OFFICE OF FISCAL ANALYSIS
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sHB-5390
AN ACT CONCERNING TRANSIT-ORIENTED COMMUNITIES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 $	FY 26 $
Policy & Mgmt., Off.	GF - Cost	173,000	170,000
Policy & Mgmt., Off.	GF - Cost	See Below	See Below
State Comptroller - Fringe Benefits[1]	GF - Cost	70,000	70,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 $	FY 26 $
Various Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

The bill results in a potential revenue gain to various municipalities, a cost to the Office of Policy and Management (OPM), and a cost to the Office of the State Comptroller (OSC), beginning in FY 25 related to transit-oriented communities described below.

Office of Policy and Management

The bill requires OPM to: (1) determine if transit-oriented communities (TOCs) are compliant with certain requirements and meet

[1]The 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.

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the restrictions on reasonable size, (2) establish a separate, non-lapsing, public water and sewer rehabilitation or expansion account, and (3) establish a grant program for regional councils of government for certain transit-related infrastructure.

This results in a cost of approximately $173,000 in FY 25 and $170,000 in FY 26 to OPM for two additional staff and associated training and supplies to meet these requirements. There is also a corresponding cost of $70,000 in both FY 25 and FY 26 to OSC for associated fringe benefits.

There is an additional cost to OPM beginning in FY 25 to fund both the public water and sewer rehabilitation or expansion account and potentially the grant program for regional councils of government. The bill does not specify a source of funds for the grants.

Municipalities

The bill: (1) establishes requirements for TOCs, (2) requires the communities to be prioritized for discretionary infrastructure funding, and (3) makes TOCs that adopt additional zoning criteria eligible for additional funding that OPM administers.[2] This may result in a potential revenue gain to various municipalities beginning in FY 25 to the extent they qualify for, or are prioritized for, discretionary infrastructure funding as a result of TOCs.

Municipalities that adopt a resolution stating they intend to enact zoning regulations that would qualify them for a TOC may still be prioritized for discretionary infrastructure funding. This may result in a potential revenue gain beginning in FY 25 to the extent that municipalities adopt this resolution.

There is also a potential revenue gain to municipalities beginning in FY 25 to the extent that they receive funds from the public water and

[2] Discretionary infrastructure funding includes, but is not limited to, any source of funding that a state agency administers through a competitive process. This may include: the Urban Action Program, Small Town Economic Assistance Program, Main Street Investment Fund, and Incentive Housing Zone Program.

sewer rehabilitation or expansion account.

The bill also requires developments with ten or more units located within a TOC to either deed restrict a percentage of the units for a certain time period or make payments to an affordable housing development fund established by the TOC. This results in a potential revenue gain to municipalities beginning in FY 25 to the extent developers choose to make payments to the fund. These funds must be used to develop affordable housing within the municipality.

Municipal Redevelopment Authority

The bill has no fiscal impact by modifying the definition of "housing growth zone" to include transit-oriented districts. As the Municipal Redevelopment Authority (MRDA) is tasked with stimulating and supporting transit-oriented developments under current law, there is not anticipated to be an increase in funding necessary for this provision. Currently, MRDA has an unallocated bond balance of $60 million available.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to grants and funding awarded, and the amount of housing developer payments in lieu of deed restricted units.