

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

Tuesday, June 27, 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/17150>

The meeting recording is available at:

[https://portal.ct.gov/-/media/ACIR/Meetings/2023/2023-06-27\\_ACIR\\_LGF\\_Audio.m4a](https://portal.ct.gov/-/media/ACIR/Meetings/2023/2023-06-27_ACIR_LGF_Audio.m4a)

**ACIR Members present:** John Filchak, Jim O’Leary, Francis Pickering, Brendan Sharkey, Mike Walsh

**Other participants:** Meghan Portfolio, Rick Porth, Margaret Wirtenberg

**ACIR/OPM staff:** Christine Goupil, Bruce Wittchen

## 1. Call to order

Commission chair Sharkey called the meeting to order at 10:34.

## 2. Review of [draft 4/25/2023 LGF](#) & [draft 4/28/2023 IIJA](#) notes, [draft 6/9/2023 ACIR minutes](#)

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

- Data collection regarding IIJA local match as impediment to federal grants

Commission chair Sharkey explained that, at the 4/28 IIJA meeting, DRS Commissioner Boughton had recommended the ACIR and others to document grants that municipalities are not applying for due to the local match requirements (see [draft 4/28/2023 IIJA notes](#)). Commission vice chair Filchak added that it also is a concern in other states and CT should consider other states’ approaches. He added that the federal grant process can be overwhelming. Commission chair Sharkey said we need information about municipalities that have decided that applying is too complicated or that the local match is too costly.

Rick Porth described the approach CCM will use. A comprehensive survey is not feasible so CCM will use a targeted approach to identify examples of the problem. They are considering which federal grants are most likely to be affected and expect the process to require a couple months. At that point, they will have the needed information.

Commission vice chair Filchak noted that CT also does not leverage as much federal funding as possible, a point Commission member Pickering has raised. He recommended also considering such longer-range needs and the potential roles of COGs, RESCs, CCM, and COST. Commission member Pickering said federal grants benefit more than just the grant recipient, noting the state income taxes paid by those hired for grant-funded work and their additional purchasing.

Commission member Pickering said the added value could justify the state paying 25% or 50% of the local match. Commission chair said this is a good idea and recommended putting this on hold until the ACIR has the needed information from the various surveys. Commission member Filchak said the

multiplier effect of additional spending can be quantified and Commission member Pickering added that grant recipients could require contractors to estimate the taxes to be paid. There was further discussion of how to increase access to federal grants, including the need for people to research grants and prepare applications.

- Update on Property Tax Restructuring (see [Property Tax Restructuring Report](#))

Commission chair Sharkey mentioned that Commission member Hart had suggested reframing this from a focus on the property tax to a broader consideration of how taxes are done in CT. There is an opportunity now to dig more deeply and seek broad reform. Looking only at the property tax creates big tax shifts and we need a more finely-tuned blueprint for 2024.

Commission vice chair Filchak said there is the property tax, income tax, and sales tax, but the legislature has taken the income tax off the table with this year's tax cut and the sales tax is regressive. Everything increases the burden on the property tax. Commission chair Sharkey mentioned a point that Commission member Elsesser has made before: federal ARPA funding has been supporting the state and municipalities but we will not have surpluses forever. We need structural changes now. Commission chair Sharkey also mentioned that he spoke of the need to change how local government is financed during a recent CT Capitol Report appearance.

Rick Porth pointed out the expected impacts of expiring commercial leases on commercial property values and said this will be a big problem for property taxes. He said he agrees with the earlier points but we also must consider this. Commission member Pickering mentioned the impact of property taxes on housing affordability, pointing out that property taxes can be a significant fraction of a mortgage payment.

Commission chair Sharkey said the ACIR's work also must consider the delivery of services. He mentioned shared assessment services and said we have only scratched the surface of what can change in service delivery. He recommended a deeper dive into state and local service delivery. Commission member O'Leary said some states allow local income taxes. He also mentioned that the ACIR has proposed changes for many years but is blocked by a passive, avoidance of change culture. We are on the right track, but more work is needed on how to pursue such change.

Commission chair Sharkey recommended not trying to move this forward until we know this is supported by the Governor. He said he will look into that and also asked if there should be a meeting of a separate group to consider how to frame the ACIR's recommendations for 2024. Commission vice chair Filchak said we run into walls with proposals for changes to be made statewide. A better approach is to pilot multiple ideas in different regions and municipalities. The governor might be open to this.

Commission chair recommended putting a pin in this and raising it again at this group's July meeting. Margaret Wirtenberg said the ACIR had some success in 2023 and should proceed to the next. She mentioned that a NY developer has been buying CT shopping centers for other uses. She asked where the CT economy is going and said planning is needed. Commission chair Sharkey said the bulk of the group's July meeting should be spent on this.

