

OPENING REMARKS - INADEQUACIES OF SECOND YEAR OF STATE BUDGET

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⇒ MUNICIPAL LEADERS FROM THE CONNECTICUT CONFERENCE OF MUNICIPALITIES, THE STATEWIDE ASSOCIATION OF TOWNS AND CITIES, ARE HERE TO URGE THE GOVERNOR AND THE GENERAL ASSEMBLY TO REOPEN THE SECOND YEAR OF THE STATE BUDGET TO HELP TOWNS AND CITIES AND THEIR PROPERTY TAXPAYERS.

⇒ GOVERNOR RELL SHOULD BE COMMENDED FOR HAVING HIGHLIGHTED THE ISSUE OF PROPERTY TAXES FOR THE 2008 GENERAL ASSEMBLY SESSION. WE MAY DISAGREE ON SOME OF THE PARTICULARS, BUT WE CAN ALL AGREE THAT PROPERTY TAXES ARE TOO HIGH AND THAT CONCERTED STATE ACTION IS NECESSARY.

WE ASK THE GOVERNOR AND THE GENERAL ASSEMBLY LEADERSHIP ON BOTH SIDES OF THE AISLE TO COME TOGETHER AND MAKE PROPERTY TAX RELIEF CONNECTICUT'S TOP POLICY PRIORITY. IN THE SHORT-TERM, THIS MEANS: (1) INCREASING FUNDING FOR K-12 PUBLIC EDUCATION; (2) INCREASING GENERAL GOVERNMENT AID; (3) MAKING PERMANENT THE PRESENT RATES OF THE MUNICIPAL REAL ESTATE CONVEYANCE TAX; (4) REFUSING TO ENACT NEW UNFUNDED OR UNDERFUNDED MANDATES; AND (5) INCREASING FINANCIAL AND TECHNICAL INCENTIVES FOR REGIONAL COOPERATION AND COORDINATION.

⇒ UNLESS THE GOVERNOR AND THE GENERAL ASSEMBLY ACT THIS SESSION, PROPERTY TAXPAYERS IN TOWNS AND CITIES ACROSS THE STATE FACE STEEP PROPERTY TAX HIKES, HUGE REDUCTIONS IN PUBLIC SERVICES OR BOTH.

⇒ THE SECOND YEAR OF THE BIENNIAL BUDGET (FY 08-09), IF LEFT UNCHANGED, WILL PROVIDE AN OVERALL INCREASE IN FUNDING OF JUST 3.7% OVER THE CURRENT FISCAL YEAR. MOREOVER, UNLESS LEGISLATION IS PASSED, *MUNICIPALITIES STAND TO LOSE OVER \$40 MILLION IN REVENUE* NOW BEING RAISED BY THE REAL ESTATE CONVEYANCE TAX.

⇒ IN FY 08-09, THE HIKE OF \$99 MILLION IN EDUCATION AID TO MUNICIPALITIES COMPRISES ALL OF THE FUNDING INCREASE OVER FY 07-08...LEAVING GENERAL GOVERNMENT AID FLAT-LINED AND STAGNANT. IN REAL-DOLLAR TERMS, OVERALL AID WILL BE INCREASED BY \$97 MILLION (4.2%).

⇒ TWO OF THE LARGEST STATE GRANTS FOR EDUCATION AID - ECS AND SPECIAL EDUCATION -- ARE SLATED TO INCREASE FOR FY 08-09 OVER THIS YEAR - AND WE APPRECIATE THAT. BUT MOST OF THE EDUCATION GRANTS ARE FLAT-LINED AND, ONE EDUCATION GRANT ACTUALLY DECREASES.

⇒ THERE ARE NO OTHER OPTIONS, MUNICIPALITIES DO NOT HAVE ANY OTHER REVENUE SOURCES. FURTHER, MUNICIPAL COST DRIVERS - INSURANCE, ENERGY, FUEL, PERSONNEL AND MORE - CONTINUE TO RISE. HEALTH INSURANCE COSTS RISE EACH YEAR. MANY MUNICIPALITIES ARE REPORTING COST INCREASES OF BETWEEN 10% AND 20% OVER LAST YEAR. THE COST OF ELECTRICITY HAS GONE UP ALMOST 60% IN CONNECTICUT SINCE 1999. IN THE PAST YEAR THE PRICE OF NATURAL GAS INCREASED OVER 75%. SPECIAL EDUCATION COSTS HAVE SURPASSED \$1.3 BILLION.

⇒ THE COMBINATION OF HIGHER COSTS, NUMEROUS NEW AND EXISTING STATE MANDATES, AND FLAT-LINED MUNICIPAL AID WILL COMBINE TO BRING THE PERFECT PROPERTY TAX STORM DOWN ON RESIDENTIAL AND BUSINESS PROPERTY TAXPAYERS. ONLY THE STATE CAN HELP AVERT THIS STORM.

CONCLUSION: A PLEA TO THE GOVERNOR AND THE GENERAL ASSEMBLY

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⇒ AS YOU CAN SEE FROM THE MUNICIPAL LEADERS WHO HAVE JUST SPOKEN, THE FUNDING INCREASES IN MUNICIPAL AID CALLED FOR IN THE SECOND YEAR OF THE STATE BUDGET WOULD BE BAD NEWS FOR TOWNS AND CITIES ACROSS THE STATE.

⇒ WE FACE SHORT- AND LONG-TERM ISSUES THAT CRY OUT FOR BIPARTISAN ACTION.

⇒ THE STATE SHOULD ADJUST THE FY 08-09 BUDGET TO (1) INCREASE FUNDING FOR K-12 PUBLIC EDUCATION; (2) INCREASE GENERAL GOVERNMENT AID; (3) MAKE PERMANENT THE PRESENT RATES OF THE MUNICIPAL REAL ESTATE CONVEYANCE TAX; (4) REFUSE TO ENACT NEW UNFUNDED MANDATES; AND (5) INCREASE FINANCIAL AND TECHNICAL INCENTIVES FOR REGIONAL COOPERATION AND COORDINATION. WITHOUT INCREASES IN EDUCATION AND NON-EDUCATION AID TO HOMETOWNS THROUGHOUT CONNECTICUT. THE RESULT WILL BE SIGNIFICANT PROPERTY TAX HIKES ON HOUSEHOLDS AND BUSINESSES STATEWIDE, AND SIGNIFICANT CUTS IN LOCAL PUBLIC SERVICES.

⇒ IF THERE WAS EVER A TIME FOR STATE AND LOCAL OFFICIALS TO WORK TOGETHER, THIS IS IT. CCM STANDS READY TO WORK WITH THE GOVERNOR AND ALL LEGISLATORS TO GET THE PROPERTY TAX RELIEF JOB DONE.