



House of Representatives

General Assembly

File No. 528

January Session, 2025

Substitute House Bill No. 7151

House of Representatives, April 3, 2025

The Committee on Planning and Development reported through REP. KAVROS DEGRAW of the 17th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT REQUIRING THE OFFICE OF POLICY AND MANAGEMENT
TO PROVIDE TECHNICAL ASSISTANCE TO CERTAIN
MUNICIPALITIES.***

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

1 Section 1. Section 4-66l of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 (a) For the purposes of this section:

4 (1) "FY 15 mill rate" means the mill rate a municipality used during
5 the fiscal year ending June 30, 2015;

6 (2) "Mill rate" means, unless otherwise specified, the mill rate a
7 municipality uses to calculate tax bills for motor vehicles;

8 (3) "Municipality" means any town, city, consolidated town and city
9 or consolidated town and borough;

10 (4) "Municipal spending" means:

T1 Municipal Municipal
 T2 spending for spending for
 T3 the fiscal year - the fiscal year
 T4 prior to the two years
 T5 current fiscal prior to the
 T6 year current year
 T7 _____ X 100 = Municipal spending;
 T8 Municipal spending for the fiscal
 T9 year two years prior to the
 T10 current year

11 "Municipal spending" does not include expenditures for debt service,
 12 special education, implementation of court orders or arbitration awards,
 13 expenditures associated with a major disaster or emergency declaration
 14 by the President of the United States, a disaster emergency declaration
 15 issued by the Governor pursuant to chapter 517 or any disbursement
 16 made to a district pursuant to subsection (c) or (e) of this section,
 17 budgeting for an audited deficit, nonrecurring grants, capital
 18 expenditures or payments on unfunded pension liabilities.

19 (5) "Per capita distribution" means:

T11 Municipal population
 T12 _____ X Sales tax revenue = Per capita distribution;
 T13 Total state population

20 (6) "Pro rata distribution" means:

T14 Municipal weighted
 T15 mill rate
 T16 calculation
 T17 _____ X Sales tax revenue = Pro rata distribution;
 T18 Sum of all municipal
 T19 weighted mill rate
 T20 calculations combined

21 (7) "Regional council of governments" means any such council
22 organized under the provisions of sections 4-124i to 4-124p, inclusive;

23 (8) "Municipal population" means the number of persons in a
24 municipality according to the most recent estimate of the Department of
25 Public Health;

26 (9) "Total state population" means the number of persons in this state
27 according to the most recent estimate published by the Department of
28 Public Health;

29 (10) "Weighted mill rate" means a municipality's FY 15 mill rate
30 divided by the average of all municipalities' FY 15 mill rate;

31 (11) "Weighted mill rate calculation" means per capita distribution
32 multiplied by a municipality's weighted mill rate;

33 (12) "Sales tax revenue" means the moneys in the account remaining
34 for distribution pursuant to subdivision (3) of subsection (b) of this
35 section;

36 (13) "District" means any district, as defined in section 7-324; [and]

37 (14) "Secretary" means the Secretary of the Office of Policy and
38 Management;

39 (15) "Adopted budget expenditures" means any expenditure from a
40 municipality's general fund or any nonbudgeted funds; and

41 (16) "Capital expenditure" means a nonrecurring capital expenditure
42 of one hundred thousand dollars or more.

43 (b) There is established an account to be known as the "municipal
44 revenue sharing account" which shall be a separate, nonlapsing account
45 within the General Fund. The account shall contain any moneys
46 required by law to be deposited in the account. The secretary shall set
47 aside and ensure availability of moneys in the account in the following

48 order of priority and shall transfer or disburse such moneys as follows:

49 (1) For the fiscal years ending June 30, 2022, and June 30, 2023,
50 moneys sufficient to make motor vehicle property tax grants payable to
51 municipalities pursuant to subsection (c) of this section shall be
52 expended not later than August first annually by the secretary;

