

# OFFICE OF FISCAL ANALYSIS

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sHB-5472

AN ACT CONCERNING MUNICIPAL FINANCE AND AUDITS.

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## ***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** See Below

## ***Explanation***

The bill makes various changes to the procedure and criteria for municipal tier designation by the Municipal Accountability Review Board (MARB) or the Municipal Finance Advisory Commission (MFAC). Any fiscal impact to municipalities is dependent on changes to tier designation. Under current law, the Office of Policy and Management (OPM) may distribute money from the Municipal Restructuring Fund to tier II, III, and IV municipalities.

The bill also makes the following changes to municipal auditing requirements; (1) increases from the maximum penalty that OPM can assess on a municipality for missing an audit filing deadline from \$10,000 to \$50,000, (2) allows OPM to assess the penalty as a reduction in one or more grants, and (3) limits the amount of additional time OPM may grant a municipality to file its audit.

This results in a potential cost or revenue loss to municipalities beginning in FY 25 to the extent that a penalty is assessed on a municipality for missing an audit filing deadline.

## ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to penalties assessed.

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4/10/24