
OLR Bill Analysis

SB 423

AN ACT ELIMINATING THE MUNICIPAL SPENDING CAP.

SUMMARY

This bill eliminates the municipal spending cap, which is a feature of the municipal revenue sharing grant program. Under current law, beginning in FY 18, the Office of Policy and Management must reduce revenue sharing grants to municipalities whose spending, with certain exceptions, exceeds the specified municipal spending cap (see below).

Under the biennial budget for FYs 18 and 19, only five municipalities will receive revenue sharing grants (Bridgeport, Hartford, Mansfield, New Haven, and Waterbury) (PA 17-2, June Special Session, § 590). In effect, the bill only impacts them because they are the only municipalities that risk losing revenue sharing grants if they do not stay under the spending cap.

EFFECTIVE DATE: July 1, 2018

MUNICIPAL SPENDING CAP

Under current law, the spending cap is the greater of the inflation rate or 2.5% or more of the prior fiscal year's authorized general budget expenditures.

Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount over this cap receive a reduced revenue sharing grant. The reduction is equal to 50 cents for every dollar the municipality spends over the cap.

Certain expenditures do not count toward the cap, including those (1) that exceed the cap by an amount proportionate to the municipality's population increase and (2) for costs associated with debt service, special education, or implementing court orders or arbitration awards.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 13 Nay 9 (03/26/2018)