

Testimony of Nick Mullane
on Behalf of the Connecticut Council of Small Towns
Before the Labor Committee
of the Connecticut General Assembly
March 16, 2006

Good morning Senator Prague, Representative Ryan and members of the Committee. My name is Nick Mullane, and I'm the 1st Selectman of the Town of North Stonington. I'm testifying today as Vice President of the Connecticut Council of Small Towns. COST represents the interests of the state's smaller jurisdictions – Connecticut's suburban and rural communities under 30,000 in population. COST would like to thank the Committee for taking up the important issue of prevailing wages, especially as it relates to possible municipal cost savings.

The notion of providing long-overdue tax relief to towns and local property owners is neither a Republican concept nor a Democratic concept...it's just sensible government policy. There are two basic ways that the State Legislature can provide substantial property tax relief to municipalities and local taxpayers:

- 1). By increasing state aid to help pay for essential municipal services like education, public safety and transportation; and/or,
- 2). By decreasing and/or modifying "unfunded" state mandates, which would help all municipalities save money during these times of severe economic distress.

Clearly, towns will not be getting significant relief any time soon in the form of substantially increased state aid to offset local property taxes, which are already among the highest in the nation. Therefore, towns – and local taxpayers – need the help of their state legislators to enable them to lower property taxes by reducing unfunded and expensive state-mandates. If state legislators do not believe now is the time to consider a modification of mandates that drive up local government costs and property taxes, then when will it be the time?

Property taxpayers in Connecticut are facing extreme financial pressures. In many communities senior and other citizens have already been forced to sell their homes and move to states with lower, more affordable local property taxes.

Raised HB 5741 represents an important step in the direction of property tax relief. Specifically, the bill will raise the cost threshold new public works project from four hundred thousand to one million dollars and it will raise the threshold for public works renovation projects from one hundred thousand to five hundred thousand dollars. For smaller communities, this is big money!

According to the Prevailing Wage Coalition, "current estimates indicate that the prevailing wage mandate increases the costs of applicable state and local projects by up to 20%. State and municipal taxpayers unnecessarily pay hundreds of millions of dollars in higher costs for public works projects.

Regrettably, even as we ask our taxpayers to dig ever deeper to pay inflated project costs, we are taking funding from school and transportation projects, public housing, programs for children, the elderly and the mentally ill and other important social services on which taxpayers depend. The human cost of prevailing wage law may even surpass the staggering fiscal cost.

Spending an extra 20% on state and local projects squanders money that could fund necessary programs and provide local property tax relief. The prevailing wage mandate not only wastes precious financial resources, it also costs rather than protects jobs.

We recognize that prevailing wage reform is not a fiscal silver bullet; nevertheless, it should be given immediate and full consideration. In these times how can we ignore the possibility of hundreds of millions of dollars more to fund needed programs and provide tax relief?"

I would like to thank the Committee on behalf of our members for holding this informational session and public hearing on the issue of prevailing wage rate reform and I'd be pleased to answer any questions.