



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
INTERGOVERNMENTAL POLICY AND PLANNING DIVISION

May 2023

To: Chief Executive Officers
Chief Financial Officers

From: Martin L. Heft
Undersecretary Intergovernmental Policy and Planning Division

Re: **FISCAL YEAR 2023/2024 MUNICIPAL SPENDING CAP REPORT
DUE BY JULY 1st OR 30 DAYS AFTER BUDGET ADOPTION**

Subsection (f) of Connecticut General Statute Sec. 4-66l establishes a municipal expenditure cap. Each municipality shall annually certify to the Secretary of the Office of Policy and Management (OPM) whether such municipality has exceeded the cap set forth in this subsection and the amount by which the cap was exceeded.

OPM has converted the reporting to be part of the [Fiscal Health Monitoring System](#) (FHMS). The spending cap report will be submitted at the same time as the submission of your Fiscal Year 2023/2024 adopted budget and summary data. Both reports utilize the original adopted budget for July 1, 2023. Upon FHMS log in at [CT FHMS - Sign In](#), you will be able to first complete your budget reporting and then the spending cap report.

Primary Contacts are already in FHMS and have been using the system throughout the year so they are very familiar with how to access the system. If a new primary is assigned by a municipality they will be provided with log in credentials and how to access the system. There is also a job aid for users available on the OPM FHMS website.

For spending cap calculations, your Fiscal Year 2022/2023 line items and totals have been carried over in the FHMS. Additionally, your Fiscal Year 2023/2024 adopted budget total is carried forward from your budget submission.

Please note that while the language in subsection (f) provides some very general guidance regarding what expenditures are considered outside of "municipal spending", it does not provide definitions or specific guidance. OPM believes that it is the intent of the law to exclude business-type activities from municipal spending (i.e. water pollution control authority). You will need to interpret the language in the

statute and make those determinations for your municipality. Please be consistent across fiscal years when doing so.

The amount of the grant payable to a municipality in any year in accordance with subsection (c) or (e) of Sec. 4-66l shall be reduced if such municipality increases its general budget expenditures for such fiscal year above a cap equal to the amount of general budget expenditures authorized for the previous fiscal year by 2.5 per cent or more or the rate of inflation (6.18%), whichever is greater.

Sec. 4-66l. Municipal revenue sharing account. Grants.

(f) (1) Except as provided in subdivision (2) of this subsection, for the fiscal year ending June 30, 2018, and each fiscal year thereafter, the amount of the grant payable to a municipality in any year in accordance with subsection (d) of this section shall be reduced if such municipality increases its adopted budget expenditures for such fiscal year above a cap equal to the amount of adopted budget expenditures authorized for the previous fiscal year by 2.5 per cent or more or the rate of inflation, whichever is greater. Such reduction shall be in an amount equal to fifty cents for every dollar expended over the cap set forth in this subsection. For the purposes of this section, (A) “municipal spending” does not include expenditures for debt service, special education, implementation of court orders or arbitration awards, expenditures associated with a major disaster or emergency declaration by the President of the United States, a disaster emergency declaration issued by the Governor pursuant to chapter 517 or any disbursement made to a district pursuant to subsection (c) or (e) of this section, budgeting for an audited deficit, nonrecurring grants, capital expenditures or payments on unfunded pension liabilities, (B) “adopted budget expenditures” includes expenditures from a municipality's general fund and expenditures from any nonbudgeted funds, and (C) “capital expenditure” means a nonrecurring capital expenditure of one hundred thousand dollars or more. Each municipality shall annually certify to the secretary, on a form prescribed by said secretary, whether such municipality has exceeded the cap set forth in this subsection and if so the amount by which the cap was exceeded.

Affected Grants:

- (c) Municipal Transition Grant – Motor Vehicle Tax Cap
- (e) Municipal Revenue Sharing Grant