UNFUNDED STATE MANDATES:
The Corrosive Impact on Property Taxpayers
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If you have questions concerning this report, please contact Randy Collins (rcollins@ccm-ct.org) or Michael Muszynski (mmuszynski@ccm-ct.org) of CCM, at 203.498.3000.
September 2018

Dear Candidate:

Thank you for running for public office in Connecticut.

It is one of the highest callings to serve the residents and businesses of our state at the State Legislature.

CCM is launching its “Election Campaign 2018” with our initial public policy report, Unfunded State Mandates: The Corrosive Impact on Property Taxpayers.

This Candidate Bulletin represents one very important example of how CCM is here for you as a resource to help you build your knowledge on municipal issues to best serve Connecticut voters. It will be accompanied by five other Candidate Bulletins, which will focus on various municipal topics of importance to town and city leaders, residents and businesses.

If you have any questions on this key public policy issue or others as we roll out our Candidate Bulletin series, please do not hesitate to contact us.

Best of luck with your campaign and for your commitment to public service.

Sincerely,

Joe DeLong, Executive Director
Connecticut Conference of Municipalities
Executive Summary

There are currently over 1,300 state mandates that directly impact towns and cities, resulting in increased local costs and higher property taxes throughout Connecticut. Most of these state mandates are underfunded or completely unfunded. This forces local governments to increase property taxes to cover the costs of these mandates, reduce or eliminate local services, or cancel or limit needed infrastructure improvements. When local leaders are required to make the tough decisions to pay for these mandates, the property tax burden is borne by residents and businesses.

If the State believes an existing or new mandate is appropriate public policy, then the State should be prepared to pay for it.

Each mandate that is unfunded, or partially funded, adds to the already burdened property tax, and further reduces local discretionary authority.

Mandates Relief Through Thoughtful Collaboration

There are reasonable solutions that the State can and should enact to reduce the costly burden of these unfunded and under-funded state mandates:

• Prohibit municipal fund balances (essentially “emergency contingency funds”) from inclusion when determining municipalities’ ability to pay.

• Adjust the mandated employee contribution rates, under MERS and establish a new tier, modeled after the State’s Tier III, for new hires only.

• Provide meaningful relief from the Minimum Budget Requirement (MBR). Education costs account for 60-80% of municipal budgets and the MBR eliminates or reduces any incentive to reduce costs and increase efficiencies.

• Modify state-mandates compulsory binding arbitration laws.

• Update the renovation and repair threshold that triggers the prevailing wage mandate for public construction projects from $100,000 to $500,000. Last year, municipalities successfully advocated for an increase in the new construction trigger from $400,000 to $1,000,000. A modest adjustment in the threshold for renovations and repairs would free-up state and local dollars and help municipalities jumpstart and expand projects.

• Eliminate the health insurance premium tax on municipalities, which is currently a 1.75% tax on fully insured municipalities.

• Allow towns and their boards and commissions the option to publish legal notices online. It is common sense and will improve citizens’ involvement in the operation of local government. Plus, this is how residents primarily obtain their news about what is going on in their town or city.

• Get hometowns out of the business of storing evicted tenants’ possessions, and amend the provisions of the Uniform Relocation Assistance Act.

Do not impose new mandates on towns and cities. While well-intended, without additional state funding to implement these new requirements, a new mandate will result in the reduction or elimination of current services and/or an increase in property taxes to pay for them.

• Don’t shift the burden of the teachers’ retirement onto towns and cities. Municipalities should not be asked to foot the bill for years of neglect by the state, which has historically underfunded the Teachers’ Retirement Fund for decades.

• Unless CCM is able to work on a compromise with first responders, don’t impose a costly mental stress workers’ compensation benefit for first responders.
What are State Mandates?

In practice, state mandates are requirements and standards imposed by the State on towns and cities. Often these requirements do not include adequate state funding to finance the mandate, creating an under-funded or unfunded mandate.

While local leaders may support the objectives of many of these mandates, such as improving education, public health, or the environment, towns and cities must object when the State does not provide commensurate funding, or provide municipalities with the means to pay for these mandates outside of the highly regressive and over-burdened property tax system.

Municipalities in Connecticut are too often forced to implement and fund policies that should be the responsibility of the state. It is inappropriate and inequitable to force towns and cities to assume all or most of the costs — passing these costs onto local property taxpayers.

