To: **Planning & Development Committee**

From: John Elsesser, Town Manager

Date: February 13, 2015

Re: SB-188, AN ACT ELIMINATING MUNICIPAL MANDATES

My name is John Elsesser and I'm the Town Manager of the Town of Coventry, a community of about 12,500 people located in Tolland County. I also serve as the President of the Connecticut Council of Small Towns.

Thank you for the opportunity to comment in support of **SB-188, An Act Eliminating Municipal Mandates.**

Given the difficult economic challenges facing the state and municipalities, it's time to get serious about providing towns with relief from unfunded state mandates. Without meaningful mandate relief, towns will be forced to make cuts in critical programs and services or shift additional costs onto already overburdened property taxpayers.

I applaud the efforts of this committee in recognizing that Connecticut must free towns from municipal mandates that drive up costs on local taxpayers.

I ***support*** the provisions in **SB-188** which would exempt municipalities from the 1.75 % Premium Loading Tax on health insurance premiums. Creating this exemption would return equity to the system and cease taxing smaller communities which cannot risk self-insurance. Many find it hard to understand why the state is taxing its partners in government.

First a brief look at the history of the Act. The State exempted itself from this tax in 1997 and later broadened this exemption to include the Husky Plan, Medicare and retired teachers. In 2001 non-profits were exempted including towns in the MEHIP plans. In 2005 community action agencies were exempted. As previously mentioned, self-insured are by default exempt since they do not pay premiums unless they are purchasing stop-loss coverage. SB-16 would add municipalities to the list of exemptions. The language may be clearer if you broaden it to include school districts including regional districts.

In the Town of Coventry this tax is now over $90,000 more than we receive in casino funds. In 2010, due to the projected 15% premium increase this tax increased by more than $13,000 and the amount exceeded what we receive in LOCIP funds. I probably don't need to remind you that

the source of payment for the Premium Tax is the local property tax. To put this in perspective, the Premium Loading Tax is equal to the property tax increase from over twenty households.

Recognizing that the state may not be in a position this year to eliminate the tax on municipalities in entirety, we would support a phase-out of the tax.

We appreciate your Committee looking at this issue. We believe that it is both unfair and unequal to continue to impose the Premium Loading Tax on only certain towns and boards of education and urge your support for these provisions.

I also support the provisions in the bill that would allow towns to post legal notices and other required notices on the town's website rather than in the newspaper. Towns are required by law to publish numerous legal notices in newspapers. Unfortunately, advertising prices have increased dramatically, placing a fiscal burden on Connecticut's small towns. In addition, many small town newspapers have gone out of business, requiring towns to publish notices in the more expensive metropolitan newspapers.

Allowing towns with the staff and Internet capabilities to post such notices on their websites will help reduce this fiscal burden while ensuring that the public has access to such notices.
We are hearing from towns that it could save them a significant amount of money annually. Also, for the vast majority of people, posting legal notices on the Internet will allow greater access to this information.

SB-188 also references the elimination of the mandate requiring towns to pay for the storage of possessions of a tenant who has been evicted by his/her landlord. Even for small communities such as Coventry, storage costs and the administrative costs associated with compiling and maintaining an inventory of items, holding an auction, etc. add up. And it is unfair to impose a burden on towns and their taxpayers for costs arising from the termination of a lease or rental agreement that the town is not a party to. It's time to eliminate this mandate.

SB-188 would also fund the operating expenses of our probate courts out of state fees. Each year, towns are picking up a bigger share of the operating costs although they have no control over these costs. It is unfair to burden towns with increased operating expenses without a voice in how these costs can be better managed.

In addition to these mandate relief items, the state must begin to tackle those unfunded mandates that are big cost drivers in municipal budgets, such as the Minimum Budget Requirement, which severely restricts towns from reducing the size of their education budgets even when they can demonstrate significant savings.