

Legislative History for Connecticut Act

HB5608	PA 273	1978
Finance <del>Ag</del> 669, 716, 726-727		(4 p.)
Senate: 2670-2671, 2704		(3 p.)
House: 3307-3320		(14 p.)
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JOINT  
STANDING  
COMMITTEE  
HEARINGS

FINANCE  
PART 2  
395-821

1978

SENATOR SCHNELLER: No, I don't think it's a concept similar to municipal over burden. What it does is it recognizes the fact that there are communities that have an extremely large proportion of their grand list, or property and the tax exempt status and it simply doesn't allow them to raise property tax revenue from that property. And it's recognition of that fact and it will provide some kind of additional state assistance and deal with the fact that these tax exempt facilities are regional and statewide facilities.

REPRESENTATIVE WRIGHT: Thank you.

SENATOR BECK: Representative Lavine, municipal over burden has to do with problems caused by high density and size whereas the proposal to provide payments, tax exempt properties are designed to deal with the problem which crosses small and large town barriers.

REPRESENTATIVE LAVINE: They were just so familiar arguments presented to us last year under the same -- well if I just wanted to have a clarification.

REPRESENTATIVE WRIGHT: The next speaker is Representative Dorothy McCluskey.

REPRESENTATIVE MCCLUSKEY: Thank you, Mr. Chairman. My name is Dorothy McCloskey and I represent the 86th assembly district which includes North Branford in the eastern part of Wallingford. I'd like to be on record in support of four bills. I'm only going to speak in support of one. I'd like to support Bill #5341 concerning exemption from gasoline and special fuel taxes used by private contractors under contract with municipality and also Bill #5608, an act concerning assessment of land owned by municipal water companies, and the third bill I'd like to support is 5386. Although I represent a suburban community, I believe that this is an important bill for the region and for the state. But Branford is not in the category of having 20% of its land tax exempt or its property tax exempt now, but it may very shortly be if the next bill which I want to speak in support of is not passed and that is Bill #5409, an act concerning taxation of water company property acquired by a municipality or regional water supply system. The possibility of future ownership of the privately owned New Haven Water Company by the City of New Haven, is the most important issue facing North Branford and several other New Haven area towns today. Section 1275 of the General Statute provides that real and personal property of water companies except municipal corporations is taxable in the town where it is situated. As owner of the water company the

SUSAN HUTCHINSON (Continued): I feel that this particular bill would require an addition to the bureaucracy within the community in order to fulfill that.

REP. WRIGHT: to bring traditional tax relief to the elderly?

SUSAN HUTCHINSON: No, I believe, I'm not sure whether the Town of Westport does, but I think there are one or two other communities that did. We had started off with a ceiling of twenty thousand, we reduced it to fifteen thousand since there was a greater abuse at twenty thousand than there was at fifteen thousand. HB 5409  
There are two bills listed here on this particular agenda relative to valuation of water company properties, the HB 5608 assessed valuation. The New Haven Water Company case, which everyone is somewhat familiar with is being appealed to the Supreme Court. In that case, Judge Jacobson determined that there should be a use value aligned with watershed properties. He determined this based on a rather complicated formula which rendered a value of \$500 per acre. Furthermore, the Country Club case further indicated that though the club successfully sought Public Act 490 tax relief, under the open space category, that the court again established a use factor on these properties rather than being strictly open space, based on the greens, tees, etc., that it wasn't really open space, there was a use factor involved. Furthermore, when looking into the area of watershed properties in the past year, which has been a fairly large issue across the state, municipal versus private watershed properties, etc., I contacted several of the communities in the state that have large areas of watershed property. There isn't one community that values its property in a similar nature to another community. Everyone is different. It goes all the way from \$25 an acre with a private owner paying three times as much right next door with similar property, up to \$500 an acre, up to \$1200 an acre, with no real justification as to why. I think that this particular legislation as stated in both these cases, one relative to private companies, the other relative to municipal companies gives you people a lever in which to establish perhaps a uniform assessment valuation for watershed property. If you look at the number of cases right now that are in the courts relative to the valuation of watershed property lands and municipalities for the plaintiffs in these cases, it only makes me arrive at one place and that is that we need to have a uniform rate which has been established as being equitable between the community and the company involved. Now, I have another one here that I must give you some documentation on. 5610 relative to the Georgetown Fire Department. A resolution that was passed at the March 8th meeting of the Weston Board of Selectmen, spoke as follows:

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COMPANIES, as amended by House Amendment, Schedule A.

THE CHAIR:

Senator Beck.