Unfunded mandates allow the State to purchase public policy and enhance their standing while saddling local leaders with the responsibility of paying the bill with limited local property tax dollars.

How Many State Mandates are Imposed on Towns and Cities?

Connecticut’s towns and cities must comply with over 1,300 state mandates, according to a report prepared by the Connecticut Advisory Commission on Intergovernmental Relations (CT ACIR). In addition, regulations to implement these statutes and administrative mandates further increase the requirements and costs imposed on local governments.

The Need for Mandates Relief

As a result, the term “mandates relief” has come to define the annual appeal of local officials, representing urban, suburban and rural communities, for fiscal and administrative relief.

Providing relief from existing mandates is only part of the equation. Each year, legislation is proposed that would impose additional mandates on towns and cities, forcing municipal leaders to spend time and political capital to prevent new mandates and limiting the ability to work on reducing the existing burden.

During the 2017 and 2018 legislative sessions, 152 new mandates were proposed, during that same time only 57 mandate relief proposals were made. While these numbers reflect legislation introduced, it does not include mandates proposed through the amendment process. The pressure from municipal officials and property taxpayers for relief from the financial and administrative problems caused by state mandates has helped to limit but not eliminate new mandates being adopted into law.
New Mandates Proposed 2017 - 2018

152

Mandates Relief Proposals 2017 - 2018

057

Unfunded Mandate and Mandate Relief Bills Proposals from 2012 - 2017

Source: Advisory Commission on Intergovernmental Relations (ACIR) Annual Reports
Under Section 2-32b(2) of the Connecticut General Statutes, a mandate is “any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues, excluding any order issued by a state court and any legislation necessary to comply with a federal mandate.”

As it details, beyond statutory mandates, other mandates exist such as administrative and regulatory. State agency regulations implement either specific sections of the Connecticut General Statutes, or agency programs not required by statute. There are other regulations that can be completed without direct statutory authority.

In addition, what often occurs is that although the State does not direct a specific mandate to municipalities, it effectively imposes one. These “mandates in effect” occur when the State abandons necessary state provided services that citizens rely on and need.

Municipalities must then continue to provide these services at local expense. For example, deinstitutionalization or cutbacks in funds for mental health institutions and for juvenile homes could shift the service burden to local health personnel, social workers, police officers, and others.

Defacto Mandates

In some cases, the General Assembly passes legislation that “allows” a municipality to enact a mandate, thereby being a “local option” mandate. As a practical political matter, these are initiatives that local government cannot avoid. Thus, the State imposes what could be termed an optional mandate or also known as a defacto mandate. For example, in recent years the legislature has increased property tax breaks to veterans at local taxpayers’ expense — a worthy cause, but an option that most municipalities feel compelled to enact. In a situation such as this, the State has bought good will from a segment of the public — not with state money, but with local property tax dollars.

While these “optional” mandates do not require specific action to be taken at the local level, political, community and special interest pressure often compel action, which thereby in effect is an additional state mandate imposed on towns and cities.
Property Tax Exemptions

Towns and cities lose staggering amounts of revenue as the result of state-mandated property tax exemptions for real and personal property owned by the State, real and personal property owned by private colleges and hospitals, computer software owned by businesses, and the list goes on.

While the state has a statutory authority to provide municipalities funding to compensate for the revenue loss in the form of payment-in-lieu-of-taxes (PILOT) from state-owned property, colleges and hospitals, the rate at which municipalities are compensated pales in comparison to the true amount owed.

There are currently 77 mandated property tax exemptions, and practically each year more are added.

The erosion of the property tax base has created undue hardship for municipalities, especially for Connecticut's larger cities, which rely on the PILOT payments more so than others. This loss of funding along with state property tax exemptions is a perfect storm for municipalities.

PILOT: Private Colleges & Hospitals

Municipalities receive PILOTs from the State as partial reimbursement of lost property taxes on state-owned and on private college and hospital property. The payments are provided to offset a portion of the lost revenue from state-mandated tax exemptions on this property. This lost revenue totals more than $700 million.[1]

The reimbursement rate for tax-exempt private college and hospital property is supposed to be 77 percent. It is actually 29 percent.

PILOT: State-Owned Property

Similarly, the reimbursement rate for most state-owned property is supposed to be 45 percent. It is actually 20 percent.

The actual reimbursement rates are lower due to statutes that allow the amount of the PILOT reimbursements to be reduced on a pro-rated basis when state appropriations are not sufficient. In addition, these PILOT reimbursements cover only real property and do not include revenue lost from state-mandated exemptions on personal property.

