

# Local Government of the Future Subcommittee Advisory Commission on Intergovernmental Relations

Tuesday, January 24, 2023

*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/17145>

The meeting recording is available at:

[https://portal.ct.gov/-/media/ACIR/Meetings/2023/2023-01-24\\_ACIR\\_LGF\\_Audio.m4a](https://portal.ct.gov/-/media/ACIR/Meetings/2023/2023-01-24_ACIR_LGF_Audio.m4a)

**ACIR Members present:** Sam Gold, Jim O’Leary, Francis Pickering, Brendan Sharkey

**Other participants:** Rebecca Dahl, Brian O’Connor, Rick Porth, Margaret Wirtenberg

**ACIR staff:** Bruce Wittchen

## 1. Call to order

Commission chair Sharkey called the meeting to order at 10:40 and provided an overview of expectations.

## 2. Review of [draft 11/29/2022 LGF notes and draft 1/6/2023 ACIR minutes](#), if helpful

There were no comments or questions about the minutes.

## 3. Reading assignment (optional)

### a. [Why state and local relationships matter to national prosperity: A case for economic collaboration](#)

Commission chair Sharkey highlighted portions of the article and invited other thoughts. Rick Porth said he appreciated it being circulated and added that the topic is within the ACIR’s purview. He said it might not be as big of an issue in CT as in many states. There was a discussion of the situation in Jackson, MS described in the article and Commission member O’Leary noted that political views have hardened.

Bruce Wittchen mentioned that towns outside Jackson are looking to attract development by seeking \$100 million of federal and state funding to expand a wastewater system that would be separate from Jackson’s, increasing the divide between the rest of the county and Jackson. Commission member Pickering said the NY State Thruway Authority had similarly placed the Tappan Zee Bridge just outside of the jurisdiction of the Port Authority of NY and NJ but also mentioned the problems that can be experienced by a broad authority, such as CT’s [Materials Innovation & Recycling Authority](#).

## 4. Local Government of the Future (LGF) Initiative

### • [Report on Property Tax Restructuring](#)

Commission chair Sharkey said the Governor’s senior staff are concerned about the cost of changes recommended in the ACIR’s report and he described his recent conversation with the governor. He highlighted that the Governor is involved with many other issues and does not have as much experience

as many ACIR members do with some of the issues addressed by the report. The Governor requested further information explaining the reason for CT's over-reliance on property taxes and why CT also is an outlier regarding local obligations for funding special education. The ACIR will provide that information. Commission member Sharkey also mentioned that the Governor had pointed out that today's surplus is tomorrow's deficit

Commission chair Sharkey said the next step for this group is to produce summaries of the information requested by the Governor, plus a summary of potential regional approaches. He and Commission vice chair Filchak have discussed how to do that in 1-2 pages. He also has discussed the ACIR's recommendations with legislative leaders. He recommended scheduling an informational hearing at the Legislative Office Building, preceded by a press conference. We will need ACIR members' help in getting the word out.

Commission member Pickering offered to assist with the ACIR's response to the Governor and added that a number of special education bills have been introduced this session. Commission chair Sharkey said the Governor is learning the details of how special education is handled and is looking for data-driven responses from the ACIR. There was a discussion of the various committees where special education bills could be introduced and that it could make a difference if it is one instead of another.

Commission O'Leary said the history of property taxes is interesting and outlined changes dating back to the colonial period. Sales and income taxes came later. He also said the state had paid a higher proportion of education costs prior to 1950 with the local share increasing since then.

Rick Porth said he welcomes the Governor asking about CT's property tax and special education burdens; it indicates the Governor is open to further consideration of property tax relief. We need to respond with the information he requested because, as this group has discussed, prospects for reform will improve if the administration is convinced of its importance. Rick also noted that CT's over-reliance on the property tax results not only from the state's history and from being an outlier regarding local obligations for education and special education, but also because municipalities in some states generate more income from utility fees and tolls, in addition.

Commission chair Sharkey noted that he spoke with Professor Alkadry regarding the potential for re-establishing the Institute of Public Service in part to do such studies. Commission member Gold noted differences in the relative reliance on income, property, and sales taxes in different states, noting the different impacts of each. He added that it also is important to consider spending. Margaret Wirtenberg pointed out how property taxes influence decisions regarding which town someone will move to and noted that property taxes have the advantage of being collectible by towns and also more stable than other revenues.

Commission chair Sharkey listed immediate tasks. The first is to develop summaries, including data offered by Commission member Pickering, explaining why CT is an outlier regarding local dependence on property taxes and the local obligation for funding special education. The ACIR and others should also increase the volume regarding its recommendations by reaching out to legislators. Commission chair Sharkey said the Governor will be on board if the legislature leads on this and recommended scheduling meetings with legislative leaders. Such meetings can be the launchpad and he listed local and regional organizations that should be interested in participating. He will get this started but needs help.

Commission member Gold mentioned the Rockefeller Institute of Governments [research on impacts of the NY property tax cap](#), which now has ten years of data. He said the research has found that school budgets have passed more easily. Commission chair Sharkey mentioned MA's Proposition 2½ and noted that wealthier communities appear to be more willing to over-ride the cap, increasing disparities between them and others. Commission member Gold provided further background and noted that these caps were implemented in a lower inflation environment and staying within the caps will be a

greater challenge now. There also was a discussion of the influence of and politics of CT's [Minimum Budget Requirement](#).

There was further discussion of how the ACIR's recommendations should be directed and of the value of support from the top. Commission member Gold said it will require the investment of political capital by leaders and Commission chair Sharkey said he was heartened by Commission member Hoydick's statements at this month's meeting of the full ACIR. He pointed out she sees it as being bipartisan and has spoken about it with Republican leadership. Commission member O'Leary said municipalities will have the most interest in this and it was noted that municipal and regional organizations best placed to reach them are involved with the ACIR and this subcommittee. Commission chair Sharkey recommended that people share the report with others who are interested and said he will contact legislative leaders. All of the ACIR's constituent groups should be part of this.

## **5. Future topics/initiatives, if any**

- Engagement with RESC and COG directors/chairs re LGF initiative roles

Commission chair Sharkey explained that this is a suggestion by Commission vice chair Filchak, who was unable to attend this meeting, and recommended dedicating the subcommittee to this topic at a future meeting, perhaps February's. The focus for now will be on the property tax.

- Other suggestions

## **6. Next meetings**

Upcoming meetings will be:

2/3/2023	ACIR
2/21/2023	LGF Subcommittee (3 <sup>rd</sup> Tuesday)

## **7. Adjourn**

The meeting adjourned at 11:44.

*Notes prepared by Bruce Wittchen, OPM*