



General Assembly

Substitute Bill No. 1141

January Session, 2019



AN ACT CONCERNING MUNICIPAL CAPACITY AND PROPERTY TAX REFORM.

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

1 Section 1. (NEW) (*Effective July 1, 2019*) (a) There is established a
2 fund to be known as the "Municipal Capacity Fund". The fund shall
3 contain any moneys required by law to be deposited in the fund and
4 shall be held in trust separate and apart from all other moneys, funds
5 and accounts. Any balance remaining in the fund at the end of any
6 fiscal year shall be carried forward in the fund for the fiscal year next
7 succeeding. Moneys in the fund shall be expended by the
8 Commissioner of Revenue Services in accordance with this section.

9 (b) The commissioner shall reserve five million dollars of the
10 moneys in the fund to make grants under a capacity building grant
11 program in accordance with the provisions of this subsection.

12 (1) The Secretary of the Office of Policy and Management shall
13 solicit grant proposals from regional councils of governments
14 organized under the provisions of sections 4-124i to 4-124p, inclusive,
15 of the general statutes, to provide to all members within a council's
16 planning region: (A) A program, service or function that replaces a
17 program, service or function currently performed by individual
18 members; or (B) a new program, service or function to be offered to all

19 members. Each member may elect to participate in such program,
20 service or function and shall be given the opportunity to change its
21 election at least annually while the program, service or function is in
22 effect.

23 (2) The secretary shall establish requirements of and procedures and
24 guidelines for the program, the amounts of the grants to be awarded
25 and deadlines for proposal submissions and final selection of grant
26 recipients.

27 (3) As used in this subsection, "planning region" and "member" have
28 the same meanings as provided in section 4-124i of the general
29 statutes.

30 (c) The balance remaining in the fund shall be distributed annually
31 as municipal capacity grants in accordance with the following
32 provisions:

33 (1) The Secretary of the Office of Policy and Management shall
34 calculate and publish annually a municipal fiscal capacity gap metric
35 for each municipality in the state. Such metric shall be calculated in
36 accordance with the methodologies used in the May, 2015 New
37 England Public Policy Center Research Report 15-1, multiplied by
38 minus one.

39 (2) Municipalities with a negative fiscal capacity gap metric shall be
40 eligible for a municipal capacity grant. For each eligible municipality,
41 the secretary shall calculate a remaining gap figure by (A) multiplying
42 the fiscal capacity gap metric of such municipality by the population of
43 such municipality, as estimated in the most recent State Register and
44 Manual published by the Secretary of the State, and (B) subtracting the
45 amount of noneducation municipal aid from the state for the fiscal
46 year. Grants shall be apportioned from the balance remaining in the
47 fund in proportion to each eligible municipality's remaining gap figure
48 as a fraction of the total remaining gap figures of all eligible
49 municipalities.

50 Sec. 2. (NEW) (Effective July 1, 2019) Any taxpayer that makes an
51 investment in commercial or industrial real property that results in an
52 increase in the property's assessed value that is attributable to such
53 investment may choose one of the following options for property tax
54 relief:

55 (1) The taxpayer may claim a credit in the amount of the increase in
56 such property's assessed value that is attributable to such investment.
57 Such credit shall be allowed against the taxpayer's property tax
58 liability for the fiscal year in which such increase occurs. If the amount
59 of the credit allowed pursuant to this subdivision exceeds the
60 taxpayer's property tax liability for the fiscal year, the unused portion
61 of the credit shall be carried forward to succeeding fiscal years until
62 fully used;

63 (2) The taxpayer may elect to have the portion that is the fractional
64 increase in such property's assessment that is attributable to such
65 investment taxed at the rate of ten mills or at the rate of twenty-five
66 per cent of the current mill rate, whichever is less, for a period of seven
67 years; or

68 (3) The taxpayer may elect to have the portion that is the fractional
69 increase in such property's assessment that is attributable to such
70 investment excluded for three years from the calculation of property
71 tax, with the property tax on such portion phased in up to one
72 hundred per cent over the next four years in equal increments.

73 Sec. 3. (Effective July 1, 2019) For the fiscal years commencing July 1,
74 2019, and July 1, 2020, the Comptroller shall transfer one hundred
75 million dollars in each fiscal year from the resources of the General
76 Fund to the Municipal Capacity Fund established in section 1 of this
77 act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2019	New section

Sec. 2	<i>July 1, 2019</i>	New section
Sec. 3	<i>July 1, 2019</i>	New section

FIN *Joint Favorable Subst.*