



CTx 2013 42nd Annual Seminar

Legislative Update

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OVERVIEW

The Setting

Legislative Overview

- Key Issues of 2013

The Budget

Governor's Budget. Legislative Budget Response

- Property Tax on MV

Bills of Interest

Key Bills. Next Steps on MV Tax.

- M.O.R.E. Commission

OVERVIEW- Election Results, Senate

- Democrats- 22 seats
 - Added 1 seat. (Took one f. Republican seat, Suzio)
 - Retained 2 Open seats (Prague, Gomes)
 - Incumbent re-elected in 19 seats
- Republicans- 14 seats
 - Added 1 seat (one formerly Democratic seat, Daily)
 - Retained 1 Open seat (Roraback)
 - Incumbent re-elected in 12 seats

Senate Outcome- No Change

- 22 Democrats
- 14 Republicans

It's the same count as 2011-2012

Democrats Re-elected Sen. Williams to Senate Pres.

and Sen. Looney as Majority Leader

Republicans Re-elected Senator McKinney as Minority leader.

No Change at the top.

House: 151 Seats

- Democrats- 99 seats
 - Added 3 formerly Republican seats (Wadsworth, Koutu, Greene v. Conroy rematch)
 - Retained 17 open seats
 - Incumbent re-elected in 79 seats
- Republicans- 52 seats
 - Added 3 formerly Democratic seats (Nardello, Lyddy, Hamm)
 - Retained 5 open seat
 - Incumbent re-elected in 44 seats

Outcome? The Same... and Not.

- The same count as the 2011-2012 session!
- BUT....
- Major Leadership Changes:
 - Rep. Brendan Sharkey, Speaker of the House
 - Hamden. Attorney. Small business owner
 - Big Proponent Regionalism and Statewide Mil Rate MV's
 - Rep. Joe Aresimowicz, Majority Leader
 - Berlin, Southington. Public employee union service rep.

New Committee Chairs

- Planning and Development- House Co-chair Rep. Jason Rojas
 - Priority Sharkey appointment. Aligned with Regionalism policies.
- Finance- Senate Co-Chair John Fonfara
 - Replaced Retiring Sen. Daily. Highly sought after appointment
- House Screening Committee Co-chairs
 - Sharkey – Rep. Betsy Ritter
 - Aresimowicz – Rep. Sandy Nafis
- GAE- Sen. Musto, Rep. Jutila both new. >50% committee brand new.

2013 Legislative Session

- Convenes January 9, 2013
- Adjourns June 5, 2013
- Main order of business: Adoption of a new Biennial Budget.
- That will be a big problem!





NEWTOWN

The unspeakable tragedy changed everything.

State Struggling with Response

- Bipartisan efforts faltering.
- National spotlight
- Brought thousands of people to Capitol
- Hundreds of hours of hearings and meetings
- Action next Thursday legislative session [tentative]
- Still shared, bi-partisan need to find appropriate response together

Other Session Issues

- Energy – DEEP major proposals: Comprehensive Energy Strategy (CES)
- Right to Die, Assisted Suicide
- Early Childhood re-org.
- Higher Ed re-org and massive UConn bio-science investment
- Jobs – Manufacturing, Bio-science
- Transportation – Tolls, Trains, the Busway has left the station
- Early voting, Election organization
- Criminal Justice, esp. early release and RH nursing home takeover

But mainly...

- BUDGET, BUDGET, BUDGET
- NEWTOWN
- REGIONALISM, BUDGET
- GUNS, MENTAL HEALTH, NEWTOWN
- And now....
- THE PROPERTY TAX ON MOTOR VEHICLES.

BUDGET NIGHTMARE

- Bi-annual budget for 2014-2015
- Est. \$1.3 Billion Gap Current Expenditures/Revenues each year
- Est. \$160 - \$200 Million Deficit projected for current year even after <\$430 million rescissions in December Special Session. Projection battles Gov/OPM and Compt. Lembo
- Spending Cap issues
- Dem/Rep differ on whether there is a Debt/Bonding issue
- Dem/Rep agree that current level of support for municipalities is 'Unsustainable.'
- Dem/Rep agree that MV tax most unfair, regressive in state.
- Dems believe Regional efficiencies key. Reps believe cuts key, maybe some Reg'l.

Governor's Budget

- No one wants to make these choices. Tough Decisions.
- No Tax Increases
- Slashes Human Services spending
- Huge new UConn proposal
- Continues December rescissions
- Fully funds Pensions and GAAP
- Decimates municipal revenues – New regional programs eliminated. State PILOT eliminated*. MME funding eliminated. Revenues slashed. Bonding increased, LOCIP. ETS increased. And...



Property tax on MV valued at less than \$28,571 eliminated!

No funding in budget to offset the estimated \$600 Million revenue loss to the towns. Shift to other property taxes assumed. Cuts in Tax Collection costs assumed.

