



Senate

General Assembly

File No. 394

February Session, 2018

Senate Bill No. 423

Senate, April 10, 2018

The Committee on Planning and Development reported through SEN. CASSANO, S. of the 4th Dist. and SEN. LOGAN of the 17th Dist., Chairpersons of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT ELIMINATING THE MUNICIPAL SPENDING CAP.

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

1 Section 1. Section 4-66l of the 2018 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2018*):

4 (a) For the purposes of this section:

5 (1) "FY 15 mill rate" means the mill rate a municipality used during
6 the fiscal year ending June 30, 2015;

7 (2) "Mill rate" means, unless otherwise specified, the mill rate a
8 municipality uses to calculate tax bills for motor vehicles;

9 (3) "Municipality" means any town, city, consolidated town and city
10 or consolidated town and borough. "Municipality" includes a district
11 for the purposes of subdivision (1) of subsection (d) of this section;

12 (4) "Municipal spending" means:

T1	Municipal	Municipal	
T2	spending for	spending for	
T3	the fiscal year	the fiscal year	
T4	prior to the	two years	
T5	current fiscal	prior to the	
T6	year	current year	
T7	_____		X 100 = Municipal spending;
T8	Municipal spending for the fiscal		
T9	year two years prior to the current		
T10	year		

13 (5) "Per capita distribution" means:

T11	Municipal population	
T12	_____	X Sales tax revenue = Per capita distribution;
T13	Total state population	

14 (6) "Pro rata distribution" means:

T14	Municipal weighted	
T15	mill rate calculation	
T16	_____	X Sales tax revenue = Pro rata distribution;
T17	Sum of all municipal	
T18	weighted mill rate	
T19	calculations combined	

15 (7) "Regional council of governments" means any such council
 16 organized under the provisions of sections 4-124i to 4-124p, inclusive;

17 (8) "Municipal population" means the number of persons in a
 18 municipality according to the most recent estimate of the Department
 19 of Public Health;

20 (9) "Total state population" means the number of persons in this

21 state according to the most recent estimate published by the
22 Department of Public Health;

23 (10) "Weighted mill rate" means a municipality's FY 15 mill rate
24 divided by the average of all municipalities' FY 15 mill rate;

25 (11) "Weighted mill rate calculation" means per capita distribution
26 multiplied by a municipality's weighted mill rate;

27 (12) "Sales tax revenue" means the moneys in the account remaining
28 for distribution pursuant to subdivision (7) of subsection (b) of this
29 section;

30 (13) "District" means any district, as defined in section 7-324; and

31 (14) "Secretary" means the Secretary of the Office of Policy and
32 Management.

33 (b) There is established an account to be known as the "municipal
34 revenue sharing account" which shall be a separate, nonlapsing
35 account within the General Fund. The account shall contain any
36 moneys required by law to be deposited in the account. The secretary
37 shall set aside and ensure availability of moneys in the account in the
38 following order of priority and shall transfer or disburse such moneys
39 as follows:

40 (1) Ten million dollars for the fiscal year ending June 30, 2016, shall
41 be transferred not later than April fifteenth for the purposes of grants
42 under section 10-262h;

43 (2) For the fiscal year ending June 30, 2018, and each fiscal year
44 thereafter, moneys sufficient to make motor vehicle property tax
45 grants payable to municipalities pursuant to subsection (c) of this
46 section shall be expended not later than August first annually by the
47 secretary;

48 (3) For the fiscal year ending June 30, 2018, and each fiscal year
49 thereafter, moneys sufficient to make the grants payable from the

50 select payment in lieu of taxes grant account established pursuant to
51 section 12-18c shall annually be transferred to the select payment in
52 lieu of taxes account in the Office of Policy and Management;

53 (4) For the fiscal years ending June 30, 2018, and June 30, 2019,
54 moneys sufficient to make the municipal revenue sharing grants
55 payable to municipalities pursuant to subdivision (2) of subsection (d)
56 of this section shall be expended not later than October thirty-first
57 annually by the secretary;

58 (5) For the fiscal year ending June 30, 2018, and each fiscal year
59 thereafter, seven million dollars shall be expended for the purposes of
60 the regional services grants pursuant to subsection (e) of this section to
61 the regional councils of governments;