53 (2) For the fiscal years ending June 30, 2022, and June 30, 2023,
54 moneys sufficient to make the grants payable pursuant to subsection (d)
55 of section 12-18b, subdivisions (1) and (3) of subsection (e) of section 12-
56 18b, subsection (b) of section 12-19b and subsections (b) and (c) of
57 section 12-20b shall be expended by the secretary; and

58 (3) For the fiscal years ending June 30, 2022, and June 30, 2023,
59 moneys in the account remaining shall be expended annually by the
60 secretary for the purposes of the municipal revenue sharing grants
61 established pursuant to subsection (d) of this section. Any such moneys
62 deposited in the account for municipal revenue sharing grants,
63 including moneys accrued to the account during each fiscal year but
64 received after the end of such fiscal year, shall be distributed to
65 municipalities not later than October first following the end of each
66 fiscal year. Any municipality may apply to the Office of Policy and
67 Management on or after July first for early disbursement of a portion of
68 such grant. The Office of Policy and Management may approve such an
69 application if it finds that early disbursement is required in order for a
70 municipality to meet its cash flow needs. No early disbursement
71 approved by said office may be issued later than September thirtieth.

72 (c) (1) For the fiscal year ending June 30, 2022, motor vehicle property
73 tax grants to municipalities that impose mill rates on real property and
74 personal property other than motor vehicles greater than 45 mills or
75 that, when combined with the mill rate of any district located within the
76 municipality, impose mill rates greater than 45 mills, shall be made in
77 an amount equal to the difference between the amount of property taxes
78 levied by the municipality and any district located within the
79 municipality on motor vehicles for the assessment year commencing
80 October 1, 2017, and the amount such levy would have been if the mill

81 rate on motor vehicles for said assessment year was equal to the mill
82 rate imposed by such municipality and any district located within the
83 municipality on real property and personal property other than motor
84 vehicles.

85 (2) Not later than fifteen calendar days after receiving a property tax
86 grant pursuant to this section, the municipality shall disburse to any
87 district located within the municipality the amount of any such property
88 tax grant that is attributable to the district.

89 (3) For the fiscal year ending June 30, 2023, and each fiscal year
90 thereafter, motor vehicle property tax grants shall be made to:

91 (A) Municipalities that imposed mill rates greater than 32.46 mills on
92 real property and personal property other than motor vehicles for the
93 preceding fiscal year, in an amount equal to the difference between (i)
94 the amount of property taxes the municipality would have levied on
95 motor vehicles for the preceding fiscal year if the mill rate imposed on
96 motor vehicles for such year was 32.46 mills, and (ii) the amount of
97 property taxes the municipality would have levied on motor vehicles
98 for the preceding fiscal year if the mill rate imposed on motor vehicles
99 for such year was equal to the mill rate imposed on real property and
100 personal property other than motor vehicles for such year; and

101 (B) Districts that imposed mill rates that, when combined with the
102 mill rate of the municipality in which the district is located, were greater
103 than 32.46 mills on real property and personal property other than
104 motor vehicles for the preceding fiscal year, in an amount equal to the
105 difference between (i) the amount of property taxes the district would
106 have levied on motor vehicles for the preceding fiscal year if the mill
107 rate imposed on motor vehicles for such year, when combined with the
108 mill rate imposed on motor vehicles for such year by the municipality
109 in which the district is located, was 32.46 mills, and (ii) the amount of
110 property taxes the district would have levied on motor vehicles for the
111 preceding fiscal year if the mill rate imposed on motor vehicles for such
112 year, when combined with the mill rate imposed on motor vehicles for
113 such year by the municipality in which the district is located, was equal

114 to the mill rate imposed by the district on real property and personal
115 property other than motor vehicles for such year.

116 (d) For the fiscal year ending June 30, 2020, and each fiscal year
117 thereafter, each municipality shall receive a municipal revenue sharing
118 grant as follows:

119 (1) (A) A municipality having a mill rate at or above twenty-five shall
120 receive the per capita distribution or pro rata distribution, whichever is
121 higher for such municipality.