Distressed municipalities host much of the state’s tax-exempt property. Cities such as, but not limited to, Hartford, New London and New Haven have seen state-mandated property tax exemptions reduce their property tax base by almost 50%.

When PILOT reimbursements fall short, it forces other residential and business property taxpayers to make up the difference. Thus, other property taxpayers are forced to pay for the State’s underfunded and unfunded property-tax exemption mandates.

State lawmakers should fully fund the private colleges and hospitals, and state-owned property payments-in-lieu-of-taxes (PILOTs) reimbursements, or eliminate current exemptions that they cannot provide statutorily required reimbursement for. Furthermore, a moratorium on new state-mandated property tax exemptions should be enacted for the duration of this fiscal downturn, or until full state reimbursement is made for those already on the books.

“Exemption from taxation is the equivalent of appropriation of public funds because the burden of the tax is lifted from the back of the potential taxpayer who is exempted, and shifted to the backs of others.”

Snyder v. Town of Newtown, 147 Conn. 374 (1960)
Mandates’ Impact On Local Government

Reduction of Local Services
Funding a new mandate can result in the reduction or elimination of current services. Municipal government is responsible for a wide range of services, from education to public safety (police, fire, EMS) along with maintaining streets, parks, and providing public health, social services and other services. Therefore, reductions to local services are often made at the expense of some of these services which residents expect to be maintained at a sufficient level.

Higher Property Taxes
Mandated property tax exemptions have eroded the local tax base and when the reduction of local services is insufficient or not an option to meet the costs of these new state imposed obligations, municipalities are forced to increase property tax rates. Increases to an already over-burdened property tax among other things:

• Reduces the State’s economic competitiveness resulting in businesses closing, eliminating jobs, expanding in another state or leaving the state altogether;
• Increases housing costs, both for renters and home owners;
• Disproportionally impacts low-income or fixed income residents.
“Each mandate that is unfunded or only partially funded is a direct addition to the burden of the property tax”

Report by the Connecticut Advisory Commission On Intergovernmental Relations; June 2012
Although the State has become more aware of the impact of unfunded state mandates on municipalities, and their consequences in terms of financial and administrative burdens, much more remains to be done.

The following actions can improve the process of (a) identifying, (b) promulgating, and (c) quantifying the impact of these corrosive proposals:

- Improve the estimation of municipal fiscal impact on proposed legislation to more accurately reflect the costs towns and cities would be forced to assume. OFA needs to revamp its procedures and dedicate adequate personnel resources to accomplish this. In addition, efforts should continue to invite and encourage the cooperation of municipal officials in assisting OFA staff in preparing fiscal notes on all bills and amendments that affect towns and cities.

- Ensure that municipal fiscal impact statements are available to all legislators in advance of action taken by a particular Committee. Often, fiscal notes are not prepared for legislators when they are first voted on by a particular Committee, therefore legislators are unaware of the fiscal impact a proposal would have on either the State or municipalities.

- Ensure that Appropriations Committee review of proposed state mandates, as called for in CGS 2-32(b), be followed in every instance and expand the requirement so that proposed property tax exemptions also go before Appropriations. Ensure that committee members have a thorough fiscal impact analysis allowing them to make an informed decision before voting on measure that will have a fiscal impact on towns and cities.

- Avoid shifting laws and programs adopted as a state responsibility onto towns and cities in when the state can no longer afford the program. In recent years, the state has shifted the cost of the Renters Rebate Program and the Elderly Circuit Breaker Program — once funded through the State — onto municipalities and local property taxpayers. Thankfully, the state again assumed responsibility for the Renters Rebate Program after an outcry by seniors and local officials.

- Amend the Joint Rules or enact a Constitutional amendment to require a two-thirds vote to approve mandates on municipalities and school districts. This would (a) place the burden of proof on the State to demonstrate why a mandate is needed, and (b) present the General Assembly with the issue of municipal reimbursement up-front, as the issue of enactment is debated. Several other states have this provision which would require the General Assembly to inject cost-benefit analyses into debates on state mandates.
Proper legislative review would ensure that committee members have a thorough fiscal impact analysis allowing them to make an informed decision before voting on measure that will have a fiscal impact on towns and cities.
Ability to Pay: Protecting Municipal Fund Balances

CM has continued to advocate that a binding arbitration panel from considering a municipal fund balance of 15% or less when calculating the financial capability of a municipality.

