

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-69		6562	16	3	4
<u>Committee Pages:</u> <ul style="list-style-type: none"> • <i>Finance</i> 128-129 • <i>Finance</i> 133-134 • <i>Finance</i> 135-143 • <i>Finance</i> 741 • <i>Finance</i> 755-756 				<u>House Pages:</u> <ul style="list-style-type: none"> • 786 • 1292- 1293 	<u>Senate Pages:</u> <ul style="list-style-type: none"> • 765-768

H-109

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 2
449-973**

Wednesday, March 17, 1971 13.

Mr. Speaker, I move that Calendar 83, H.B. No. 7010, File 72, be placed at the foot of the Calendar.

EFH

MR. SPEAKER:

Motion is to place this item at the foot of the calendar. Is there objection? Hearing none, so ordered.

THE CLERK:

Calendar 88, substitute for H.B. No. 6562, an Act concerning limitation on indebtedness of town or municipality and definition of "urban renewal project". File 78.

DARIUS J. SPAIN:

Mr. Speaker, I move adoption of the Committee's favorable report and adoption of the Bill.

MR. SPEAKER:

Question is on acceptance and passage. Will you remark.

DARIUS J. SPAIN:

Mr. Speaker, this Bill was made necessary by the language now existing in the showing how to compute municipal indebtedness. Bond counsel in several of the municipalities felt that the language needed a change, and this Bill accomplishes that change.

MR. SPEAKER:

Further remarks on the Bill. If not, the question's on acceptance and passage. All those in favor indicate by saying "aye". Those opposed. The Bill is passed.

THE CLERK:

Calendar 89, substitute for H.B. No. 6549, an Act

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GENERAL ASSEMBLY
HOUSE**

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THE SPEAKER:

Would the gentleman from the 58th care to respond?

MR. DUDA (58th):

Mr. Speaker, I think the answer is in the affirmative. He will be able to contribute. However, there is a prohibition against a state employee using his office to coerce such a contribution.

THE SPEAKER:

Further remarks on the bill? If not, the question is on acceptance and passage. All those in favor indicate by saying aye. Those opposed? The bill is PASSED.

THE CLERK:

Page 9 of the Calendar, Disagreeing Action, Calendar No. 88, Substitute for H.B. No. 6562, An Act Concerning Limitation on Indebtedness of Town or Municipality and Definition of "Urban Renewal Project", as amended by Senate Amendment Schedule "A".

MR. SPAIN (166th):

Mr. Speaker, I move acceptance and passage of the committee report as amended by Senate Amendment Schedule "A".

THE SPEAKER:

This being a disagreeing action, the question pending before us is a question of adoption of Senate Amendment Schedule "A". Will the Clerk call Senate Amendment Schedule "A"?

THE CLERK:

Senate Amendment Schedule "A" offered by Sen. Rimer of the 26th, in line 47 after the word "b".

THE SPEAKER:

Would the gentleman from the 166th outline the amendment as

opposed to a reading?

MR. SPAIN (166th):

Thank you, Mr. Speaker. Mr. Speaker, the purpose of this amendment is to eliminate from the computation of the town's bonded indebtedness any sums which will be forthcoming from the federal or state government. When this bill was originally passed by the Finance Committee, we were not aware of this testimony by other bond counsel who testified at the later date on similar bills so that by the time this bill got up to the Senate, they were able to catch it and amend it as indicated. I move adoption of the amendment.

THE SPEAKER:

Will you remark further on Senate Amendment Schedule "A"? If not, all those in favor indicate by saying aye. Opposed? Senate Amendment Schedule "A" is adopted, it's ruled technical. We can proceed with the bill as amended.

The question is on acceptance of the Joint Committee's favorable report and passage of the bill as amended by Senate Amendment Schedule "A".

Will you remark further?

MR. SPAIN (166th):

Mr. Speaker, I don't believe any further remarks are necessary.

THE SPEAKER:

Further remarks? If not, all those in favor indicate by saying aye. Those opposed? The bill as amended is PASSED.

THE CLERK:

The Clerk has a ~~Senate Joint~~ Resolution, No. 70 Congratulating the Hamden Recreational Swim Club.

MR. CHAGNON (97th):

Mr. Speaker, I move for suspension of the rules for immediate

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**CONNECTICUT
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SENATE

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THE CHAIR:

Any further remarks? Question is on passage of the bill. Those in favor indicate by saying aye. AYE. Opposed? The ayes have it. The bill is passed.

THE CLERK:

Cal. No. 120, File No. 78. Favorable report Joint Standing Committee on Finance. Substitute H.B. 6562 An Act Concerning Limitation on Indebtedness of Town or Municipality and Definition of "Urban Renewal Project."

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

The Clerk has an Amendment.

THE CLERK:

Senate Amendment A is offered by Senator Rimer. In line 47 after the word "the" insert "most recent" In lines 48 and 49 delete "close of the last fiscal year of such town or municipality" and substitute therefor the phrase "date of issue:"

In line 60, after the word "receipts", insert "interest, penalties, late payments of taxes and".

