



# Senate

General Assembly

**File No. 111**

January Session, 2021

Senate Bill No. 880

*Senate, March 23, 2021*

The Committee on Housing reported through SEN. LOPES of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING PAYMENTS IN LIEU OF TAXES TO MUNICIPALITIES FOR HOUSING AUTHORITIES.***

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

1 Section 1. (NEW) (*Effective October 1, 2021*) (a) As used in this section,  
2 "housing authority" means any of the public corporations created by  
3 section 8-40 of the general statutes, and the State Housing Authority  
4 when exercising the rights, powers, duties or privileges of, or subject to  
5 the immunities or limitations of, housing authorities pursuant to section  
6 8-121 of the general statutes, the property of which is exempt from  
7 property tax under any provision of chapter 128 of the general statutes  
8 and "municipality" means any town, consolidated town and city,  
9 consolidated town and borough, borough, district, as defined in section  
10 7-324 of the general statutes, and any city not consolidated with a town.

11 (b) On or before January first, annually, the Secretary of the Office of  
12 Policy and Management shall determine the amount due to each  
13 municipality in the state, in accordance with this section, as a state grant  
14 in lieu of taxes with respect to real property and improvements on such

15 property owned or leased by any housing authority for affordable  
16 housing purposes to receive payments in lieu of taxes for such property  
17 and improvements, exclusive of any such property operated by the  
18 federal government.

19 (c) The grant payable to any municipality under the provisions of this  
20 section in the state fiscal year commencing July 1, 2023, and in each fiscal  
21 year thereafter, shall be equal to seventy-seven per cent of the property  
22 taxes which, except for any exemption applicable to any such housing  
23 authority property under the provisions of chapter 128 of the general  
24 statutes, would have been paid with respect to such exempt real  
25 property on the assessment list in such municipality for the assessment  
26 date two years prior to the commencement of the state fiscal year in  
27 which such grant is payable. The amount of the grant payable to each  
28 municipality in any year in accordance with this section shall be reduced  
29 proportionately in the event that the total of such grants in such year  
30 exceeds the amount appropriated for the purposes of this section with  
31 respect to such year.

32 (d) The provisions of this section shall not apply to any municipality  
33 that is party to a contract under subsection (b) or (d) of section 8-216 of  
34 the general statutes and receiving payments in lieu of taxes pursuant to  
35 such contract during the term of such contract.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2021	New section

**HSG**      *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:**

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$	The Out Years
Policy & Mgmt., Off.	GF - Cost	None	None	Potential

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 22 \$	FY 23 \$	The Out Years
Various Municipalities	Revenue Gain	None	None	Potential

**Explanation**

The bill results in a potential revenue gain to certain municipalities, and a corresponding cost to the Office of Policy and Management, by establishing a PILOT grant to municipalities for exempt state and local housing authority property. The bill requires these grants to first be made in FY 24.

The bill requires OPM to make grants equal to 77% of the revenue loss to municipalities where these properties are located. However, the bill also specifies that 1) the grants can be proportionately reduced if appropriations are insufficient to fully fund, and 2) a municipality is ineligible for a grant if it currently receives any kind of payment pursuant to an agreement with a housing authority. As a result, any revenue gain to municipalities, and cost to OPM, will vary significantly based on appropriation level and on the terms of any agreement a

municipality has with a housing authority.

As an illustration, the chart below shows the estimated revenue loss, and PILOT payment, to four municipalities under the bill's provisions assuming they would be eligible to receive such payment. It is not known if they are currently receiving any funding from a housing authority which would disqualify them from the PILOT established by the bill.

**Illustration of Impact in Various Towns**

<b>Town</b>	<b>Est. FY 21 Revenue Loss \$</b>	<b>Est. FY 21 PILOT \$</b>
Danbury	567,887	437,273
Manchester	494,901	381,074
Groton	186,237	143,402
North Haven	88,753	68,340

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to funding levels for the PILOT grant established by the bill.

**OLR Bill Analysis****SB 880*****AN ACT CONCERNING PAYMENTS IN LIEU OF TAXES TO MUNICIPALITIES FOR HOUSING AUTHORITIES.*****SUMMARY**

This bill establishes a payment in lieu of taxes (PILOT) program to provide state grants to municipalities in which local housing authorities own or lease tax-exempt real property for affordable housing purposes.

With certain exceptions, the bill sets the annual grant amount due to municipalities beginning in FY 24 at 77% of the property taxes that would have been due if the property was taxable. The Office of Policy and Management (OPM) secretary must proportionally reduce these PILOT grants if there is insufficient program funding.

Under the bill, grant-eligible “municipalities” are towns, consolidated towns and cities, consolidated towns and boroughs, boroughs, special taxing districts, and unconsolidated cities.

EFFECTIVE DATE: October 1, 2021

**ELIGIBLE PROPERTIES AND MUNICIPALITIES**

Under the bill, PILOT grant eligible properties must be owned or leased by local housing authorities (or regional housing authorities or the State Housing Authority, if they acquire or lease property in the future). The bill specifies that PILOT grants do not reimburse municipalities for lost revenue for properties operated by the federal government.

The bill makes a municipality ineligible for the new PILOT grant if it is receiving guaranteed payments under a contract with the Department of Housing (DOH) for reimbursement through the existing Payment in Lieu of Taxes Subsidy Program (see BACKGROUND).

## PILOT GRANT AMOUNT

The bill requires the OPM secretary to annually determine the amount due to each municipality for the upcoming fiscal year by January 1. The first grants must be paid in FY 24 (i.e., the fiscal year beginning July 1, 2023), and continue each fiscal year after that.

The OPM secretary must calculate the grant amount based on the assessment year from two years prior. (For the determination due on January 1, 2023, she must use October 1, 2021, assessment year data). (Presumably, OPM would determine the amounts due based on assessment data reported by the municipalities, but the bill does not establish a reporting process.)

## BACKGROUND

### *Payment in Lieu of Taxes Subsidy Program*

Under existing law, tax-exempt state-financed housing authorities for moderate rental housing projects must make payments to municipalities in lieu of paying property taxes, special benefit assessments, and sewer system use charges (CGS § 8-71). The law authorizes DOH to make payments on authorities' behalf as part of its subsidy program, pursuant to contracts between the state, municipalities, and housing authorities (CGS § 8-216).

## COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 13    Nay 2    (03/09/2021)