

OFFICE OF FISCAL ANALYSIS

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sHB-7151

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

As Amended by House "A" (LCO 10563)

House Calendar No.: 336

Senate Calendar No.: 620

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

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.

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 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 bill allows municipalities with a population between 20,000 and 30,000 to amend a charter which does not result in a fiscal impact.

House "A" add the provision to allow certain municipalities to amend a charter.

The Out Years

State Impact: None

Municipal Impact: None

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.

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