STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY
TO THE
PLANNING AND DEVELOPMENT COMMITTEE
FEBRUARY 22, 2010

IN SUPPORT OF

HOUSE BILL NO. 5035 – AN ACT REDUCING MANDATES FOR MUNICIPALITIES

Good morning, I am Gian-Carl Casa, Undersecretary for Legislative Affairs for the Office of Policy and Management. I thank you for the opportunity to comment on the bill before you today and for this committee's dedication to helping local governments provide effective and efficient services to the people and businesses in their communities.

Governor's Bill 5035 would:

- Prohibit the disclosure of the residential address of employees as defined in CGS 1-217 if the employee has submitted a written request for nondisclosure.

- Clarify that municipalities can assess for partially completed improvements.

- Phase out the insurance premium tax on health insurance policies for municipalities. The current tax rate is 1.75%. The tax rate on health insurance policies for municipalities will be reduced to 0.88% effective 1/1/2014, reduced to 0.44% effective 1/1/2015 and will be eliminated effective 1/1/2016. This will result in a general fund revenue loss/municipal revenue gain of $2.3 million in FY 2014, $5.7 million in FY 2015, $7.9 million in FY 2016, and at least $9.0 million annually, thereafter.

- Allow municipalities to store the belongings of evicted tenants at the cost of the plaintiff for fifteen days with a possible extension of an additional fifteen days. If the belongings are not claimed in this time, the municipality may sell them to recover the cost of the storage fee.

- Allow municipalities to store the possessions from foreclosed properties at the cost of the plaintiff of the foreclosure procedure for fifteen days with a possible extension of an additional fifteen days. If the belongings are not claimed in this time, the municipality may sell them to recover the cost of the storage fee.

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Protection of Certain Residential Addresses (Sec. 1)

A recent court ruling has interpreted statues to require that all public agencies redact the names of certain public employees. This is unworkable in that it would require public agencies to redact names they don't necessarily know on every document they have. It could cripple the ability of officials to meet their duties under the law and puts them in conflict with other statutes prohibit the alteration of public records.

The Governor is proposing to limit the scope of the requirement in a way that would protect both the public's right-to-know and the privacy of public employees. HB 5035 would protect from disclosure the residential addresses of certain employees of the agencies if the employees have submitted written requests for nondisclosure to the department head or human resources department of the agencies.

Assessment of Partially Completed Property (Sec. 2)

A court ruling in *Kasica v. Columbia* overturned long –time practice by prohibiting the ability of local governments to assess partially completed property. *Municipal assessors believe this could cost towns and cities at least $30 million this year.* In order to protect that revenue and avoid increasing the property tax burden on all other residents and businesses, the Governor is proposing legislation to clarify that municipal assessors may value property "including improvements that are partially completed or under construction".

We thank the Committee for also raising HB 5158, which also provides this clarification.

Phase Out Health-Insurance Tax On Municipalities (Secs. 3-5)

The cost of providing health insurance puts a strain on local budgets. Municipalities that purchase health insurance policies must pay a 1.75% tax to the State. This year the insurance premium tax is estimated to cost those municipalities almost $9 million that could be used to provide other public services or reduce property taxes.

The health insurance premium tax is paid on a calendar-year basis. So the state will not lose revenue next fiscal year, this bill proposes to maintain the present 1.75% rate through calendar year 2013, cut the rate paid by municipalities for calendar year 2014 to .88% and to .44% for 2015. It would eliminate the tax on municipalities altogether for 2016.

To ensure that the reduction in cost is passed on to property taxpayers, the bill also requires that bills to municipalities clearly state the amount of the tax each year.

Responsibility for EvictedTenant Possessions (Sec 6)

State law inserts municipal governments into the contractual relationship between landlords and tenants by requiring towns and cities to store the possessions of evicted residential tenants. The Governor is proposing to relieve property taxpayers of this burden by allowing municipalities to assess landlords for the cost of storing these items.

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Also, at present, municipalities can auction the items after 15 days, which in some cases may be too short a time period for then tenants to come up with the money to retrieve the items. The Governor proposes to allow municipalities to be sensitive to this need and provide longer storage times.

Summary

Many of the costs of municipal budgets are driven by things out of their control. The proposals in HB 5035 offer tangible ways to provide relief from those cost drivers, in ways that respond to requests from local officials across Connecticut.

Thank you for your consideration.

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