



House of Representatives

General Assembly

File No. 285

February Session, 2016

Substitute House Bill No. 5478

House of Representatives, March 30, 2016

The Committee on Planning and Development reported through REP. MILLER, P. of the 36th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING GRANTS IN LIEU OF TAXES.

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

- 1 Section 1. (NEW) (*Effective July 1, 2016*) Notwithstanding the
2 provisions of section 12-18b of the general statutes, real property
3 owned by a private nonprofit institution of higher learning that is used
4 primarily for primary and secondary education purposes shall not be
5 eligible for a grant in lieu of taxes pursuant to said section.

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

Section 1	<i>July 1, 2016</i>	New section
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PD Joint Favorable Subst.

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 17 \$	FY 18 \$	The Out Years
Policy & Mgmt., Off.	GF - Savings	None	None	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$	The Out Years
Various Municipalities	Revenue Loss	None	None	Minimal
Various Municipalities	Revenue Gain	None	None	Minimal

Explanation

The bill prevents municipalities from receiving College & Hospital PILOT grant¹ funding for private college property used for primary and secondary education.

As an illustration, East Hartford receives a PILOT payment for private college property used for primary and secondary education.² As a result of the bill, East Hartford will experience a reduction in its College & Hospital PILOT grant beginning in FY 19. East Hartford, in

¹ The Office of Policy and Management reimburses municipalities for the tax loss resulting from private college and hospital property. OPM is required to reimburse towns for 77% of the tax loss. However, because payments to towns can be prorated, towns have historically received less than 77% of taxes owed. PA 15-1, the FY 16 and FY 17 budget specifies additional PILOT payments to certain municipalities with high levels of tax exempt property beginning in FY 17.

² There is a magnet school located on the University of Hartford, which straddles the border between Hartford and West Hartford. It is not known what portion of Hartford's or West Hartford's PILOT payments, if any, are attributable to this property.

FY 17, is estimated to receive about \$20,800 for Goodwin College property used for primary and secondary education. This represents about 4% of East Hartford's total estimated FY 17 grant of about \$520,000 (East Hartford's entire grant is for property owned by Goodwin College).

The bill results in a potential savings to the Office of Policy and Management (OPM), associated with a reduced cost, beginning in FY 19, of fully funding the College & Hospital PILOT grant.

If the grant is not fully funded, the bill results in a revenue gain, beginning in FY 19, to all other municipalities that receive College & Hospital PILOT funding (72 municipalities and special taxing districts in FY 16). This is because grants are proportionately reduced in years that the grant is not fully funded.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal grand lists and mill rates.

OLR Bill Analysis

sHB 5478

AN ACT CONCERNING GRANTS IN LIEU OF TAXES.

SUMMARY:

This bill makes private college and university property primarily used for primary or secondary education purposes ineligible for state reimbursement to a municipality under the payment in lieu of taxes (PILOT) program.

By law, the PILOT program reimburses municipalities for a part of the revenue loss from eligible tax-exempt (1) private, nonprofit college and hospital property and (2) state-owned property, Indian reservation and trust land, and municipally owned airports. PILOTs are based on (1) a specified percentage of taxes that each municipality would otherwise collect on the property and (2) the amount the state appropriates for the payments.

EFFECTIVE DATE: July 1, 2016

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 11 Nay 9 (03/14/2016)