In line 65, in front of the word "each", insert "(i)".

In line 72, in front of the word insert (ii) and after the word "note", change the word "and" to "or".

In line 73, through 81, substitute the following in place of the text which follows the word "indebtedness" in Line 73 and precedes the word "urban" in Line 81:

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"issued in anticipation of the receipt of proceeds from assessments which have been levied upon property benefited by any public improvement; and (iii) each bond, note or other evidence of indebtedness issued in anticipation of the receipt of proceeds from any state or federal grant for which the town or municipality has received a written commitment or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such indebtedness can be paid from such proceeds.

THE CHAIR:

Senator Cutillo will you remark?

SENATOR CUTILLO:

Mr. President, I give the floor to Senator Rimer.

THE CHAIR:

Senator Rimer, will you remark on the Amendment?

SENATOR RIMER:

Thank you Mr. president. I move adoption of the Amendment.

THE CHAIR:

Question is on the adoption of the Amendment. Will you remark?

SENATOR RIMER:

Mr. President, the Amendment in line 47 and line 48 are necessary to eliminate the ambiguity as to which fiscal year is to be used for the base for computing the limit. As lines 47 and 48 now read the base year may be the most recent fiscal year of the town or city. Or the fiscal year next preceeding the most recent fiscal year. The change in line 60 includes interest, penalties and late tax payments in the definition of "annual receipts

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from taxation" thereby eliminating the argument that only taxes from the current tax levy are includable. The changes in line 65 and 72 are for calrety only. The changes in lines 73 thru 81 are necessary in order to eliminate from the bonded debts subject to the debt limitation. Those bonds and notes which will be paid from sources other than general taxation to the extent that the town has received a commitment for a state or federal grant. Its indebtedness will not be a burden on the general tax payer. To the extent a town will receive proceeds from assessments levied upon persons benefited by a specific permanent improvement. Its indebtedness will not be a burden on the general tax payer. It is necessary to subtract this type of indebtedness from the debt subject to limitation in order that towns and cities may continue to comply with the Statutory debt limit of 7 times annual receipts. If this change is not made it will be immediately necessary to increase the limit from 7 to a higher multiple.

Thank you Mr. President.

THE CHAIR:

Any further remarks on the Amendment? The question is on the adoption of the Amendment. All those in favor indicate by saying aye. AYE. Opposed? The ayes have it. The Amendment is adopted.

The Chair will rule that is a technical amendment. Will you proceed with the passage of the bill?

SENATOR CUTILLO:

Mr. President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill as amended by Senate Amendment Sch. A.

THE CHAIR:

Will you remark?

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SENATOR CUTILLO:

Mr. President, I think the Amendment that was attached to this bill and as explained by Senator Rimer, in essence explains the bill and I move for its passage.

THE CHAIR:

Any further remarks? The question is on the acceptance of the Favorable Report and passage of the bill, as amended. All those in favor indicate by saying aye. AYE. Opposed? The ayes have it. The bill is passed as amended.

THE CLERK:

Bottom of the page Cal. No. 127, File No. 146 Favorable Report Joint Standing Committee on Judiciary S.B. 435 An Act Concerning Retirement of State's Attorneys.

THE CHAIR:

Senator Caldwell.

SENATOR CAULDWELL:

Mr. President I move for the acceptance of the committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR CALDWELL:

Briefly, Mr. President, what this does is add the service as Public Defender in Superior Court to those prior jobs for which a State's Attorney may receive retirement credit. I urge adoption of the bill.

THE CHAIR:

Any further remarks? The question is on the acceptance of the

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- Sen. Ives: 32nd district. I brought this to the Committee's attention, I don't believe you have them and they are SB622 and SB624. On this deficiency on the school building construction which we referred to the Governmental Administration and Policy Committee (you have them - fine) Just to echo Rep. Stevens words these are specific bills to make up this deficit based on the latest figures that the State Department of Education has and in addition there were some 70 communities which had gone ahead and planned. In my district, for example, regional school district #12 they are already under construction and they have to borrow on temporary notes, waiting the outcome of the deficiency appropriation by your committee and I sincerely hope that we can move with speed on it.
- Rep. Spain: Questions from the Committee. Rep. Spiegel. I almost promoted you.
- Rep. Spiegel: Thank you Mr. Chairman. I'm Rep. Spiegel from the 126th district appearing on bill 6562 and I'm also appearing on behalf of Rep. Johnson from 124th, Rep. Holdsworth 125th, Rep. Gormley 142nd, Rep. Irwin of the 140th, Rep. Wenz of the 141st. Gentlemen this bill is a technical housekeeping bill and it does not in anyway increase the present limitation of indebtedness that is restricting towns to seven times their annual receipts from taxation. However, we got into a problem of language where it turned out upon a strict interpretation of the bill as presently written. If you went out and billed the town for $2\frac{1}{4}$ times your receipts and then went out and billed a school for $4\frac{1}{2}$ times your receipts, you were permitted to do this because you would still be within the limitation. However, if you built your school first, at $4\frac{1}{2}$ times your receipts, then you couldn't go back and build your town hall because the way it reads, that for general purposes it may not exceed $2\frac{1}{4}$ under any formula, so once you get up to $4\frac{1}{2}$ for schools your limitation was for building you couldn't then do any land acquisition, open space acquisition or anything else. This merely classifies the various forms of debt and makes it plain that if you do go to your school limit of $2\frac{1}{2}$ and you have plans for a library or town hall or whatever it may be, you may do it within the $2\frac{1}{4}$ limitation in class 1 and I submit that there is no question that was the intent of the bill as originally written, otherwise there would be no point in allowing 7 times your annual taxation receipts, because you could never get there if you went over the $4\frac{1}{2}$. The bill, also, could put a definition of urban renewal project. In talking to Bond Council there was no pending problem, however,

