

# OFFICE OF FISCAL ANALYSIS

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sHB-5424

AN ACT CONCERNING THE ELIGIBILITY OF CERTAIN REAL  
PROPERTY FOR THE PAYMENT IN LIEU OF TAXES PROGRAM.

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## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 23 \$</b>	<b>FY 24 \$</b>
Policy & Mgmt., Off.	GF - Cost	Approx. \$1.1 billion	Approx. \$1.1 billion

Note: GF=General Fund

### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 23 \$</b>	<b>FY 24 \$</b>
All Municipalities	Revenue Gain	Approx. \$1.1 billion	Approx. \$1.1 billion

## ***Explanation***

The bill expands eligibility for the State Property PILOT and College & Hospital PILOT grant programs to include all property exempt under CGS 12-81, except for property owned by religious institutions.<sup>1</sup> It requires municipalities to be reimbursed for these properties at 77% of the taxes that would have been paid if not for the exemption.

This increases the total cost of the two PILOT grants by an estimated \$1.1 billion. PA 21-3 implemented the Tiered PILOT formula for years in which appropriations are insufficient to fully fund the grants. Tiered PILOT sets certain reimbursement rates for each town, based on town property wealth. The bill increases the cost of achieving these

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<sup>1</sup> Most properties with tax exemptions are exempt under CGS 12-81. This includes Federal and municipal property, property used for charitable, historical, scientific, literary, historical or agriculture purposes, individual exemptions for veterans, the elderly and certain manufacturers, and several other types of exemptions.

reimbursement rates, in lieu of fully funding the PILOT grants, by about \$500 million.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal mill rates and grand lists.