



PEDRO E. SEGARRA
MAYOR

Testimony by Mayor Pedro E. Segarra
City of Hartford
Raised Bill 1054
AAC Annual Adjustments to Assessment Rates
March 18, 2013 at 10:30AM in Hearing Room 2E

Co-Chairs Fonfara and Wildlitz, Vice-Chairs LeBeau and Lamar, Ranking Members Frantz and Williams, and distinguished members of the Finance Committee:

Thank you for the opportunity to submit written testimony on Raised Bill 1054, *An Act Concerning Adjustments to Assessment Rates*.

As most members of this committee know, since becoming Mayor in 2010 I have worked tirelessly with members of Hartford's legislative delegation and leadership at the Metro Hartford Alliance to correct 30 years of imbalance and inequity in Hartford's property tax system. Two years ago we were able to make substantial progress by putting apartments on a clear path to a 70% assessment ratio and adding components that would allow for a budget referendum and, despite what most municipal leaders would vigorously oppose, I agreed to a spending cap structure that would substantially penalize the residential class if spending exceeded certain thresholds. For the 10 years prior to my taking office the Capital City budget increased by approximately \$100 million dollars and the mill rate skyrocketed from the mid-40's to the low 70's. Those trends have changed substantially in my three years as Mayor – we have reduced spending by a net \$4 million, including a \$7 million dollar reduction last year, and have curtailed excessive mill rate increases.

My city administration is doing everything possible to put Hartford on solid financial footing. Our pension fund is over 80% funded, with a value of more than \$950 million dollars, despite falling \$400 million dollars following the 2008 market crash. Our internal service funds have moved from deficit levels to fully funded and our debt service as a percentage of total expenditures is the lowest among similarly sized municipalities in Connecticut. Perhaps most impressive is the work we've done with the undesignated fund balance, which was raided in FY 2009 by more than \$10 million dollars. Since taking office we have returned monies to the fund balance every year, depositing almost \$8 million dollars and bringing the total account to almost \$30 million. Because of these efforts, Moody's and Standard and Poor's has reaffirmed our bond ratings the last two years and issued a "stable outlook" both times; no easy feat in what is still a very difficult economy.

At this point in time, when the legislature has not yet concluded its review of the Governor's Recommended Budget, and while so many economic uncertainties remain, this bill is not necessary and would cause significant complications as I wrestle again – for the third straight year – with a projected budget deficit. This bill, while well intentioned and aims to more quickly bring about equality in a property tax system that has been in effect since the late 1960's, would adversely impact the residential class and punish residential taxpayers for City officials doing what they should: growing the grand list. By tying increases in the residential assessment ratio to the adjusted tax levy, you would be unfairly penalizing residents, as it is unlikely that any decrease in the mill rate would equally offset increases in the assessment ratio. To illustrate this point, in FY 12-13, the City of Hartford saw a more than \$23 million decrease in the adjusted tax levy as a result of revaluation. At the point of revaluation in 4 years, if we are successful in helping to push forward a lasting renaissance in Hartford and a portion – or all – of that value is recuperated, the burden for these new revenues will be born by the residential class. That prompts the fundamental question: should the residential class, of which we already have one of the smallest in the state, be solely responsible for bearing the burden of tax revenue lost mainly as a result of reductions in commercial property values? If this bill were to pass, the answer would be a resounding yes.

While we will continue to work with the leadership of the Metro Hartford Alliance, this committee and Hartford's legislative delegation, it is my firm opinion that because of the uncertainty of the Governor's Recommended budget and the disproportionate negative impact that these changes will most definitely have on the residential class, this bill should not move forward this year.

550 Main Street
Hartford, Connecticut 06103
Telephone (860) 757-9500
Facsimile (860) 722-6606