
OLR Bill Analysis

sHB 6807

AN ACT CONCERNING THE ISSUANCE OF LOCAL CAPITAL IMPROVEMENT PROJECT GRANTS.

SUMMARY

By law, the Local Capital Improvement Program (LoCIP) is an Office of Policy and Management (OPM)-administered grant program that allocates funding, based on a statutory formula, to municipalities for costs they incur for eligible local capital improvement projects (see BACKGROUND). This bill requires the OPM secretary to annually distribute each municipality's total LoCIP allocation by June 30, rather than reimbursing them for their eligible project expenditures as current law requires. It correspondingly requires municipalities to annually report to OPM on how they spent their grants.

The bill also makes minor and conforming changes.

EFFECTIVE DATE: Upon passage

LOCIP GRANT PROCEDURE

Under current law, for each proposed project, municipalities must request project authorization from OPM and certify that it meets eligibility requirements (i.e., that it is (1) a qualifying capital improvement project, (2) consistent with its plan of capital improvement, and (3) not for a state assistance program's matching requirement). Current law allows municipalities to issue grant anticipation notes to temporarily fund these OPM-authorized projects. To receive LoCIP funds, municipalities must submit an expenditure reimbursement request to OPM, generally within seven years from the time OPM authorized the project.

The bill instead requires the OPM secretary to annually distribute each municipality's total LoCIP grant amount by June 30 and

accordingly prohibits municipalities from issuing grant anticipation notes. Additionally, it requires municipalities to annually submit a report to the OPM secretary describing the amount of LoCIP funds it spent on each eligible capital improvement project in the prior fiscal year. Municipalities must submit the report, beginning by September 1, 2024, in a form and manner chosen by the secretary .

Under both current law and the bill, OPM must notify each municipality by March 1 of its allocation. (The allocation formula remains unchanged under the bill.) The municipality may only spend LoCIP funds on certain statutorily-specified local capital improvement projects, and the municipality must retain records on its spending. And, by law, if the secretary determines the records reflect unauthorized expenditures or were not properly maintained, he may require the municipality to repay its grant or may reduce its future grant amount.

The bill eliminates, for grants given under the bill's procedure, current law's requirement that expenditures generally be consistent with the local capital improvement plan. But the bill retains existing law's reimbursement and reporting procedures for recently completed projects OPM approved before the bill's passage.

BACKGROUND

Eligible Local Capital Improvement Projects

By law, LoCIP funds may be used for specified purposes, including construction or renovation of roads and bridges; sewage treatment plants; public buildings; water mains; public housing improvements; tree removal; technology upgrades; and veterans' memorial monuments, among other things.

Related Bill

SB 965 (File 145), favorably reported by the Environment Committee, appropriates \$15 million from the General Fund for LoCIP expense reimbursements in FYs 24 and 25 for tree removal or trimming projects and allows reimbursement regardless of whether such project is on a municipality's local capital improvement plan.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/17/2023)