

# OFFICE OF FISCAL ANALYSIS

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sHB-5481

AN ACT PROVIDING GRANTS FOR TOURISM PUBLIC SAFETY FROM REVENUE COLLECTED FROM THE OCCUPANCY AND MEALS TAX.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Resources of the General Fund	GF - Revenue Loss	67 million	68.7 million
Department of Revenue Services	GF - Cost	75,000	None

Note: GF=General Fund

### **Municipal Impact:**

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Revenue Gain	None	67 million

### **Explanation**

The bill results in (1) a revenue loss of \$67 million in FY 25 and annually thereafter to the General Fund and a corresponding revenue gain to municipalities of \$67 million annually beginning in FY 26 by establishing a tourism public safety account for municipalities and (2) a one-time cost of \$75,000 to the Department of Revenue Services.

**Tourism Public Safety Account and Municipal Grants.** The bill establishes a new tourism public safety account and transfers 25% of the room occupancy and meals taxes into the account beginning in FY 25. This transfer results in the General Fund revenue loss of \$67 million in FY 25 and \$68.7 million in FY 26.

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4/2/24

The funds are to be provided as grants to municipalities beginning in FY 26 which results in a revenue gain to those municipalities with associated revenue generated by those taxes. The grant amount per municipality is 25% of the tax collected within the municipality.

**DRS Cost.** The bill results in a one-time General Fund cost of approximately \$75,000 to the Department of Revenue Services (DRS) in FY 25 associated with programming changes to the CTax tax administration system in order to implement the provision diverting portions of the hotel occupancy and meals taxes to a new account.<sup>1</sup>

**DESPP Administration.** The bill requires the Department of Emergency Services and Public Protection (DESPP) to administer the tourism public safety account and, beginning in FY 26, annually distribute a grant to each municipality identified by DRS, resulting in no fiscal impact because the grants will be equal to the revenue deposited into the account and it is expected that DESPP can meet these requirements with existing resources.

### ***The Out Years***

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

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<sup>1</sup> It should be noted that DRS is unable to identify tax collections by municipality where there are fewer than ten taxpayers due to confidentiality requirements.