Rep. Spiegel: they were concerned that when they were called upon to issue an opinion, something would come up which would require a definition of urban renewal project and there is no such definition in the law as it now stands, so that they were concerned that they would be given a standard to define what constitute an urban renewal project. Gentlemen, I'm going to ask that if you could consider this bill favorably that you would do it expeditiously for this reason. This opinion was read, rendered by Bond Council back in January of this year, at which time the town of Trumbull was already fixed to go to bond issue about February 4th, when this interpretation was placed upon it by the Bond Commission that they could not issue the bond. They could not give an opinion so that Trumbull's project has been held up awaiting passage of this bill. The bond market at the moment is very favorable and they are asking for expeditious treatment if you are so inclined.

Rep. Spain: Any questions from the Committee. Thank you.

Rep. Spiegel: Thank you Mr. Chairman.

Rep. LaGrotta: of the 170th district. I imagine that the story - I'd like to speak on 622 and the 624 the deficiency in the school building fund and being involved with this bill, last year, along in the summer I spoke to Chairman Bill Blake and I said that bill we always felt was under funded and around about September I said maybe we should consider calling a special session, because it looked like it was all out of shape, but we didn't, we thought we might squeeze by. I want to thank you for calling this bill up at this time, because as you have heard this morning there is a matter of urgency involved. The Bonding Commission which normally would meet around today or so are holding their next meeting on February 26th. and while I appreciate your calling up this bill, I would ask you to possibly consider moving it along so that they could act because at the moment the schools that are waiting for their money, are borrowing short-term and it is quite expensive. I want to repeat what was said, that this is a matter of emergency which has been building up and I appreciate your help.

Rep. Spain: Rep. Green.

Rep. Green: 93rd district. I want to speak very briefly on SB624-622. The subject matter has been very well covered up however and everybody is in a hurry about this and so am I. I speak specifically for Regional School District #12 who in all good

C. Heimann:

Mr. Chairman, members of the Committee, I'm first Selectman from the town of Trumbull and First Vice-President of the Connecticut Conference of Mayors. We are speaking first in connection with bill 6562 and speaking directly for First Selectman Sullivan of Fairfield and Town Manager Desmond of the town of Monroe. Rep. Spiegel has covered much of this original aid in his statements and some of this may appear to be --- but we would like to place in the record the following. We direct your attention to problems that have arisen due to the interpretation by Bond Counsel of Section 7-3748 of the General Statutes. Several communities, including Trumbull, Monroe and Fairfield, in our immediate vicinity, have been advised that Bond Counsel will not approve the issuance of general purpose bonds for the reason that the towns indebtedness exceeds the limits permitted under section 7-3748. Simply stated, Section 7-3748 permits a town to incur indebtedness up to $2\frac{1}{4}$ TIMES ITS ANNUAL RECEIPTS FOR THE PRECEDING FISCAL YEAR. Having done so, a town cannot incur any additional indebtedness for general municipal purposes, but may only incur additional indebtedness for schools, sewers, or urban renewal subject to the additional limitations set forth in Section 7-3748. Therefore, if a town has incurred indebtedness for schools only, or for schools and sewers, in an amount equal to $2\frac{1}{4}$ times its receipts for the last fiscal year, then it cannot incur indebtedness for general purposes at all. On the other hand, if a town has incurred indebtedness for general purposes up to $2\frac{1}{4}$ times its receipts for the last fiscal year, it can still incur additional indebtedness for schools, sewers or urban renewal. It would seem, therefore, that the amount and kind of indebtedness that a town may incur depends primarily upon the timing with which the indebtedness is incurred. Generally speaking, this is the interpretation given to the statute by Bond Counsel. They indicate that to interpret the statute differently and thus allow a town to incur indebtedness up to $2\frac{1}{4}$ times its annual receipts for general purposes requires a straining of the statutory language, and, in addition requires that the first part of the statute be completely disregarded. We believe that the legislature did not intend that the statute be interpreted so conservatively, and would undoubtedly be shocked by the ridiculous results of strict statutory interpretation. We would urge that immediate action be taken to amend Section 7-3748 so as to permit communities to incur indebtedness for general purposes up to $2\frac{1}{4}$ times its annual receipts without regard to any other indebtedness incurred by that municipality, keeping in mind that the total indebtedness not exceed seven times the receipts for the last fiscal year. At the present time, although the

