

From: Steven Werbner, Town Manager, Tolland, Ct.

Date: March 22, 2016

Re: **SB-466, An Act Concerning Property Taxes and Payments in Lieu of Property Taxes**

Motor Vehicle Tax Cap – Revaluation Issue

Please accept this written testimony on behalf of the Town of Tolland and the several other communities which have lost revenue as a result of the legislation passed last session which authorized a statewide cap on motor vehicle taxes. The impacted communities were all undergoing revaluations during the grand list year identified in the legislation passed as part of SB-1. While the Towns were below the stated cap on the motor vehicle tax prior to the implementation of the revaluation, at the end of the process we were substantial over the cap due to the anomaly of our grand lists decreasing and our mill rates increasing due to the devalued housing market we are experiencing in Connecticut. The adopted legislation did not anticipate this type of change which has resulted in a number of Towns being inadvertently penalized and not fully reimbursed as promised as a result of the motor vehicle tax cap. In Tolland's case the amount of revenue lost in the first year is approximately \$300,000.

The Town of Tolland working with The Council of Small Towns and The Town of Coventry has submitted suggested language which we feel properly addresses the legislative changes necessary to address this issue. The suggested language has again been submitted in The Council of Small Towns Testimony. While we support any change which restores equity, this is a very complex issue and we would suggest a small amendment to this proposed bill which incorporates our suggested language. We stand ready at any time to work with legislative staff to review language and provide our input.

Thank you for your consideration and support to make the changes necessary to restore equity.

Municipal Spending Cap

The creation of a municipal spending cap is problematic for a number of reasons. The Council of Small Towns and Connecticut Conference of Municipalities are in support of delaying the implementation of any such cap to give all the parties to time to study and possibly recommend a meaningful cap that might be modeled after other states such as New York. The cap as currently constructed and its focus only on expenditures undercuts Towns who have worked diligently to grow their grand lists, may have individual needs supported by the community which cause the cap to be exceeded in any given year, exempts arbitration awards from the cap encouraging parties to enter into that process and possibly award wages in excess of the cap, fails to address new state or federal mandates and fails to acknowledge the processes of those towns with mandatory budget referendums and the will of the people to decide what they feel is an appropriate budget and tax increase. The suggested changes in this bill just make what is already a difficult concept for most towns to accept even more confusing and problematic. I would again suggest a delay in imposing any such cap and require Towns and Cities to work with the legislature to develop options which may more effectively address the perceived need.

I thank you for your efforts in representing the citizens of Connecticut and look forward to working with you on these issues.

Sincerely,

Steven Werbner