



Senate

General Assembly

File No. 6

January Session, 2001

Substitute Senate Bill No. 732

Senate, February 21, 2001

The Committee on Government Administration and Elections reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE DATA USED IN PREPARING THE ANNUAL PUBLIC INVESTMENT COMMUNITY INDEX.

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

1 Section 1. Section 7-545 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) As used in this section and section 7-546:

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

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

8 (3) "Per capita income" and "population" for each town means that
9 enumerated in (A) the most recent federal decennial census of
10 population [or that enumerated in the current population report series]

11 issued by the United States Department of Commerce, Bureau of the
12 Census, or (B) the most recent edition of an annual report that contains
13 similar information and is designated in regulations that the secretary
14 shall adopt in accordance with chapter 54, whichever is more recent
15 and available on January first of the fiscal year three years prior to the
16 fiscal year in which payment is to be made pursuant to this section;

17 (4) "Adjusted equalized net grand list per capita" means the most
18 recent adjusted equalized net grand list per capita determined for each
19 town pursuant to section 10-261;

20 (5) "Equalized mill rate" means the tax rate derived from the most
21 recent available grand levy of a town divided by the equalized net
22 grand list on which such levy is based as determined by the secretary
23 in accordance with section 10-261a;

24 (6) "Per capita temporary family assistance" means the number
25 obtained by adding together the unduplicated aggregate number of
26 children eligible to receive benefits by town under the temporary
27 family assistance program in October and May of each fiscal year, and
28 dividing by two, such number to be certified and submitted annually,
29 no later than the first day of July of the succeeding fiscal year, to the
30 secretary by the Commissioner of Social Services. Such number shall
31 be expressed as a percentage of the population of a town;

32 (7) "Unemployment rate" means the average unemployment rate of
33 a town as reported by the Labor Commissioner on the first day of July
34 for the latest available twelve-month period;

35 (8) "Eligibility index" is a measure of local burden determined by
36 calculating a town's disparity in relation to all municipalities. Points
37 shall be allocated for each of the following factors: (A) Per capita
38 income, (B) adjusted equalized net grand list per capita, (C) equalized
39 mill rate, (D) per capita temporary family assistance, and (E)
40 unemployment rate. For each factor the variance shall be the difference

41 between the first percentile and the one-hundredth percentile town
42 factors. In calculating the eligibility index for unemployment rate, per
43 capita temporary family assistance and equalized mill rate, the factor
44 for the first percentile town shall be subtracted from the factor for the
45 town and the result divided by the variance and multiplied by one
46 hundred. In calculating the eligibility index for per capita income and
47 adjusted equalized net grand list per capita, the factor for the first
48 percentile town shall be subtracted from the factor for the town and
49 the result shall be divided by the variance and multiplied by one
50 hundred. The product of such multiplication shall then be subtracted
51 from one hundred. The index points for all factors shall be [totalled]
52 totalled by town resulting in the overall eligibility index. The eligibility
53 index listing shall be ranked for all towns from highest to lowest points
54 according to need;

55 (9) "Public investment communities" are municipalities requiring
56 financial assistance to offset their service burdens with eligibility
57 defined as one which is in the top quartile of the "eligibility index"
58 scale;

59 (10) "Grand levy" means the mill rate of the town multiplied by the
60 net taxable grand list of the town and includes the value of special
61 service districts if such districts contain fifty per cent or more of the
62 value of total taxable property within the town.

63 (b) On or before July 15, 1994, and annually thereafter, the secretary
64 shall prepare the eligibility index for Connecticut municipalities.

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

GAE JOINT FAVORABLE SUBST.

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: None

Affected Agencies: Office of Policy and Management, Department of Economic and Community Development, Connecticut Housing Finance Authority

Municipal Impact: Potential Change in Distribution of Financial Assistance

Explanation

State Impact:

The bill does not change the total number of public investment communities (PICs), and it does not alter the cost of various financial assistance programs for PICs that the Department of Economic and Community Development (DECD) and the Connecticut Housing Finance Authority (CHFA) administer. The bill requires the Office of Policy and Management (OPM) to adopt regulations to implement the bill's provisions, which does not result in a cost to the agency.

Municipal Impact:

The fiscal impact of the bill on municipalities is uncertain. The bill allows OPM to choose between the federal decennial census and an alternative source to be determined later for municipal-specific demographic information (population and per capita income) used to designate PICs. In practice, OPM has used demographic information

from the 1990 federal decennial census to determine PICs since 1993. If OPM chooses to continue to use the federal decennial census for this purpose, the bill will have no fiscal impact on any municipality. However, if OPM elects to use an alternative source for demographic information that varies from the federal decennial census, the bill could alter the status of some municipalities, for PIC designation purposes, and thereby result in a loss or gain of financial assistance.

The fiscal impact of a change to a municipality's status as a PIC or a non-PIC would vary depending on the municipality, but could be significant. The extent of the impact would depend upon the magnitude of financial assistance lost or gained by each municipality's change in status. The four-year extension of eligibility provided for under current law means that a municipality would retain financial assistance for a period of time after losing its status as a PIC.

Financial Assistance Available to PICs

PICs are eligible to receive proceeds from the sale of urban action bonds as grants-in-aid for urban development projects. The FY 01 bond authorization for these projects was \$125 million. In addition, PICs qualify to receive grants-in-aid from a financial assistance program established by OPM for PICs, although no appropriations have been made for this purpose since 1993. These sources of direct assistance to a municipality are governed, in part or in whole, by its designation as a PIC.

Financial assistance is available to individuals, businesses and other entities located in PICs. The CHFA administers a residential mortgage guarantee program that provides persons with loans or deferred loans to purchase real property in public investment communities. In 1999, CHFA provided 4,229 loans worth \$376.4 million. The DECD provides businesses and individuals, among others, located in public investment communities with financial assistance including loans, extensions of credit or equity investments. To qualify as an Enterprise

Corridor Zone, a municipality must be designated as a PIC. Grants from the DECD to community development organizations may be used to pay the cost of activities within an Enterprise Corridor Zone such as the expansion, retention and development of small businesses. These financial assistance programs ultimately generate property tax revenues for municipalities by supporting their grand lists. A municipality designated as a PIC thereby receives indirect financial assistance.

OLR Bill Analysis

sSB 732

AN ACT CONCERNING THE DATA USED IN PREPARING THE ANNUAL PUBLIC INVESTMENT COMMUNITY INDEX.**SUMMARY:**

In preparing the public investment community (PIC) index, the Office of Policy and Management (OPM) secretary can use either of two sources of town population and per capita income data, both from the US Census Bureau. This bill requires the secretary to use a source he designates instead of the Census Bureau's current population report series as one of the alternatives. He can continue to use the most recent federal decennial census as an alternative. The bill requires the secretary to adopt regulations specifying the source he will use. It must be the most recent edition of a report containing information similar to the census.

EFFECTIVE DATE: July 1, 2001

BACKGROUND***Public Investment Community Index***

OPM prepares the PIC index, which measures the relative wealth and need of all 169 Connecticut towns by July 1 each year. OPM uses the following data from a variety of sources to develop the index: per capita income, adjusted equalized net grand list per capita, equalized mill rate, per capita temporary family assistance, and the unemployment rate. Towns are ranked in descending order from poorest to wealthiest. The towns in the top quartile are designated as public investment communities.

The PIC index is used to determine eligibility for a number of financial assistance programs that the Connecticut Housing Finance Authority and the Department of Economic and Community Development administer. State bond funds are also available for various projects in

public investment communities. Finally, certain public investment communities are eligible for Enterprise Corridor Zone designation.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 18 Nay 0