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Testimony in Support of

**HB 5464 AN ACT CONCERNING PAYMENTS DISTRIBUTED BY THE
MUNICIPAL REVENUE SHARING ACCOUNT**

Submitted by
Daryl Jones, Controller
February 28, 2014

Senator Fonfara, Rep. Widlitz, and members of the Finance Committee,

Thank you for the opportunity to testify on behalf of HB 5464 An Act Concerning Payments Distributed by the Municipal Revenue Sharing Account. My name is Daryl Jones, and last month I had the pleasure of being appointed as Controller of the City of New Haven by Mayor Harp who sends her warm regards.

The good news is the economy is starting to look better, and the fiscal situation in our state for this budgetary year is very positive having ended last year with a healthy surplus. However, for cities and towns like New Haven, we are still struggling. Last fiscal year New Haven ended with over a \$4M deficit – and we now have a negative (\$600k) fund balance, due in part to the late year cut in the Municipal Revenue Sharing Account Grant.

Knowing that sales tax revenue had been trending at or below FY 12 levels for much of FY 13, city staff had been monitoring Department of Revenue Services tax receipts reports to project year end revenue into the account. Fortunately, FY 13 sales tax collections exceeded FY 12 sales tax collections by 0.7%. My predecessors were therefore projecting the final grant to be similar to that received in FY 12 (August 2012 payment), but less than the amounts published by your Office of Fiscal Analysis. As you can imagine, when August came and the City was notified that final Municipal Revenue Sharing Account payments would be 30% below FY 12 payments they were greatly surprised, with no means left to respond.

While we are on track to balance this year's budget, finances continue to be a struggle, especially because of all the tax-exempt property in the city. The city has made cuts year after year, cuts to staff, cuts to programs and has delayed upgrading equipment. Taking office, instead of being able to plan and implement a fiscal plan to set the City on course, it feels like we are in crisis management mode.

The budget we submitted on March 1st includes a 1.56 mill, 3.61% tax increase to pay for the 2.68% increase in expenditures which was driven mainly by debt service, health and contractual wage increases. Your approval of this correction will enable us to pass a fair and balanced budget and begin to chart the course to fiscal stability.

I urge your passage of this bill.