM) secretary must prepare a list of towns that meet any of the bill's criteria. When a town is identified, the governor has 30 days to convene a meeting of the chief elected officials of all the region's towns, and these leaders must craft a plan that uses intertown collaboration and action to assist the town.

The plan must be submitted to the governor and Planning and Development Committee by October 30. The bill requires OPM to provide the towns (within available funds) with necessary staff and resources to develop a plan.

The plan must be followed, by the next October 30, with an implementation strategy that addresses the identified town's fiscal capacity. The strategy must be updated every year until the town no longer meets any of the bill's criteria.

The bill authorizes the governor to order the transportation commissioner to withhold all or part of a town's state road aid if the town does not "participate in the process" to assist the identified town. To participate in the process appears to mean taking part in developing a plan to help the identified town and assist with the development of the implementation strategy and its subsequent revisions.

EFFECTIVE DATE: July 1, 2001

CRITERIA FOR INCLUSION

Under the bill, the OPM secretary must annually prepare a list of towns that have one of the following characteristics:

1. an equalized mill rate that is 50% more than the average equalized mill rate of the towns in its region,
2. an equalized net grand list that is 40% less than the average equalized net grand list of the towns in its region,
3. a median household income that is 30% less than the average median household income of its region, or
4. a decrease in population in the year of the latest equalized mill rate compared with the average population of the previous five years.

DEFINITION OF TERMS

Municipality

Municipality is defined as any town, consolidated town and city, or consolidated town and borough. This definition leaves out cities and boroughs that are not consolidated with a town.

Region

Region means the planning region as defined by OPM, as authorized in statute. The state has 15 regional planning agencies.

Population

The population for each town means the most recent Department of Public Health estimate.

Equalized Net Grand List

The equalized net grand list (ENGL) is an estimate of the 100% market value of all taxable real and personal property in a town. OPM

calculates the ENGL from sales and assessment ratio information and grand list reports filed by the town. The law requires OPM to calculate the ENGL as part of the educational grant formula and to notify the towns of their ENGL no later than May 1 of each year. This is the calculation used under the bill.

Equalized Mill Rate

The equalized mill rate is the tax rate derived from the most recent grand levy of a town divided by the OPM-calculated ENGL on which such levy is based.

REGIONAL PLANNING MEETING

Municipal Chief Elected Officials

If a town does not have a chief elected official at the time a regional meeting is planned, its legislative body must choose one of its members by majority vote to represent the town at the meeting. The bill deems this designee as the town’s chief elected official.

Meeting Notification

The governor must notify all necessary chief elected officials about meetings by certified mail, return receipt requested. Any chief elected official receiving notice must participate in the process.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Change of Reference
Yea 17 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Report
Yea 33 Nay 12