Legislative Reaction and Next Steps

- Many Dem's really troubled by the depth of the cuts.
- Every legislator has some part of budget they don't like.
- Human Services cuts too deep.
- Hospital cuts too deep.
- Municipal budget proposals too harsh.
- MV tax too big a hit on towns. Unworkable.... As currently proposed.
- Some significant MV Tax change – Bi-Partisan support! They want to do something. They are not sure what

SB 965: AAC Changes to Municipal Revenue Collection Statutes

- Result of 15 months effort by dedicated team of Collectors produced a 32 page proposal.
- Rep. Betsy Ritter files HB. 5722, AA Making Technical Changes to the Statutes Governing Municipal Tax Collectors (Gisela, MP)
- Team of Gisela, Bill, Scott, Mary Phil and 'Team Leader' Atty. Adam Cohen met with Co-Chairs Cassano and Rojas, Vice-Chairs Osten and Fox, and Ranking Members Fassano and Amann. Earlier Co-Chair Gentile with Rep. Betsy Ritter. Lengthy meetings, section by section review. Modifications ensue.
- P & D agrees to raise bill.
- Outreach and feedback from AG's Office, OPM, Treasurer's office, State Marshals, CCM. Modifications ensue.
- Modified bill is still 32 pages long!

SB. 965, cont.

- Public Hearing 3/1. An Excellent Showing!
- Collectors Bill Donlin, Marc Nelson and Doug Sienna* attend and Adam Cohen. Donlin, Nelson and Cohen testify at the hearing.
- In addition, we submit copies of written testimony from Collectors Harma, Tanus, Biagiarelli, Delisle and Buchter and Adam Cohen. Marc submitted written testimony too.
- Next Steps: Screening today (3/20). JF VOTE by 4/3

PA 12-0001. Unintended Consequences

- Passed in 2012 Special Session, tacked onto budget bill
- Intended to provide info to homeowners facing foreclosure
- Interpreted to include new notification requirement for any delinquency communications.
- Hoping 'fix' will be included in SB 965

SB. 820: AAC the Interest Rate on Delinquent Property Taxes

- Provides 'local option' to lower interest rate on delinquent taxes from 18% to 12%
- Requires per diem calculation of delinquent payments.
- Chief sponsor committee co-chair, Sen Cassano
- PH 3/1 – Donlin, Sienna testify against per diem sections. Yanus submits written testimony against bill as does COST. CCM testifies against 12% option.
- We win – succeed in persuading Committee including Cassano that it cannot work.
- 3/13 – Committee votes out a JFS – did they or didn't they fix it with new language?
- 12% option still in. Per diem calculation is out – though with some unintended wrinkles we are working on with Adam

HB 5102, AA Establishing a State-wide Mil Rate for MV and Amending the Definition of Antique, Rare or Special Interest Motor Vehicle

- Taxes collected locally.
- Remit to State Quarterly any 'excess collection amount'
- Towns with Mil Rates higher than statewide rate will receive payments from state from pool of excess revenues remitted. Payments decrease by 20% each year, beginning with 100%
- Eff July 1, 2014 fiscal year
- Antique cars redefined as 30 years old or more. OPM sets value.
- Bill still in committee.

And there are no end of creative ideas...

- SB 295 – Authorizes local collection of the Marijuana and controlled substances tax. Sen. Kane sponsored. Applies to munis under 25,000 population. Very complicated. Has little support. Bills authorizing state collection of such taxes more likely to move forward.
- SB 463 – Allows munic. to reduce MV mil rates
- HB 5098 – Requiring posting of Assigned Municipal Liens. For 30 days within 7 days of lien assignment. PH 3/1
- HB 5173 – limiting delinquent interest rate to 5 % - was not raised. Is dead
- HB 5972 – Extend the number of years of look-back period for tax collectors and assessors. PH 3/1



WHAT (in the world) IS NEXT?

The M.O.R.E. Commission

MORE: Municipal Opportunities and Regional Efficiencies

- This is a major priority of Speaker Sharkey. He presided over former MORE Commission as P & D chair and believes in regional solutions
- 4 standing Committees
 - Mandates
 - Regional entities
 - Education
 - Municipal Tax Authority



Municipal Tax Authority Working Group

- CTx invited and encouraged by Speaker to join and participate.
- Dep. Speaker Jeff Berger chairs.
- 26 State legislators and 12 town and union officials are on committee.
- Bill Donlin, Gisela Harma and Alma Carroll are all committee members

MTA, cont.

Speaker has stated that he is looking to this committee to come up with a proposal to address the MV tax which can pass the General Assembly this session.

He wants that proposal within the next 30-40 days.

Committee members are all over the place (no surprise) with concerns from some towns that they will pay higher taxes, from others that this must be fixed immediately because their taxes so high now and still others who oppose changes to this tax separate from full property tax reform.

PREDICTIONS???

- Significant changes will occur to MV Tax. It may not be this year.
- Statewide mil rate most likely.
- Likely to be phased in.
- Likely to be collected locally – portion remitted to state.
- Full abolition and substitution with state excise tax paid at DMV still possible, especially if rich towns, poorer towns can't find common ground.
- CTx will be at the table as decisions are made. You are there at the invitation of the Speaker. Will have a strong voice.



Questions???