C. Heimann: the State is funding by direct grant up to 50% of the cost of school construction, and the Federal Government is providing substantial sums for sewer construction, this funding, this temporary funding is included in the bonded dept limitations during the construction period and removed after the project has been completed. This serves only to hamper and restrict the progress of many of our communities. Therefore, the amendment to the statute should also provide that the Town's indebtedness for purposes of Section 7-3748 be reduced by the amount of any state or federal grant-in-aid for which a contract has been executed. The delayed reaction to this problem may appear to be strange, but you will recall that, first, the State, two years ago provided 50% direct assistance for school construction and 50% on a loan program with interest limited to 4%. This latter program was never implemented. Second, the bond market, long unfavorable, has taken a turn for the better and it was our intention to bond some of our general purpose borrowings which were previously authorized, resulting in Bond Counsel's interpretation. The bond market, now favorable, may not remain so, and it is, therefore imperative that prompt action be taken to enable the towns involved to take advantage of the lower rates now available to us. If there are any questions concerning this particular item, I would be very happy to -

Rep. Spain: Thank you sir.

C. Heimann: I would also like to speak to others while I am here.

Rep. Spain: Please do.

C. Heimann: In regard to Bill 6958 in Education. At a quick glance this would appear that it is removing the 4% per annum bond privilege that was adopted along with Public Act 751. If this is the case, we would register our strong opposition to this bill. We would speak in support of those bills supported by Sen. R. Ives, Rep. Stevens and Burton. We believe that the State made a commitment two years ago to the municipalities to the State of Conn., that they would indeed furnish approximately 50% of the cost of school construction and a cash grant and would provide for the bonding of the other remaining portion with a maximum interest limitation of 4%. We would heartily support the continuation of this program, if it is the judgment of the legislature that the towns shall issue their own bonds, then so be it. We would not take a step, exception to that, however we guarantee interest rate of 4% is a very important factor. We have all, I would say that you have heard of seventy

C. Heimann: towns that have already participated in this program. There is a positive commitment on the part of the State to all of these towns to assist in this matter. I do know that there were several communities that had already entered in contracts with the State Department of Education to provide for the issuance of the bonds with the 4% maximum. These towns on the basis of an understanding that there would be sought additional legislation in this session, did not pressure the State Board of Education to fulfill these portions of these contracts. This made it possible for other communities to participate. Mr. Killian's ruling I say could supply the grant's portion and not supply the loan portion. I urge that this portion, that this be given a favorable consideration. Bill 7205 concerning PAYMENT OF SCHOOL CONSTRUCTION GRANTS, it would appear that this intended to include covering the cost of leased buildings. It is fine that during the period of times, many communities are finding it necessary to add what we might call portable or relocatable classrooms. This bill would provide that the State would assist in the payment of leased, of the cost of leasing the facilities on a temporary basis. It also provides further on for the purchase of these buildings should the lease be so arranged. This would be a further area of assistance and in many case would define costs of this type of construction would be less expensive to the State as a whole. There are other bills introduced that I would note, we are in favor of, and particularly those concerned in the acquisition of school buildings in areas where the local parochial systems may find it necessary to abandon their school program. Now, we in the Town of Trumbull, as well as hundreds of other communities throughout the State find that this is a prospect that is facing many of us. If the parochial schools do find it necessary to close then these facilities would undoubtedly have to be taken over by the communities. Any bills that are presently involved in this we would certainly be in favor of assistance to the State, from the State to the towns to make this possible. We thank you for your time.

Rep. Spain: Any questions from the Committee.

Sen. Rimer: From the 26th. With reference to bill 6562 which would clarify the limitation on indebtedness, I gather from your remarks and earlier remarks from Rep. Spiegel, that time is of the essence somewhat, because you have pending bond issue and I would assume that it is your request that this bill, if it receives a favorable report, be effective upon passage.

