OFFICE OF FISCAL ANALYSIS

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sSB-511
AN ACT ESTABLISHING MUNICIPAL GROWTH DIVIDEND PAYMENTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 $	FY 28 $
Policy & Mgmt., Off.	GF - Cost	Potential	Potential
Resources of the General Fund	GF - Revenue Loss	None	None

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 27 $	FY 28 $
All Municipalities	Revenue Gain	None	None

Explanation

The bill has a significant state and municipal revenue impact, described below, and reflected in the "out years" table at the bottom of the fiscal note.

The bill expands municipal revenue sharing to include 0.5% of state revenue from the: 1) withholding portion of the personal income tax; 2) corporation business tax, and 3) the General Fund's remaining portion of the sales and use tax.[1] For reference, 0.5% of the aggregate amount of these revenue streams is projected to be $88.2 million in FY 29.

Under the bill, the state revenue would begin to be set aside in FY 30 and distributed to municipalities beginning in FY 31 as municipal

[1] By law, 0.5 of the 6.35 general sales tax (equal to 7.87% of the total rate) is shared via the Municipal Revenue Sharing Fund.

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growth dividends.

The municipal growth dividend amounts per municipality would be determined according to each municipality's respective growth from a baseline determined by the Department of Revenue Services.

There is a potential cost to the Office of Policy and Management beginning in FY 27 to the extent additional resources are necessary to (1) manage the new Municipal Growth Account, and (2) submit a report annually beginning November 1, 2030.

The bill results in a revenue gain to municipalities beginning in FY 31 that is dependent on the funds available and if the municipality meets certain requirements.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 29 $	FY 30 $	FY 31 $
Policy & Mgmt., Off.	GF - Cost	Potential	Potential	Potential
Resources of the General Fund	GF - Revenue Loss	None	88,200,000	90,600,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 29 $	FY 30 $	FY 31 $
All Municipalities	Revenue Gain	None	None	88,200,000