

Local Government of the Future Subcommittee Advisory Commission on Intergovernmental Relations

Tuesday, June 28, 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/13603>

The meeting recording is available at:

https://portal.ct.gov/-/media/ACIR/Meetings/2022/2022-06-28_ACIR_Audio.mp3

ACIR Members present: John Filchak, Martin Heft, Jim O’Leary, Francis Pickering, Brendan Sharkey

Other participants: Jennifer Melo, Brian O’Connor, Richard Porth

ACIR staff: Bruce Wittchen

1. Call to order

Commission chair Sharkey called the meeting to order at 10:39.

2. Review of [5/24/2022 LGF notes](#) and [draft 6/3/2022 ACIR minutes](#), if helpful for discussion

There were no comments.

3. [Reimagining local government/property tax reform topics assigned to LGF Subcommittee](#)

- Municipal data collection
- Maximizing federal funding

Commission chair Sharkey described previous discussions leading to the adoption of these topics and provided an overview. Regarding the state’s collection of municipal data, are some data obsolete and are some useful? Regarding federal funding, he mentioned the expected impact of the recent [county equivalency](#) determination and asked what do we need to do to access funding counties receive elsewhere.

Commission chair Sharkey said those topics are aspects of property tax reform and mentioned his previous conversation with DRS Commissioner Boughton about an ACIR role in that and added that he recently reached out to the commissioner again. Commission chair Sharkey said he does not know if DRS is continuing its work on property tax reform and mentioned CCM’s work and the report, discussed at this month’s ACIR meeting, which was not approved by CCM’s board. He asked if property tax reform can be considered the overarching issue the ACIR is addressing in its work on the two subtopics.

Commission member Filchak said it is and should be the ACIR’s focus. Other topics fit in. Commission member Pickering said work on topics like those is harmonious with property tax reform but highlighted that property tax is a controversial subject. He is concerned about linking uncontroversial topics to a controversial one. Brian O’Connor added that property tax reform is so big that it is

overwhelming. The ACIR should focus on a piece and then proceed to the next piece. It should be an incremental approach.

Commission chair Sharkey said he felt the ACIR had three items, two being small and the big one being property tax reform. He sees the ACIR having a supporting role in property tax reform, in support of DRS, which has the needed bandwidth. Commission member Filchak agreed with that but noted that the group should lay out the overall structure of what it is trying to do and how. It can address 1-2 things at a time under that. Commission chair Sharkey agreed, saying the ACIR should establish principles behind what it is trying to achieve but also pointing out concerns about change creating winners and losers and raising equity issues.

Commission member Filchak mentioned needs-capacity gaps on the education and general government sides of municipalities and mentioned that there are horizontal and vertical equity issues. Commission member O'Leary asked if Brian O'Connor can say anything about the work behind the unreleased CCM report mentioned earlier and discussed at this month's ACIR meeting. Brian O'Connor said differences among CCM members are like differences among legislators and noted that it can follow party lines but also cross them. Different people accept or reject different things and there is no coalition to approve anything. He recommended the ACIR keep the overall goal in sight but get there by focusing on smaller pieces.

Commission chair Sharkey asked if it is possible to create an overall framework of reform to guide smaller efforts, noting the desire to minimize the creation of winners and losers. Commission member O'Leary said political ideologies interfere with such efforts and there was a discussion of concerns about mission creep and the potential for the state taking on a greater role in what had been local matters.

Brian O'Connor said the leadership of a governor is often needed to drive major change in the past. Commission chair Sharkey said that is why he recommends a partnership with DRS. Commissioner Boughton is the governor's property tax reform person. The ACIR can facilitate this by being a sounding board and help guide DRS's approach. There was a discussion of Governor Lamont's interest in the topic and, although there is an election later this year, his leadership is important. Brian O'Connor pointed out that the Governor is open to this and also pointed out that DRS Commissioner Boughton had encouraged CCM to commission [This Report is Different](#) when he had been a mayor and on CCM's board.

Commission member Filchak agreed that a governor's support is important for any initiative and mentioned initiatives supported by previous governors. He recommended creating the framework for change and said the real controversy is how to pay for it. The ACIR can lay out the options, not necessarily with all members agreeing to each, but laying out the pros and cons of each. There might not be a consensus at the general assembly but the options will be on the table.

