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## OLR Bill Analysis

### sSB 449

#### ***AN ACT CONCERNING THE RECOMMENDATIONS OF THE INTERGOVERNMENTAL POLICY AND PLANNING DIVISION WITHIN THE OFFICE OF POLICY AND MANAGEMENT.***

#### **SUMMARY**

This bill requires the Office of Policy and Management (OPM) to collaborate with state agencies to identify state property that qualifies as PA 490 land and have local assessors classify and value it that way for purposes of making the grand list. (Because the state does not pay property taxes, it makes annual payment in lieu of taxes (PILOT) grants to municipalities for state-owned property, based in part on its assessed value.)

The bill also:

1. makes several unrelated changes to municipal grant programs, including limiting certain grant awards when previously awarded funds are unspent;
2. eliminates a municipal reporting requirement related to zoning regulations on family and group child care homes;
3. repeals the law on the obsolete Intertown Capital Equipment Purchase Incentive Program (§ 7); and
4. makes technical and conforming changes (§ 6).

EFFECTIVE DATE: October 1, 2026, unless noted otherwise below.

#### **§ 1 — LOCAL CAPITAL IMPROVEMENT PROJECT (LOCIP) GRANTS**

By law, LoCIP grants may be used by municipalities for eligible capital improvement projects such as road repairs, public building construction, and park improvements. Currently, OPM must annually

distribute LoCIP grants to municipalities, based on a formula, by June 30. Under the bill, OPM must do so only if the OPM secretary determines that the municipality spent, or plans to spend, all previous LoCIP grants. (It is unclear whether funds will be released once the previously distributed grant is spent or committed.)

Under the bill, municipalities that fail to comply with a LoCIP grant reporting requirement in existing law are subject to a \$100 penalty. Under this existing law, municipalities must annually, by September 1, submit a report to OPM describing the grant funds it spent on each eligible project in the prior fiscal year. The bill also requires that the municipality's chief executive officer certify the report.

EFFECTIVE DATE: July 1, 2026

## **§ 2 — SMALL TOWN ECONOMIC ASSISTANCE PROGRAM (STEAP)**

By law, STEAP grants reimburse municipalities for up to \$1 million per fiscal year for their economic development, community conservation, and quality-of-life capital projects.

Under the bill, a municipality cannot receive a STEAP grant until OPM determines the municipality has spent, or plans to spend, all STEAP funds it previously received. (It is unclear what this means, as STEAP is a reimbursement grant.)

## **§ 3 — DISTRICT REPAIR AND IMPROVEMENT PROJECT (DRIP) PROGRAM**

By law, DRIP grants are formula grants awarded to public school operators (such as school boards) to help construct, renovate, repair, and enlarge public school buildings, grounds, and infrastructure.

The bill delays, from March 1 to April 1, the annual deadline for OPM to (1) notify school operators of their DRIP allocation and (2) post these amounts, and the calculations used to determine them, on its website.

Unchanged by the bill, OPM must issue the grants to school operators by June 30 each year.

**§ 4 — CLASSIFICATION OF STATE PROPERTY AS PA 490 LAND**

Broadly, the bill requires OPM to collaborate with state agencies to identify state property that qualifies as PA 490 land and have local assessors classify and value it that way for purposes of making the grand list. Unchanged by the bill, the state is not subject to local property taxes. But under existing law, the state must fully or partially reimburse municipalities for their forgone revenue on state-owned property, based on the property's assessed value, as part of the PILOT program (see BACKGROUND).

The bill's provisions apply regardless of conflicting state laws on the PA 490 program, special acts, and municipal charters and ordinances.

The PA 490 law allows four classifications of land – farm, forest, open space, and maritime heritage – to be assessed at their current use value, rather than their fair market value. “Current use value” refers to what the land is worth as it is actually used; “fair market value” refers to what the land may be worth on the open market (at its highest and best use).

EFFECTIVE DATE: Upon passage and applicable to assessment years beginning on or after October 1, 2026.

***Identifying Land and Notifying Assessor***

Under the bill, OPM must work with state agencies to identify land that can be classified as PA 490 land. Specifically, agencies must identify eligible real property that (1) a state agency has custody or control of or (2) belongs to or is held in trust for the state (“state land”).

When eligible state land is identified, OPM must inform the local assessor that the land should be classified as farm, forest, open space, or maritime heritage land, as applicable. The bill requires assessors to classify the land accordingly and value it using the recommended land values the state sets every five years.

The bill requires OPM to notify assessors about state land that qualifies as PA 490 land within the same timeframes as other property owners must under the PA 490 program (meaning no earlier than 30 days before and no later than 30 days after the assessment date, except

OPM can inform assessors as late as 90 days after the assessment date in a revaluation year).

As is the case for other PA 490 land, the classification of state land as open space, farm, forest, or maritime heritage land ends if (1) its use changes or (2) it is sold or transferred.

## **§ 5 — ELIMINATION OF THE CHILD CARE HOME ZONING COMPLIANCE CERTIFICATION**

The bill ends the requirement that municipalities annually certify to OPM by December 1:

1. that their zoning regulations do not restrict family and group child care homes in a way the law prohibits (such as by banning them in residential zones or requiring a special permit to operate one) or
2. the timeframe within which they will bring their zoning ordinances into compliance.

## **BACKGROUND**

### ***PILOT Program (CGS § 12-18b)***

The PILOT program generally provides annual grants to municipalities and fire districts for (1) state-owned property, municipally owned airports, and tribal reservation land and (2) private nonprofit college and hospital property. PILOT grant amounts are generally determined by multiplying the assessed value of the PILOT-eligible property by the statutory reimbursement rate for the given property type. The rate is generally 45% for state-owned property. The actual grant amounts municipalities and districts receive, however, depend on the amount appropriated for the grants.

## **COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/13/2026)