- C. Heimann: Yes that would be certainly true. We are in an immediate rush for it. We did authorize the bonds to be issued back in February 4th, which is the date recently scheduled. We would certainly appreciate your prompt attention and that it be made effective upon passage.
- Rep. Spain: Thank you sir. Mr. Tarrant, do you - Does anyone else wishes to be heard this morning. Mr. Howland of the, Chief of the Bureau of School Building - the State Department of Education is here. If anyone has any questions of him.
- Rep. Comstock: Maybe Mr. Howland can answer the question. How much do we actually need to complete what we are obligated for and what may come in by June 30th for the deficiency.
- Mr. Howland: If it is to be bonded, it makes a difference whether it is to be bonded or not. I would like to speak from a report that was prepared for the Department of Finance and Control. Titled the additional Bond Authorization needs for the current bi-ennium and this was for what we call section one grants, that is the old texts that have faded out over the period of the bond issue, almost \$9. million dollars, just to round it off, the July payment would have to be, bond authorization, would have to be made during the bi-ennium for our July regular payments of section 1., about \$5. million dollars there, about \$200 million for occupational training facilities for the commitments, about \$166. for vocational agricultature to a total of what we call section 1. of \$14, 263, 843. And for section 2., that is the kind of projects which are eligible for the lower \$43,363, 175 for a total of \$57,627. This is additional beyond the \$160. just to get through without making any loans, just to carry on the way we are doing now.
- Rep. Comstock: More or less, it, there is still some uncertainty in my mind as to really how much we are talking about. I have been led to believe it was nearer the higher figure, anticipating as some applications to be received before June 30th and possibly approved and I don't want to spend any more money then we have to, but I do think that if we do act on the bill, that we have to really know what we are talking about.
- Mr. Howland: I don't know how to answer the question any better than I have because these are the figures that we have been able to come up with on what we expect it will take to get through the bi-ennium. The cash

- Mr. Howland: basis is quite a different thing. The thing is that we have to have bond authorization to make authorization to make a commitment for a project which actually won't get paid until maybe 2 years from now. We have a good deal of money which is unspent, authorized, but commitment to specific projects. This estimate, I have just read from was made in early January and there seems to be a little reason to change our thoughts. Oh, I see what you are --, I didn't read the items of section 2. This includes estimated additional projects of \$27,570. and some odd, so if that is included
- Rep. Comstock: If that is included in your \$57. or do we add to 27. to the 57.
- Mr. Howland: No sir, that is included in the \$57.
- Rep. Comstock: It is included in the \$57. Thank you.
- Mr. Howland: I hope that it is understood by everyone that these are in the nature of estimates. We have no control over when people do what they do or what when they get around to make their application and it is very hard to even to find out what their intentions are.
- Rep. Spain: Are there any other questions of Mr. Howland. Thank you sir, you may be hearing from us again
- Rep. King: From the 37th of this committee and also a sponsor of HB 7205 which I wish to speak on, in behalf of. I apologize that this caught me unaware this morning when I sat down and saw that this was before the committee and, the actual author of this bill is a person that I don't know personally but I know that he has the reputation of being an expert in school construction matters and bonding and I would like the opportunity to obtain from him, very shortly, a statement concerning this bill and what it does in order that I may present it later on to the committee. In the meantime I think the bill seems self-explanatory and Mr. Heimann of Trumbull, you may recall just spoke on its behalf.
- Mr. A. Carlson: We have copies of a presentation regarding the school building grant program. For the benefit of all the members I'm Adolf Carlson, Commissioner of Finance and Control. The situation that is being presented to you, here today, is the deficiency situation as it exists and pertains to the school building grant program. Under the summary section the first page, the highlight of that is that the balance required to meet the grant commitments, primarily section 2, \$38,200,000. The additional re-

MR. A. CARLSON: requirements, under section 1 of the Act, the so called old program, is \$9,798,000. These are estimates provided by Mr. Howland from the information he has available - this is section 1. Under section 2 we have the continuing \$38. million, plus applications received and pending bond commission approval of \$16. million and estimated applications from now to the end of June of \$27.5 million, leaving a total deficit under section 2, of \$81. million or a total deficit of the entire program of \$91.5 million. The two figures that are estimates, I got through the study of Mr. Rowland. On page 2, is how we suggest to recommend the mess, the \$9. million which is section 1, we proposed be met by a deficiency appropriation from the appropriation act. This is consistent with the program that we are proposing for the next fiscal year of regular "mortgage payments" under* unquote be paid from general fund revenues. Section 2, grant, this should be paid out of bond money, plus the amendments of the bond act that we are proposing is an \$81. million dollar amount, recognizing the total need of \$91.5. My deputy is going to appear before the appropriation committee this morning to request they add \$9. million 700 thousand to the appropriation deficiency to meet the -- payments. The April payment means, on the quarterly payments for school building purposes, is Section 1 deficiency. I request that this group is the section 2 payment of \$81. million for the section 2 portion. The total deficiency is \$91.5 million. The reason we are suggesting this, is to be consistent with Gov. Meskill recommendation for the next year, but also, we wanted that both committees were aware of what we were proposing because its superficial examination, we have not a chance to examine in debt and we have to defer to judgement and wisdom of the legislature. He has the ability of the appropriation committee to adjust an appropriation that did not exist and the appropriation act of the last term. That section 1 business of \$9. million was handled through the bond program and therefore there may be procedural problems in the General Assembly which would mean that the Finance Committee, in consultation with the appropriation committee, may have to take the \$97. as a total bond deficiency. Our point in concern is that there is a \$91. million need, as documented by responsible people in the field and from the procedural standpoint our recommendation is expressed between the two committees Appropriations and Bonds. However we do recognize that it may present some procedural problems and if it comes out to be a \$91. million dollar need, totally out of the Finance Committee and Bond Efficiency, we will except this in order to meet our commitments to the towns under the

