

State Grants to Municipalities

By: Dan Dilworth, Associate Budget Analyst

Rute Pinho, Chief Analyst

December 21, 2021 | 2021-R-0183

Issue

Summarize the state grants to municipalities. This report updates OLR Report [2019-R-0237](#).

Table of Grants to Municipalities

Table 1, prepared by the Office of Fiscal Analysis, briefly describes select state grants to municipalities, organized by their implementing agency. For each grant, the table provides the grant title, statutory citation, grant type (i.e., mandatory or discretionary), program description, factors or formulas used to determine the amount awarded or disbursed, last fiscal year each grant was funded, and amount funded. Generally, mandatory grants are related to a court order or federal requirement; all other grants are discretionary.

Of the 41 grant programs listed, 32 received funding for FY 22.

Table 1: State Grants to Municipalities

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
<i>Office of Policy and Management</i>						
Tiered Payment-in-Lieu-of-Taxes (PILOT) CGS § 12-18b , as amended by PA 21-3	D	Reimburses municipalities and special taxing districts for a portion of the amount they are owed under statute for state-owned property and private college and hospital property, in the event that appropriations are insufficient to fully fund those grants; the portion towns receive varies based on town property wealth, with towns with less property wealth receiving a higher reimbursement	Reimbursement rate of 50%, 40% or 30% (depending on property wealth, alliance district designation, and percentage of property that is state-owned) multiplied by the amount owed under statute for state, college and hospital property; no town receives less than its FY 21 PILOT funding	FY 22	Approx. \$312M	Funding for this grant is spread across three General Fund appropriations (a new Tiered PILOT appropriation, as well as State Property PILOT and College & Hospital PILOT), and the Municipal Revenue Sharing Account
State PILOT on State-Owned Property CGS § 12-18b , as amended by PA 21-3 and PA 12-2, JSS	D	Reimburses municipalities and special taxing districts for a portion of their tax loss resulting from tax-exempt state-owned real property, municipally owned airports, and tribal land	Reimbursement rate is 45% of tax loss for most state property and municipally owned airports, 100% for prison property and certain other types of property, and 65% for Connecticut Valley Hospital and Whiting Forensic Hospital; specified municipalities receive additional PILOT amounts specified in statute; rate is multiplied by municipal tax loss, distributed proportionately based on Tiered PILOT in years that it is not fully funded	FY 22	See Tiered PILOT	See Tiered PILOT

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
State PILOT on Property of Private Colleges and General Hospitals CGS § 12-18b , as amended by PA 21-3 and PA 12-2, JSS	D	Reimburses municipalities and special taxing districts for 77% of their tax loss resulting from tax-exempt private, nonprofit college and hospital property	Generally, 77% of municipal tax loss, distributed proportionately based on Tiered PILOT in years that it is not fully funded.	FY 22	See Tiered PILOT	See Tiered PILOT
Mashantucket Pequot and Mohegan Fund Grants CGS § 3-55j , as amended by PA 21-2, JSS	D	Provides additional funds to municipalities from casino gaming revenue	Statutory distribution formula; additional aid is provided to certain towns in southeastern Connecticut; beginning in FY 23, municipalities are generally ineligible if a school or associated athletic team under its school board's jurisdiction uses Native American names, symbols, or images without tribal consent	FY 22	\$51,472,789	Since FY 18, grant amounts have been specified in budget acts and have included non-formulaic adjustments
Reimbursement of Tax Exemption for Individuals with Disabilities CGS § 12-94a & 12-81(55)	D	Reimbursement for mandatory property tax exemption (\$1,000) for individuals receiving permanent disability benefits under Social Security or any federal, state, or local retirement or disability plan	Number of recipients multiplied by exemption, prorated to available appropriations	FY 22	\$364,713	
State Aid to Distressed Municipalities CGS §§ 32-9s & 12-81(59), (60), & (70)	D	Reimbursement for 50% of the revenue loss attributed to the mandatory five-year, 80% property tax exemptions for qualifying facility improvements and machinery and equipment purchases in designated municipalities and districts	50% of the revenue loss resulting from the exemptions, prorated to available appropriations	FY 22	\$7,000,000	In FY 22 and FY 23, this grant is funded via a combination of a General Fund appropriation of \$1.5 million and a bond authorization of \$5.5 million.