62 (6) For the fiscal year ending June 30, 2018, and each fiscal year
63 thereafter, moneys may be expended for the purpose of supplemental
64 motor vehicle property tax grants pursuant to subsection (c) of this
65 section; and

66 (7) For the fiscal year ending June 30, 2020, and each fiscal year
67 thereafter, moneys in the account remaining shall be expended
68 annually by the secretary for the purposes of the municipal revenue
69 sharing grants established pursuant to subsection (f) of this section.
70 Any such moneys deposited in the account for municipal revenue
71 sharing grants between October first and June thirtieth shall be
72 distributed to municipalities on the following October first and any
73 such moneys deposited in the account between July first and
74 September thirtieth shall be distributed to municipalities on the
75 following January thirty-first. Any municipality may apply to the
76 Office of Policy and Management on or after July first for early
77 disbursement of a portion of such grant. The Office of Policy and
78 Management may approve such an application if it finds that early
79 disbursement is required in order for a municipality to meet its cash
80 flow needs. No early disbursement approved by said office may be
81 issued later than September thirtieth.

82 (c) (1) For the fiscal year ending June 30, 2018, motor vehicle
83 property tax grants to municipalities that impose mill rates on real
84 property and personal property other than motor vehicles greater than
85 39 mills or that, when combined with the mill rate of any district
86 located within the municipality, impose mill rates greater than 39
87 mills, shall be made in an amount equal to the difference between the
88 amount of property taxes levied by the municipality and any district
89 located within the municipality on motor vehicles for the assessment
90 year commencing October 1, 2013, and the amount such levy would
91 have been if the mill rate on motor vehicles for said assessment year
92 was 39 mills.

93 (2) For the fiscal year ending June 30, 2019, and each fiscal year
94 thereafter, motor vehicle property tax grants to municipalities that
95 impose mill rates on real property and personal property other than
96 motor vehicles greater than 45 mills or that, when combined with the
97 mill rate of any district located within the municipality, impose mill
98 rates greater than 45 mills, shall be made in an amount equal to the
99 difference between the amount of property taxes levied by the
100 municipality and any district located within the municipality on motor
101 vehicles for the assessment year commencing October 1, 2013, and the
102 amount such levy would have been if the mill rate on motor vehicles
103 for said assessment year was 45 mills.

104 (3) For the fiscal year ending June 30, 2018, and each fiscal year
105 thereafter, any municipality that imposed a mill rate for real and
106 personal property of more than 39 mills during the fiscal year ending
107 June 30, 2017, and effected a revaluation of real property for the 2014
108 or 2015 assessment year that resulted in an increase of 4 or more mills
109 over the prior mill rate, may apply to the Office of Policy and
110 Management for a supplemental motor vehicle property tax grant. The
111 Office of Policy and Management may approve such an application,
112 within available funds, provided such supplemental grant does not
113 reduce any amount payable to any other municipality.

114 (4) Not later than fifteen calendar days after receiving a property tax

115 grant pursuant to this section, the municipality shall disburse to any
116 district located within the municipality the amount of any such
117 property tax grant that is attributable to the district.

118 (d) (1) For the fiscal year ending June 30, 2017, each municipality
119 shall receive a municipal revenue sharing grant, which shall be
120 payable August 1, 2016, from the Municipal Revenue Sharing Fund
121 established in section 4-66p. The total amount of the grant payable is as
122 follows:

T20	Municipality	Grant Amount
T21	Andover	66,705
T22	Ansonia	605,442
T23	Ashford	87,248
T24	Avon	374,711
T25	Barkhamsted	76,324
T26	Beacon Falls	123,341
T27	Berlin	843,048
T28	Bethany	114,329
T29	Bethel	392,605
T30	Bethlehem	42,762
T31	Bloomfield	438,458
T32	Bolton	106,449
T33	Bozrah	53,783
T34	Branford	570,402
T35	Bridgeport	14,476,283
T36	Bridgewater	15,670
T37	Bristol	1,276,119
T38	Brookfield	343,611
T39	Brooklyn	103,910
T40	Burlington	193,490
T41	Canaan	14,793
T42	Canterbury	58,684
T43	Canton	211,078
T44	Chaplin	48,563
T45	Cheshire	594,084