MR. A CARLSON: school building program. / The Governor's recommended budget next year has \$75. million to carry on this program, section 2 phase of it, as part of the bonding program that he's proposed. It anticipates this action that we are requesting today, not necessarily procedially, but in dollar total happened this year, because they are current and deficiency obligations of this current year, so we wanted you to be fully appraised of the financial aspects and the dollar obligation that are needed to meet our obligations to our towns. Thank you for this opportunity and I'll try to answer any questions.

Rep. Spain: Commissioner, I'm Rep. Spain, 166th district, and Mr. Howland is still here and he has just given us a figure of \$14. million dollars for section 1 programs and \$43. million for section 2 programs, a total of \$57. million and I'm confused between the \$57. and the \$91.

A. Carlson: I would be too, I would have to ask Mr. Howland, because the figures were.

Rep. Spain: Mr. Howland is still here, so maybe we can get this resolved.

The following is very vague because the speakers did not speak into the mike, though advised to do so

Rep. Spain: Would you please sir, speak into the microphone so that this may be transcribed.

Mr. Howland: The \$14. million is

Rep. Spain: Why don't the two of you pull up a chair and sit down where you will have a place to put those things that you have in your hands.

Mr. Howland: The \$14. million that I was speaking of, includes \$5. million for July payments, where as this bill does not, because I was speaking of the need, if it was to be bonded, this presumably on a cash basis from appropriations -----, I'm sorry, I just don't talk that loud, I guess. The \$14. million I was speaking of includes \$5. million to take care of the June, of the July 1 payment which if it was to be bonded, as was my assumption, would have to be approved of during this biennium, in order to have the money available to pay off in this month of July in the next fiscal year. The rest of the difference

Mr. Howland: I am at a lost to explain it at this point.

I think we are talking about slightly different things here.

Rep. Spain: May we ask Mr. Castel if

Mr. Howland: Mr. ----- working with our Office of the Office of Finance and Control Division working with our Bond matters is here with us, perhaps he can help enlighten --- --- What do you think I brought her with me.

Tony Bascetta: The \$9. million present \$198 whatever it was , it is requested as the definite need of what was --- for payments for April, that you gave me yesterday. --- These are for request that have actually received and payments that are requested on hand for April.

?? -----

Toni Bascetta: No estimated figures in there, these are the actual figures .

Mr. Howland may have been projecting an estimate, of what he expects may come in in the next few weeks.

A. Carlson: \$207. million debt estimate or

Toni Bascetta: On the section 2, he has failed to pick up the \$38. million that is the deficiency commitments that have already been approved by the bond commission.

Toni Bascetta; The \$38. million grants --- We have approved, the Bond Commission has approved the commitments of a \$164. million with \$33. million under section 1.

Toni Bascetta: You failed to pick up the \$38. million

Toni Bascetta: The actual commitments that have already been approved by the Bond Commission. We have been funding these on a cash need basis only and not, we have not covered the full commitments

- Rep. Spain: So that what we are talking about is not \$57. million, but \$90. million or \$91. million
- A. Carlson: Let me elaborate on this 33, as Toni has indicated, the money goes out, as the money is needed even though the authorization is a 198 and it is not a cash demand up to this point, but it is presented to you here as an actual, a total need and the authorization, of course, is when 60, so that cash pipe line is in difficulty which creates this \$38. million need there, plus the current \$ obligation on this program.
- Rep. Spain: Does anyone have any other questions, or are we all thoroughly confused now.
- Mr. Comstock: Basically Darien aren't we wondering at this point what, as far as the total amount that we have to authorize, it all depends on the appropriation Committee, we either do 91. or 81. basically, is that is Toni.
- Toni Bascetta: Yes.
- Rep. Comstock: But ---- department is not a correct figure.
- Toni Bascetta: NO. What he was estimating, things that had not been presented to the bond commission as yet and not picking up the deficit that already existed with the commitments that had already been made - you have to add that conditional requirement.
- Rep. Spain: Any other questions
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- Rep. Gagliardi: I would just like to underline, to the best of our judgement and ability to estimate, this is a need for this current year and I'm just concerned that the committees work together so that the \$90. million just doesn't get lost between committees, because this is a real obligation of the State to our towns, and I feel strongly on it that we must meet it. Our recommendation procedure is one of the view-point of Governor Meskill and it doesn't necessarily have to be it, if the appropriation committee can't make it work in their meeting today and whether or not they will resolve it today, I do not know. My concern is that the total be made available to meet our obligations to the towns.
- Rep. Spain: We have a question

Rep. Gagliardi: 103rd district. Commissioner, I think you just said, I was going to ask and it is mostly procedural, I'm aware of this problem our Town is sitting with completed building waiting for money to pay their contractors and we are financing through temporary notes which are costly and unnecessary, so that I know that immediate action is necessary. Since it is only a matter of procedural differences between the 9 and A1, I would assume that you would be in favor of this committee proceeding on a basis that we have to raise \$9,551. rather than spend a lot of time trying to increase how many differences between our two committees.

