



Senate

General Assembly

File No. 224

February Session, 2014

Senate Bill No. 271

Senate, April 1, 2014

The Committee on Government Administration and Elections reported through SEN. MUSTO of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE STATE'S AUTHORITY TO PURCHASE AND TO RECEIVE DONATIONS OF REAL PROPERTY.

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

1 Section 1. Section 4b-22 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 Upon approval of the Governor and the Secretary of the Office of
4 Policy and Management, the state, through the Department of
5 Administrative Services, may accept by gift, devise or exchange, real
6 property, interests in real property, and other rights in land or water or
7 interest in any such right. Except as provided in section 3-33, no [land]
8 real property, interest in real property or other right in land or water or
9 interest in any such right shall be acquired by the state by gift, devise
10 or exchange except with the [approval of the Governor and the] review
11 of the Attorney General for legal sufficiency. [When the Governor and
12 the Attorney General accept land which has been given to the state for
13 any purpose, proper acknowledgment of the gift shall be made to the

14 donor.] The Governor shall provide written acknowledgement of any
15 such gift to the state to the donor.

16 Sec. 2. Subsection (a) of section 4b-21 of the 2014 supplement to the
17 general statutes is repealed and the following is substituted in lieu
18 thereof (*Effective from passage*):

19 [(a) When the General Assembly is not in session, the trustees of any
20 state institution, the State Board of Education or the Commissioner of
21 Correction may, subject to the provisions of section 4b-23, purchase or
22 acquire for the state, through the Commissioner of Administrative
23 Services, any land or interest therein if such action seems advisable to
24 protect the state's interest or to effect a needed economy, and may,
25 subject to the provisions of said section, contract through the
26 Commissioner of Administrative Services for the sale or exchange of
27 any land or interest therein belonging to the state, except that The
28 University of Connecticut may purchase or acquire for the state and
29 may dispose of or exchange any land or interest therein directly. When
30 the General Assembly is not in session, the]

31 (a) (1) Notwithstanding any provision of the general statutes, the
32 Commissioner of Administrative Services may purchase or acquire
33 real property, interests in real property, and other rights in land or
34 water or interest in any such right, on behalf of any state agency that
35 does not otherwise possess the statutory authority to make such
36 purchase or acquisition. Any such purchase or acquisition shall be
37 subject to the approval of the Secretary of the Office of Policy and
38 Management, the State Properties Review Board and the Attorney
39 General.

40 (2) The Commissioner of Administrative Services, with the approval
41 of the State Properties Review Board, may give or obtain an option
42 upon any land or interest therein which is not under the control of the
43 trustees of any state institution, the State Board of Education or the
44 Commissioner of Correction when such action seems advisable. [, and
45 such option shall remain in force until the fifteenth day of August
46 following the next session of the General Assembly.]

47 (3) The University of Connecticut may purchase or acquire for the
48 state and may dispose of or exchange any land or interest therein
49 directly.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	4b-22
Sec. 2	<i>from passage</i>	4b-21(a)

GAE *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Dept. of Administrative Services	Capital Asset Gain	Potential	Potential

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Potential Revenue Loss	None	Potential

Explanation

The bill clarifies statutory language that allows the state to receive donations of real property or other interest in property. This may result in a capital asset gain to the state.

Any potential impact on municipalities depends on the nature of the private property transferred to the state. A transfer of taxable private property to the state results in a revenue loss to municipalities, as municipalities are reimbursed at 45% of taxes owed on state-property, rather than the 100% they would have received.¹

A transfer of non-taxable property, such as land owned by certain non-profits, to the state would result in a revenue gain to municipalities, as municipalities would be receiving a State-Owned Property PILOT reimbursement for land for which they previously received no taxes for.

¹ Currently, the State-Owned Property PILOT is not fully funded, which reduces the actual reimbursement amount from 45% to a pro-rated amount.

Any increase in the value of a municipality’s State Property PILOT reimbursement would decrease the payment to other municipalities. The State Property PILOT appropriation is currently set at \$73.6 million, which is prorated and distributed to municipalities with state-owned property. Any increased payment to one municipality results in decreased payments to other municipalities.

Any impact on municipal property tax revenue resulting from a property transfer would first be realized two years after the transfer occurred. However, any impact on State Property PILOT reimbursements would be realized three years after the transfer, due to the timing of PILOT payments. Any property transfer occurring prior to October 1, 2014 would be reflected on a municipality’s October 2014 grand list. This would result in a change in property tax revenue for that municipality in FY 16 and a change in State Property PILOT payments for all municipalities receiving such payments in FY 17.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$	FY 19 \$
Dept. of Administrative Services	GF - Gain of Asset Value	Potential	Potential	Potential

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$	FY 19 \$
Various Municipalities	Potential Revenue Loss	Potential	Potential	Potential

OLR Bill Analysis**SB 271*****AN ACT CONCERNING THE STATE'S AUTHORITY TO PURCHASE
AND TO RECEIVE DONATIONS OF REAL PROPERTY.*****SUMMARY:**

This bill makes several changes to conform the law to current practice regarding property acquisitions by the state. It allows the state, through the Department of Administrative Services (DAS) and with the governor's and Office of Policy and Management (OPM) secretary's approval, to accept real property, interests in real property, and other rights in land or water or interests in such rights. It also allows the state to accept these properties, interests, and rights by gift, devise, or exchange. The bill specifies that the governor must provide written acknowledgement to any donor of properties, interests, or rights. Current law requires that the donor be given proper acknowledgment, but does not specify who must provide the acknowledgment.

Under current law, the state cannot acquire land by gift without the attorney general's approval. The bill expands this prohibition to include gifts, devises, or exchanges of real property, interests in real property, and other rights in land or water or interests in such rights. It also (1) specifies that the attorney general is limited to a review for legal sufficiency and (2) eliminates the prohibition in current law against acquiring land by gift without gubernatorial approval. The bill retains a current provision that allows the state treasurer, without approval by another official, to accept gifts or devises of land to be used by the Military Department.

The bill also allows the DAS commissioner to purchase or acquire real property, interests in real property, and other rights in land or water or interests in such rights on behalf of any state agency not

authorized to make the purchase or acquisition itself. Under current law, DAS may undertake these actions only (1) on behalf of trustees of state institutions, the State Board of Education (SBE), and the correction commissioner and (2) when the legislature is not in session. The bill specifies that the purchases and acquisitions must be approved by the OPM secretary, attorney general, and State Properties Review Board (SPRB). (These approvals are already required under existing law.)

By law, DAS may also, with SPRB's approval, give or obtain an option on any land or interest not under the control of trustees of state institutions, SBE, or the correction commissioner. The bill eliminates a provision that limits the option until August 15 following the next legislative session.

The bill also makes technical changes.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 14 Nay 0 (03/14/2014)