T46	Chester	57,736
T47	Clinton	268,611
T48	Colchester	330,363
T49	Colebrook	29,694
T50	Columbia	111,276
T51	Cornwall	11,269
T52	Coventry	252,939
T53	Cromwell	288,951
T54	Danbury	2,079,675
T55	Darien	171,485
T56	Deep River	93,525
T57	Derby	462,718
T58	Durham	150,019
T59	East Granby	106,222
T60	East Haddam	186,418
T61	East Hampton	263,149
T62	East Hartford	3,877,281
T63	East Haven	593,493
T64	East Lyme	243,736
T65	East Windsor	232,457
T66	Eastford	23,060
T67	Easton	155,216
T68	Ellington	321,722
T69	Enfield	911,974
T70	Essex	74,572
T71	Fairfield	795,318
T72	Farmington	335,287
T73	Franklin	26,309
T74	Glastonbury	754,546
T75	Goshen	30,286
T76	Granby	244,839
T77	Greenwich	366,588
T78	Griswold	243,727
T79	Groton	433,177
T80	Guilford	456,863

T81	Haddam	170,440
T82	Hamden	4,491,337
T83	Hampton	38,070
T84	Hartford	13,908,437
T85	Hartland	27,964
T86	Harwinton	113,987
T87	Hebron	208,666
T88	Kent	26,808
T89	Killingly	351,213
T90	Killingworth	85,270
T91	Lebanon	149,163
T92	Ledyard	307,619
T93	Lisbon	45,413
T94	Litchfield	169,828
T95	Lyme	21,862
T96	Madison	372,897
T97	Manchester	1,972,491
T98	Mansfield	525,280
T99	Marlborough	131,065
T100	Meriden	1,315,347
T101	Middlebury	154,299
T102	Middlefield	91,372
T103	Middletown	964,657
T104	Milford	1,880,830
T105	Monroe	404,221
T106	Montville	401,756
T107	Morris	28,110
T108	Naugatuck	2,405,660
T109	New Britain	5,781,991
T110	New Canaan	168,106
T111	New Fairfield	288,278
T112	New Hartford	140,338
T113	New Haven	2,118,290
T114	New London	750,249
T115	New Milford	565,898

T116	Newington	651,000
T117	Newtown	572,949
T118	Norfolk	20,141
T119	North Branford	292,517
T120	North Canaan	66,052
T121	North Haven	487,882
T122	North Stonington	107,832
T123	Norwalk	3,401,590
T124	Norwich	1,309,943
T125	Old Lyme	79,946
T126	Old Saybrook	101,527
T127	Orange	284,365
T128	Oxford	171,492
T129	Plainfield	310,350
T130	Plainville	363,176
T131	Plymouth	255,581
T132	Pomfret	54,257
T133	Portland	192,715
T134	Preston	58,934
T135	Prospect	197,097
T136	Putnam	76,399
T137	Redding	189,781
T138	Ridgefield	512,848
T139	Rocky Hill	405,872
T140	Roxbury	15,998
T141	Salem	85,617
T142	Salisbury	20,769
T143	Scotland	36,200
T144	Seymour	343,388
T145	Sharon	19,467
T146	Shelton	706,038
T147	Sherman	39,000
T148	Simsbury	567,460
T149	Somers	141,697
T150	South Windsor	558,715

T151	Southbury	404,731
T152	Southington	889,821
T153	Sprague	89,456
T154	Stafford	243,095
T155	Stamford	2,372,358
T156	Sterling	77,037
T157	Stonington	202,888
T158	Stratford	1,130,316
T159	Suffield	321,763
T160	Thomaston	158,888
T161	Thompson	114,582
T162	Tolland	303,971
T163	Torrington	2,435,109
T164	Trumbull	745,325
T165	Union	17,283
T166	Vernon	641,027
T167	Voluntown	33,914
T168	Wallingford	919,984
T169	Warren	11,006
T170	Washington	25,496
T171	Waterbury	13,438,542
T172	Waterford	259,091
T173	Watertown	453,012
T174	West Hartford	1,614,320
T175	West Haven	1,121,850
T176	Westbrook	80,601
T177	Weston	211,384
T178	Westport	262,402
T179	Wethersfield	940,267
T180	Willington	121,568
T181	Wilton	380,234
T182	Winchester	224,447
T183	Windham	513,847
T184	Windsor	593,921
T185	Windsor Locks	256,241

