



House of Representatives

File No. 822

General Assembly

January Session, 2001

(Reprint of File No. 537)

Substitute House Bill No. 6994
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 25, 2001

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:
- 2 (1) "Secretary" means the Secretary of the Office of Policy and
3 Management;
- 4 (2) "Municipality" means any town, city or borough, consolidated
5 town and city or consolidated town and borough;
- 6 (3) "Population" for each municipality means the number of people
7 according to the most recent estimate of the Department of Public
8 Health;
- 9 (4) "Adjusted equalized net grand list per capita" means the most
10 recent adjusted equalized net grand list per capita determined for each
11 municipality pursuant to section 10-261 of the general statutes;
- 12 (5) "Equalized mill rate" means the tax rate derived from the most
13 recent available grand levy of a municipality divided by the equalized

14 net grand list on which such levy is based as determined by the
15 secretary in accordance with section 10-261a of the general statutes;

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

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

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

33 (c) Within thirty days of submission of the list prepared pursuant to
34 subsection (b) of this section, the Governor shall convene a meeting of
35 the chief elected officials in each region in which a municipality
36 identified on the list is located. If any such municipality does not have
37 a chief elected official, a member of its legislative body shall be chosen
38 by a majority vote of such body to represent the municipality at the
39 meeting. The member of the legislative body chosen under this section
40 shall be deemed to be the chief elected official of such municipality for
41 the purposes of the meeting. The Governor shall provide notice of such
42 meeting to each chief elected official by certified mail, return receipt
43 requested. Each chief elected official receiving a notice under this
44 section shall participate in the process set forth in this section.

45 (d) On or before December thirty-first in the year of identification of

46 a municipality under subsection (b) of this section, the chief elected
47 officials shall submit to the Governor and the joint standing committee
48 of the General Assembly having cognizance of matters relating to local
49 government recommendations to address the problems of the
50 municipality, including intertown collaboration and action. On or
51 before December thirty-first in the second year after identification, the
52 Secretary of the Office of Policy and Management, in consultation with
53 the chief elected officials, shall prepare a specific implementation
54 strategy that addresses the fiscal capacity of the municipality.
55 Thereafter, the plan shall be revised annually until the municipality no
56 longer meets the 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 recommendations and in implementing
60 the strategy required under subsection (d) of this section.

61 Sec. 2. This act shall take effect July 1, 2001.

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:** Reallocation of Resources, Minimal Cost
- Affected Agencies:** Office of Policy and Management, Governor’s Office
- Municipal Impact:** Minimal Cost (and STATE MANDATE) for Certain Municipalities

Explanation

State Impact:

The bill results in an absorbable, 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 requires the Office of Policy and Management (OPM), within available funds, to prepare annually: (1) local government recommendations to the Governor and General Assembly to address the fiscal capacity of the municipalities; and (2) implementation strategies to improve said capacity. Since the bill specifies that these tasks must be accomplished within available appropriations, a reallocation of resources would have to occur. This reallocation could be significant. It is anticipated that OPM’s duties (as listed above) would require it to devote the full time of three to five staff members. The 2002-03 state budget, sHB 6668, as favorably reported by Appropriations, does not include any funding to OPM for these purposes.

The bill also requires OPM to annually compile and submit to the

Governor annually a list of municipalities that meet certain standards with respect to four measures: (1) equalized mill rate; (2) adjusted equalized grand list per capita; (3) median household income; and (4) population. OPM presently maintains or has ready access to the data necessary to compile these lists. Consequently, there is no additional cost to OPM related to this requirement.

Municipal Impact:

Based on the most recent data available, Bridgeport, Waterbury, Hartford and New Haven meet the criteria established by the bill. These municipalities would therefore be required to participate in the planning process until they no longer meet at least one of the four criteria. Other municipalities may be required to participate if they meet the four criteria. The bill requires municipal representatives 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 those municipalities that meet the criteria established by the bill.

House "A" required OPM, within available resources, to prepare specific implementation strategies that address the fiscal capacity of each municipality that meets the criteria established in the bill. The amendment required that municipalities meet each of the four criteria before they must participate (this reduced the potential number of participating municipalities). It also eliminated the potential revenue loss to municipalities for failure to comply with the planning process.

OLR Amended Bill Analysis

sHB 6994 (as amended by House "A")*

AN ACT CONCERNING MUNICIPAL FISCAL DISPARITIES.**SUMMARY:**

This bill establishes a process to identify towns with (1) high mill rates, (2) low per-capita grand lists, (3) low median household incomes, and (4) declining 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 September 15, 2001, and annually thereafter, the Office of Policy and Management (OPM) secretary must prepare a list of towns that meet all four 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 develop recommendations, including intertown collaboration and action, to address the town's fiscal problems.

The recommendations must be submitted to the governor and Planning and Development Committee by December 31. The bill requires OPM to provide the towns with necessary staff and resources, within available funds, to develop the recommendations.

By December 31 in the second year after a town is identified, the OPM secretary, in consultation with the town officials, must prepare a specific implementation strategy that addresses the identified town's fiscal capacity. The secretary must provide the necessary staff and resources, within available funds, to help the towns implement the strategy. The strategy must be updated every year until the town no longer meets the bill's criteria.

*House Amendment "A" (1) requires a town to meet all four criteria, instead of just one, to be included in this process and (2) places more requirements on the OPM secretary. It requires the secretary, instead of the towns, to develop the implementation strategy. The original bill required the secretary to help prepare the strategy. The amendment also (1) requires the secretary to provide staff and resources, (2)

changes the due date for the implementation strategy from October 30 of the second year after a town is identified to December 31 of that year, and (3) requires towns to draft recommendations by December 31 in the year a town is identified. The original bill required the towns to develop a "methodology" to address the town's problems by October 30 of the same year.

The amendment also (1) deletes a provision enabling the governor to withhold town road assistance from a town that did not participate in the plan development process (2) changes the date the secretary must submit a list of identified towns to the governor from July 15 of each year to September 15, (3) uses the adjusted equalized net grand list per capita rather than the equalized net grand list, and (4) adds cities and boroughs to the definition of municipality.

EFFECTIVE DATE: July 1, 2001

CRITERIA FOR INCLUSION

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

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

DEFINITIONS

Municipality

Municipality is defined as any town, city, or borough, consolidated town and city, or consolidated town and borough.

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.

Adjusted Equalized Net Grand List Per Capita

The bill cites the statutory adjusted equalized net grand list per capita definition (used in education law) which is the equalized net grand list (ENGL) of a town divided by its total population multiplied by the ratio of its per capita income to the per capita income of the state's highest per capita income town.

The 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 towns file. The law requires OPM to calculate the ENGL in order to calculate town education aid and to notify the towns of their ENGL by May 1 each year.

Equalized Mill Rate

The equalized mill rate is the tax rate derived by dividing a town's most recent grand levy by the ENGL on which the levy is based.

REGIONAL PLANNING MEETING

Municipal Chief Elected Officials

If a town does not have a chief elected official when 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.

BACKGROUND

Legislative History

On May 4, the House referred the bill (File 537) to the Transportation Committee, which favorably reported the bill out on May 8. On May 9, it referred the bill to the Legislative Management Committee, which favorably reported the bill out on May 15.

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

Transportation Committee

Joint Favorable Report
Yea 12 Nay 10

Joint Committee on Legislative Management

Joint Favorable Report
Yea 14 Nay 7