A. Carlson: Well, this is a matter between the various committees to think of and gentlemen, in your wisdom, I have no violent and strong feeling about it, on how you get there. My only point is that I wanted you to be aware of a philosophy that we are presenting for next year and I did not want to be inconsistent to my capacity as Chairman of Financing and Control in disregarding this viewpoint, so that again, I recognize that this Legislature in its wisdom feels the best way to get there is to go entirely by the Bond Commissioner, I wouldn't lose any sleep over this, my concern is to get the money and the bill. Thank you.

Rep. Gagliardi: One other question. The \$75. million for the 1971-72, is this realistic or are we again doing to be in a position where we might run

A. Carlson: We feel it is, because we are dealing with a one year situation rather than two, so that again working with the various people, for greater expeditionment, we were comfortable with it and dealing with a one year situation, rather than two as we have in the past I think we should be in pretty good shape on this matter.

Rep. Nevas: 144th district. I'm not sure I understand the 75million dollar estimate for 71-72 based on the Governor's recommendation that the towns now borrow this money directly and that the State guarantee the rate.

A. Carlson: Yes sir. This is basically section 2 money, the \$75. million and a half grant the portion of the school building program.

Rep. Gagliardi: So if the Governor's recommendation carried out

Rep. Gagliardi: their main object, there may not be the large demands for funds that were unforeseen this time and that were ----

A. Carlson: Hopefully we would not have that problem again. The section 1, and I may underline which is not really emphasized in our report to you here, is in the appropriation side of the general funds responsibility of the State, in other words the \$75. million in just in section 2, the section 1 is in general funds revenues and expenses, so that is in section 2

Rep. Spain: Any other questions. Thank you. Is there anyone else here who wishes to be heard. This Public Hearing is now adjourned. 11:10 A.M.

**JOINT
STANDING
COMMITTEE
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FINANCE

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727-1114**

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and assessments that will affect an immediate bearing on the amount of the capital projects. We are essentially not affecting the capital expenditures as they will relate over the bondable life of the project to the taxpayers of the various towns, I am not sure of the date of the original legislation which is being modified and clarified by these kinds of bills but, I suspect that I'm, the legislation was written with the circumstances being what they were, that is the state of federal grants being awarded for specific projects. Projects usually mandated by or often mandated by state and federal agency was not as prevalent as it is today. So, I appreciate your consideration and your further consideration of these two bills. Thank you.

Clarence F. Heimann, First Selectman of the town of Trumbull. There are several bills I would like to speak to today, but to continue in the same vein as the speakers from East Hampton. We did testify before your committee on February 18, presenting a very similar bill. A bill that would clarify the same circumstances that HB 6980 seems to clarify. I will not burden you with the need for confrontation, I think that that need has been made. The fact that 2 1/4 times your tax revenue as is the limitation on general purpose bonds, is completely unliveable with most of the communities of the state of Connecticut. So, the Conference of Mayors would support East Hampton's position as it does the position of many many other communities, throughout the state. However, I would point that 6562 the bill upon which I testified previously has received favorable action by the House and is before the Senate, and if my memory is correct it may be up for action today. That bill differs slightly from this one, in that it retains 7 times limitation. But, it does provide all of the clarification of the distribution of the varying multiples that are used to cover sewers, or schools or general purposes in urban renewal. I would just point out that 6562 does accomplish that the only difference is it retains the 7 times limitations and it should be before the Senate for action today. If the 11 times situation is a serious one, it is the first time we have heard this problem raised. No indication has come forth through the Connecticut Conference of Mayors to indicate that the 7 times was a problem. Then perhaps special consideration should be given to those towns in that category. But, we are interested very much, in having HB 6562 passed, as soon as possible, as many communities are waiting right now to sell bonds. The bond rates are very favorable at this point. We are in a position where we cannot market them because of this limitation. There is bill 63 54 Concerning State Aid for town highways traffic, parking and related services. This would provide an increase from 12 to 24 million dollars out of funds received by the Commissioner as a grant to the cities and towns in the state for improved maintenance and construction of highways within the town. The additional cost of additional mileages that must be maintained in the cities and towns in the state, continues to grow and the money that we had continues to diminish. We need this additional assistance. Speaking to perhaps a special circumstance which some our communitites on HB 5821,

HB6562
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CONCERNING AN ACT REPEALING THE TAX APPLICABLE TO MUNICIPAL OWNED UTILITY COMPANIES. This not apply to many municipalities in the state, but we do have some, who, through their foresight efforts have established

belongs to the LIquor control commission. If I am not mistaken a similar bill has been filed with the Liquor Control Committee I don't know the, what the bill now, because I was called on short notice to be here. But, we are opposed to this bill. Thank you.

