

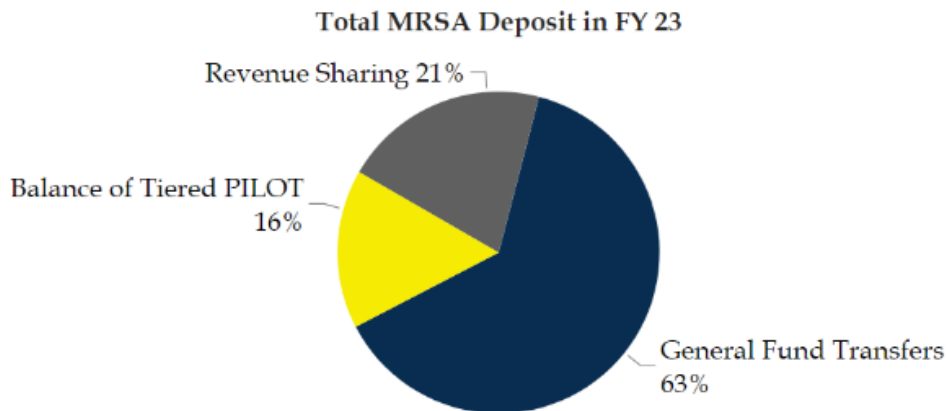
**Municipal Revenue Sharing Account (MRSA)
Fact Sheet – January 2023**

Current Status

The FY 22 and FY 23 Budget maintained the 0.5 percentage point sales tax diversion to MRSA, from the 6.35% sales tax rate, beginning on July 1, 2021. This diversion was established by PA 15-244 but subsequently delayed until FY 22. The diversion results in estimated deposits into the account of \$416.0 million in FY 22 and \$436.4 million in FY 23.¹ Funding is distributed as follows:

Estimated MRSA Distribution in Millions

Grant	FY 22 \$	FY 23 \$
General Fund Transfers	262.7	276.3
Balance of Tiered PILOT	81.8	69.8
Revenue Sharing - Disbursed in the following FY	71.5	90.3
Total MRSA Deposit	416.0	436.4



- General Fund Transfers (GF Transfers):** Transfers from MRSA to the General Fund are intended to support General Fund appropriations for Tiered PILOT, plus a portion of the appropriation for car tax grants. The MRSA transfer amount, specified in the budget implementer PA 21-2 Sec. 448, is determined by the estimated cost to support three GF appropriations for Tiered PILOT grants and for the car tax grants. These transfers will end in FY 24 unless otherwise specified in future budget bills.

¹ Based on November 2022 Consensus Revenue.

- **Balance of Tiered PILOT:** The total cost of Tiered PILOT is estimated to be \$312.2 million in FY 22 and \$316.9 million in FY 23. The grant is paid from General Fund appropriations totaling \$230.3 million in FY 22 and \$247.0 million in FY 23, with the remaining funds (approximately 22% percent of the total cost of Tiered PILOT) coming directly from MRSA.
- **Revenue Sharing:** Pursuant to CGS Sec. 4-66l, the balance of MRSA after all other obligations have been paid is distributed based on municipal mill rates and population. The total amount of available revenue sharing is dependent on the total cost of Tiered PILOT and the total sales tax deposits into the Municipal Revenue Sharing Account.

Background

The Municipal Revenue Sharing Account (MRSA) was established by PA 15-244, the FY 16 and FY 17 Budget. The account is funded via a sales tax revenue diversion. The act also created four new grants, to be funded by MRSA:

- **Supplemental PILOT funding** to towns with high levels of tax-exempt property. This grant has been replaced by the Tiered PILOT formula.²
- **Car tax grants** to towns that lost revenue due to the motor vehicle mill rate cap. This grant is funded via a General Fund appropriation which is partially supported by transfers from MRSA.
- **General revenue sharing grants** to towns based on population and mill rates in accordance with PA 15-244. Beginning in FY 22 the sales tax transfer into this fund restarted and FY 22 funds were paid out in FY 23 as sales tax revenues are not finalized until after the close of a fiscal year.
- **Grants-in-aid to regional Councils of Government**, which was eliminated in the FY 22 and FY 23 Budget.

PA 22-118, the FY 23 Revised Budget, specifies that any funding accrued during a given fiscal year to the Municipal Revenue Sharing Account for revenue sharing shall be disbursed during, or immediately after, that fiscal year. This amount will fluctuate based on changes in sales tax deposits into MRSA and on any changes in the final cost of Tiered PILOT.

² The General Fund account corresponding to Supplemental PILOT is Municipal Revenue Sharing.