SENATOR BECK:

Mr. President, I wonder if this can be PT'd. We have another Technical Amendment which should have been here by now and it will be a matter of just minutes.

THE CHAIR:

Very well.

THE CLERK:

Calendar 912, File 714, Favorable Report of the Joint Standing Committee on Finance, Substitute for House Bill 5608, AN ACT CONCERNING AUTHORIZATION OF STATE BONDS FOR AID TO PRIVATE AND MUNICIPALLY OWNED WATER COMPANIES FOR MODIFICATION OF WATER TREATMENT FACILITIES, as amended by House Amendment, Schedule A.

THE CHAIR:

Senator Beck.

SENATOR BECK:

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

THE CHAIR:

Comment?

SENATOR BECK:

Mr. President, House Amendment, Schedule A corrects deficiencies in the original legislation to make it comport with the intent of the Committee. It is the intent of the Committee to aid municipal water companies, small municipal water companies, which are under pollution abatement orders and which need access

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to low cost funding and this legislation will provide this. Section 2 of the Bill provides that in the event of transfer of ownership of the watershed lands in the New Haven area specifically, that that land not be made tax exempt so that the towns in which that watershed land is located will be protected. This is an important piece of legislation, but despite its importance, I move that it be placed on Consent.

THE CHAIR:

Without objection, it's ordered to Consent.

THE CLERK:

Calendar 913, File 720, Favorable Report of the Joint Standing Committee on Finance, Substitute for House Bill 5662, AN ACT CONCERNING THE ADOPTION OF THE UNIFORM FISCAL YEAR BY THE TOWN OF NEW CANAAN.

THE CHAIR:

Senator Beck.

SENATOR BECK:

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

THE CHAIR:

Will you remark on it, Senator?

SENATOR BECK:

The purpose of this legislation is to allow New Canaan to levy and collect a special tax to float general obligation bonds to cover the cost of converting to a uniform fiscal year July 1 to June 30. It is now on the September to August fiscal year and has complete local support. It is an attempt to move forward in an important area and I move that it be placed on Consent.

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SENATOR MADDEN:

Mr. President, on page 21, Calendar 908, was that in the first group of Consent items?

THE CLERK:

Yes, it was.

SENATOR MADDEN:

Thank you.

THE CHAIR:

Senator Strada.

SENATOR STRADA:

I would then move for adoption of the Consent Calendar as listed by the Clerk.

THE CHAIR:

Did you roll call them? We did. The machine is open. Please vote on the second Consent Calendar. The machine is closed and locked.

TOTAL VOTING	35	<u>HB 5656, HB 5825, HB 5885,</u>
NECESSARY FOR PASSAGE	18	<u>HB 5894, HB 6005, HB 5039,</u>
YEAS	35	<u>HB 5608, HB 5662, HB 5848,</u>
NAYS	0	<u>HB 6001, HB 6004, HB 6016</u>

The Consent Calendar is adopted. Senator Strada.

SENATOR STRADA:

Yes, Mr. President. May I say that the intention is to - of the session tomorrow, commencing at 1:00 with a caucus at 11:30 and, on page 27, I'll read the items that I think are prepared to go at this point. Under Resolutions, Calendar 618, under unfavorable reports, Calendars 340, 341 and 359 and then hopefully to go back, possibly, and pick up some of the items that were passed

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GEN. ASSEMBLY  
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Will you remark further on this bill? Will all the members please be seated. Will the staff and guests come to the well and the machine will be opened. Have all the members voted and is your vote properly recorded. If so, the machine will be locked and the clerk will take a tally. Clerk, please announce the tally.

THE CLERK:

(record  
14)

Total Number Voting.....	146
Necessary for Passage.....	74
Those voting Yea.....	144
Those voting Nay.....	2
Those absent and not Voting.....	5

THE SPEAKER:

The bill is PASSED.

THE CLERK:

Cal. 1103, Sub. for H.B. 5608, File 714, An Act Concerning Authorization of State Bonds for Aid to Private and Municipally-owned Water Companies for Modification of Water Treatment Facilities. Favorable report of the Committee on Finance.

REP. LAVINE (100th):

Mr. Speaker, I move for the <sup>acceptance of</sup> Joint Committee's favorable report and passage of the bill.

THE SPEAKER:

The question is on acceptance of the Joint Committee's favorable report and passage of the bill. Will you remark, sir?

REP. LAVINE (100th):

Yes, Mr. Speaker. The Clerk is in possession of an amendment LCO No. 3862.

