

SB719

PA 384

1977<sup>o</sup>

Senate: P. 2524-2526

House: P. 4621-4622

Finance: P. 655-656

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H-192

CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

SENATE

1977

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CONNECTICUT  
GEN. ASSEMBLY  
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PROCEEDINGS  
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## SENATE

WEDNESDAY

APRIL 19, 1977.

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a motor vehicles operator's license from \$2.00 to \$3.00 and we have no difficulty with that increase in fee which hopes to cover handling costs only. I move placement on the Consent Calendar.

THE CHAIR:

That's on Consent.

THE CLERK:

Calendar 942, File 1025, Favorable Report of the Joint Standing Committee on Finance, Substitute for Senate Bill 719, AN ACT CONCERNING EXPENDITURES BY THE MUNICIPALITY PENDING ADOPTION OF THE ANNUAL BUDGET.

THE CHAIR:

Senator Beck.

SENATOR BECK:

Mr. President, this Legislation - I move acceptance of the Committee's Favorable Report and favorable action on the Bill.

THE CHAIR:

Comment, Senator?

SENATOR BECK:

Mr. President, this Legislation did come in response to difficulties experienced by several municipalities which could not continue their expenditures beyond the end of their fiscal year because their budgets had not been passed. We have worked with a number of Bond Counsels, lawyers, and called a number of towns into a hearing by the Finance Committee and we've spent quite a bit of time on this Legislation and we have determined that the best way to have maximum fiscal responsibility and at the same time; the amount of flexibility necessary to resolve the budgetary problem was to permit expenditures by the

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municipality for the beginning of the fiscal year if there has been no budget adopted within the budgetary constraints of the previous fiscal year. This authorization to be provided and if necessary, borrowing for that purpose by resolution of the budget making authority. That borrowing, however, has to mature within that fiscal year in order to see to it that this is not misused and secondly, these are to have first claim on the tax collections, including interest costs of those towns.

We've a great deal of input by a number of very concerned fiscal authorities and I think this is really quite a good piece of Legislation and will still safeguard our concerns with fiscal constraints. I move that it be placed on the Consent Calendar.

THE CHAIR:

Senator Reimers.

SENATOR REIMERS:

Mr. President, through you, a question please. How do you define, in the new language in this Bill, budget making authority? Does it involve the two other words in the original part of the Bill? Or is it something different?

SENATOR BECK:

This is usually the Board of Finance. It could be the Town Council. It depends upon the local structure of government and this is why we have had to turn to that wording. We had tried to restrict it more specifically and could not because of the different wording depending upon the town charter. So it depends upon town charter or the original wording in this Bill where the budget making authority would lie. In a small town operating under the selectmen system, for instance, it would almost always lie with the Board of Finance. In my own town, where there is a town charter, it lies with the Town Council and it

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depends in each town upon their particular procedures.

THE CHAIR:

Senator Reimers.

SENATOR REIMERS:

Mr. President, one question further please, when you say budget making, does this involve passage of the Bill or of the Budget or simply the development of the budget?

THE CHAIR:

Senator Beck, do you care to respond?

SENATOR BECK:

This involves passage of the Budget.

THE CHAIR:

Are there further questions? If not, the matter's been moved to the Consent Calendar, without objection, it's so ordered. Point of Personal Privilege if I may, Madam Clerk, for a moment. Ladies and gentlemen of the Circle, we're privileged to have in the gallery, west gallery of the Senate today, two of our friends from the New England Regional Commission, the good grey eminence Billy Gildea and his Chief Counsel, Charlie Tredder. Both of these gentlemen have been very helpful to the State of Connecticut, without denying just due to their native State of Massachusetts and I want you to know that they have been good friends of ours and I wish you would give them the usual Connecticut Senate welcome. Bill Gildea and Charlie Tredder. Did you bring any money with you, gentlemen?

THE CLERK:

Continuing on page 23 of the Calendar, Calendar 943, File 1024, Favorable Report of the Joint Standing Committee on Finance, Substitute for Senate Bill

House of Representatives

Tuesday, May 24, 1977

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djh

THE CLERK:

Calendar No. 1232, substitute for S.B. No. 719, File No. 1025, An Act Concerning Expenditures by a Municipality Pending Adoption of the Annual Budget, favorable report of the Committee on Finance.

MR. DELLA VECCHIA (81st):

Mr. Speaker, I move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

THE DEPUTY SPEAKER:

Question is on acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate. Will you remark, sir?

MR. DELLA VECCHIA (81st):

Yes, Mr. Speaker. This bill is needed to enable municipalities to make necessary expenditures beyond the current 90 day period if an annual budget has not been approved before the end of that 90 day period. The amounts must be authorized by the budget-making authority within limits specified in budgetary line items for the previous fiscal year. Borrowings may be authorized by the budget-making authority and must mature and be payable by the end of the fiscal year which the borrowings are made. (record 3)

THE DEPUTY SPEAKER:

Would you remark further on the bill? Would you remark further on the bill? If not, will the members please take their seats, will the staff and guests please come to the well of the House. The machine will be open. Have all the members voted? Have all the members voted? If so, the machine will be locked. The Clerk will please take a tally.

The Clerk please announce the tally.

