



OFFICE OF THE FIRST SELECTMAN

Michael R. Criss
First Selectman, Town of Harwinton

REVENUE, FINANCE & BONDING COMMITTEE

April 5, 2021

Good Afternoon, my name is Michael R. Criss, I am the First Selectman for the Town of Harwinton and I am submitting testimony regarding H.B. 6655 "An Act Concerning Municipal Taxation and Incentivizing Regionalization".

H.B. 6655 "An Act Concerning Municipal Taxation and Incentivizing Regionalization".

Thank you for the opportunity to comment and submit testimony on proposed H.B. 6655 "An Act Concerning Municipal Taxation and Incentivizing Regionalization". The Town of Harwinton is in opposition to H.B. 6655 as written which includes imposed 2.5% cap on property taxes without the benefits of replacing that revenue in the small communities with no other means of revenue.

The Municipal Spending Cap which was enacted by the legislature in 2017, which I opposed at that time due to the fact that the cap was not feasible in a community like ours which is heavily dependent on local property taxes for not only our town operations, regional school district and the ever-growing unfunded mandates from the state which has refused to cap its own spending. Here are just a few examples of the mounting costs that also highlight the state's failure to fully fund: ECS, Special Ed, Transportation, Resident Trooper Program, etc.

Although the Municipal Revenue Sharing Account (MRSA) was supposed to help offset declining revenue streams for municipalities like ours, it did not take long for the money to be diverted to the general fund to offset state spending and when MRSA was suspended, Municipal Spending Caps stayed in place with no reasonable or reliable solution from the state.

This bill as written has numerous unintended consequences and areas of concern that have yet to be explored and would result in devastating cuts to municipal services to our residents.

Further, regionalization exists and does not need to be mandated. And if towns that do not comply with regionalization are going to be incentivized to regionalize then towns like ours that have been regionalizing for years, where it works & makes sense, should be rewarded for being fiscally responsible and resourceful. Impediments to regionalization should be explored and

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removed so municipalities have the freedom to regionalize more services for a cost savings not mandated with reduced funding from the state. Shared services do not always make sense for small municipalities due to the fact that in many cases we share services better and more cost effectively than many other surrounding areas including the state.

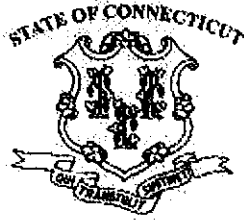
Due to the financial strains already placed on our municipalities, our state and federal government, we need to refrain from adopting any bills or regulations that will reduce the already depleting revenues of all our municipalities. The Town of Harwinton stands ready to assist in the exploration of any efforts by the state that would help both the state and the municipalities to recover and thrive for generations to come.

Thank you for allowing me to submit testimony in opposition to H.B. 6655 on behalf of the Town of Harwinton. If you have any further questions, please feel free to contact me at any time.

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General Assembly

January Session, 2021

Raised Bill No. 6655

LCO No. 5641



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING MUNICIPAL TAXATION AND INCENTIVIZING REGIONALIZATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2022*) (a) As used in this section:
- 2 (1) "Debt payment" means the payment of principal and interest on
- 3 bonds, notes or certificates of indebtedness, excluding revenue bonds,
- 4 issued by a municipality;
- 5 (2) "Legislative body" means (A) the board of selectmen in a town that
- 6 does not have a charter, special act or home rule ordinance relating to
- 7 its government, (B) the council, board of aldermen, representative town
- 8 meeting, board of selectmen or other elected legislative body described
- 9 in a charter, special act or home rule ordinance relating to government

10 in a city, consolidated town and city, consolidated town and borough or
11 a town having a charter, special act, consolidation ordinance or home
12 rule ordinance relating to its government, (C) the board of burgesses or
13 other elected legislative body in a borough, or (D) the district committee
14 or other elected legislative body in a district or other municipal
15 corporation;

16 (3) "Municipality" means any town, city, borough, consolidated town
17 and city, consolidated town and borough, district as defined in section
18 7-324 of the general statutes and any other municipal corporation
19 having the power to levy a tax on property pursuant to chapter 204 of
20 the general statutes;

21 (4) "Total tax levied" means the total amount of property taxes a
22 municipality levies under chapter 204 of the general statutes with
23 respect to all real property, personal property and motor vehicles; and

24 (5) "Voter" means any person who is (A) an elector of a municipality,
25 or (B) a citizen of the United States of the age of eighteen years or more
26 who, jointly or severally, (i) is liable to the municipality for taxes against
27 such person on an assessment of not less than one thousand dollars on
28 the last-completed grand list of such municipality, or (ii) would be so
29 liable if not entitled to an exemption under subdivision (17), (19), (22),
30 (23), (25) or (26) of section 12-81 of the general statutes.

