

Planning and Development Committee JOINT FAVORABLE REPORT

Bill No.: SB-423

Title: AN ACT ELIMINATING THE MUNICIPAL SPENDING CAP.

Vote Date: 3/26/2018

Vote Action: Joint Favorable

PH Date: 3/16/2018

File No.:

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SPONSORS OF BILL:

Planning and Development Committee

REASONS FOR BILL:

This bill would stop municipalities being penalized by the state for increasing local spending. Municipalities are currently prohibited from increasing spending past 2.5% of their previous year's budget or by the inflation rate whichever is greater. Municipalities find the waiver process to exceed the budget cap to be cumbersome and the budget cap rule in general to be anti-democratic in the instances where budgets are adopted by local referendum.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed

NATURE AND SOURCES OF SUPPORT:

COST Betsy Gara & First Selectman Leo Paul: COST supports this bill. The spending cap undermines local voters, creates confusion, restricts local development, and makes funding teachers pensions more difficult. Eliminating the spending cap would help municipalities handle unfunded mandates and determine appropriate local budgets.

Town of Roxbury, First Selectman Barbara Henry: First Selectman Barbara Henry supports this bill. The spending cap restricts local voters from funding local priorities, OPM has been unclear in enforcing the spending cap, and state cuts paired with funding teacher's pensions make a spending cap infeasible. The spending cap should be eliminated.

Connecticut Conference of Municipalities (CCM) Donna Hamzy: CCM support this bill. The 2.5% spending cap number is arbitrary and does not reflect the reality that unexpected circumstances, such as public health, require that municipalities increase spending.

Western Connecticut Council of Governments (WestCOG), Francis Pickering: The spending cap rate is arbitrary and the responsibility to determine spending budgets should be returned to the local governing bodies.

Donald S. Stein First Selectman, Town of Barkhamsted: First Selectman Donald Stein supports this bill. The spending cap does not take into account federal expenditures which are only partially covered by state aid and the cap makes it more difficult for municipalities to fund these mandates.

House Republican Office: The spending cap has been burdensome to municipalities. State aid has been cut since the spending cap was enacted, but the cap has remained. The spending cap pressures municipalities to take on ongoing debt, which worsens the underlying problem. The spending cap should be repealed.

NATURE AND SOURCES OF OPPOSITION:

None Expressed

Reported by: Colin Carroll

Date: 3/29/18