Mr. Isaac Russell, a bond lawyer in Hartford. Bond Lawyers are in strange repute, because, you proceed from bond lawyer to Attorney General these days, but, I am not here in that capacity at all. We found in working with many towns, including East Hampton, whom you have heard from, that they need some assistance in clarifying the statutes on sewer bonding and on debt limit. I drafted SB 720 and 721 and there House counterparts in an attempt to clarify some errors or omissions, in the old statutes and also to give a little freedom toward borrowing. I would like to read the statement of purpose on 720, because I know no other way to capsulize it better. The purpose of 720 which is AN ACT CONCERNING LIMITATION ON MUNICIPAL INDEBTEDNESS, it changes the, and mends the section in the statutes limiting a bonded debt. To modernize the definition section and to make clear the amount of bonds which the towns may issue for various special purposes such as schools, sewers, and urban renewal. The definiton section for instance is in our statutes and has garbage in it. It has references to the 1930 statute. Road renewal, it's got references to Grand List as a factor in deciding how much debt a town shall have in a,,,and of course the statute was amended in 67 and 69, to make Grand List not a factor as the annualfrom taxation. To make clear that a town may issue bonds for general purposes, in other words to clarify the special purpose is, and to make clear that if you issue bonds for special purposes, you have them thereby exhausted or soaked up all your authority to issue bonds for general purposes, as to a fire house or a road. To exclude from a town's indebtedness, and this is what Mr. Brindley, and First Selectman from a Burnham from East Hampton mentioned to, from the towns indebtedness forpurposes, bonds or notes issued in anticipation of the receipt of proceeds either from federal or state grants, of which the town has aamendment, not just pie in the sky, or from contract with the state, such as, if the University of Connecticut in Storrs, was planning to pay for portion of sewerage treatment plant in Mansfield, they could by contract if we get paid for it, a portion of that, and although, the town of Mansfield would have to issue the bonds for that, I don't see why they issued or should be tagged with that as a town debt, since the debt is actually to be paid from receipt of proceeds of the contract. S ame with federal a or state grants. Or, from assessments which have been levied upon the town by properties benefited by public improvments. NOW, what I would like to do is just simply let you know that if when you are trying to put these bills together with other bills, I think someone mentioned that HB 6562 which I haven't seen is to be acted upon today to amend the debt limit, for some of the these same reasons but not all, I would like to offer my services as a

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technical person, just to explain the factors in bills that I worked on, and to try to get the best possible bill to clean up our statutes. Thank you.

Rep. Violette: Any questions from any members of the Committee?

Lawrence Green, I represent the Savings Loan League of Connecticut. 7227
I am here to day with reference to HB 7227. At this time we are not neither a opposed to the bill or in favor of it. We would like to go on record, however, as requesting an opportunity to comment on the bill when the text of the bill is available. Thank you.

Robert Sussler, I am here on behalf of the Municipal Electric and Gas Association, and I am here in regard to HB 5821. 5821
I represent the Municipal Utility in the towns of Norwalk, Wallingford, Norwich, Groton, and Griswold. These are all owned by the local government. What has happened here is since 1962, the gross receipts of these utilities have been taxed by the state. This came about in the closing hours in that Session, when the tax on private utilities was amended by a so called Technical Amendment. The technical amendment which was in the transcript indicated was a clerical or to clarify the act. What it did is included municipal utilities. To that extent it clarified the Act. Because it is a revenue measure, it has been a difficult one to remove. I am sure it will be equally difficult during the present Legislative Session. The reasons why it is a serious problem because, if effectively is removing revenues from these municipalities to the extent that the utilities have to pay out these monies, these monies must be met, by the municipalities. As you know, today, if there is one area of government that is on the verge of bankruptcy it is the municipality's in the state of Connecticut. The tax itself does not amount to a lot of money, it was 2 years ago at 500 thousand, slightly in excess of that, now, but to each of these towns, it does amount to considerable monies. As you realize that the.....that they are carrying is smaller than the state as a whole. My only request at this time is that as the tax structure of this date finally revolves in April or May, that this particular bill be considered, as a method of passing monies back to these towns, and I think that this legislature has to face the problem. Unless money is passed back, not only to these towns, but to all towns. The services of Connecticut, would be going backwards very drastically, and our people will face a fact that when they pay taxes, they are getting less for it. And, that is the time I think you get the real revolt from our citizens. Thank you.

Rep. Violette: Thank you sir. Any questions from any members of the Committee: This concludes our speaking list for the morning are there any citizens in the audience who would like to speak?

William Lynch, Legislative Administrative Advisor for the