



House of Representatives

General Assembly

File No. 562

February Session, 2024

Substitute House Bill No. 5493

House of Representatives, April 18, 2024

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING A YOUTH SPORTS GRANT PROGRAM.

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

1 Section 1. (NEW) (*Effective July 1, 2025*) (a) As used in this section, (1)
2 "eligible organization" means a nonprofit youth sports organization that
3 provides sports programs and sports activities primarily for children
4 and young adults under eighteen years of age residing in a distressed
5 municipality, and (2) "distressed municipality" has the same meaning as
6 provided in section 32-9p of the general statutes.

7 (b) (1) There is established a youth sports grant program to provide
8 grants to distressed municipalities for the support of eligible
9 organizations in such municipalities. Such grants shall be disbursed by
10 a distressed municipality to be used by eligible organizations for the
11 expenses of operating sports programs and sports activities in such
12 municipality, including, but not limited to, personnel, equipment,
13 insurance, permits, training and facility fees, renovation of sports
14 facilities and refurbishment of playing fields and to help defray or

15 eliminate participant registration fees.

16 (2) Priority for grants under the program shall be given to sports
17 programs and sports activities that (A) provide adaptive sports for
18 children and young adults with disabilities, or (B) seek to foster
19 improved outcomes in (i) mental health through social and emotional
20 skills development, (ii) educational achievements through increased
21 attendance and attainment, or (iii) community cohesion by
22 strengthening cooperation, teamwork and leadership.

23 (3) Commencing with the fiscal year ending June 30, 2027, and
24 annually thereafter, the Secretary of the Office of Policy and
25 Management shall notify the chief elected official of each distressed
26 municipality of the application period for grants under the program to
27 be awarded in such fiscal year. Any such official may apply to the
28 Secretary of the Office of Policy and Management for a grant, provided
29 a new application shall be required each year such official wishes to
30 apply. The application shall be in such form and manner as prescribed
31 by the secretary and shall include information sufficient to allow the
32 secretary to consider the priority criteria set forth in subdivision (2) of
33 this subsection.

34 (4) Each distressed municipality that is awarded a grant under this
35 section shall, at the close of the fiscal year during which such grant was
36 awarded, submit to the secretary a summary of each eligible
37 organization to which program funds were disbursed and a description
38 of the sports program or sports activity and related expenses for which
39 such funds were used.

40 (c) Not later than January 1, 2029, and biennially thereafter, the
41 Secretary of the Office of Policy and Management shall submit a report,
42 in accordance with the provisions of section 11-4a of the general statutes,
43 to the joint standing committees of the General Assembly having
44 cognizance of matters relating to children, education and finance,
45 revenue and bonding, on the youth sports grant program for the
46 preceding two fiscal years. The report shall include, but need not be
47 limited to, for each fiscal year, (1) the amounts deposited in the youth

48 sports grant account pursuant to subsection (a) of section 12-867 of the
49 general statutes, as amended by this act, (2) the municipalities that
50 applied for a grant, the municipalities that were awarded a grant and
51 the total amount of grants awarded, and (3) the summaries provided to
52 the secretary under subdivision (4) of subsection (b) of this section.

53 (d) There is established an account to be known as the "youth sports
54 grant account" which shall be a separate, nonlapsing account within the
55 General Fund. The account shall contain any moneys required by law to
56 be deposited in the account and may accept gifts, grants and donations
57 from public or private sources. Moneys in the account shall be expended
58 by the Secretary of the Office of Policy and Management for the
59 purposes of providing grants to distressed municipalities in accordance
60 with the provisions of this section.

61 Sec. 2. Subsection (a) of section 12-867 of the general statutes is
62 repealed and the following is substituted in lieu thereof (*Effective October*
63 *1, 2024*):

64 (a) (1) A master wagering licensee, if licensed to operate online sports
65 wagering or retail sports wagering pursuant to section 12-852 or 12-853,
66 shall pay to the state for deposit in the General Fund: Thirteen and three-
67 quarters per cent of the gross gaming revenue from online or retail
68 sports wagering authorized under section 12-852 or 12-853, as
69 applicable. Each such licensee shall commence payments under this
70 subsection not later than the fifteenth day of the month following the
71 month that the operation of online or retail sports wagering commences
72 under section 12-852 or 12-853, as applicable, and shall make payments
73 not later than the fifteenth day of each succeeding month, while such
74 retail or online sports wagering is conducted.

75 (2) For calendar months commencing on or after July 1, 2025, the
76 commissioner shall deposit into the youth sports grant account
77 established pursuant to section 1 of this act two per cent of the amounts
78 received by the state under this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025</i>	New section
Sec. 2	<i>October 1, 2024</i>	12-867(a)

FIN *Joint Favorable Subst.*

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 25 \$	FY 26 \$
Resources of the General Fund	GF - Revenue Loss	None	400,000
Resources of the Youth Sports Grant Account	GF - Revenue Gain	None	400,000
Policy & Mgmt., Off.	GF - Cost	None	75,200
State Comptroller - Fringe Benefits ¹	GF - Cost	None	30,200

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes a youth sports grant program funded with 2% of the state's sports wagering revenue, results in the following fiscal impacts:

Section 1 results in a cost of approximately \$75,200 beginning in FY 26 to the Office of Policy and Management (OPM) for one fiscal administrative assistant position. There is also a cost of approximately \$30,200 beginning in FY 26 to the Office of the State Comptroller for associated fringe benefits. This cost is associated with requirements in the bill including determining eligibility and administering the grants to distressed municipalities.