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Tax Relief for Elderly and Disabled Homeowners CGS § 12-170aa(b) , as amended by PA 21-2, JSS	D	Reimbursement for the elderly and disabled homeowner property tax credit; credit amount varies inversely with income; applicants must (1) be at least age 65, (2) have a spouse living with them who is at least age 65, or (3) be a surviving spouse who is at least age 50	Number of recipients multiplied by tax exemption, prorated to available appropriations	FY 17	\$19,176,502	
Elderly Tax Relief Freeze Program CGS §§ 12-129b & 12-129d	D	Reimbursement for elderly tax relief program, which caps qualified homeowners' property taxes at the amount of taxes they paid in their first year enrolled in the program (closed to new applicants in May 1980)	Equal to lost tax revenue as of May 1980 or earlier, prorated to available appropriations	FY 22	\$10,000	
Local Property Tax Relief for Veterans - Additional State Exemption CGS § 12-81g(e)	D	Reimbursement for the additional income-based exemption for qualified veterans and other taxpayers	Number of recipients multiplied by additional exemption, prorated to available appropriations	FY 22	\$2,708,107	
Manufacturing Transition Grants (formerly the PILOT for New Manufacturing Machinery and Equipment (MME)) CGS § 4-66f (established by PA 11-6 and PA 11-61 ; repealed by PA 15-244)	D	Replaced the PILOT payments for eligible MME and commercial vehicles	Equal to FY 11 PILOT for MME and commercial vehicles; additional grant based on population, income, and equalized net grand list	FY 13	\$90,407,356	See Grants for Municipal Projects below

Table 1 (continued)

Grant Title	Type	Description	Factors or Formulas	Last Funded	Amount Last Funded	Notes
Municipal Revenue Sharing Account (MRSA) Supplemental PILOT CGS § 12-18b , as amended by PA 21-2, JSS	D	Additional PILOT funding to towns with relatively greater percentages of tax-exempt property	Equal to the difference between their actual state property and college and hospital PILOT grant payments and what their payments would have been at specified reimbursement rates	FY 22	\$36,819,135	Although originally designed to be funded via a sales tax diversion into MRSA, since FY 18, this grant has been funded via the General Fund; its distribution has been specified in budget acts and has included non-formulaic adjustments. The formula underlying this grant has been replaced by the above-mentioned Tiered PILOT, but the grant continues to be funded at specified distribution amounts.
Motor Vehicle Property Tax Grants CGS § 4-66(c) , as amended by PA 21-2, JSS	D	Reimbursement to mitigate a portion of the revenue loss attributed to the motor vehicle rate cap	Grant equals the difference between the motor vehicle property taxes collected by a municipality (and any tax district in it) in FY 19 and the tax that it would have collected if its motor vehicle mill rate was equal to its real and personal property mill rate in that fiscal year	FY 22	\$32,331,732	Although originally designed to be funded via a sales tax diversion into MRSA, since FY 18, this grant has been funded via the General Fund; its distribution has been specified in budget acts and has included non-formulaic adjustments. By law, these grants are funded by sales and use tax revenue diverted to MRSA; in FYs 22-23, however, they must instead be paid from appropriated funds.

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
MRSA Revenue Sharing CGS § 4-66I , as amended by PA 21-2, JSS	D	Property tax relief grant	Grant is distributed to towns based on their mill rate for real and personal property (other than motor vehicles) and population; larger towns with higher mill rates receive a larger share of the available grant funds; grant amount is reduced for municipalities that exceed a municipal spending cap	FY 22	Est. \$54.1 million	Funded by sales and use tax revenue diverted to MRSA beginning in FY 22. MRSA, in FY 22, also funds 1) a portion of the above-mentioned Tiered PILOT grants, and 2) a transfer to the General Fund of \$262.7 million. Funds remaining in MRSA after these two items will be spent on MRSA Revenue Sharing grants.
Municipal Stabilization Grant PA 18-81 , PA 19-117 , and SA 21-15	D	Established to mitigate the impact of reductions in other municipal grants	Grant amount ensures no town received a funding reduction of more than 5% from FY 17 to FY 18 and FY 19; grant amounts were unchanged in the FY 20 and FY 21 budget or the FY 22 and FY 23 budget.	FY 22	\$37,953,333	
Town Aid Road CGS §§ 13a-175a to 13a-175e & 13a-175i	D	For various purposes including highway and bridge maintenance and construction, road paving, snow plowing and ice treatment, installation and repair of traffic lights and signs, and other purposes related to roads and traffic	Distribution determined by number of paved and unpaved road miles in each town, distributed semi-annually and prorated to available appropriations	FY 22	\$60,000,000	In the FY 22 and FY 23 budget, these grants are provided via bond authorization.
Local Capital Improvement Program (LoCIP) CGS §§ 7-535 to 7-538	D	For capital projects including roadwork; construction, renovation or maintenance of sewage plants, water or sewer lines, dams, or bridges; and construction and maintenance of public buildings	Distribution determined by paved and unpaved road mileage, population, and equalized net grand list	FY 22	\$30,000,000	In the FY 22 and FY 23 budget, these grants are provided via bond authorization

Table 1 (continued)