House of Representatives

Tuesday, May 24, 1977

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djh

THE CLERK:

Total Number Voting.....130  
 Necessary for Passage..... 66  
 Those Voting Yea.....129  
 Those Voting Nay..... 1  
 Those Absent and Not Voting..... 21

THE DEPUTY SPEAKER:

The bill is PASSED.

MR. WELLMAN (76th):

Mr. Speaker, a point of personal privilege please.

THE DEPUTY SPEAKER:

Reaseproceed, sir.

MR. WELLMAN (76th):

Mr. Speaker, members of the House, seated in the gallery today are two very good friends of mine from the Town of Plymouth, Mr. Edward Mackowitz and Thomas Onell. I would ask that the House give them their usual warm welcome. Thank you.

THE CLERK:

Calendar No. 1233, substitute for S.B. No. 545, File No. 1026,  
 An Act Concerning the Fee for a Duplicate Operator's License, favorable  
 report of the Committee on Finance.

MR. DESMOND (23rd):

Mr. Speaker, I move acceptance of the joint committee's  
 favorable report and passage of the bill.

THE DEPUTY SPEAKER:

Question is on acceptance of the joint committee's favorable  
 report and passage of the bill. Would you remark, sir?

MR. DESMOND (23rd):

Yes, Mr. Speaker. This bill calls for an increase in the cost of



MARCH 31, 1977

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Act 717 is an Act Concerning the Use of Sewer Assessments and the purpose of that basically is to require that sewer assessments be used first to pay principal and interest on bonds and notes issued to finance the system. You pay those off before you use the assessments for some other purpose.

Proposal 718 is an attempt to provide a remedy in a situation where a municipality experiences a revenue shortfall during the fiscal year. It's at a point where it doesn't have enough revenues come in and it can't pay its budgeted expenses. It would have the authority to levy a special tax and to borrow in anticipation of the collection of that tax.

REP. FOX: It's a Willimantic problem.

MR. SEE: Not necessarily. I forget whether it's the Willimantic problem, or not. But there are a number of towns who get very close at the end of the year. It turns out that their tax collection estimate was more. They don't have the revenue - they may not have enough in their fund balance to pay for it. I think most towns have been able to avoid this but things are getting so tight that this is their protection if it's passed.

The next one, 719, is the Putnam problem and was Willimantic's problem too.

REP. FOX: I'm sorry, this is the one.

MR. SEE: That's the one that basically says if you haven't adopted your budget at the end of ninety days, you can continue to go monthly to pay necessary operating expenses. It requires in effect the town to collect taxes at the normal tax collection dates even if they haven't levied the taxes. It's an automatic levy based on last year's levy.

It permits the bonding in anticipation of tax payments if the tax is insufficient to pay the expenditures.

REP. DELLA VECCHIA: Any questions? Representative Martin.

REP. MARTIN: 719. Is this a state-wide problem or an isolated problem for only a few communities?

MR. SEE: We've seen it in at least two communities in the last two years. Willimantic and Putnam. I've seen a number of other communities which have not adopted their budget before the beginning of the fiscal year. Which has tended to cause problems but they have had it adopted before the ninety day period ran.

I think the real problem may arise in a community which is on the uniform fiscal year and for some reason does not adopt its budget by the time that year starts.

At that point it has no tax revenue that is coming in and no tax levied. I haven't seen that problem arise yet.

The purpose of this bill was to at least provide a remedy in the event that problem did arise. I think there are so many tight budgets that it could.

REP. MARTIN: Just one further question. Do towns have the authority to do this now in the event they want to amend their existing charter?

In other words can a town amend their existing charter and give themselves as authority under existing statutes.

MR. SEE: I'm not sure they have the power to levy a tax if they haven't adopted a budget, in the uniform fiscal year town.

REP. MARTIN: Aren't we talking about the ability to go to the bank and borrow money to operate a municipality until such time as the tax rate has been set? In agreement with the Finance Board and the elected officials.

MR. SEE: It would do - yes, it permits that but that would probably apply to a town which was not on the uniform fiscal year. Most towns not on the uniform fiscal year have tax collection dates which are much later in the year and therefore they are required - they have to borrow in order to pay for current operating expenses. The towns that are on a uniform fiscal year have their tax collections come in at the beginning of the year and maybe in some subsequent instalments. So I doubt that those towns would end up having to borrow under this act. But in effect it would require the tax collections keep coming in on a normal basis.

REP. MARTIN: But for the record, you don't actually know that the existing towns could not implement the same legislation by amending their existing charter and home rule.

MR. SEE: I don't believe that they would have the power to do so. No.

REP. MARTIN: Thank you.

REP. DELLA VECCHIA: Thank you, Mr. See. Frank Wingate.

FRANK WINGATE: My name is Frank Wingate. I am appearing here for Senator Lewis B. Rome in favor of Proposed Bill 1378, To Provide for the Improved Review of Municipal Financial Reports and An Early Warning for Unsound Financial Condition. Senator Rome believes that in view of towns and some municipalities in Connecticut this is a good idea, an excellent idea and we support it wholeheartedly.

REP. DELLA VECCHIA: Thank you very much. Is there anyone else who wishes to speak on municipal financial finances? Then I will adjourn this particular segment of the hearing.