T186	Wolcott	340,859
T187	Woodbridge	247,758
T188	Woodbury	200,175
T189	Woodstock	97,708
T190	Borough of Danielson	-
T191	Borough of Litchfield	-
T192	Bloomfield, Blue Hills FD	92,961
T193	Enfield Thompsonville FD #2	354,311
T194	Manchester - Eighth Utility District	436,718
T195	Middletown - City Fire	910,442
T196	Middletown So Fire	413,961
T197	Norwich CCD	552,565
T198	Norwich TCD	62,849
T199	Simsbury FD	221,536
T200	Plainfield Fire District	-
T201	Windham, Special Service District #2	640,000
T202	Windham 1st Taxing District	-
T203	Windham First	
T204	West Haven First Center (D1)	1,039,843
T205	West Haven: Allingtown FD (D3)	483,505
T206	West Haven: West Shore FD (D2)	654,640

123 (2) For the fiscal years ending June 30, 2018, and June 30, 2019, each
 124 municipality shall receive a municipal sharing grant payable not later
 125 than October thirty-first of each year. The total amount of the grant
 126 payable is as follows:

T207	Municipality	Grant Amount
T208	Andover	96,020
T209	Ansonia	643,519
T210	Ashford	125,591
T211	Avon	539,387
T212	Barkhamsted	109,867

T213	Beacon Falls	177,547
T214	Berlin	1,213,548
T215	Bethany	164,574
T216	Bethel	565,146
T217	Bethlehem	61,554
T218	Bloomfield	631,150
T219	Bolton	153,231
T220	Bozrah	77,420
T221	Branford	821,080
T222	Bridgeport	9,758,441
T223	Bridgewater	22,557
T224	Bristol	1,836,944
T225	Brookfield	494,620
T226	Brooklyn	149,576
T227	Burlington	278,524
T228	Canaan	21,294
T229	Canterbury	84,475
T230	Canton	303,842
T231	Chaplin	69,906
T232	Cheshire	855,170
T233	Chester	83,109
T234	Clinton	386,660
T235	Colchester	475,551
T236	Colebrook	42,744
T237	Columbia	160,179
T238	Cornwall	16,221
T239	Coventry	364,100
T240	Cromwell	415,938
T241	Danbury	2,993,644
T242	Darien	246,849
T243	Deep River	134,627
T244	Derby	400,912
T245	Durham	215,949
T246	East Granby	152,904
T247	East Haddam	268,344

T248	East Hampton	378,798
T249	East Hartford	2,036,894
T250	East Haven	854,319
T251	East Lyme	350,852
T252	East Windsor	334,616
T253	Eastford	33,194
T254	Easton	223,430
T255	Ellington	463,112
T256	Enfield	1,312,766
T257	Essex	107,345
T258	Fairfield	1,144,842
T259	Farmington	482,637
T260	Franklin	37,871
T261	Glastonbury	1,086,151
T262	Goshen	43,596
T263	Granby	352,440
T264	Greenwich	527,695
T265	Griswold	350,840
T266	Groton	623,548
T267	Guilford	657,644
T268	Haddam	245,344
T269	Hamden	2,155,661
T270	Hampton	54,801
T271	Hartford	1,498,643
T272	Hartland	40,254
T273	Harwinton	164,081
T274	Hebron	300,369
T275	Kent	38,590
T276	Killingly	505,562
T277	Killingworth	122,744
T278	Lebanon	214,717
T279	Ledyard	442,811
T280	Lisbon	65,371
T281	Litchfield	244,464
T282	Lyme	31,470

T283	Madison	536,777
T284	Manchester	1,971,540
T285	Mansfield	756,128
T286	Marlborough	188,665
T287	Meriden	1,893,412
T288	Middlebury	222,109
T289	Middlefield	131,529
T290	Middletown	1,388,602
T291	Milford	2,707,412
T292	Monroe	581,867
T293	Montville	578,318
T294	Morris	40,463
T295	Naugatuck	1,251,980
T296	New Britain	3,131,893
T297	New Canaan	241,985
T298	New Fairfield	414,970
T299	New Hartford	202,014
T300	New Haven	114,863
T301	New London	917,228
T302	New Milford	814,597
T303	Newington	937,100
T304	Newtown	824,747
T305	Norfolk	28,993
T306	North Branford	421,072
T307	North Canaan	95,081
T308	North Haven	702,295
T309	North Stonington	155,222
T310	Norwalk	4,896,511
T311	Norwich	1,362,971
T312	Old Lyme	115,080
T313	Old Saybrook	146,146
T314	Orange	409,337
T315	Oxford	246,859
T316	Plainfield	446,742
T317	Plainville	522,783