Grant Title	Type	Description	Factors or Formulas	Last Funded	Amount Last Funded	Notes
Grants for Municipal Projects Annual authorization made pursuant to the bond act (most recently PA 21-111 , § 55)	D	Established in FY 14 as a bond authorization to replace the Manufacturing Transition Grant/MME PILOT Grant	Equal to FY 11 MME PILOT grant plus an additional grant based on population, income, and equalized net grand list	FY 22	\$60,000,000	See MME PILOT/Manufacturing Transition Grant above
Department of Public Health						
Local and District Departments of Health CGS §§ 19a-202, 19a-202a, & 19a-245 , as amended by PA 21-2, JSS	D	Subsidizes the operating costs of (1) health districts and (2) full-time, municipal health departments; both must meet certain criteria to be eligible for funding	Formula subject to available appropriation; health districts receive \$2.60 per capita and municipal health departments receive \$1.93 per capita	FY 22	\$6,919,014	
School Based Health Centers CGS § 19a-2a	D	Supports School Based Health Center (SBHC) operating costs	Not formula based; contract amounts are subject to the available appropriation	FY 22	\$10,678,013	
Department of Housing						
Tax Abatement CGS §§ 8-215 & 8-216	D	Reimbursement for revenue loss attributed to the property tax abatement for certain low- and moderate-income rental housing	Up to \$450 per dwelling unit per year for up to 40 years; payment per dwelling unit pro-rated based on availability of funds	FY 15	\$1,372,414 (\$1,444,646 was appropriated, but rescission of \$72,232 per OPM)	

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Payment In Lieu of Taxes CGS §§ 8-216	D	PILOT for state-assisted moderate rental housing projects operated by housing authorities	Assessed value of exempt property multiplied by the mill rate; the contracts between municipalities and housing authorities specifically cap the state's PILOT liability to a particular municipality's pro-rata share of the appropriated funds	FY 15	\$1,779,730 (\$1,873,400 was appropriated, but rescission of \$93,670 per OPM)	Since state funding was eliminated in FY 16, budget language has continued to waive the payments participating housing authorities would have had to pay to towns; budgets up to FY 19 extended the waiver and the FY 20-21 budget eliminated the sunset provision, making the waiver permanent (CGS § 8-71)
<i>State Library</i>						
Connecticard Payments to Local Libraries CGS § 11-31b	D	Provides support for local libraries which exceed their normal function of providing for town residents only and offer services to any Connecticut resident who holds a valid library card	Half of the total appropriation is used to reimburse participating libraries for all reported Connecticut loans; the other half is used to make an additional payment to libraries that loaned more items to non-residents	FY 22	\$703,638	
Grants to Public Libraries CGS § 11-24b	D	Assist local public libraries in providing adequate services to state residents	Each principal public library receives \$1,200; 60% of remaining funds are allocated to equalization grants for principal public libraries; funds must be used within two years of receiving the grant	FY 16	\$179,396	

Table 1 (continued)

Grant Title	Type	Description	Factors or Formulas	Last Funded	Amount Last Funded	Notes
<i>State Department of Education</i>						
Vocational Agriculture (formally known as Agricultural Science and Technology Education) CGS § 10-65 , as amended by PA 21-2, JSS	M	Assists 18 local boards of education in the operation of regional vocational agriculture centers in conjunction with their regular public school systems	\$5,200 per student attending the program, subject to available appropriations	FY 22	\$18,824,200	
Transportation of School Children CGS §§ 10-54; 10-97; 10-266m , as amended by PA 21-2, JSS; 10-273a; & 10-277	M	Assists school districts in providing school transportation services	The reimbursement of pupil transportation costs for public school children is generally up to 60% of eligible costs and in accordance with a district's relative wealth; poorer towns receive higher percentages	FY 16	\$22,336,353	
Non-Public School Transportation CGS §§ 10-54; 10-97; 10-266m , as amended by PA 21-2, JSS; 10-273a; & 10-277	M	Grant assists school districts in providing school transportation services for non-public school children	The reimbursement of pupil transportation costs for non-public school children is based on paying up to 60% of eligible costs in accordance with relative wealth	FY16	\$3,416,985	
Adult Education CGS § 10-71 , as amended by PA 21-2, JSS	M	Partial reimbursement of the eligible costs of state-mandated adult education programs	Towns are reimbursed for their current costs associated with adult education programs based upon a sliding scale from 0% to 65%; scale is based on a district's relative property wealth rank, prorated to available appropriations	FY 22	\$21,214,072	

