

**TESTIMONY BEFORE
Labor & Public Employees Committee**

**PUBLIC HEARING REGARDING
SB 989 & SB 990
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Senator Prague, Representative Zalaski, members of the Labor & Public Employees Committee, I welcome this opportunity to address you regarding two very important legislative opportunities. SB 989 and SB 990.

The two bills are not complicated. They are quite simple and forthright. However, both accomplish one simple objective: Reducing the cost of government for the already overburdened taxpayers.

SB989 states that the arbitrator panel, in municipal binding arbitration, shall not consider the municipality's reserve fund balance in determining the financial capability of the municipal employer.

The current language is counterproductive to sound fiscal management. The American Institute of Certified Public Accountants and the Government Finance Officers Association, as well as most municipal auditors recommend that the municipality should maintain a reserve between 5% and 15%. The current auditors for New Milford have strongly recommended that the reserves should be closer to the fifteen percent level. They recommend this, quite frankly, because of the uncertainty of the state budgetary process and the resultant uncertainty of state aid to municipalities. As important, these reserves play a major role with bond rating agencies. Many of you have served as municipal CEO's and are quite familiar with this process.

Current language penalizes a fiscally responsible municipality since arbitrators are allowed to consider any amount in a municipal reserve fund balance in excess of 5% of expenses.

Eliminating the current language and replacing it with language proposed in SB989 is imperative if municipalities are to maintain strong fiscal positions and strong bond ratings.

SB 990 addresses the prevailing wage regulation thresholds. The current thresholds for these regulations were established in 1991 . . . twenty years ago!

They are outdated and because of the lack of any indexing have not kept pace with the cost of construction. SB990 will double the current thresholds.

While I would prefer a single index of \$1,000,000.00 for both new construction and renovations, the proposed language is a definite improvement and could be improved even further with indexing.

Unfunded state mandates are the fiscal cancers in municipal budgets and they must stop.

I was first elected to municipal public office more than thirty years ago. I recall annual town meetings that were quite vocal over tax increases in the neighborhood of 2%; and, less! Today, thirty plus years later, as I travel around the state on behalf of the Connecticut Municipal Consortium for Fiscal Responsibility I am told of municipal tax increases in the 5% to 6% range. I am told of multi-referenda budget battles. Nobody can argue the point that we had more room for local initiatives when we had lower tax increases and fewer state mandates.

In my view, these two initiatives will help lower the cost of local government at a time when it is not only needed but is necessary.