Municipal fund balances preserve a municipality’s bond rating, lowering the cost of borrowing, protect against unanticipated expenditures such as natural disasters, spikes in energy costs, unanticipated employee overtime, unexpected variations in cash flow, and unexpected capital expenditures.

Update the Municipal Employees Retirement System

The Municipal Employees Retirement System (MERS) receives no state funding. It is financed through employer contributions, employee contributions and fund earnings. The Legislature has authorized the State Employees Retirement Commission (SERC) to increase contribution rates for municipalities participating in the MERS nine times. However, the Legislature has never increased the contribution rate for employees. This has shifted a large part the financial burden of funding the system onto municipalities. Today employee contribution rates remain at 2.25% of payroll earnings for Social Security participants and 5% for employees not in Social Security. Employees in the MERS are contributing the same amount today that they were when the System was created in 1947.

The 2019 General Assembly should address the dramatic disparity between the contributions rates within the MERS by:

a) Adjusting the employee contribution rates over time for non-social security participants, from 5% to 8% and the contribution rate for Social Security participating employees, from 2.25% to 5%, and

b) Creating a new tier within the MERS for new hires that would maintain a defined benefit plan. The new tier should be modeled after the State’s tier III, which currently exists within the state employee retirement system.

Changes to the MERS system are not subject to the collective bargaining process. Upon joining the system, communities agree to allow the State Retirement Division, which
is part of the State Comptroller’s office, to administer the plan. There is no mechanism for municipal input concerning matters of system design, management or funding.

Municipalities are technically permitted to withdraw from MERS. However, they are specifically prevented from realizing any financial benefit upon withdrawal. Statute only permits withdrawal from the MERS “provided the rights or benefits granted to any individual under any municipal retirement or pension system shall not be diminished or eliminated.” Such restrictions preclude any attempts to resolve the current funding crisis through the collective bargaining process.

State lawmakers in the General Assembly are the only permissible source of adjustments to the MERS. While the Legislature has recognized the need to make changes in the state employee’s retirement plan many times over the past 30 years, it has never implemented such revisions to the municipal retirement system. As a result, the projected cost for the towns and cities participating in MERS has more than tripled in the last decade.

**Binding Arbitration Reform**

The binding arbitration process is often lengthy and costly. CCM has proposed reasonable changes to the binding arbitration process that will provide much needed predictability to the local budgeting process during difficult fiscal times and ensure that employees realize any benefits gained through arbitration in a timelier manner. In particular, CCM has advocated:

- **Require municipal employees and municipal employers engaged in binding arbitration to complete negotiations within 1-year from the date that binding arbitration was imposed by the state.** Under current statute, the timetables established for binding arbitration are permissible. They can be waived. Establishing a mandatory 1-year timetable would streamline the process of binding arbitration for bargaining units and municipalities.

- **Allow for a grievance arbitration and unfair labor practice awards to be issued no later than 60 days following the date post-hearing briefs are filed.** Establishing this timetable would help ensure labor peace and minimize back pay liability for municipalities.

- **Increase the power of local governing or legislative bodies to reject arbitrated awards by a two-thirds vote, but provide that the contract negotiation is then reset and starts anew in the event of such a rejection — instead of going to a second, and final binding arbitration panel.**

- **Allow local governing or legislative bodies to reject stipulated board of education/teacher agreements.**

- **Allow municipalities to require that collective bargaining negotiations concerning changes to pension, health and welfare benefits be conducted between a municipality and a coalition committee that represents all municipal employees who are members of any designated employee organization, including employees of the Board of Education.**

**Update the Thresholds that Trigger the Prevailing Wage Mandate**

Prevailing wage mandates require workers on public works construction projects to receive the same wage that is customarily paid for the same work in the project’s town. In Connecticut, prevailing wage rates are determined by the U.S. Department of Labor (USDOL). USDOL determines the rates by surveying contractors, contractors’ associations, labor organizations, public officials and other interested parties about the wages and benefits paid on completed construction projects in a particular geographical area. If it finds that the majority of workers in a particular occupation earn the same wage, that wage is the occupation’s prevailing wage for that area. The prevailing wage mandate is triggered once the cost of a public works project reaches a designated threshold.

Appropriate thresholds for remodeling, refinishing, refurbishing, rehabilitation, alteration and new construction, are essential to municipalities in managing their limited resources.

