

Local Government of the Future Subcommittee Advisory Commission on Intergovernmental Relations

Tuesday, May 24, 2022

Note: This document is ACIR staff notes written during this subcommittee meeting. It is a public document and has been provided to meeting participants for their review and revised in accordance with any comments received but is not approved minutes of the meeting.

The agenda is available at:

<https://egov.ct.gov/PMC/Agenda/Download/13601>

The meeting accidentally was not recorded

ACIR Members present: Steve Cassano, John Filchak, Martin Heft, Francis Pickering, Jim O’Leary, Troy Raccuia

Other participants: Matt Hart, Steve Mednick, Richard Porth, Margaret Wirtenberg, Lyle Wray

ACIR staff: Bruce Wittchen

1. Call to order

Bruce Wittchen said Commission chair Sharkey is unable to join today’s meeting and Commission member Filchak called the meeting to order.

2. Review of [4/26/2022 LGF notes and draft 5/13/2022 ACIR minutes](#), if helpful for discussion

There were no comments.

3. [Topics assigned to LGF Subcommittee](#)

- Municipal data collection

Matt Hart noted that he is new to this and asked why there is a subcommittee and why they are looking at these topics. Commission member Filchak and Bruce Wittchen provided some background regarding the origin of monthly subcommittee meetings and topics it has addressed. Commission member Filchak highlighted the group’s work on this year’s [report on home rule and local control](#) and Margaret Wirtenberg mentioned that it updated the ACIR’s [1987 report on home rule](#).

Commission member Filchak introduced the municipal data collection topic, highlighting interest in ensuring that apples are compared with apples and in seeing if data required to be submitted are used. He mentioned data mining work by Commission member Pickering’s COG and Commission member Pickering referred to OPM’s [municipal fiscal indicators](#) compilations, which he said are little used. He said the ACIR should consider who is collecting data, what data are being collected, and why. The DOT has reviewed its data collection and the state has taken another step by hiring a geographic information officer, but there should be an inventory of what the state is collecting and why.

Rick Porth said the proposed review makes sense and noted CCM’s interest in reducing the burden and redundancy. He asked if there is a connection with the [Uniform Chart of Accounts](#) (UCOA). He said data can require extra work but provide benefit, noting the value of real estate transaction data across multiple towns. Commission member Filchak said a significant number of towns are finding a way around the UCOA requirements. Commission member Heft said the UCOA is now handled through

OPM's [Fiscal Health Monitoring System](#) and also mentioned the spending cap of subsec. (h)(1) of CGS Sec. [CGA 4-661](#). Commission member Filchak said data regarding the UCOA municipalities no longer seem to be available and Commission member Heft said he would ask OPM finance program staff.

Commission member Filchak mentioned his experience with animal control and highlighted the large number of dog licensing programs. He said there should be a uniform approach. Commission member Pickering mentioned home sales data collected by the state and said data must be tabulated manually. He also mentioned the Yankee Institute's [Warning Signs](#) report and said the state could do more with data.

Commission member O'Leary said municipal data collection is always fraught with error due to town-to-town differences, noting differences in capital cost accounting for ambulance service. Commission member Filchak recommended narrowing this effort to what is achievable and mentioned his long interest in the UCOA. Rick Porth noted wide interest over the years in collecting consistent, comparable budget data and that this could be addressed in part through shared services. Commission member Pickering suggested inventorying what OPM is receiving. He noted that some will not be machine readable and Commission member Filchak pointed out the differing levels of sophistication of different town offices, especially those with only a part-time employee.

Commission member Heft mentioned that Sec. 210 of budget bill [PA 22-118](#) includes a pilot program for fire and rescue system data collection, as recommended in the [report](#) prepared in accordance with [SA 21-12, An Act Requiring A Study Of The Obstacles To Merging Or Consolidating Municipal Fire Districts And Fire Departments](#). He agreed with the value of looking at what the state collects and why: processes should be streamlined. Commission member Filchak noted that he still has to report dog bites to the Dept. of Agriculture on a 3-pg carbonless form. Agencies still collect some data in an unusable manner.

There was a discussion of alternatives available for submitting data with current technology and Rick Porth said e-government technology can modernize records and data accessibility. He added that the ACIR is in position to work proactively to improve this. Commission member Filchak pointed out the opportunity for small towns to share with each other or a larger municipality. Commission member O'Leary asked if the UCOA can be mirrored with QuickBooks and Commission member Filchak answered that some towns try but his understanding is that it is not the same.

Commission member Pickering said data transformation is a common task for those bringing data into geographic information system (GIS) and computer-assisted mass appraisal (CAMA) system. He can't speak to the ability to do the same with QuickBooks data, but such transformations are a common thing in other platforms. There was further discussion of such an option and John Filchak said the cost of a modern system would seem high for a town with a part-time bookkeeper using QuickBooks, but it can be done if towns share the system. Commission member Pickering recommended starting with audits, which can be standardized. Don't begin with the UCOA.

- Maximizing federal funding

Commission member Filchak said the ongoing [county equivalency](#) process began with a focus on maximizing the federal revenue coming to CT but has moved on. Commission member Pickering provided an update on the status of that process and mentioned the Rockefeller Institute's 2022 report on [New York's Balance of Payments with the Federal Government](#), which has been discussed at previous ACIR meetings.

Commission member Pickering recommended that the ACIR break the problem down to smaller chunks and, because the federal revenue side of the balance is complicated, we should focus on federal expenditures. He added that a WestCOG intern is available to help a sub-subcommittee with this. Commission member Filchak agreed with narrowing the focus so the group can make progress and

Commission member Pickering suggested focusing on coronavirus funding received. The ACIR could request that OPM inventory what has been collected.