T318	Plymouth	367,902
T319	Pomfret	78,101
T320	Portland	277,409
T321	Preston	84,835
T322	Prospect	283,717
T323	Putnam	109,975
T324	Redding	273,185
T325	Ridgefield	738,233
T326	Rocky Hill	584,244
T327	Roxbury	23,029
T328	Salem	123,244
T329	Salisbury	29,897
T330	Scotland	52,109
T331	Seymour	494,298
T332	Sharon	28,022
T333	Shelton	1,016,326
T334	Sherman	56,139
T335	Simsbury	775,368
T336	Somers	203,969
T337	South Windsor	804,258
T338	Southbury	582,601
T339	Southington	1,280,877
T340	Sprague	128,769
T341	Stafford	349,930
T342	Stamford	3,414,955
T343	Sterling	110,893
T344	Stonington	292,053
T345	Stratford	1,627,064
T346	Suffield	463,170
T347	Thomaston	228,716
T348	Thompson	164,939
T349	Tolland	437,559
T350	Torrington	1,133,394
T351	Trumbull	1,072,878
T352	Union	24,878

T353	Vernon	922,743
T354	Voluntown	48,818
T355	Wallingford	1,324,296
T356	Warren	15,842
T357	Washington	36,701
T358	Waterbury	5,595,448
T359	Waterford	372,956
T360	Watertown	652,100
T361	West Hartford	2,075,223
T362	West Haven	1,614,877
T363	Westbrook	116,023
T364	Weston	304,282
T365	Westport	377,722
T366	Wethersfield	1,353,493
T367	Willington	174,995
T368	Wilton	547,338
T369	Winchester	323,087
T370	Windham	739,671
T371	Windsor	854,935
T372	Windsor Locks	368,853
T373	Wolcott	490,659
T374	Woodbridge	274,418
T375	Woodbury	288,147
T376	Woodstock	140,648

127 (e) For the fiscal year ending June 30, 2017, and each fiscal year
128 thereafter, each regional council of governments shall receive a
129 regional services grant, the amount of which will be based on a
130 formula to be determined by the secretary, except that, for the fiscal
131 year ending June 30, 2018, and each fiscal year thereafter, thirty-five
132 per cent of such grant moneys shall be awarded to regional councils of
133 governments for the purpose of assisting regional education service
134 centers in merging their human resource, finance or technology
135 services with such services provided by municipalities within the
136 region. For the fiscal year ending June 30, 2017, three million dollars

137 shall be expended by the secretary from the Municipal Revenue
 138 Sharing Fund established in section 4-66p for the purpose of the
 139 regional services grant. No such council shall receive a grant for the
 140 fiscal year ending June 30, 2018, or any fiscal year thereafter, unless the
 141 secretary approves a spending plan for such grant moneys submitted
 142 by such council to the secretary on or before July 1, 2017, and annually
 143 thereafter. The regional councils of governments shall use such grants
 144 for planning purposes and to achieve efficiencies in the delivery of
 145 municipal services by regionalizing such services, including, but not
 146 limited to, region-wide consolidation of such services. Such efficiencies
 147 shall not diminish the quality of such services. A unanimous vote of
 148 the representatives of such council shall be required for approval of
 149 any expenditure from such grant. On or before October 1, 2017, and
 150 biennially thereafter, each such council shall submit a report, in
 151 accordance with section 11-4a, to the joint standing committees of the
 152 General Assembly having cognizance of matters relating to planning
 153 and development and finance, revenue and bonding. Such report shall
 154 summarize the expenditure of such grants and provide
 155 recommendations concerning the expansion, reduction or modification
 156 of such grants.

157 (f) For the fiscal year ending June 30, 2020, and each fiscal year
 158 thereafter, each municipality shall receive a municipal revenue sharing
 159 grant as follows:

160 (1) (A) A municipality having a mill rate at or above twenty-five
 161 shall receive the per capita distribution or pro rata distribution,
 162 whichever is higher for such municipality.