**The Legislature should:**

(a) **Adjust the threshold** for renovation construction projects, from $100,000 to $500,000;

(b) **Exempt municipal school construction projects** from the State’s prevailing wage mandate. This modest adjustment could offset reductions in state aid for school construction projects and therefore, enable such projects to continue; and

(c) **Clearly define the criteria** for determining whether a project is new construction or repair/renovation.

Proponents of maintaining the current prevailing wage thresholds cite safety, quality of work and training as vital components of the construction industry that would be greatly compromised if adjustments to the thresholds were made in Connecticut. There is no credible evidence to support the claim that those states without prevailing wage mandates build sub-quality structures and operate with an inferior-trained workforce than in states that mandate prevailing (higher) wages. However, there is data to demonstrate prevailing wage mandates inflate project costs.

A number of other studies have all drawn the same conclusion that extending the prevailing wage law to city building projects would increase the labor cost.

Given the fact that Connecticut’s municipalities have limited revenue options available to them and the current prevailing wage thresholds force our towns and cities to generate more own-source revenue. This results in municipal budgets becoming even more reliant on the local property tax. This overreliance on the local property tax will inevitably result in future tax increases and further encourage graduates, businesses and families to leave Connecticut.

**Allow Towns the Option to Post Legal Notices Online**

Doing more with less is a harsh reality for local officials in today’s economy. However, even in 2018, Connecticut’s hometowns can only post legal notices in printed news-
papers — putting them online is not allowed. This is an antiquated state law that has out-lived its purpose and should be updated to better reflect how people obtain information and new technologies.

It is estimated that costs for small towns reaches several tens of thousands of dollars annually in advertisement fees, while the costs to larger cities can be as much as hundreds of thousands of dollars per year. According to a CCM survey, our hometowns are forced to spend approximately $4.5 million of taxpayers' dollars statewide each year to pay for the legal notices to for-profit print newspapers companies.

Local officials should be allowed to improve the transparency of government by legally posting notices online, in user-friendly, searchable formats, for all to see — while also saving taxpayers’ money. The Internet is the quickest, most transparent and cost-effective way to get information to the majority of residents. It is where people shop, communicate, do their banking, and share general information. Municipal and state websites have become a critical lifeline that link living rooms to their governments instantly. Just like the rise of local cable access stations, the Internet and municipal/state websites have allowed governmental activities to emerge even further into the public spotlight. Despite these obvious advances, in 2018, Connecticut’s hometowns continue to be mandated to post their legal notices in printed newspapers with dwindling circulations.

The Internet has become a tool used for the dissemination of a wide array of information on all levels. The State itself has moved to a paperless system in similar ways — the General Assembly several years ago stopped printing certain bills and legislative documents, and Public Act 12-92 requires proposed state agency regulations to be placed online instead of in paper form. What is amended in the name of efficiency for the State, should also be done for our towns and cities — and their property taxpayers.

Municipalities are not seeking complete repeal of the law, but rather a reasonable modification. Such a proposal would allow for publishing notice of the availability of a full document in local newspapers, along with a summary and clear instruction as to how to obtain additional information or the complete text of the public document. The proposal would have also allowed notices to be posted in weekly, free newspapers.

It is important to keep in mind:

- The Internet is accessible to everyone. All local libraries are equipped with computers at no cost to the users. Newspapers must be purchased to be read;
- Online readers can adjust font sizes for reading-impaired residents, compared to the small print in the back of newspapers;
- Internet sites can be accessed from anywhere in the world at any time. Newspapers can only be purchased within the region they serve; and
- Public notices placed on Internet sites can remain indefinitely (archived), making the information available for a greater amount of time. Notices placed in newspapers are only there for the allotted time paid for.

The 2019 General Assembly should address this costly mandate once and for all — through thoughtful compromise — and (1) allow for publishing notices about the availability of municipal documents in local newspapers, along with a summary and clear instructions as to how to get additional information or the complete text of the public document; and (2) allow notices to be published in free, weekly newspapers.

Do Not Force Hometowns to Keep Undesired, Evicted Tenants’ Possessions

Although some relief was provided in 2010 by eliminating the mandate that required towns and cities to transport the possessions of evicted tenants — the existing mandate to store such items continues to drain local finances and resources. While municipalities are allowed to try to recoup some of the costs by auctioning off the items, municipalities must incur costs associated with conducting an auction (including publicizing the auction, etc.). In addition, typically the possessions are not sellable — ultimately, the municipality receives little or no reimbursement.

