TOWN OF EAST GRANBY

INCORPORATED 1858

EAST GRANBY, CONNECTICUT 06026

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February 28, 2013

To: Senator John Fonfara, Finance Committee; Chair
Representative Patricia Widlitz, Co-Chair
Senator Gary LeBeau, Vice-Chair
Representative Roland Lemar, Vice-Chair
Senator Scott Franz, Ranking Member
Representative Sean Williams, Ranking Member

Re: SB-843 – An Act Concerning Revenue Items To Implement the Governor's Budget

I am writing today to express my concern about SB-843, specifically the impact of the proposal to eliminate most motor vehicle taxes. Motor vehicles represent 8.5% of East Granby's 2012 Grand List at a net assessed value of $50,432,905 out of a total net Grand List of $590,729,896. Approximately seventy one percent of the vehicles in East Granby would qualify under the Governor's proposal and their owners would not pay any property tax on those vehicles. This would reduce East Granby's revenue by an estimated $1,300,000 which is over 8% of the $16,000,000 that the Town raises through the Property Tax.

While it is true that the current proposed budget does not reduce overall state aid to towns there is a caveat. Previously "unrestricted state grants" to municipalities have been shifted to "restricted use" funds which will reduce what can be used for general operating expenses. For example the Town Aid Road (TAR), a state grant, would be increased in East Granby from $100,000 to $200,000. While the increase in funding for TAR would be a great benefit for East Granby, as a "restricted use" state grant it can only be used for road maintenance and in actuality would reduce by $100,000 the state grants that are available for "unrestricted use". Simply put, the town would need to offset the $100,000 revenue somewhere else.

When you combine the effect of proposed revenue policy changes along with the elimination of most of the car tax, the effect on Connecticut municipalities is potentially devastating. Towns don't have the ability to use a "credit card" such as the use of state bonding for certain expenses to balance their budgets. In Connecticut the main recourse that towns have to fund the services that they provide is a heavy reliance on the local property tax. Eighty-five percent of East Granby's total revenue comes from the property tax. While East Granby will certainly continue to look for ways to reduce and control expenses, a $1.3 million dollar loss of revenue puts tremendous pressure on town real estate and business personal property taxes to make up the shortfall.

Sincerely,

James M. Hayden – First Selectman