Brian O'Connor said a majority of CCM members will not trust the state to give back out any additional money that it collects. Federal funds might be obscuring it currently, but the state has a history of underfunding [payment in lieu of taxes](#) (PILOT) and other programs. Commission chair Sharkey said that must be acknowledged. Commission member O'Leary recommended listing impediments that lead to the impasse and figure out how to reduce them. Mistrust of the state is real: towns have seen promises broken. The alternative to current struggles with property taxes could be worse.

Commission member Pickering said this discussion is difficult because it is abstract; we need a specific problem statement. Commission chair Sharkey agreed and added that the initiative should be under the auspices of DRS, with the ACIR in a supporting role, such as identifying property tax reform principles and roadblocks. Commission member Filchak noted the large amount of work already done on this topic and mentioned some of the available reports, including:

[Measuring Municipal Fiscal Disparities in Connecticut](#)
[Connecticut School Finance Project](#)

[50-State Property Tax Comparison Study: For Taxes Paid in 2020](#)
[Connecticut Property Taxes: Opportunity for Change](#)

Commission member Filchak said other groups have identified the problems and he highlighted that the current system creates inequities. Commission member Pickering pointed out that CT has a good system of assessment, saying the limited exemptions keep it flat with respect to property value although not income. Commission member Filchak noted the difficulties of implementing the property tax, mentioning that towns are losing assessors. A regional mill rate might be appropriate in some places.

There was a discussion of the relative significance of education and general government costs in municipal budgets. Rick Porth pointed out that CT ranked 50th in the country for general government costs, according to [This Report is Different](#), and in the middle for education costs. Commission member O’Leary asked to what extent education costs limit other municipal spending and Commission member Filchak said the reporting of local costs often ignores state education funding. Because of those state funds, a 20% reduction in local funding for education will have a smaller impact than a 20% reduction on the municipal side.

Commission chair Sharkey said the group should establish the direction for its work on this. He will make a concerted effort to reach Comm. Boughton. The group should identify relevant reports and the general principles of property tax reform. The ACIR can work with Comm. Boughton to find a better way. There was a discussion of the benefit of identifying steps that most people can agree with and of learning from other states’ efforts, as Lyle Wray has always recommended. There was additional discussion of increased state support for education, especially special education, and of the state fully funding its commitments. Other approaches haven’t worked. Commission chair Sharkey pointed out the need for a transition plan.

Commission chair Sharkey said he will contact Comm. Boughton and, with the help of others, draft principles. He noted that the group has not yet reached the municipal data and federal funding topics listed on the agenda. He noted OPM’s role regarding data and asked if an intern or other 3rd party can help with that. Commission member Heft provided a [link to data](#) available from his division at OPM and provided an overview of what the division works with. Commission member Pickering pointed out the need to review what data are being collected and highlighted that different groups do not know what other groups have. There was a discussion of how to approach this.

Commission member Pickering described his COG’s work with [municipal fiscal indicator](#) data available from OPM and said a lot can be done with some data. Commission chair Sharkey asked how the ACIR should proceed regarding the data topic and whether an intern can be assigned to work on it. Commission member Pickering said an upcoming report on his COG’s work will show why it is important. There was a discussion of some data being unnecessary or duplicative and Commission member Pickering highlighted that some is not in a machine-readable form.

Commission chair Sharkey suggested that such work might be of interest to a UConn or UGA student, noting the need for it to be a well-defined project. Commission member Pickering said an intern with his COG is working on federal funding. Commission chair Sharkey said he will reach out to Lyle Wray regarding the potential for student work. Commission member Pickering noted that developing lists of available data would attract interest from UConn researchers.

Commission member Filchak asked if the municipal fiscal indicator work is evaluated and if it is just done the same way it has always been done. Commission member Heft said that is done in a different division at OPM but noted that some must follow legislative requirements. He mentioned other potentially relevant data, such as those used in the [Public Investment Community](#) (PIC) Index. Commission member Filchak said all such data should be in one place.

Commission chair Sharkey outlined next steps. He will contact Comm. Boughton and begin a draft of common property tax reform themes. He will contact Lyle Wray regarding the potential for a student intern to work on municipal data and will follow up with WestCOG regarding the federal funding work.

4. Future topics/research initiatives, if any

There was no further discussion.

5. Next Meetings

Commission chair Sharkey noted that the next meeting of the full ACIR will be on the 2nd Friday of July to avoid the holiday weekend.

6. Adjourn

The meeting was adjourned at 11:40.

Notes prepared by Bruce Wittchen, OPM