OLR Bill Analysis
HB 5316

AN ACT REQUIRING A TWO-THIRDS VOTE OF THE GENERAL ASSEMBLY TO ENLARGE MUNICIPAL MANDATES AND AUTHORIZING A REVIEW OF CERTAIN MUNICIPAL BUDGETS.

SUMMARY:

This bill requires a two-thirds majority vote by members of each house of the General Assembly to pass any bill that creates or enlarges a state mandate on local governments. Under current law, any bill or amendment that creates or enlarges a state mandate on local governments must be referred to the Appropriations Committee, unless the General Assembly, by a two-thirds majority of each house, votes to waive the requirement.

The bill requires the Auditors of Public Accounts to (1) annually audit the books and accounts of municipalities whose populations are at least 30,000 and that received more than 35% of their annual operating budgets in the previous fiscal year in state grants and (2) report their findings to the legislature. Under current law, all municipalities must have their financial statements and accounts audited by an independent auditor at least once every year. The auditors' audit for the municipalities covered by the bill replaces this annual independent municipal audit.

EFFECTIVE DATE: October 1, 2012

STATE MANDATES ON MUNICIPALITIES

Under current law, the legislature must follow certain procedures for bills, amendments, and conference committee reports creating or enlarging state mandates on municipalities. They must be accompanied by an Office of Fiscal Analysis fiscal note estimating the cost to local governments and, unless there is a two-thirds majority vote otherwise in each house of the General Assembly, they must be referred to the Appropriations Committee.

Beginning October 1, 2012, the bill prohibits the legislature from enacting a bill into law that would create or enlarge a state mandate on local governments unless two-thirds of the members of each house of the General Assembly approve it.

The law defines "state mandate" as an action by the state government that requires local governments to "establish, expand or modify [their] activities in such a way as to necessitate additional expenditures from local revenues." The statutory definition excludes court orders and legislation necessary to comply with federal mandates (CGS § 2-32b(a)).

STATE AUDIT OF CERTAIN MUNICIPALITIES

The bill requires the Auditors of Public Accounts to annually audit the books and accounts of municipalities with populations of 30,000 or more that received more than 35% of their annual operating budgets in state grants for the previous fiscal year. (This includes grants covering education costs.) Under the bill, the auditors must prepare a report on their reviews of these municipalities, which must include recommendations on programmatic savings, efficiencies, financial improvements, and reforms in the municipality. They must submit the report to the Planning and Development; Appropriations; and Finance, Revenue and Bonding committees.

Based on the Office of Policy and Management's (OPM) *Municipal Fiscal Indicators* FY 10 data, and each town's FY 12 budget, the municipalities currently subject to the audit under the bill are:

1. Hartford,
2. New Haven,
3. New Britain,
4. Waterbury,
5. Bridgeport,

6. West Haven, and

7. Norwich.

By law, all municipalities, regional school districts and other regional bodies, and some special taxing districts must have their financial statements and accounts audited by an independent auditor at least once every year and submit the audit reports to various local officials and the Office of Policy and Management secretary. These entities must also notify the secretary about the auditors they selected to conduct the audits.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable
Yea 13 Nay 7 (03/07/2012)