

REVENUE SHARING WITH CITIES AND TOWNS

PILOT: The budget recommends funding the Payment in Lieu of Taxes (PILOT) program with \$46.1M, the same amount as in the enacted FY2022 budget. The PILOT monies are state funds used to compensate local governments for property taxes they cannot collect from such institutions such as hospitals and colleges due to their tax-exempt status.

Aid to Distressed Communities: The budget would provide \$12.4M in aid, maintaining the current allocation.

Car Tax Phase-Out: The Governor's FY2023 budget proposes no change to the phasing out of the car tax, spending \$166.6M from general revenue to reimburse local governments for lost revenue. FY2023 will be the sixth and last year of the scheduled phase-out. Beginning with FY2024, the state will need to reimburse the local governments in excess of \$225M annually.

Tangible Property Tax Exemptions: The Governor proposes allowing greater flexibility on the part of municipalities to create exemptions to tangible property taxes assessed on businesses for the property and equipment they already own and use. Exemptions must be applied uniformly and be consistent with other local tax rules. Although this proposal does not require any revenue sharing at this time, a significant reduction in local tax collections could result in calls for the state to reimburse local governments for the lost revenue.

BONDS

The Governor proposes putting to a vote, in the November 2022 elections, the issuance of three general obligation bonds (or other types of bonds or notes) to fund a number of environmental and recreational "Green Economy" projects (\$38 million), as well as work to repair and construct buildings for K-12 (\$250 million) and for higher education (\$62 million).