

**Summary of Items in Change Package to Governor’s Recommended Supplemental Budget
Relating to Municipal Revenue Sharing for Fiscal Year 2021**

The initiatives listed on page A-83 of the submitted Governor’s Recommended FY21 Supplemental Budget represented changes through the August Revenue Forecast but should have represented changes through the December Revenue Forecast. This error has been corrected in the Change Package.

Additionally, the Change Package includes updated figures to reflect the new tax conformity/decoupling language Parts which the Commissioner discussed with AFA and TAX on January 25, 2021.

Below is a table that illustrates the budgeted Municipal Revenue Sharing **revenue** updates in the Change Package.

		FY21 after 2nd Reg Session	IA7203-RFC	IB7204 Tax Conformity	FY21
Revenues					
01428A002001	State Municipal Revenue Sharing	112,285,077	(5,431,961)	(38,550)	106,814,566
01428A047201	Disproportionate Tax Burden Fund	32,071,268	(1,357,990)	(9,638)	30,703,640
	Total Revenue Sharing	144,356,345	(6,789,951)	(48,188)	137,518,206

Changes to allocations flowing from the updated revenue are illustrated below and align with the adjustments in Commissioner Figueroa’s testimony. The allocation adjustments are the amounts necessary to bring allocation in line with the revenues.

		FY21 after 2nd Reg Session	IA7202 Update	FY21
Allocation				
01428A002001	State Municipal Revenue Sharing	117,706,329	(10,891,763)	106,814,566
01428A047201	Disproportionate Tax Burden Fund	26,418,539	4,285,101	30,703,640
	Total Revenue Sharing	144,124,868	(6,606,662)	137,518,206

The reason for one revenue sharing line decreasing and the other increasing has to do with the fact that at various points allocations can be out of alignment with revenues. Some of this has to do with lag between the time laws are passed and changes in RFC/the budget – even when the change is in a budget bill. For example, PL19, c.616 Part X and Part LL impacted the revenue for revenue sharing but no allocation adjustment was included for either of the revenue sharing accounts. Additionally, it appears there has been some misalignment between the allocations in the two accounts over time. The allocation adjustments needed to bring all in line with revenues at this point are in IA7202.