Municipalities should not be dragged into what is essentially a landlord-tenant issue. Amending state law, to provide towns and cities the flexibility to decide how and when to allocate their own resources would free our local departments from this unnecessary obligation, and allow municipalities to be more efficient in their day-to-day public works' operations.
Relief from existing mandates is only part of the battle. As mentioned, each year, a greater amount of new mandates are proposed on towns and cities. Below you will see a list of unfunded mandates that have been proposed in previous legislative sessions. They are likely to be seen again in the 2019 legislative session. If adopted and passed into law they would further handicap already struggling towns and cities.

Shifting the Cost of Teachers Retirement onto Towns and Cities

In recent years there have been proposals and discussions to shift a portion of the cost of the teachers' retirement payment onto municipalities. The Connecticut State Teachers' Retirement System is responsible for maintaining retirement benefits for over 36,000 retired and 50,000 active teachers, school administrators and their beneficiaries. Municipalities are the most efficient and accountable level of government in Connecticut. However, local governments should not bear the burden of these teacher retirements benefits as they are not negotiated or controlled by local government officials.

The proposal essentially asks towns and cities to foot the bill for years of neglect by the State, which has historically underfunded the Teachers’ Retirement Fund. This sudden change in policy, compounded by the other reductions and changes in municipal aid, will have a dire impact on local governments. Municipalities should not be asked to pay for the legacy costs of the existing Teachers’ Retirement system. Towns and cities cannot sustain their service-delivery responsibilities when costs are shifted or municipal aid is cut, mandates relief is denied, and non-property tax revenue options continue to be unavailable. Local cost-cutting alone cannot counteract this extremely costly burden if it were imposed.

While CCM’s understand the State’s budget struggle, we implore the General Assembly to avoid making this structural change as it would merely shift the State’s budget problems onto towns and cities. In addition, CCM advocates for the establishment of a Pension and Retirement Benefits Reform Commission to examine the future sustainability of state and municipal employee pension plans. We are pleased that the legislature formed the Pension Sustainability Commission to tackle the issue.

Mental Stress Benefits for First Responders

The Connecticut Workers’ Compensation System covers almost all employees. For several years, there have been several legislative proposals to expand current benefits to include “mental injuries” for first responders.
The diagnosis of a “mental injury” can be highly subjective and could overlap with existing symptoms of depression, substance abuse, or other anxiety disorders. Additionally, it is an unfortunate fact that workers’ compensation fraud is not uncommon in states where mental injuries are covered.

Despite the fact police officers are already eligible for workers’ compensation coverage for mental injuries if they use or are subjected to deadly force, and firefighters are eligible for those benefits when they witness a fellow firefighter’s death, attempts to repeal this sensible reform in lieu of a highly problematic change, occurs in almost every legislative session.

CCM acknowledges and values the important role public safety personnel have in our communities. We are grateful for their commitment to protect and serve and for the risks they assume on behalf of Connecticut’s residents. However, the costs associated with extending workers’ compensation to mental injuries could result in reduced essential services, employee layoffs, and property tax hikes.

Recently, CCM has engaged the various police and fire unions to discuss a possible compromise. Discussions have been ongoing and have utilized the expertise of a nation-wide expert who has facilitated similar discussions in other states. We’re hopeful to have a consensus document for legislative review post-election.

Environment Issues

Every year the legislature proposes numerous unfunded mandates pertaining to the environment. The negative fiscal impact of these proposals varies. However, while some may carry smaller fiscal notes, their collective impact will further constrain local budgets and force Connecticut residents to shoulder an unnecessary fiscal burden.

Such proposals include:

- **Extension of the pesticide ban:**
  Existing law prohibits the use of lawn care pesticide on the grounds of preschools and schools with students in grade eight or lower, except in instances where a human health emergency is present.

  In previous years, the Legislature has considered proposals to extend the current pesticide ban to high school playing fields and municipal greens. Such proposals would expand a costly unfunded mandate on towns and cities already faced with rapidly deteriorating fields and large expenses in attempts to rehabilitate them. Towns and cities continue to struggle to maintain safe playing fields for our children at the K-8 level. These proposals would simply extend those same problems and costs to high school fields and municipal grounds.