31 (b) (1) For each fiscal year commencing on or after July 1, 2022, the
32 total tax levied by a municipality shall not exceed two and one-half per
33 cent of the net grand list of such municipality.

34 (2) Any municipality in which the total tax levied exceeds the limit
35 set forth in subdivision (1) of this subsection shall be subject to the
36 provisions of subsection (c) of this section.

37 (c) (1) Any municipality in which the total tax levied exceeds the limit
38 allowed under subsection (b) of this section shall reduce such levy for
39 each successive fiscal year by not less than fifteen per cent of the total
40 tax levy for the preceding fiscal year, until such levy does not exceed the

41 limit allowed under said subsection, except that no municipality shall
42 be required to reduce the total tax levied to below the limit allowed
43 under said subsection. The municipality may adjust any reductions
44 under this subsection in accordance with the provisions of subdivision
45 (2) of this subsection.

46 (2) Notwithstanding the provisions of any municipal charter, special
47 act or home rule ordinance, the legislative body of any municipality
48 subject to the provisions of subdivision (1) of this subsection may, by a
49 two-thirds vote of the members present and voting, hold a referendum
50 to seek voter approval of the levy of additional taxes by a specified
51 amount in excess of the amount allowed under subdivision (1) of this
52 subsection. Such referendum shall be by a "yes" or "no" vote on paper
53 ballots or on the voting machines of the municipality. The question
54 submitted to the voters shall be: "Shall the ____ (insert name of the
55 taxing entity) be allowed to levy an additional \$____ (insert the amount)
56 in real and personal property taxes for the fiscal year commencing July
57 1, ____ (insert the year)?".

58 (3) If the amount specified in such question is not greater than one-
59 half of the reduction required pursuant to subdivision (1) of this
60 subsection, the proposal shall be deemed approved if a majority of the
61 voters casting votes thereon cast "yes" votes. If the amount specified in
62 such question is greater than one-half of the reduction required
63 pursuant to subdivision (1) of this subsection, the proposal shall be
64 deemed approved if two-thirds of the voters casting votes thereon cast
65 "yes" votes. In no event shall the amount specified be greater than the
66 reduction required pursuant to subdivision (1) of this subsection.

67 (d) (1) In any municipality in which the total tax levied results in a
68 percentage that is less than or equal to the limit allowed under
69 subsection (b) of this section, the total tax levied for any fiscal year shall
70 not exceed an amount equal to one hundred two and one-half per cent
71 of the maximum levy limit for the preceding fiscal year, except that any
72 municipality may increase the total tax levied (A) in accordance with the
73 provisions of subdivision (2) of this subsection, and (B) for the then-

74 current fiscal year, by an amount equal to the tax rate for the preceding
75 fiscal year multiplied by the amount of increase in the assessed
76 valuation of any real or personal property over the assessed valuation
77 during the preceding fiscal year, which real or personal property (i) shall
78 become subject to the tax under chapter 204 of the general statutes for
79 the first time or taxed as a separate parcel for the first time, during the
80 then-current fiscal year, or (ii) has had an increase in its assessed
81 valuation over the preceding fiscal year, provided such increase in
82 assessed valuation is not due to revaluation of the entire municipality.

83 (2) Notwithstanding the provisions of any municipal charter, special
84 act or home rule ordinance, the legislative body of any municipality
85 may, by a two-thirds vote of the members present and voting, hold a
86 referendum to seek voter approval to levy additional taxes on real and
87 personal property by a specified amount in excess of the limit allowed
88 under subdivision (1) of this subsection. Such vote shall be by a "yes" or
89 "no" vote on paper ballots or on the voting machines of the municipality.
90 The question submitted to the voters shall be: "Shall the ____ (insert
91 name of the taxing entity) be allowed to levy an additional \$ ____ (insert
92 the amount) in real and personal property taxes for the purposes of ____
93 (insert the intended purpose or purposes for which the moneys from the
94 levy will be used) for the fiscal year commencing July 1, ____ (insert the
95 year)?" The proposal shall be deemed approved if a majority of the
96 voters casting votes thereon cast "yes" votes.

