

Municipal Accountability Review Board (MARB)
Sections 349 to 376 of Public Act 17-2, June Special Session

Municipalities experiencing degrees of fiscal distress and in need of technical or other assistance may seek designation into one of four tiers. The tier to which a municipality may seek designation would be based on factors including fund balance, bond rating, equalized mill rate and levels of state aid. Progressively higher levels of distress and State oversight are associated with each higher numbered tier. The City of Hartford would be eligible to apply for Tier III or IV designation. In addition to municipalities applying for designation, the Secretary of the Office of Policy and Management (OPM) may refer a municipality to Tier III if certain conditions are met. There is also a process for the MARB, with the Governor's approval, to refer a designated tier III municipality to Tier IV. A municipality issuing deficit bonds would be automatically designated as Tier III.

Designated Tier I municipalities shall be referred by the Secretary to the existing State Municipal Finance Advisory Commission (MFAC), while designated tier II, III and IV municipalities shall be referred to the Municipal Accountability Review Board (MARB). The MARB is comprised of the Secretary, who is the chair, the State Treasurer, who is the co-chair, five members appointed by the Governor and four members appointed by State Legislative leaders.

Oversight of Designated Tier I municipalities by the MFAC and Designated Tier II municipalities by the MARB involves providing financial information and reporting on remedial measures and actions recommended by the commission or board, as well as presenting a three-year financial plan. For designated tier II municipalities, the MARB must approve assumptions in regard to state aid and property tax revenues used in the annual budget.

For designated Tier III municipalities, the MARB also reviews, comments and makes recommendations related to annual budgets, contracts, debt obligations and other matters and has approval powers regarding refunding bonds and labor agreements and arbitration awards. Tier IV involves more significant MARB approval powers in regard to budgets, transfers, contracts, debt and labor contracts.

The Act also contains \$27.3 million in FY 18 (adjusted for holdbacks) and \$28 million in FY19 in Municipal Restructuring Funds under the Office of Policy and Management for which a designated Tier II, III or IV municipality may apply to the Secretary. The application shall detail the municipality's overall restructuring plan, including the local actions to be taken and the proposed use of the restructuring funds. The Secretary shall consult with the MARB in making distribution decisions and attaching appropriate conditions, including the timing of the distribution of funds. The MARB shall assist the Secretary in monitoring the use of the funds and shall have approval authority with respect to the municipality's budget.

Finally, the Secretary and the State Treasurer may enter into a contract with any designated Tier III or IV municipality to provide contract assistance related to refunding bonds to be issued by the municipality. The contract assistance may be paid by the state to the municipality, trustee, paying agent or holder of the refunding bonds. The contract assistance shall constitute a full faith and credit obligation of the State and the amounts necessary to meet this contractual obligation shall be deemed appropriated. In lieu of contract assistance, the Secretary and State Treasurer may agree to provide other forms of credit support for the municipality, which assistance shall not exceed the amount available to the municipality for contract assistance. The Act contains a \$20 million debt service appropriation in each year of the biennium to effectuate any contract assistance, in addition to any Municipal Restructuring Funds specified above.