163 (B) Such grants shall be increased by a percentage calculated as
 164 follows:

- T377 Sum of per capita distribution amount
- T378 for all municipalities having a mill rate
- T379 below twenty-five – pro rata distribution
- T380 amount for all municipalities

T381 having a mill rate below twenty-five
 T382 _____

T383 Sum of all grants to municipalities
 T384 calculated pursuant to subparagraph (A)
 T385 of subdivision (1) of this subsection.

165 (C) Notwithstanding the provisions of subparagraphs (A) and (B) of
 166 this subdivision, Hartford shall receive not more than 5.2 per cent of
 167 the municipal revenue sharing grants distributed pursuant to this
 168 subsection; Bridgeport shall receive not more than 4.5 per cent of the
 169 municipal revenue sharing grants distributed pursuant to this
 170 subsection; New Haven shall receive not more than 2.0 per cent of the
 171 municipal revenue sharing grants distributed pursuant to this
 172 subsection and Stamford shall receive not more than 2.8 per cent of the
 173 equalization grants distributed pursuant to this subsection. Any excess
 174 funds remaining after such reductions in payments to Hartford,
 175 Bridgeport, New Haven and Stamford shall be distributed to all other
 176 municipalities having a mill rate at or above twenty-five on a pro rata
 177 basis according to the payment they receive pursuant to this
 178 subdivision; and

179 (2) A municipality having a mill rate below twenty-five shall receive
 180 the per capita distribution or pro rata distribution, whichever is less for
 181 such municipality.

182 (3) For the purposes of this subsection, "mill rate" means the mill
 183 rate for real property and personal property other than motor vehicles.

184 (g) Except as provided in subsection (c) of this section, a
 185 municipality may disburse any municipal revenue sharing grant funds
 186 to a district within such municipality.

187 [(h) (1) Except as provided in subdivision (2) of this subsection, for
 188 the fiscal year ending June 30, 2018, and each fiscal year thereafter, the
 189 amount of the grant payable to a municipality in any year in
 190 accordance with subsection (d) or (f) of this section shall be reduced if
 191 such municipality increases its adopted budget expenditures for such

192 fiscal year above a cap equal to the amount of adopted budget
193 expenditures authorized for the previous fiscal year by 2.5 per cent or
194 more or the rate of inflation, whichever is greater. Such reduction shall
195 be in an amount equal to fifty cents for every dollar expended over the
196 cap set forth in this subsection. For the purposes of this section, (A)
197 "municipal spending" does not include expenditures for debt service,
198 special education, implementation of court orders or arbitration
199 awards, expenditures associated with a major disaster or emergency
200 declaration by the President of the United States, a disaster emergency
201 declaration issued by the Governor pursuant to chapter 517 or any
202 disbursement made to a district pursuant to subsection (c) or (g) of this
203 section, budgeting for an audited deficit, nonrecurring grants, capital
204 expenditures or payments on unfunded pension liabilities, (B)
205 "adopted budget expenditures" includes expenditures from a
206 municipality's general fund and expenditures from any nonbudgeted
207 funds, and (C) "capital expenditure" means a nonrecurring capital
208 expenditure of one hundred thousand dollars or more. Each
209 municipality shall annually certify to the secretary, on a form
210 prescribed by said secretary, whether such municipality has exceeded
211 the cap set forth in this subsection and if so the amount by which the
212 cap was exceeded.

213 (2) For the fiscal year ending June 30, 2018, and each fiscal year
214 thereafter, the amount of the grant payable to a municipality in any
215 year in accordance with subsection (d) or (f) of this section shall not be
216 reduced in the case of a municipality whose adopted budget
217 expenditures exceed the cap set forth in subdivision (1) of this
218 subsection by an amount proportionate to any increase to its municipal
219 population from the previous fiscal year, as determined by the
220 secretary.]

221 [(i)] (h) For the fiscal year ending June 30, 2020, and each fiscal year
222 thereafter, the amount of the grant payable to a municipality in any
223 year in accordance with subsection (f) of this section shall be reduced
224 proportionately in the event that the total of such grants in such year
225 exceeds the amount available for such grants in the municipal revenue

226 sharing account established pursuant to subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2018</i>	4-66l
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PD *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: None

Municipal Impact: See Below

Explanation

The bill eliminates a municipal spending cap, which was imposed during the creation of the Municipal Revenue Sharing Account in PA 15-244, the FY 16 and FY 17 budget.

The bill precludes any decrease in municipal spending that would have occurred as a result of the spending cap.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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)