97 (e) Notwithstanding the provisions of any municipal charter, special
98 act or home rule ordinance, if a majority of the legislative body of any
99 municipality shall so require or on application of at least fifty voters,
100 such legislative body shall call a meeting, in accordance with the
101 provisions of section 7-7 of the general statutes, to submit a question to
102 voters whether to require the municipality to reduce the taxes levied by
103 a specified amount below the limit allowed under subsection (d) of this
104 section. Such vote shall be by a "yes" or "no" vote on paper ballots or on
105 the voting machines of the municipality. The question submitted to the
106 voters shall be: "Shall the ____ (insert name of the taxing entity) be
107 required to reduce the amount of real and personal property taxes to be

108 assessed for the fiscal year commencing July 1, ____ (insert the year) by
109 an amount equal to \$____ (insert the amount)?". The proposal shall be
110 deemed approved if a majority of the voters casting votes thereon cast
111 "yes" votes and the tax levy shall be decreased accordingly.

112 (f) (1) Notwithstanding the provisions of any municipal charter,
113 special act or home rule ordinance, the legislative body of any
114 municipality may, by a two-thirds vote of the members present and
115 voting, place a question on the ballot:

116 (A) At any regular or special state or municipal election held before
117 the setting of the annual tax rate, for voter approval to levy additional
118 taxes on real and personal property by a specified amount in excess of
119 the limit allowed under subsection (b) or (d) of this section for capital
120 outlay expenditures, provided such expenditures may only be
121 authorized under this subdivision for a municipal purpose for which
122 the municipality would be authorized to borrow money under the
123 provisions of title 7 of the general statutes. Such vote shall be by a "yes"
124 or "no" vote on paper ballots or on the voting machines of the
125 municipality. The question submitted to the voters shall be: "Shall the
126 ____ (insert name of the taxing entity) be allowed to levy an additional
127 \$____ (insert the amount) in real and personal property taxes for the
128 purposes of ____ (insert the intended purpose or purposes for which the
129 moneys from the levy will be used) for the fiscal year commencing July
130 1, ____ (insert the year)?". The proposal shall be deemed approved if a
131 majority of the voters casting votes thereon cast "yes" votes;

132 (B) At any regular or special state or municipal election, for voter
133 approval to levy additional taxes on real and personal property in excess
134 of the limit allowed under subsection (b) or (d) of this section for debt
135 payments that are outstanding as of July 1, 2022. Such vote shall be by a
136 "yes" or "no" vote on paper ballots or on the voting machines of the
137 municipality. The question submitted to the voters shall be: "Shall ____
138 (insert the municipality) be allowed to exempt from ____'s (insert
139 municipality) levy limit the total amounts required to pay for bonded
140 indebtedness incurred prior to July 1, 2022?". The proposal shall be

141 deemed approved if a majority of the voters casting votes thereon cast
142 "yes" votes; and

143 (C) At any regular or special state or municipal election, for voter
144 approval to levy additional taxes on real and personal property in excess
145 of the limit allowed under subsection (b) or (d) of this section for debt
146 payments incurred on or after July 1, 2022. Such vote shall be by a "yes"
147 or "no" vote on paper ballots or on the voting machines of the
148 municipality. The question submitted to the voters shall be: "Shall ____
149 (insert the municipality) be allowed to exempt from ____'s (insert
150 municipality) levy limit the total amounts required to pay for the bonds
151 issued in order to ____ (insert the purpose or purposes for which the
152 moneys from the bonds issued will be used)?" The proposal shall be
153 deemed approved if a majority of the voters casting votes thereon cast
154 "yes" votes.

155 (2) The amounts exempted and additional taxes levied under
156 subdivision (1) of this subsection and subsection (h) of this section shall
157 be excluded from the calculation of the total tax levied under subsection
158 (b) of this section or the maximum levy amount under subsection (d) of
159 this section.

160 (g) The legislative body of any municipality may direct that the
161 question or questions authorized for a referendum under this section be
162 placed on the ballot at any regular or special state or municipal election
163 or may call a meeting in accordance with the provisions of section 7-7 of
164 the general statutes to submit such question or questions to voters.

