

OFFICE OF FISCAL ANALYSIS

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EMERGENCY CERTIFICATION

HB-6513

AN ACT MITIGATING ADVERSE TAX CONSEQUENCES
RESULTING FROM EMPLOYEES WORKING REMOTELY DURING
COVID-19, AND CONCERNING THE REMOVAL OF LIENS ON THE
PROPERTY OF PUBLIC ASSISTANCE BENEFICIARIES AND A
THREE-TIERED GRANTS IN LIEU OF TAXES PROGRAM.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill makes a variety of changes as described by section below:

Section 1 clarifies that, for the 2020 income year only, any Connecticut resident paying nonresident income taxes to certain other states while working remotely during the COVID-19 pandemic is allowed a credit against their Connecticut personal income tax for such nonresident taxes paid. If the credit did not apply, Connecticut residents would owe approximately \$300 million in additional personal income tax payments for the 2020 income year.

Sections 2 to 4 will result in an annual General Fund revenue loss of up to \$12 million beginning in FY 22 due to limiting the state's ability to recover cash assistance and medical assistance from a lien on the real property of a program beneficiary, unless the state is required to recover such assistance under federal law. The bill requires the state to release any previously filed certificates or liens as of July 1, 2021.

Sections 5 to 8 establish a new method of proportionately distributing the State Property PILOT and College & Hospital PILOT grants that shift funding towards municipalities with low property wealth. The bill specifies that, if appropriations are insufficient to fully fund the PILOT grants, then municipalities must receive a certain percentage of their fully funded amounts, based on a tiered reimbursement system that sets higher reimbursement rates for lower property wealth towns.

If appropriations are higher or lower than the amount necessary to fund the tiered reimbursement system established by the bill, then grants are increased or reduced based on the amount towns receive under that system. This is provided 1) no municipality receives less than the amount they received in FY 21, and 2) the City of Bridgeport receives at least \$15 million.

The bill also specifies the Municipal Revenue Sharing Account as the funding source for the tiered payments. This replaces the PILOT funding that is currently intended to be paid from the account and changes the distribution of payments from the account.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. Section 1 has no fiscal impact in the out years as it relates to a single income year.

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.