Section 2 requires that 2% of monthly state revenue from sports

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.25% of payroll in FY 25.

wagering be deposited in the youth sports grant account the bill establishes. This results in a revenue loss of approximately \$400,000 annually to the resources of the General Fund beginning in FY 26, and a commensurate annual revenue gain to the youth sports grant account also beginning in FY 26.

The Out Years

There is a corresponding revenue gain to distressed municipalities beginning in FY 27 associated with the grants administered from the youth sports grant account. Any revenue gain is dependent on the eligibility of the municipality and the amount of the grant awarded.

The annualized ongoing cost impact identified above would continue into the future subject to inflation; the annualized ongoing revenue impact identified above would continue into the future subject to fluctuation in sports wagering revenues.

OLR Bill Analysis

sHB 5493

AN ACT ESTABLISHING A YOUTH SPORTS GRANT PROGRAM.

SUMMARY

This bill creates a youth sports grant program to give grants to distressed municipalities to support nonprofit youth sports organizations providing sports programs and activities primarily for distressed municipality residents under age 18 (i.e., “eligible organizations”). It funds the program with 2% of the state’s monthly revenue from sports wagering.

Beginning with FY 27, the bill allows distressed municipalities to apply to the Office of Policy and Management (OPM) for the grants, and municipalities awarded grants must disburse them to eligible organizations. OPM must give priority for grants to sports programs and activities that (1) provide adaptive sports for children and young adults with disabilities or (2) seek to improve outcomes in mental health (by developing social and emotional skills), educational achievement (by increasing attendance and attainment), or community cohesion (by strengthening cooperation, teamwork, and leadership).

Under the bill, eligible organizations must use the grant funds they receive from a distressed municipality for expenses to operate sports programs and activities in the municipality. Qualifying expenses include those for personnel, equipment, insurance, permits, training and facility fees, sports facility renovation, playing field refurbishment, and defraying or eliminating participant fees.

The bill also establishes an application process and requires municipalities and OPM to report certain information on the grants awarded under the bill.

EFFECTIVE DATE: July 1, 2025, except that the provision directing sports wagering revenue to the account is effective October 1, 2024.

APPLICATION PROCESS

Beginning with FY 27, OPM must annually notify each distressed municipality's chief executive official about the application period for grants for that fiscal year. Applications may be submitted by any of these officials and must be in the form and manner OPM prescribes, with enough information for OPM to consider the priority criteria the bill establishes. Municipalities must submit a new application each year they wish to apply.

PROGRAM FUNDING

Starting July 1, 2025, the bill requires the consumer protection commissioner to deposit 2% of the state's sports wagering revenue each month into the youth sports grant account the bill establishes. The account is a separate, nonlapsing account in the General Fund, must contain any money the law requires to be deposited in it, and may accept gifts, grants, and donations. The OPM secretary must spend account funds to provide grants under the bill.

REPORTING

At the end of the fiscal year in which they received a grant, the bill requires distressed municipalities to submit a report to OPM with a summary of each organization that received funds and a description of the sports programs or activities and related expenses for which they used the money.

Starting by January 1, 2029, OPM must biennially report on the program's prior two fiscal years to the Committee on Children and the Education and Finance, Revenue and Bonding committees. The report must include, for each fiscal year, the:

1. amount of sports wagering revenue deposited into the program account;
2. municipalities that applied for grants, those that were awarded,

and the total amount of grants awarded; and

- 3. summaries from municipalities described above.

BACKGROUND

Distressed Municipalities

“Distressed municipality” is a designation under state law used to target funds to fiscally and economically distressed municipalities. The Department of Economic and Community Development annually designates distressed municipalities, generally based on high unemployment and poverty, aging housing stock, and low or declining rates of job, population, and per capita income growth. Municipalities that were once deemed distressed, but no longer meet the criteria, receive a grace period of five years after they no longer meet criteria during which they are still considered a distressed municipality under the law (CGS § 32-9p).

The current (2023) distressed municipalities are Ansonia, Bridgeport, Chaplin, Derby, East Hartford, East Haven, Griswold, Hartford, Lisbon, Mansfield, Meriden, Montville, New Britain, New London, Norwich, Plymouth, Putnam, Sprague, Sterling, Torrington, Voluntown, Waterbury, West Haven, Winchester, and Windham. Municipalities currently in the grace period are Bristol, Enfield, Groton, Killingly, Naugatuck, New Haven, North Stonington, Plainfield, Preston, and Stratford.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 44 Nay 7 (04/03/2024)