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Health Services for Pupils Attending Private Schools CGS § 10-217a , as amended by PA 21-2, JSS	M	Reimbursement to local districts for providing health services to private nonprofit school students	Reimbursement is on a sliding scale of 10% to 90% of towns' prior year costs to provide these services, provided that a majority of the children attending such schools are from Connecticut	FY 22	\$3,438,415	
Education Equalization Grants to Towns (also known as Education Cost Sharing or ECS) CGS § 10-262h & 10-262i , as amended by PA 21-2, JSS	M	Provides funds for education to towns in order to achieve a number of goals, including helping equalize the ability of towns to finance public elementary and secondary education programs and reducing disparities in per pupil expenditures and tax rates	<p>Formula based on numerous student and town factors applied to a "foundation amount" of \$11,525</p> <p>Student factors include the number of students, free and reduced price lunch receipts, and English Language Learners; town factors include the town's median household income (income wealth) and equalized net grand list per capita (property wealth)</p> <p>There is also a bonus for sending students to regional schools or endowed academies.</p> <p>Statute requires formula to be phased in on a specific schedule from FY 19 through FY 30</p>	FY 22	\$2,093,563,712	<p>Phase-in funded in FY 19-21; in FY 22, towns that are underfunded continue to receive increases while towns considered overfunded are held harmless from losses for the first time since the formula phase-in schedule was adopted</p> <p>Towns receiving increases continue to be scheduled to reach full funding in FY 28 while overfunded towns are now anticipated to be at full funding in FY 30</p> <p>The ECS grant includes the Alliance District program</p>

Table 1 (continued)

Grant Title	Type	Description	Factors or Formulas	Last Funded	Amount Last Funded	Notes
Bilingual Education CGS §§ 10-17e to -17g as amended by PA 21-2, JSS	D	Provides supplementary funding to local education agencies that are required to implement bilingual education programs	Each eligible district receives a portion of the total amount appropriated for this program according to the ratio of eligible students in its district to the total number of eligible students in the state	FY 22	\$3,177,112	
Priority School Districts CGS § 10-266p	M	Provides funding to the state's neediest school districts in amounts of \$1 million and \$500,000; provides additional grants for some or all of the priority districts; grant can be used for academic enrichment, tutoring, recreation, dropout prevention, and alternative education	Formula based on town population, mastery exam results, and temporary family assistance children counts	FY 22	\$30,818,778	The sub grants for this account were separated out beginning in FY 20 (Extended School Hours and School Accountability)
Interdistrict Cooperative Program CGS § 10-74d	D	Provides an incentive to inter-district cooperative activities	None	FY 22	\$1,537,500	
School Breakfast CGS § 10-266w	D	Supports local school breakfast programs in "severe needs" schools; federal matching funds are received locally to support this funding	Various	FY 22	\$2,158,900	
Excess Cost-Student Based CGS § 10-76d et seq. , as amended by PA 21-2, JSS	M	Provides funding for special education students whose overall per pupil cost exceeds statutory levels and for state agency placements	Formula based on cost of a special education student exceeding four and a half times the current net expenditures per pupil in that school district	FY 22	\$140,619,782	
School to Work Opportunities CGS § 10-20a to -20f	D	Aids school to work transition programs and Connecticut Career Certificate Programs	Based on need within available appropriations	FY 15	\$215,750	

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Open Choice Schools Program CGS § 10-266aa(g) , as amended by PA 21-2, JSS	M	Provides aid to participating towns	Aid based on participating students and appropriation level; per student grants range from \$3,000 to \$8,000	FY 22	\$27,980,849	\$13,864,786 was transferred from this account into the new Sheff Transportation account beginning in FY 20
Magnet Schools CGS § 10-264j , as amended by PA 21-2, JSS	M	Provides funds for the operation of magnet schools	Based on percentage of children attending from outside district and the ECS foundation rate; per student grants range from \$7,227 to \$13,315	FY 22	\$282,438,044	\$30,085,635 was transferred from this account into the new Sheff Transportation account beginning in FY 20
<i>Department of Social Services</i>						
Human Resources Development CGS §§ 17b-852 & -853	D	Grant-in-aid funding for contracts with municipalities to develop anti-poverty programs	Not formula based The requested appropriation represents the department's estimate of costs; actual contract amounts are subject to the available appropriation	FY 11	\$38,581	Eliminated in FY 12-13 biennial budget
Teenage Pregnancy Prevention CGS § 17b-851a	D	Provides grants to municipalities to develop and implement programs for the prevention of teenage pregnancies	Not formula based The requested appropriation represents the department's estimate of costs; actual contract amounts are subject to the available appropriation	FY 22	\$98,281	Funding reflects line items for both the grants to providers and grants to towns

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
<i>Department of Children and Families</i>						
Youth Service Bureaus (YSBs) CGS § 10-19m to -19p	D	Supports YSBs YSB services may include individual and group counseling, parent training and family therapy, work placement and employment counseling, suspension and expulsion services, diversion from the juvenile justice system, and other prevention programs	Formula	FY 22	\$2,640,772	
Youth Service Bureau Enhancement CGS § 10-19g	D	Enhancement grant program for YSBs	Based on the population of towns served within available appropriations	FY 22	\$1,093,973	

RP:kc