122 (B) Such grants shall be increased by a percentage calculated as
123 follows:

T21	Sum of per capita distribution amount
T22	for all municipalities having a mill rate
T23	below twenty-five – pro rata distribution
T24	amount for all municipalities
T25	having a mill rate below twenty-five
T26	<hr/>
T27	Sum of all grants to municipalities
T28	calculated pursuant to subparagraph (A)
T29	of subdivision (1) of this subsection.

124 (C) Notwithstanding the provisions of subparagraphs (A) and (B) of
125 this subdivision, Hartford shall receive not more than 5.2 per cent of the
126 municipal revenue sharing grants distributed pursuant to this
127 subsection; Bridgeport shall receive not more than 4.5 per cent of the
128 municipal revenue sharing grants distributed pursuant to this
129 subsection; New Haven shall receive not more than 2.0 per cent of the
130 municipal revenue sharing grants distributed pursuant to this
131 subsection and Stamford shall receive not more than 2.8 per cent of the
132 equalization grants distributed pursuant to this subsection. Any excess
133 funds remaining after such reductions in payments to Hartford,
134 Bridgeport, New Haven and Stamford shall be distributed to all other
135 municipalities having a mill rate at or above twenty-five on a pro rata

136 basis according to the payment they receive pursuant to this
137 subdivision; and

138 (2) A municipality having a mill rate below twenty-five shall receive
139 the per capita distribution or pro rata distribution, whichever is less for
140 such municipality.

141 (3) For the purposes of this subsection, "mill rate" means the mill rate
142 for real property and personal property other than motor vehicles.

143 (e) Except as provided in subsection (c) of this section, a municipality
144 may disburse any municipal revenue sharing grant funds to a district
145 within such municipality.

146 (f) (1) Except as provided in [subdivision (2)] subdivisions (2) and (3)
147 of this subsection, for the fiscal year ending June 30, 2018, and each fiscal
148 year thereafter, the amount of the grant payable to a municipality in any
149 year in accordance with subsection (d) of this section shall be reduced if
150 such municipality increases its adopted budget expenditures for such
151 fiscal year above a cap equal to the amount of adopted budget
152 expenditures authorized for the previous fiscal year by 2.5 per cent or
153 more or the rate of inflation, whichever is greater. Such reduction shall
154 be in an amount equal to fifty cents for every dollar expended over the
155 cap set forth in this subsection. [For the purposes of this section, (A)
156 "municipal spending" does not include expenditures for debt service,
157 special education, implementation of court orders or arbitration awards,
158 expenditures associated with a major disaster or emergency declaration
159 by the President of the United States, a disaster emergency declaration
160 issued by the Governor pursuant to chapter 517 or any disbursement
161 made to a district pursuant to subsection (c) or (e) of this section,
162 budgeting for an audited deficit, nonrecurring grants, capital
163 expenditures or payments on unfunded pension liabilities, (B) "adopted
164 budget expenditures" includes expenditures from a municipality's
165 general fund and expenditures from any nonbudgeted funds, and (C)
166 "capital expenditure" means a nonrecurring capital expenditure of one
167 hundred thousand dollars or more.] Each municipality shall annually
168 certify to the secretary, on a form prescribed by [said] the secretary,

169 whether such municipality has exceeded the cap set forth in this
170 subsection, and if so, the amount by which the cap was exceeded by
171 such municipality, except that in any fiscal year for which the secretary
172 publishes a list of payments made to municipalities by state agencies on
173 the Internet web site of the Office of Policy and Management, such
174 certification shall not be required.

175 (2) For the fiscal year ending June 30, 2018, and each fiscal year
176 thereafter, the amount of the grant payable to a municipality in any year
177 in accordance with subsection (d) of this section shall not be reduced in
178 the case of a municipality whose adopted budget expenditures exceed
179 the cap set forth in subdivision (1) of this subsection by an amount
180 proportionate to any increase to its municipal population from the
181 previous fiscal year, as determined by the secretary.

182 (3) For the fiscal year ending June 30, 2026, the amount of the grant
183 payable to a municipality in accordance with subsection (d) of this
184 section shall not be reduced in the case of a municipality whose adopted
185 budget expenditures exceed the cap set forth in subdivision (1) of this
186 subsection.

