



House of Representatives

General Assembly

File No. 145

February Session, 2002

Substitute House Bill No. 5584

House of Representatives, March 25, 2002

The Committee on Planning and Development reported through REP. DAVIS of the 50th 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. Public act 01-158 is repealed and the following is
2 substituted in lieu thereof (*Effective from passage*):

3 (a) As used in this section:

4 (1) "Secretary" means the Secretary of the Office of Policy and
5 Management, or the secretary's designee;

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

8 (3) "Population" for each municipality means the number of people
9 according to the most recent estimate of the Department of Public
10 Health, pursuant to section 19a-2a;

11 (4) "Adjusted equalized net grand list per capita" means the most
12 recent adjusted equalized net grand list per capita determined for each
13 municipality pursuant to section 10-261, as amended;

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

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

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

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

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

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

48 (d) On or before [December] the thirty-first day of January in the
 49 year [of] following identification of a municipality under subsection (b)
 50 of this section, the chief elected officials shall submit to the Governor
 51 and the joint standing committee of the General Assembly having
 52 cognizance of matters relating to local government recommendations
 53 to address the problems of the municipality, including intertown
 54 collaboration and action. On or before [December] the thirty-first [in
 55 the second year after identification] day of January next following, the
 56 Secretary of the Office of Policy and Management, in [consultation]
 57 partnership with the chief elected officials, with technical assistance
 58 provided by the secretary, shall prepare a specific implementation
 59 [strategy] plan that addresses the fiscal capacity of the municipality.
 60 Thereafter, the plan shall be revised annually until the municipality no
 61 longer meets the qualifying standards of subsection (b) of this section.

62 (e) The [Secretary of the Office of Policy and Management]
 63 secretary, within available funds, shall provide necessary staff and
 64 resources to assist municipalities in preparing the recommendations
 65 and [in implementing] the strategy required under subsection (d) of
 66 this section.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

PD *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:

Fund-Type	Agency Affected	Current FY \$	FY 03 \$
GF - Savings	Policy & Mgmt., Off.	Potential	Potential

Note: GF=General Fund

Municipal Impact:

Effect	Municipalities	Current FY \$	FY 03 \$
Cost	Various Municipalities	Potential	Potential

Explanation

The bill eliminates the requirement that the Office of Policy and Management (OPM) provide a planning region’s towns with staff and resources to implement a fiscal capacity plan for a municipality deemed fiscally disparate from its neighbors. This results in a potential cost savings to the Office of Policy and Management and a corresponding potential cost increase to the planning region’s towns to implement the fiscal capacity plan.

OLR Bill Analysis

sHB 5584

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

This bill eliminates the requirement that the Office of Policy and Management (OPM) secretary provide a planning region's towns with the necessary staff and resources to implement a fiscal capacity plan for a town deemed fiscally disparate from its regional neighbors. The bill keeps OPM involved in developing the plan. It specifies that the OPM secretary must work in partnership with the planning region's chief elected municipal officials to develop the plan and must provide them with technical assistance. Current law (1) requires OPM to provide the necessary staff and resources, within available funds, to help the planning region members implement the plan and (2) places the primary responsibility for developing the plan on the OPM secretary.

The bill also extends each of the three deadlines in this process by one month.

EFFECTIVE DATE: Upon passage

DISPARITIES PROCESS***Deadlines***

The bill extends the three deadlines in the process each by one month. Under the bill:

1. OPM must submit to the governor a list of towns that meet the fiscal disparities criteria by October 15 of each year.
2. The region's chief elected municipal officials must submit recommendations addressing the fiscally disparate town's problems to the governor and Planning and Development Committee by January 31 of the calendar year after the town is placed on the list.
3. The OPM secretary and the chief elected municipal officials must

jointly craft an implementation plan to address the disparate town's fiscal capacity by January 31 of the year following the recommendations.

Municipal Population Counts

The bill specifies the disparities process must use municipal population estimates the Department of Public Health prepares and submits to OPM every September.

BACKGROUND

PA 01-158

The fiscal disparities law established a process to identify towns that, based on four factors, are seen to be fiscally disparate from or unequal to neighboring towns in the same planning region. OPM must annually report to the governor a list of towns that meet all the following criteria:

1. an equalized mill rate 50% above the average of the towns in its region,
2. an adjusted equalized net grand list per capita 40% below the average of the towns in its region,
3. a median household income 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.

A plan developed to address a town's fiscal problems must be updated every year until the town no longer meets the disparities criteria.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 0