



April 23, 2013

TO: Senate President Donald Williams
House Speaker Brendan Sharkey
Senate Republican Leader John McKinney
House Republican Leader Lawrence Cafero
Senate Majority Leader Martin Looney
House Majority Leader Joe Aresimowicz

RE: **Post Approps/Finance -- State Budget and Towns and Cities**

CCM urges you to *take advantage of expected increases in projected state revenues* and craft a state budget that protects the interest of Hometown Connecticut and its residential and business property taxpayers.

The Appropriations/Finance Committee's proposed state budget restored some key municipal aid programs but cut others. In fact, this latest proposed state budget cuts municipal general fund (unrestricted) revenue by \$152 million compared to \$128 million in cuts proposed by the Governor (see attached town-by-town analyses of these municipal general fund revenue cuts compared to FY13).

Also attached is a CCM analysis of proposed changes to major municipal grants in FY14.

Your partners in governing the State ask you support a new state budget proposal that:

- ❖ **Maintains the PILOT: State-Owned Property Reimbursement:** This nation-leading program, created in 1969, is critical to municipalities as a way to help offset the loss of property tax revenue due to exemptions on state-owned real property. The Governor would move the funding into the ECS grant. The Education Committee voted to reject that move. The FY13 amount is \$73.6 million.

The Appropriations/Finance Committee budget restores this PILOT as a stand-alone program but cuts the reimbursement by \$11 million.

The Appropriations/Finance Committee budget also cuts the PILOT: Colleges & Hospitals reimbursement by \$11 million.

- ❖ **Maintains Funding for the Pequot-Mohegan Grant:** This fund was created to help relieve the burden of the property tax by sharing casino gaming revenues with towns and

cities. Eliminating this funding will add to the over-reliance on the property tax. The FY13 amount is \$61.8 million.

The Appropriations/Finance Committee budget restores the program that was proposed to be eliminated by the Governor but cuts the funding by \$11 million.

- ❖ **Maintains Funding for the Municipal Revenue Sharing Account:** This groundbreaking program shares a portion of the Sales Tax and Real Estate Conveyance tax with towns and cities through two grants.

- **Manufacturing Transition Grant** (former PILOT: Manufacturing Machinery and Equipment) reimburses municipalities for revenue lost due to state-mandated property tax exemption on manufacturing machinery and equipment. The FY13 amount is \$47.6 million.

The Appropriations/Finance Committee budget eliminates this \$47.6 million PILOT reimbursement program as recommended by the Governor.

- **Municipal Revenue Sharing Bonus Pool** is an additional grant that provides needed property tax relief revenue through a state-local partnership. The FY13 amount is estimated to be \$43 million.

The Appropriations/Finance Committee budget eliminates this groundbreaking \$43 million property tax relief program as recommended by the Governor.

- ❖ **Maintains Funding for the Transportation of Public School Children Grant:** This grant helps offset costs associated with the transportation of public school children. The loss of this funding would mean added pressure on school budgets. The Education Committee voted to reject this cut. The FY13 amount is \$24.9 million.

The Appropriations/Finance Committee budget eliminates this \$25 million grant program and replaces it with a \$5 million competitive grant program as recommended by the Governor.

The committee budget proposal went further and cut the \$3.6 million non-public school transportation grant by \$2.9 million. The State should either eliminate the mandate on municipalities to pay for such services or restore the funding.

- ❖ **Maintains the DECD PILOT and Tax Abatement Grants:** These programs help offset the revenue lost from exemptions and abatements on some housing projects. The FY13 amounts are \$2.2 million for the PILOT and \$1.7 million for the abatement program.

The Appropriations/Finance Committee budget cuts \$3.9 million in funding for these reimbursement programs as proposed by the Governor.

- ❖ **Rejects the Proposed Elimination of the Property Tax on Motor Vehicles in FY15:**
The Governor's proposal would shift at least \$633 million in property taxes to homeowners and business. The elimination or restructuring of the motor vehicle tax should be considered, but only after careful analysis and deliberation.

The Appropriations/Finance Committee budget pushed the elimination of most of the motor vehicle property tax off until FY18. The MORE Commission is looking at alternative tax relief proposals.

- ❖ **Rejects the Governor's proposal to expand his unilateral rescission authority, particularly to include mid-year cuts in municipal aid.**

The Appropriations/Finance Committee budget does not include expanded rescission authority.

CCM asks you to make every effort to fully restore municipal general aid and craft a budget that is fair to towns and cities.

Thank you.



For more information, please contact Jim Finley (jfinley@ccm-ct.org), Ron Thomas (rthomas@ccm-ct.org) or Bob Labanara (rlabanara@ccm-ct.org) at 203-498-3000.

cc: State Legislators

Attachments:

- (1) Change in Municipal General Fund Revenue (Unrestricted) in FY14 Under the Appropriations Committee's and Governor's Proposed Budgets
- (2) Change in Municipal General Fund Revenue (Unrestricted) in FY14 Ranked By Town Loss
- (3) Proposed Changes to Major Municipal Grants in FY14