

OFFICE OF FISCAL ANALYSIS

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sHB-5028

AN ACT REQUIRING AN ANALYSIS OF THE ADMINISTRATIVE COSTS OF COLLECTING STATE TAXES.

As Amended by House "A" (LCO 5910)

House Calendar No.: 354

Senate Calendar No.: 561

OFA Fiscal Note

State Impact: See Explanation Below

Municipal Impact: None

The bill results in the following impacts which are organized by section:

Section 1 exempts child care services administered by Organized Parents Make a Difference, Inc. (OPMAD), from child care licensing requirements. Currently, there are four legally exempt OPMAD programs at various schools in Hartford. The Office of Early Childhood (OEC) conducts health and safety inspections at these sites, which are eligible for Care 4 Kids funding. To the extent additional OPMAD sites will be exempt and receive state-funded child care services through the Early Care and Education account, the state may experience a savings associated with such sites no longer being eligible for a state subsidy.

Section 2 reduces, for three fiscal years, the portion of a town's actuarially required pension contribution that it must make when issuing pension deficit bonds. This results in a savings to various municipalities that issue such bonds in each of the three fiscal years. This savings would be offset in future years by an increase in total pension liability.

Section 3 requires the Office of Policy and Management (OPM) to provide a grant of \$168,500 to the Naugatuck Valley Council of Governments from the Regional Planning Incentive Account (RPIA). This reduces the balance of the RPIA by \$168,500. The balance of the RPIA as of March 31, 2018 is about \$3.6 million.

Section 4 prorates the \$5.0 million transfer out of the community investment account (CIA) to the General Fund across all CIA subaccounts. As this sweep was previously identified in Sec. 697 of PA 17-2, the FY 18 and FY 19 biennial budget, it does not result in a fiscal impact.

Section 5 requires the Department of Public Health (DPH) to collaborate with municipal and districts directors of health to develop a process for food vendor licensure reciprocity by 1/1/19, which does not result in a fiscal impact as these entities have the necessary expertise to complete this task in the time provided.

Section 6 requires OPM to make a payment of \$1 million to the Connecticut Retirement Security Authority, if the Authority determines such a payment is necessary as a result of current expenses exceeding available funds. The amendment requires the payment to be repaid within 10 years.

Sections 7- 40 implement the transfer of the State Unit on Aging and the Long-Term Care Ombudsman program from the Department of Social Services to the Department of Rehabilitation Services. This allows for the transfer of 23 positions, and \$7.8 million in the General Fund, and \$376,023 in the Insurance Fund.

Section 41 establishes a Corporation Business Tax deduction for contributions made by the state or municipalities on and after December 23, 2017. This results in a revenue loss beginning in FY 19.

It provides that expenses related to dividends equal 5% of all dividends received by a company during an income year. The revenue impact of this provision is uncertain as affected companies would have

had to add back related expenses in the absence of this provision and it is unclear how those amounts would compare to the 5% provided under the bill.

It also specifies that certain business interest be treated the same under state law as it is under federal law for deductibility purposes, with certain exceptions. The net revenue impact of this provision is anticipated to be minimal.

Section 42 makes a technical change that does not result in any fiscal impact.

Section 43 establishes alternative income sourcing rules for certain non-resident taxpayers under the Personal Income Tax which results in a revenue gain beginning in FY 20.

Section 44, which creates an exemption for parent/guardian presence when an oral health assessment is conducted by a licensed outpatient clinic operating on school grounds, is not anticipated to result in a fiscal impact to the state or municipalities.

Section 45 prohibits certain common interest communities from being taxed as residential property in the City of Hartford. This results in a grand list expansion in the city, which results in a revenue gain, given a constant mill rate.

House "A" strikes the underlying bill and its associated fiscal impact and replaces it with the language whose fiscal impact is described above.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.