

Thursday, January 18, 2018

Honorable Senators and Representatives,
Esteemed Colleagues:

The Chief Elected Officials of the Western Connecticut Council of Governments (WestCOG) are honored to present you with a comprehensive set of proposals for the 2018 legislative session.

Last year, we noted that communities across our state faced concurrent blows of falling revenues and rising costs. While important reforms were enacted into law in 2017, the challenges of last year have persisted. With the continued deterioration in the state's finances and a new federal tax law that will multiply household tax burdens and simultaneously depress equity, the threats to growth and fiscal security have grown more severe. It is our expectation that these challenges will cascade into a crisis unless the pace of reform accelerates significantly.

The attached proposals chart a fiscally sustainable, economically vibrant path forward for state and local government in Connecticut. To guide you as you work with us for a better future, we have broken the proposals into two categories:

1. A shortlist of Top Priorities such as a smart restructuring of state taxes in response to federal tax changes, that will have the largest positive impact on the region and the state. How these imperative issues are resolved may make or break the region and Connecticut.
2. Two comprehensive sets of proposals developed in conjunction with communities statewide through COST and CCM. The breadth of these agendas attests to the opportunities for meaningful reform across government. If Connecticut is to go beyond averting crisis and prosper once more, reforms like these will need to be implemented.

In the interests of brevity, we have limited the length of our proposals. However, we would be happy to furnish you with additional information and to discuss these proposals in greater depth.

We look forward to working with you to make these proposals reality.

Sincerely,



Jayme Stevenson
Chairman

2018 Top Priorities

Reduce the cost of federal taxes to households

Strategically restructure state taxes to minimize household federal tax liability, maximize household access to federal credits and deductions, and to maximize household income.

Recently enacted federal tax changes have been estimated to increase the annual federal tax liability of Connecticut households by \$9 billion. An increase of this size, which is comparable to a doubling of the state income tax, could be disastrous for a state facing serious economic and fiscal challenges. With state and local tax bills generally larger in Western Connecticut than in other parts of the state, our region will be the most severely affected in Connecticut, and one of the most severely nationwide, unless action is taken at the state level to reduce household federal tax liability.

Allow municipalities to recover the cost of services

1. Enable cities and towns to apply fees to tax-exempt properties to cover the cost of the municipal services (such as police, fire, roads, water and sewer) those properties use.

Growth in the tax-exempt sector has taken significant property off municipal tax rolls, shrinking the tax base and resulting in higher mill rates on residents and businesses, increasing the burden of the property tax (one of the most regressive taxes) on families and making the state less economically competitive. Enabling municipalities to charge both non-exempt and exempt properties for the services they consume is consistent with good governance (a user pays model), improves tax equity, and will reduce upward pressure on mill rates.

2. Enable cities and towns to set fees to cover costs.

State law sets out the fees that municipalities may charge for documents, applications, permits, etc., as well as for enforcement of traffic safety laws. Due to inflation, many fees no longer cover the costs of the services they pertain to; some do not even cover the costs of their own collection. Enabling municipalities to set fees to cover costs places responsibility for payment where it belongs (with the service user, rather than the general taxpayer) and will reduce pressure on property taxes.

Empower municipalities to share services

Make the sharing of school noneducational services with host communities the default. (Require an 'opt-out' rather than 'opt-in'.)

While municipalities and school districts can realize substantial savings through sharing services, examples of sharing are relatively uncommon. This is because the statute on service sharing is an 'opt-in': it assumes that services are not shared unless both parties agree. Reversing this assumption, so that municipalities and school districts are required to share services unless they agree not to, would significantly accelerate the consolidation of services and deliver cost savings.

Support transportation

Continue to invest in the region's transportation system, with a focus on mitigating congestion.

Inadequate transit and severe congestion, particularly in Western Connecticut, have become a hindrance to the recovery of the state's economy. Given the high cost of transportation projects, opportunities to improve cost effectiveness and to take advantage of innovative funding models that recapture avoided revenue (e.g., a kilowatt hour tax for electric vehicles, weight-mile tax to cover vehicles that disproportionately damage roads, and tolls for through traffic) should be considered.

Enable regions to apply for federal grants

Work with the federal government to give Connecticut's COGs the access to federal funds that state law says they should have.

In most parts of the country without county government, the U.S. government treats the local regions as a 'county equivalents,' which makes those regions eligible for most federal grants. This is consistent with Connecticut state law, which states that the COGs may receive any grants that a county may. For federal agencies to accept applications from the COGs, the State must request that the latter be added to the list of entities treated as county equivalents by the Census Bureau. Such treatment will give Connecticut, via its regions, more opportunities to access federal grants. (Connecticut receives significantly less per capita from the federal government than the average state; two-thirds of this difference is attributable to the lack of eligible grant recipients in Connecticut at the regional level.)