



**Testimony of  
Bart Russell, Executive Director  
Connecticut Council of Small Towns  
Before the Planning & Development Committee  
February 21, 2012**

The Connecticut Council of Small Towns (COST) strongly supports **HB-5035 AN ACT REDUCING MANDATES FOR MUNICIPALITIES**, which was proposed by Governor Dannel P. Malloy to address concerns facing municipalities and includes several of COST's top mandate relief priorities.

**COST therefore submits the following comments in support of the bill:**

**Section 1 – Freedom of Information Act** – COST strongly supports Section 1 of the bill which addresses a concern raised by numerous small towns throughout Connecticut regarding the enormous compliance difficulties associated with a recent Connecticut Supreme Court decision which interprets a provision of the Freedom of Information Act (FOIA) to prohibit the disclosure of residential addresses of certain public employees in public records, such as corrections officers, lawyers and judges.

Although the decision involved motor vehicle records, the reasoning applied by the Court extends to all public records, including voter registration lists, land records, and tax rolls, whether in paper or electronic format. As such, the decision imposes an impossible compliance burden on towns and cities, who must redact from each and every public record requested under FOI the residential addresses of various state, federal and local employees, whether or not they know which individuals currently hold a position protected under the statute.

In addition to straining the time and resources of already overburdened municipalities, the law creates considerable delays in providing the public with access to public records because the town will have to take steps to ensure that all of the residential addresses of individuals protected under the statute are redacted. There is no requirement that such individuals self-identify or otherwise verify that they fall under the protection of the statute, leaving towns in the impossible position of trying to verify the occupational status of hundreds of individuals to determine whether their addresses should be redacted under

the law. Failure to redact such residential addresses may expose municipalities to complaints and liability.

The bill narrows the law by providing that the residential addresses of individuals *employed by the agency or town* may not be disclosed *if the employee has submitted a written request for nondisclosure to the department head or human resources department of such agency or town.* **COST urges your support for this provision.**

**Section 2 - PARTIALLY COMPLETED CONSTRUCTION – COST strongly supports Section 2 of the bill** which clarifies that partially completed construction continues to be subject to property taxation, plugging a potential \$30 million loss of revenue for towns.

Historically, municipalities have assessed property taxes on partially-completed construction consistent with current law which requires all real estate assessments to be based on “fair market value”. As such, assessors have determined the fair market value of a lot by including the value of partially completed construction. This is certainly equitable inasmuch as a lot with partially completed construction will generally have a greater fair market value than a vacant lot. However, a property owner has challenged this practice in the courts in a case currently pending on appeal, *Kasica v. Town of Columbia*. We therefore urge your support for this much-needed clarification.

**Sections 3-5 - INSURANCE PREMIUM TAX – COST strongly supports Sections 3 – 5 of the bill** which phases out the 1.75% premium loading tax on municipal health insurance policies. The skyrocketing costs for local employee and retiree health insurance represent one of the most serious fiscal challenges facing small towns. Double digit increases in health insurance costs have begun to dominate budget growth in many communities resulting in fewer resources available for other critical services, including education. In fact, between 8% – 15% of a town’s budget is attributable to municipal employee health care costs.

Moreover, towns are restricted in their ability to manage these health care costs by state laws and practices. The need to negotiate employee health coverage makes it difficult for municipalities to respond to changing budgetary constraints or new plan offerings in a timely manner. The insurance premium tax, which is a 1.75% tax on fully insured municipal premiums, is particularly onerous for Connecticut’s small towns because they cannot afford to self-insure to avoid the premium tax and other mandated health insurance costs. We therefore urge your support for the phase-out of this tax.

**Sections 6-7 - PROPERTY STORAGE MANDATE – COST strongly supports Sections 6 and 7 of the bill** which alleviates municipalities of the burden of paying for the storage of the personal possessions of municipalities who have been evicted or foreclosed upon by private entities. The municipality is not a party to these private transactions and it is therefore unfair to impose these costs on property taxpayers.

A 2006 report prepared by the Office of Legislative Research (OLR) indicates that “In the overwhelming majority of the 37 states that we researched, a landlord may dispose of personal property that a tenant leaves in dwelling units by selling it after first notifying the tenant of his intent and storing the property for a period prior to the sale.” Under Connecticut law, however, the responsibility for storing the property is shifted to the municipality, which places a heavy financial burden on our towns and cities. The requirement that towns store an evicted tenant’s possessions is extremely costly and burdensome, particularly at a time when towns are struggling to provide residents with services without raising property taxes. There are an estimated 2,500 residential evictions per year. Storage costs average between \$10 and \$15 per day, per eviction, for an average of 15 days. This can range from approximately \$12,000 to \$165,000 per municipality.

Section 9 - **UNEMPLOYMENT COMPENSATION TAX** – COST supports Section 8 of the bill which establishes a minimum threshold of at least 600 hours before a part-time, temporary or seasonal municipal employee is eligible for unemployment compensation benefits. Many small towns need and want to continue to hire part-time, seasonal and temporary works to assist the town in providing needed services to the community. However, unemployment compensation costs continue to climb making it increasingly difficult to afford to hire needed staff.

COST also supports **HB-5158 AN ACT CONCERNING THE ASSESSMENT OF BUILDINGS UNDER CONSTRUCTION**. By clarifying that partially completed construction continues to be subject to the property tax, this bill will close a potential funding gap facing towns of approximately \$30 million.