165 (h) Notwithstanding the provisions of this section or any municipal
166 charter, special act or home rule ordinance, the legislative body of any
167 municipality may levy additional taxes in excess of the maximum limit
168 under subsection (b) or (d) of this section solely for the payment, in
169 whole or in part, of water or sewer debt charges, provided the aggregate
170 amount of water and sewer charges are reduced by the aggregate
171 amount of any such additional taxes levied. In the case of a municipality
172 whose water and sewer service is provided by an independent

173 commission, authority or district that separately bills water and sewer
174 users, the municipality may enter into an agreement with such
175 commission, authority or district to effectuate the purposes of this
176 subsection. The tax collector or the treasurer of the municipality shall
177 immediately pay over the taxes collected pursuant to this subsection,
178 without appropriation by the municipality, to such commission,
179 authority or district, less any amounts agreed upon by the parties for
180 administrative costs incurred in carrying out the agreement. Nothing in
181 this subsection shall be construed to affect the eligibility of such
182 commission, authority or district to receive loans and grants for water
183 pollution control projects or eligible drinking water projects.

184 (i) Notwithstanding the provisions of this section, the legislative body
185 of any municipality may adjust the limit allowed under subsection (b)
186 or (d) of this section to counterbalance the effects of extraordinary,
187 nonrecurring events that occurred during the base year that were not
188 within the purview of normal municipal financial practices and would
189 otherwise cause a limit to be set that would be inconsistent with the
190 limits intended under this section, provided notice of any such
191 adjustment is provided to voters, in writing, and explained in detail.

192 Sec. 2. (NEW) (*Effective from passage*) Notwithstanding the provisions
193 of any municipal charter, special act or home rule ordinance, any
194 municipality may impose, by ordinance, a local tax on income, goods,
195 services or other tangible or intangible assets, or any combination
196 thereof, as determined by the legislative body of the municipality to be
197 desirable or necessary to meet the public services and other needs of the
198 municipality. No such tax shall be effective until notice has been
199 provided to the residents of the municipality and the general public
200 about the imposition of such tax, through the posting of information on
201 the municipality's Internet web page and other appropriate means, as
202 determined by the legislative body of the municipality. Such ordinance
203 shall include, but not be limited to, the specific items or amounts on
204 which such tax will be imposed, the rate and effective date of such tax,
205 the rate of interest and penalty imposed on the amount of such tax that
206 is delinquent, the method of collection and remittance of such tax and

207 the provisions for a taxpayer's right of appeal.

208 Sec. 3. (NEW) (*Effective July 1, 2021*) (a) (1) Each municipality that
209 enters into an interlocal agreement, on or after July 1, 2021, with one or
210 more municipalities pursuant to section 7-148cc of the general statutes,
211 for the provision of a service that each such municipality currently
212 provides separately shall be eligible for a grant in the following amounts
213 for each year such municipality remains a party to such agreement and
214 the applicable service is provided on a regional basis:

215 (A) For the provision of education, ten per cent of the amount
216 budgeted for education in the municipality's most recently approved
217 budget;

218 (B) For the provision of police services, fire-fighting services or
219 emergency medical services, five per cent of the amount budgeted in the
220 municipality's most recently approved budget and attributable to the
221 specific service being provided on a regional basis; and

222 (C) For the provision of any other service, two and one-half per cent
223 of the amount budgeted in the municipality's most recently approved
224 budget and attributable to the specific service being provided on a
225 regional basis.

226 (2) Any municipality eligible to receive a grant under subdivision (1)
227 of this subsection may receive more than one grant under said
228 subdivision. Any grant received under this section shall be in addition
229 to any other grants or funds such municipality is eligible to receive.

230 (b) Each municipality eligible to receive a grant under subsection (a)
231 of this section shall submit an application annually to the Secretary of
232 the Office of Policy and Management, in such form and manner as the
233 secretary prescribes. The application shall include, but not be limited to,
234 a description of the specific service being provided on a regional basis,
235 the other municipality or municipalities that are a party to the
236 agreement entered into under subsection (a) of this section and
237 documentation of the amount budgeted in the municipality's most

238 recently approved budget and attributable to the specific service being
239 provided on a regional basis. The secretary shall review each application
240 to verify the provision of the service claimed in such application and
241 calculate the amount of the grant or grants due to a municipality under
242 this section. Payment of such grants shall be made from the municipal
243 revenue sharing account established under section 4-66l of the general
244 statutes, as amended by this act.

