CONNECTICUT CONFERENCE OF MUNICIPALITIES
THE VOICE OF LOCAL GOVERNMENT

CCM 2013 Testimony

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APPROPRIATIONS COMMITTEE

March 22, 2013

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

HB 6353, "An Act Concerning State Budget Reform"

CCM strongly opposes Section 1 (b, c, and e) of this bill.

HB 6353 would, among other things, provide a Governor with unprecedented, expanded and permanent rescission authority to unilaterally make 5 percent cuts in "municipal aid". It would repeal the "aid to municipalities" exemption from rescission authority.

Towns and cities deliver the public services that have the greatest impacts on people's lives. Municipal CEOs who manage municipal enterprises know only too well the revenue and expenditure challenges facing our state. By necessity, municipal leaders have been making the tough decisions. They have reorganized their operations, cutback services, negotiated employee concessions, eliminated positions, and grudgingly raised property taxes. Municipal CEOs are on the front lines. **Unilateral cuts of 5% -- amounting to about $150 million in cuts in FY 13 -- would have devastating effects on towns and cities across our state.**

Statewide, municipalities receive 72% of their revenue from property taxes. Most of the rest, 23%, comes from the State. Some municipalities are almost totally dependent on property taxes to fund local government. Nineteen towns depend on property taxes for at least 90% of their revenue. Another 51 municipalities rely on property taxes for at least 80% of their revenue. *When state aid goes down, property taxes rise, services are cut, and employees are laid off.* There are no other options.

Further, the Governor's proposed state budget would cut at least $128 million in general (unrestricted) municipal aid and $700 million in motor vehicle property tax revenue. The proposal would also eliminate 3 out of 4 PILOT programs.

Municipalities are caught between a rock and a hard place – they have no option but the property tax.

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Piling on further municipal aid cuts would exacerbate an already-bad situation. **It would not make state budget problems go away – it would just shift them from the State to towns and cities and residential and business property taxpayers.**

Usurps General Assembly's Authority

The proposal would usurp legislative authority. It would upend the system of checks and balances that ensures that the General Assembly gets to weigh in before a $150 million property tax hike is imposed on residences and businesses. No Governor should have such unilateral authority – and no General Assembly should abdicate such a responsibility.

Implications to State-Local Relationship

The proposal hurts the state-local relationship by allowing one branch of state government to, without consultation or public debate, make harsh cuts to a governmental partner – towns and cities.

Attached is a CCM analysis of gubernatorial rescission authority in Connecticut.

We know the State is facing a tough task (and, unfortunately, will face tough budgets in the future). But shifting the state budget deficit to local governments would be bad public policy. It would increase the burdens of the property tax, a tax that is insensitive to income.

We urge you to reject this and any proposal that could lead to cuts in municipal aid – cuts in such aid equal increased property taxes, municipal service cuts and employee layoffs.

Thank you.

If you have any questions, please call Jim Finley (jfinley@ccm-ct.org) or Ron Thomas at rthomas@ccm-ct.org at (203) 498-3000.

Attachment