



Senate

General Assembly

File No. 297

February Session, 2006

Substitute Senate Bill No. 390

Senate, April 3, 2006

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING STATE REVENUE SHARING FOR ACTIVITIES JOINTLY PERFORMED BY MUNICIPALITIES.

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

1 Section 1. (NEW) (*Effective July 1, 2006, and applicable to sales*
2 *occurring on or after July 1, 2006*) (a) The Commissioner of Revenue
3 Services shall segregate one-half per cent of the sales tax revenue that
4 accrues from sales within the meaning of subdivision (2) of subsection
5 (a) of section 12-407 of the 2006 supplement to the general statutes.

6 (b) Such funds segregated under subsection (a) of this section shall
7 be allocated to the State Treasurer for deposit in the General Fund.
8 Upon deposit in the General Fund, such funds shall be credited to the
9 municipal joint performance incentive account established under
10 section 2 of this act.

11 Sec. 2. (NEW) (*Effective July 1, 2006*) There is established, within the
12 General Fund, a separate, nonlapsing account to be known as the

13 "municipal joint performance incentive account". The account shall
14 contain any moneys required by law to be deposited in the account.
15 The moneys in said account shall be available to the Secretary of the
16 Office of Policy and Management for grants under section 3 of this act.

17 Sec. 3. (NEW) (*Effective July 1, 2006*) (a) As used in this section,
18 "municipal intergovernmental agency" means a regional council of
19 elected officials or regional council of governments pursuant to
20 chapter 50 of the general statutes.

21 (b) There is established a state revenue sharing program which shall
22 be administered by the Office of Policy and Management. On or before
23 January 1, 2007, and June 1, 2007, and semiannually thereafter, each
24 municipal intergovernmental agency shall be paid by the state a grant
25 equal to one-half the amount determined in accordance with the
26 provisions of subsection (c) of this section. Funds received pursuant to
27 this section shall be expended by the municipal intergovernmental
28 agency for purposes of general revenue sharing grants to member
29 municipalities for specific initiatives undertaken jointly by two or more
30 member municipalities to consolidate services and promote
31 cooperation between municipalities to achieve economies of scale and
32 lower costs, except costs of education. Grants may be used for capital
33 improvements or other costs incurred by municipalities in
34 implementing joint initiatives. Such grants shall be disbursed in
35 accordance with an annual allocation plan approved by the municipal
36 intergovernmental agency after a public hearing.

37 (c) Grants made to municipal intergovernmental agencies pursuant
38 to subsection (b) of this section shall be equal to the amount segregated
39 pursuant to section 1 of this act, multiplied by the ratio that the total
40 population, as defined in section 10-261 of the general statutes, of all
41 member municipalities of a municipal intergovernmental agency bears
42 to the total population of all municipalities in the state.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2006, and applicable to sales occurring on or after July 1, 2006</i>	New section
Sec. 2	<i>July 1, 2006</i>	New section
Sec. 3	<i>July 1, 2006</i>	New section

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:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Revenue Services	GF - Revenue Loss	32,100,000	33,400,000
Policy & Mgmt., Off.	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill will result in a revenue loss to the General Fund from the Sales and Use Tax of approximately \$32.1 million in FY 07 and \$33.4 million in FY 08. The bill segregates 0.5% of sales tax revenues to be credited to the municipal joint performance incentive account established in this bill.

It is anticipated that the Office of Policy and Management can calculate the grant and issue two payments per year to the ten eligible regional planning bodies within its normal budgetary resources.

The Out Years

The revenue loss identified above would grow by the annual growth in the collections from the Sales and Use Tax which have historically grown by 3-6% per year.

OLR Bill Analysis**sSB 390*****AN ACT CONCERNING STATE REVENUE SHARING FOR ACTIVITIES JOINTLY PERFORMED BY MUNICIPALITIES.*****SUMMARY:**

This bill authorizes grants to groups of towns that jointly find ways to maintain or expand services at lower costs. It funds the grants by segregating 0.5% of the sales tax revenue, and requires the Office of Policy and Management (OPM) to pay the segregated revenue to regional planning bodies based on their share of the state's population. OPM must award the grants on January 1 and June 1 annually, beginning in 2007.

The regional bodies are regional councils of elected officials and regional councils of government. They can award the grants to two or more towns in their respective regions. The collaborating towns must use the grants to fund capital improvements or cover the other costs of implementing a joint project. But they cannot use the grants to cover education expenses.

EFFECTIVE DATE: July 1, 2006, except that the provision segregating sales tax revenue also applies to sales occurring on or after that date.

FUNDING SOURCE

The bill requires the revenue services commissioner to segregate 0.5% of the sales tax revenue and allocate the segregated revenue to the treasurer for deposit in a separate, nonlapsing account the bill establishes for the grants. The commissioner must start doing this on July 1, 2006. The account must contain any other funds designated by law.

GRANT ADMINISTRATION

The bill channels the grants to towns through regional councils of elected officials and regional councils of governments, but not regional planning agencies. The councils serve towns in 10 of the state's 15 planning regions. Regional planning agencies serve towns in five regions. Stafford and Union are the only towns that are not in a region (see BACKGROUND).

OPM must pay the grants to the regional planning bodies twice a year, on January 1 and June 1, starting in 2007. The grant amount of grant each council receives is based on its region's share of the state's population. OPM must determine that amount by multiplying that share against the amount in the fund and dividing the result in half.

The regional council must allocate the grants to its constituent towns according to an annual allocation plan, which the council must prepare and approve after holding a public hearing on it.

BACKGROUND

Regional Planning Organizations

Towns in the state's 15 planning regions can create three types of regional planning organizations: regional councils of government, regional councils of elected officials, and regional planning agencies. All but two towns—Stafford and Union—are in a planning region. The bill channels the grants to regional councils of governments and regional councils of elected officials, which operate in 10 regions. Table 1 lists the organizations serving each region.

Table 1: Regional Planning Organizations

<i>Regional Councils of Government</i>	<i>Regional Planning Agencies</i>	<i>Regional Councils of Elected Officials</i>
Capitol Region Council of Governments	Central Connecticut Regional Planning Agency	Housatonic Valley Council of Elected Officials
Council of	Connecticut River	Litchfield Council

Governments of the Naugatuck Valley	Estuary Regional Planning Agency	of Elected Officials
Northeastern Connecticut Council of Governments	Greater Bridgeport Regional Planning Agency	
Northwestern Connecticut Council of Governments	Midstate Regional Planning Agency	
South Central Regional Council of Governments	Southwestern Connecticut Regional Planning Agency	
Southeastern Connecticut Council of Governments		
Valley Council of Governments		
Windham Region Council of Governments		

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 16 Nay 0 (03/17/2006)