  Municipal officials are second-to-none in ensuring the safety and health of children. Not only are municipal officials parents, but they have a fiduciary duty to protect and defend the public’s interest.

- **Pay As You Throw:**
  The Connecticut Department of Energy and Environmental Protection (DEEP) supports a statewide mandate that would require municipalities to design and implement plans to reduce waste production by 10%. DEEP intends to implement this initiative under a unit based pricing program (“pay as you throw”). Under this program, households would be charged for waste collection based on the amount of waste they throw away — in the same way that they are charged for electricity, gas and other utilities.

  Implementation of this program would force numerous new unfunded state mandates on municipalities and have a direct negative fiscal impact on property taxpayers. Not only would residents likely be forced to pay higher property taxes as a result of the new mandates, but they would also have to pay an additional penalty for disposing of trash. With our towns and cities struggling to provide basic services, now is not the time to further complicate local fiscal situations and unduly burden property taxpayers.

Delinquent Property Taxes

In previous legislative sessions, various committees have considered legislation to reduce the interest rate a municipality may charge on delinquent property taxes. Municipal officials understand the desire to provide property tax relief during these challenging fiscal times, and CCM is a leading advocate for meaningful property-tax relief in Connecticut. However, these proposals could result in significant municipal revenue losses, especially when our distressed municipalities are struggling to provide core services to residents.

Such proposals would further negatively impact municipalities by requiring a town or city that lowered the interest rate on delinquent taxes, to reduce the interest rate charged on other delinquent property taxes as is required by law.

These mandatory reductions would include:

- Sewer system installation and collection assessments;
- Assessments imposed on blighted housing; and
- Fees and assessments charged to residents of certain districts within municipalities.

When you reduce incentives for persons to pay taxes on time, you impact taxpayers who pay their taxes on time — persons who are paying their fair share and supporting their municipality. Such taxpayers end up paying higher taxes to make up for those who are not paying at all.

Reducing property taxes would reduce the likelihood of taxpayer delinquency. However, this can only occur through meaningful property tax reform.

The 2019 General Assembly should properly examine the impact new proposed mandates would have on local government, and if the State is unable to provide funding to implement, should reject these and other new proposed mandates.
The similarities of towns and cities are far more important than those characteristics that distinguish them. Together, as partners with the State, there remains optimism in this new era that local officials can work with the General Assembly and the Governor on achieving our common goal of improving the quality of life throughout Connecticut.

As lawmakers prepare another fiscally challenging legislative session, a seemingly easy solution to the state’s budget woes would be to slash state aid to municipalities. Cutting state aid to towns and cities is not the remedy for what ails our state. It is imperative that lawmakers resist such a desperate temptation and steadfastly protect our hometown schools, parks, and services. Towns need solutions — not more cuts.

CCM has clearly spelled out those solutions — one of which is to eliminate and/or modify costly, unnecessary and unwielding laws known as unfunded state mandates. These onerous laws have become cruel and usual punishment for local governments as they struggle to provide community services to property taxpayers still recovering from the Great Recession.

Mandates relief is part of the solution to current local budget problems. This report is a tangible starting point for the State to use to help communities save money and avoid property tax increases, employee layoffs, closings, and program cuts. The State should not sit idle as these unfunded state mandates stifle towns’ abilities to deliver much-needed day-to-day services and should enact CCM’s reasonable cost-saving proposals.

If it takes difficult economic times to make bold changes, then so be it. Let 2019 be the year that lawmakers champion serious unfunded state mandates relief for the sale of our over-burdened property taxpayers.

The only thing to mandate next year is mandates relief itself.

Summary

1. CCM estimate. PILOT reimbursements cover only real property and do not include revenue lost from state-mandated exemptions on personal property.
CCM is the state’s largest, nonpartisan organization of municipal leaders, representing towns and cities of all sizes from all corners of the state, with 162 member municipalities. We come together for one common mission - to improve everyday life for every resident of Connecticut. We share best practices and objective research to help our local leaders govern wisely. We advocate at the state level for issues affecting local taxpayers. And we pool our buying power to negotiate more cost effective services for our communities.

CCM is governed by a board of directors that is elected by the member municipalities. Our board represents municipalities of all sizes, leaders of different political parties, and towns/cities across the state. Our board members also serve on a variety of committees that participate in the development of CCM policy and programs. Federal representation is provided by CCM in conjunction with the National League of Cities. CCM was founded in 1966.