4. Property tax reform, [2022 DRS Tax Incidence Report](#), or other fiscal matters

Commission member Filchak provided some background regarding previous discussions of this topic and said the group could consider structural reforms for 2023. He mentioned the Dept. of Revenue Services' (DRS's) [2022 Tax Incidence report](#) and invited comments.

Commission member Heft said this could be coupled with increased local revenue diversification and mentioned work in this area by CCM. Commission member Filchak agreed regarding work by the [Collins Center](#) on behalf of CCM and also mentioned the recent 1000 Friends of CT property tax report, [Connecticut Property Taxes – Opportunity for Change](#). He suggested bringing in Bill Cibes to talk with the group.

Rick Porth responded to Commission member Heft's suggestion, mentioning CCM's work with the Center for State and Local Finance at Georgia State University. That can be discussed further and he added that it is helpful to get a sense of what is feasible. Each option may have some people supporting and some people opposing. ACIR can help people understand the broader context for revenue diversification and what might work.

Commission member O'Leary said he had suggested back before COVID that the ACIR consider the process of change management and that an algorithm be developed to identify impediments. The goal is to have a step-by-step map of each stage that change must pass through. Commission member Filchak said much work has been done regarding property taxes and this would be his priority. He highlighted that the goal is not to provide individual relief but to instead seek structural reform. He acknowledged that there would be losers due to the state having 169 different towns having different characteristics.

Rick Porth said CCM has tried to ascertain the potential 'winners and losers' with some of the revenue diversification options with an eye toward mitigating any negative impacts. He added that the tax incidence study was disappointing to him because it did not focus on the disadvantages we experience due to over-reliance on the property tax. Commission member Filchak recommended people review the [MN tax incidence report](#) mentioned at a previous meeting. He said DRS should look at people and towns, not just finance.

There was further discussion of property tax reform and revenue diversification, of the level of support and of opposition. Commission member Filchak suggested linking this with sales and income taxes because it is not possible to tinker with just one. He also mentioned the challenge of looking at three big topics when the ACIR is trying to have an impact on the next session. There was a discussion of the approach for this work and how it will be done and Commission member Filchak said he will speak with Commission chair Sharkey about a schedule.

Lyle Wray said the ACIR could look at some states that have done significant property tax reform, mentioning MI, MN, and TN as examples. He outlined an approach, noting the need for a review framework and a transformation plan. He also mentioned that some states have a 1/3 – 1/3 – 1/3 balance between revenue generated by property, sales, and income taxes. Commission member Filchak noted that state takeover of special education expenses is property tax reform and there was further discussion of an approach. Commission member O'Leary asked who will do the work and Lyle Wray suggested the ACIR and Prof. Alkadry at UConn and Prof. Zeemering at UGA develop a framework and plan. Commission member O'Leary said the state used to pay the lion's share of local education costs.

Commission member Heft pointed out the work already done by 1000 Friends and CCM and Commission member Filchak noted that Bill Cibes and the Collins Center understand CT politics. He made an analogy to supporters of a bill counting votes to avoid bringing up a bill if they do not have the votes needed. There was further discussion of different approaches and of the need, when looking at other states, to consider the

impact of different forms of government. Commission member Cassano pointed out the significance of different tax impacts.

Commission member Pickering asked how the ACIR's work will differ from that of the [state tax panel](#) and Commission member Filchak said the ACIR can selectively update the tax panel's work, noting that there have been legislative changes since time of that panel. Rick Porth agreed with Lyle Wray's suggestion to develop a framework and a transition plan to stay on course. Then, there were further discussions of timeframes and of disagreements in the tax panel's work.

Commission member Cassano said we are between a rock and a hard place. He noted divisions due to opposing parties, due to wealth and poverty, and because municipalities do not look beyond their borders. How do we eliminate the barriers to change? Commission member O'Leary asked if COGs are able to have this discussion and Commission member Cassano said they could not ten years ago and noted there is much discussion of COGs at the legislature now.

Commission member Heft said the ACIR seems to be the ideal forum for this and suggested the ACIR craft one or two solutions. Commission member Cassano said the key is to reduce the property tax, noting the level of variation, and COGs are a solution. There was further discussion of the desire to develop revenue tools but also of the need to control spending. Commission member Filchak said it should be structural change and Commission member Cassano agreed that it should not be 1-time tax relief. Commission member Filchak said towns need predictability.

There was further discussion of inviting Bill Cibes to a meeting and of the timing of further work. Commission member Filchak recommended targeting the 2023 legislative session, a long session. He said the ACIR can compile strong recommendations based on work of CCM and 1000 Friends discussed earlier and [work of the Federal Reserve of Boston discussed at previous meetings](#). He will discuss this with Commission chair Sharkey.

Regarding the suggestion to target next year's long legislative session, Commission member Cassano said things are often put off until late in a long session; that does not happen in a short session. He said this can succeed if COGs are united and there is follow-through. There was a discussion of including this in the agenda of the next CT-COG meeting and of looking at legislative agendas of the different COGs. Commission member Filchak will discuss these suggestions with Commission chair Sharkey.

5. Future research initiatives or other topics, if any

There was no discussion.

6. Next Meetings

There was no discussion of the schedule of upcoming meetings.

7. Adjourn

The meeting was adjourned.

Notes prepared by Bruce Wittchen, OPM