187 (g) For the fiscal years ending June 30, 2020, to June 30, 2023,
188 inclusive, the amount of the grant payable to a municipality in any year
189 in accordance with subsection (d) of this section shall be reduced
190 proportionately [in the event that] if the total of such grants in such year
191 exceeds the amount available for such grants in the municipal revenue
192 sharing account established pursuant to subsection (b) of this section.

193 (h) For the fiscal year ending June 30, 2025, and each fiscal year
194 thereafter, the secretary shall provide technical assistance upon request
195 to any municipality that receives a grant pursuant to subsection (c) of
196 this section for the purpose of assisting such municipality in
197 determining such municipality's eligibility for such grant in subsequent
198 fiscal years.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2025</i>	<i>4-66l</i>
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PD *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: None

Municipal Impact: See below

Explanation

The bill prohibits enforcement of the municipal spending cap in FY 26. This may reduce any potential revenue loss to municipalities in FY 26 that would have otherwise occurred to the extent they violated the municipal spending cap and received a penalty.¹ Enforcement of the municipal spending cap is through a reduction in the Municipal Revenue Sharing Grant – MRSF which is comprised of funds paid out at the end of each fiscal year.²

Any impact is dependent on the extent a municipality violated the spending cap and what funds are available for the grant used to enforce the spending cap.³ If there are no funds remaining in the Municipal Revenue Sharing Fund for this grant at the end of the fiscal year, no grant will be paid out.⁴ Current projections show that no funds will be available at the close of FY 25 to be paid out for this grant in FY 26.

The bill also requires the Office of Policy and Management (OPM) to

¹ As of March 24, 2025, no municipal spending cap violations have been enforced.

² This grant is comprised of the remaining funds in the Municipal Revenue Sharing Fund (MRSF) at the close of the fiscal year. The MRSF is funded via a sales tax revenue diversion and a transfer from the General Fund. The following grants are paid out from the MRSF (1) Tiered PILOT, (2) Motor Vehicle Tax Grant, (3) Supplemental Revenue Sharing Grant, and (4) the Municipal Revenue Sharing Grant – MRSF.

³ The municipal spending cap violation penalty results in a 50-cent reduction for every dollar spend over the cap.

⁴ There were no funds available at the close of FY 24 to be paid out in FY 25.

provide technical assistance to municipalities upon request to help determine if they will continue to be eligible for the Motor Vehicle Tax grant. This does not result in a fiscal impact as OPM has the resources and expertise necessary to provide this assistance.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 7151*****AN ACT REQUIRING THE OFFICE OF POLICY AND MANAGEMENT TO PROVIDE TECHNICAL ASSISTANCE TO CERTAIN MUNICIPALITIES.*****SUMMARY**

Current law generally requires the Office of Policy and Management (OPM) to reduce a municipality's municipal revenue sharing grant if the municipality's budget expenditures exceed the statutory spending cap (see BACKGROUND). For FY 26, this bill prohibits OPM from doing so.

The bill also requires the OPM secretary, upon a municipality's request, to give the municipality technical assistance to help it determine whether it will continue to be eligible for a motor vehicle property tax grant in subsequent fiscal years. The secretary must provide this assistance for FY 25, as well as future years. (These grants reimburse municipalities for some of the lost revenue attributable to the motor vehicle mill rate cap.)

Lastly, the bill also makes minor and technical changes to reorganize certain defined terms.

EFFECTIVE DATE: October 1, 2025

BACKGROUND***Municipal Spending Cap***

The cap is the greater of the inflation rate or 2.5% or more of the prior fiscal year's "adopted budget expenditures" (spending from a municipality's general fund and any nonbudgeted funds). Municipalities that increase their general budget expenditures over the previous fiscal year by an amount that exceeds this cap receive a reduced revenue sharing grant. The reduction is equal to 50 cents for

every dollar the municipality spends over the cap (CGS § 4-66l(f)).

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/28/2025)