- ACIR member survey

Commission vice chair Filchak said the survey will go out this week and he anticipates having results in August.

- LGF Subcommittee input for the ACIR's *2023 Annual Report + 2023-24 Work Plan*

Bruce Wittchen welcomed any suggestions regarding things to include in the report or work plan and suggested people send them by email.

- Recap of LGF Objectives

Commission chair Sharkey said we have spoken about reframing this initiative, with new objectives. There was a discussion of the survey responses helping guide this but also of the need to have quorums at ACIR meetings. Commission chair Sharkey said he is working on the quorum issue. There was a discussion of meeting with appointing authorities individually and building relationships.

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

- [Governance Study Committee Report](#) – Town of Chester (2/9/2023)
- Tom Condon article: [Does CT need 169 municipalities? Some say merging makes sense](#)

There was a discussion of including both in a forum, perhaps with a panel discussion, and more information might be available at next week's ACIR meeting.

- Engage with RESC and COG directors/chairs re LGF initiative

Commission vice chair Filchak said the plan is for RESC and COG directors/chairs to meet in late August or early September. He noted that increased funding for COGs beginning July 1 can increase their capacity. Commission chair Sharkey suggested that the meeting could be combined with the Chester/Condon forum, resulting in a discussion of new ideas and thoughts followed by the COGs and RESCs. Commission vice chair said the goal is for the meeting of COGs and RESCs to be more than a meet & greet and noted current limitations to regional approaches.

Commission chair Sharkey asked the ACIR could host a day-long forum addressing the economic development question Margaret Wirtenberg had raised and Commission member O'Leary's point about the ACIR being the place for such discussions. Commission vice chair Filchak said the state of MA invites towns to a day-long event promoting such discussions. Commission chair Sharkey said the ACIR would need the OPMs help for the forum. There was a discussion of potential partners and participants, including the CT Business & Industry Assoc. (CBIA), CCM, and ACIR members' appointing authorities.

Commission chair Sharkey said the theme of the forum would be Local Government of the Future and asked what the topics should be. Commission vice chair Filchak recommended it be at the LOB and the Governor invited to give the keynote. Commission member O'Leary and Margaret Wirtenberg discussed where past ACIR conferences have been held, the most recent having been at CCSU, and there was a discussion of involving CCM and CCSU.

Commission chair Sharkey said the ACIR must be prepared to make presentations and said scheduling it in mid to late fall provides time to put together ideas regarding tax restructuring and COGs/RESCs. Commission vice chair Filchak said the ACIR needs to sort out where it is going. He said the [MORE Commission](#) had said where it was going and the ACIR needs to do the same. There was a discussion of providing a clear idea of what the ACIR is about and of the need to challenge the status quo. Commission member O'Leary asked if the forum would need a longer timeline and said someone must pay for lunch if it is an all-day session.

Commission member Pickering asked what the agenda would be and Commission chair Sharkey said the theme for the day would be that the world will change, we must change, and we must get ready with changes now. We can roll out the ACIR's ideas. Commission member Pickering said not all ideas are workable everywhere and Commission chair Sharkey said that should be one of the topics. Commission member Pickering said leaders look for a positive return, that what is gained is more than the amount of pain involved. Commission chair Sharkey said this is an important topic.

Commission member Pickering said local voters often choose more on things than is necessary. Margaret Wirtenberg said that is a good reason to avoid top-down solutions and noted that COGs will

be better equipped with their additional funding. Commission chair Sharkey said he will discuss the proposed forum with OPM.

Commission vice chair Filchak mentioned the emails he receives from Congressman Courtney's office with long lists of federal funding opportunities. He asked if it is realistic for everyone who might be interested in grant opportunities to review so many. There was further discussion of this challenge and that it also is a possible topic for the forum.

- [MA Division of Local Services](#)

Bruce Wittchen explained that this remains from last month's agenda and had been included there because of a MD DLS email he had forwarded to members identifying services that state agency performs that the ACIR is interested in here. Commission vice chair Filchak provided some background regarding the DLS and added that we should avoid getting locked into one-size-fits-all approaches. Commission member Pickering noted that MA calculates the average property tax by town and also mentioned the TN ACIR's work regarding education funding. He recommended we study other states' efforts.

Commission vice chair Filchak asked Rick Port if it would be possible to add a discussion of this ACIR effort to the upcoming CCM convention and Rick said the agenda probably is finished. Commission chair Sharkey outlined expectations for upcoming meetings of the ACIR and subcommittee.

## 5. Next meetings

7/7/2023	ACIR
7/25/2023	LGF Subcommittee

## 6. Adjourn

The meeting adjourned at 11:54

*Notes prepared by Bruce Wittchen, OPM*