245 (c) Any municipality that terminates or withdraws from an
246 agreement entered into under subsection (a) of this section or otherwise
247 ceases to provide a service on a regional basis shall be ineligible to
248 receive a grant under this section commencing with the fiscal year in
249 which such termination or withdrawal occurred.

250 (d) Any provision of a municipal charter, special act or home rule
251 ordinance that prohibits or limits a municipality from sharing services
252 with other municipalities are hereby repealed, revoked and rescinded.

253 (e) Any collective bargaining unit may enter into an agreement with
254 one or more collective bargaining units to establish a coalition
255 bargaining unit to negotiate with municipalities for the provision of
256 public services on a regional basis, including, but not limited to,
257 education, police services, fire-fighting services and emergency medical
258 services.

259 Sec. 4. Subsection (b) of section 4-66l of the general statutes, as
260 amended by section 6 of public act 21-3, is repealed and the following is
261 substituted in lieu thereof (*Effective July 1, 2021*):

262 (b) There is established an account to be known as the "municipal
263 revenue sharing account" which shall be a separate, nonlapsing account
264 within the General Fund. The account shall contain any moneys
265 required by law to be deposited in the account. The secretary shall set
266 aside and ensure availability of moneys in the account in the following
267 order of priority and shall transfer or disburse such moneys as follows:

268 (1) Ten million dollars for the fiscal year ending June 30, 2016, shall

269 be transferred not later than April fifteenth for the purposes of grants
270 under section 10-262h;

271 (2) For the fiscal year ending June 30, 2018, and each fiscal year
272 thereafter, moneys sufficient to make motor vehicle property tax grants
273 payable to municipalities pursuant to subsection (c) of this section shall
274 be expended not later than August first annually by the secretary;

275 (3) For the fiscal year ending June 30, 2022, and each fiscal year
276 thereafter, moneys sufficient to make the grants payable pursuant to
277 subsection (d) of section 12-18b, as amended by [this act] public act 21-
278 3, shall be expended by the secretary;

279 (4) For the fiscal years ending June 30, 2018, and June 30, 2019,
280 moneys sufficient to make the municipal revenue sharing grants
281 payable to municipalities pursuant to subdivision (2) of subsection (d)
282 of this section shall be expended not later than October thirty-first
283 annually by the secretary;

284 (5) For the fiscal year ending June 30, 2018, and each fiscal year
285 thereafter, seven million dollars shall be expended for the purposes of
286 the regional services grants pursuant to subsection (e) of this section to
287 the regional councils of governments;

288 (6) For the fiscal year ending June 30, 2018, and each fiscal year
289 thereafter, moneys may be expended for the purpose of supplemental
290 motor vehicle property tax grants pursuant to subsection (c) of this
291 section; [and]

292 (7) For the fiscal year ending June 30, 2022, and each fiscal year
293 thereafter, moneys sufficient to make the grants payable to
294 municipalities pursuant to subsection (c) of section 3 of this act; and

295 [(7)] (8) For the fiscal year ending June 30, 2020, and each fiscal year
296 thereafter, moneys in the account remaining shall be expended annually
297 by the secretary for the purposes of the municipal revenue sharing
298 grants established pursuant to subsection (f) of this section. Any such

299 moneys deposited in the account for municipal revenue sharing grants
300 between October first and June thirtieth shall be distributed to
301 municipalities on the following October first and any such moneys
302 deposited in the account between July first and September thirtieth shall
303 be distributed to municipalities on the following January thirty-first.
304 Any municipality may apply to the Office of Policy and Management
305 on or after July first for early disbursement of a portion of such grant.
306 The Office of Policy and Management may approve such an application
307 if it finds that early disbursement is required in order for a municipality
308 to meet its cash flow needs. No early disbursement approved by said
309 office may be issued later than September thirtieth.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2021</i>	New section
Sec. 4	<i>July 1, 2021</i>	4-66l(b)

Statement of Purpose:

To limit property tax increases, authorize municipalities to impose local taxes and incentivize municipal regionalization of services.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]