

Appropriations Committee JOINT FAVORABLE REPORT

Bill No.: SB-401

AN ACT CONCERNING DISBURSEMENT OF MUNICIPAL REVENUE

Title: SHARING ACCOUNT FUNDS.

Vote Date: 4/7/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/25/2022

File No.: LCO: 4297

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SPONSORS OF BILL:

Appropriations Committee

REASONS FOR BILL:

S.B. 401 requires disbursement of municipal revenue sharing account funds at the end of the accrual period. Municipalities often depend on predictable revenue streams from sources like the Municipal Revenue Sharing Account to aid in the delivery of local services such as public health, education, safety and infrastructure. Because Public Act 21-2 not only revises the allocations and timing of payments from the MRSA, but also stipulates that OPM disburse the MRSA funds only after all commitments and accrual are satisfied, municipalities often go without funding from the MRSA for the biennium. As such, S.B. 401 addresses these concerns by extending the timeframe from which municipalities may receive funds from the MRSA.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Jeffrey Beckham, Acting Secretary, Office of Policy and Management \(OPM\).](#)

Secretary Beckham voiced concerns for S.B. 401, as it removes the prioritization of programs funded from the Municipal Revenue Sharing Account (MRSA) and changes the payment dates for the municipal revenue sharing grant program. Secretary Beckham stipulated that without establishing a statutory priority, it is not clear which programs should be pro-rated when revenue deposits into MRSA are insufficient to fund all programs. Secretary Beckham further stated concerns about payment dates described within the bill, as it will require payments no more than 10 days after moneys are deposited in the account during specified periods for each fiscal year. He stated that this creates an operational issue because the amount payable to municipalities depends on the balance in MRSA – and therefore the amount due to municipalities – for a given fiscal year until the following August, when

accruals for the sales and use tax for the just-ended fiscal year are known. Secretary Beckham also noted a discrepancy that needs correction on line 19, which states "for the fiscal year ending June 30, 2022," and the bill's effective date of July 1st, 2022. Secretary Beckham requested that the committee work with OPM to achieve the intent of the bill, while ensuring that all changes be made effectively.

NATURE AND SOURCES OF SUPPORT:

[Betsy Gara, Executive Director, Connecticut Council of Small Towns \(COST\).](#)

Ms. Gara voiced support for S.B. 401, as it addresses COST's concerns towards Public Act 21-2 JSS, Section 448's disbursement method. Under Public Act 21-2, OPM is required to disburse MRSA funds after all commitments and accruals are satisfied, and as such they have already informed that MRSA payments will not be possible this biennium. Ms. Gara states that this causes uncertainty for the municipalities as to whether they may rely on municipal aid amounts, and further stipulates that municipalities rely on predictable revenue streams to fund delivery of critical local services.

NATURE AND SOURCES OF OPPOSITION:

[David Godbout](#)

Mr. Godbout voiced opposition to S.B. 401 as he believes that all Bills made during the 2022 short-session are illegitimate, due to committees meeting via electronic means as opposed to in-person.

Reported by: Ben McSheehy

Date: 04/20/2022