Finance, Revenue and Bonding Committee
JOINT FAVORABLE REPORT

Bill No: SB-511 / Bill Status / Public Hearing Testimony
Title: AN ACT ESTABLISHING MUNICIPAL GROWTH DIVIDEND PAYMENTS.
Vote Date: 3/30/2026
Vote Action: Joint Favorable
PH Date: 3/27/2026
File No.:

Disclaimer: *The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Finance, Revenue & Bonding Committee

REASONS FOR BILL:

S.B. 511 proposes to establish a municipal growth dividend distribution program. This program would distribute funds from a state-wide municipal growth account determined by a municipality's "municipally attributable revenue" or mar. Municipalities can receive a dividend calculated as one half of one percent of their mar from the previous fiscal year, with the condition of applying those funds to municipal projects. The bill aims to incentivize local and state-wide economic development by distributing funds based on individual municipal contribution, rewarding municipalities for generating business activity.

RESPONSE FROM ADMINISTRATION/AGENCY:

Mark D. Boughton, Commissioner, Department of Revenue Services
The Department of Revenue Services provides clarifying information on the challenges of tracking withholding tax, corporation business tax, as well as sales and use tax. Tracking taxation by municipality may prove difficult due to how these taxes are collected and filed based on business type and location.

NATURE AND SOURCES OF SUPPORT:

Arunan Arulampalam, Mayor, City of Hartford
Mayor Arulampalam expresses support for S.B. 511, stating that the funds generated by the proposed bill will support municipal services or directly reduce the local mill rate. This bill balances municipal goals with those of the state by incentivizing economic development while providing relief to taxpayers.

Randall Collins, Associate Director of Public Policy, Connecticut Conference of Municipalities
Collins states S.B. 511 is a progressive approach to municipal revenue diversification that promotes economic development. The bill provides an incentive for municipalities to promote new businesses, jobs, and commercial activity, as they receive a share of state tax revenue they helped create. This approach bridges the gap traditionally filled by property tax and state aid, establishing a stronger foundation for a sustainable and more equitable municipal revenue base.

Betsy Gara, Executive Director, Connecticut Council of Small Towns
Gara notes that Connecticut relies heavily on property tax revenue to fund local services, which places pressure on property taxpayers. The proposed bill shifts that burden by restructuring how revenue is created and applied to each municipality, while also encouraging economic growth.

Matthew Hart, Executive Director, Capitol Region Council of Governments
Hart claims that S.B. 511 introduces a novel approach to revenue sharing across the state of Connecticut. Establishing a municipal growth dividend rewards municipalities that encourage economic development, retain businesses, and support job growth. The bill also provides flexibility in how funds are used, allowing each municipality to apply funds according to each fiscal needs. Hart also provides comments on the details of how the bill is implemented, suggesting the methodology used to calculate municipal attributable revenue (MAR), the baseline year and growth thresholds, and the interactions with existing programs be carefully considered.

Michael E. Passero, Mayor, City of New London
Mayor Passero supports the bill, stating that it creates a powerful incentive for local economic growth and development. He stresses the relevance S.B. 511 would have on communities like New London, who are looking to revitalize their community yet face malapportionment of tax revenues to other regions. The proposed bill would ensure that municipalities receive funds based on how much they contribute, while also providing flexibility in how funds are applied.

NATURE AND SOURCES OF OPPOSITION:

Susan Ward, Retired Nurse
Ward opposes S.B. 511, stating that more mandates may burden small towns and do not help lower property taxes.

Reported by: Aliana Montalvo **Date: 4/06/2026**