THE SPEAKER:

Will the clerk please call LCO 3862 designated as House A

Is it the gentleman's pleasure to summarize in lieu of reading?

REP. LAVINE (100th):

Mr. Speaker, for the purposes of summarization, I should like to yield.

THE SPEAKER:

First, will the clerk please call the amendment?

THE CLERK:

House amendment, schedule A, LCO 3862.

THE SPEAKER:

Designated as House A and now would the gentleman seek to summarize; the gentleman seek to yield to somebody else to summarize?

REP. LAVINE (100th):

Mr. Speaker, I should like to yield for the purposes of summarization to Rep. Wright?

THE SPEAKER:

Does the gentleman from the 77th accept the yield from the gentleman of the 100th?

REP. WRIGHT (77th):

Yes, Mr. Speaker.

THE SPEAKER:

Does the gentleman seek to summarize in lieu of the clerk's reading? Is there objection to the gentleman of the 77th summarizing?

REP. WRIGHT (77th):

Mr. Speaker, this amendment would state that if a municipality requires a privately held water company, then the taxes that are due currently by the private water company for property

owned towns that presently

which is in other towns which are served by the water company would continue to be taxable to the extent of the improvement and taxes that are payable at the time that the purchase or transfer from a private held water company to a municipal water company is made. This is basically the same bill that was approved by the Finance Committee when the bill was passed. It was through an inadvertent mistake in the Legislative Commissioner's office that in Section 1 of the bill in front of us today was put in there. It was the intention of the Finance Committee to pass a bill of the nature of this amendment and what we're doing by the amendment is establishing in the bill the same concept that passed the Finance Committee originally and I move adoption of the amendment, Mr. Speaker.

REP. STEVENS (119th):

Through you, Mr. Speaker. The amendment which I have on page 2 ends with a section 4 and then there is printing which I can't make out. Is Sec. 4 the last section of the amendment being offered?

REP. WRIGHT (77th):

Through you, Mr. Speaker, that's correct. The printing you can't make out, Jerry is the copy of the first page; the printing machine picked up the wording from the other page.

THE SPEAKER:

Will you remark further on the amendment? Will you remark further? Yes, Rep. McCluskey, the lady of the 86th.

REP. MCCLUSKEY (86th):

Mr. Speaker, I would like to speak in support of the amendment. The amendment would protect towns that presently

have private water company land situated in the town and improvements thereon. It would give them protection against a sudden tax loss that could otherwise occur under city ownership. The City of New Haven is currently considering purchase of the privately-owned New Haven Water Company and if they did this, under the existing law, they would have no obligation to pay taxes to 12 of the 17 towns in the area. In many cases, at least 3, perhaps more, the water company's largest taxpayer in the area towns. This amendment would protect those towns from any sudden tax laws. It would give them their existing taxes; it would not give them taxes on future improvements, however. It contains basically the same tax protection for towns that the provisions do in the regional water authority legislation. This is a critical amendment for my town and for several others. In my town <sup>the loss</sup> alone, without this amendment would be \$700,000 a year which could amount to a tax increase of 10 mills. I urge support of this bill.

THE SPEAKER:

Will you remark further on House A?

REP. VARIS (90th):

Mr. Speaker, I would support the comments made by Rep. McCluskey and/or request of my colleagues to support this bill. It's a fair bill, much needed. Thankyou.

THE SPEAKER:

Will you remark further on the amendment.

REP. ORCUTT (98th):

Mr. Speaker, I'd simply like to add some (inaudible) for the city of New Haven if it should become owner of the New Haven Water Company that we also find the provisions of this bill

entirely acceptable and support it.

THE SPEAKER:

Still on House A. Will you remark further on House Amendment, Schedule A. If not, the question is on its adoption. All those in favor of House A will indicate by saying AYE. Opposed. The Ayes have it. House A is adopted and ruled technical. Now, will you remark further on the bill as amended or are you prepared to vote? The gentleman from the 100th has the floor.

REP. LAVINE (100th):

Mr. Speaker, I'm prepared to vote.

REP. BARNES (21st):

Thank you, Mr. Speaker. I'd like to refer to Sec. 2 of the bill which involves small privately-owned water companies in the state. There are some 48 of these water companies involved in the following towns: Avon, Woodstock, Brookfield, Willington, Mansfield, Coventry, Durham, Farmington, Griswold, Kent, Naugatuck, Hartford, Ridgefield, Thompson, Washington, E. Windsor, Warren, New Milford, Newtown, Goshen, Killingly, Montville, New Fairfield, Danbury, Old Lyme, Wolcott, Groton, Plainfield, Sterling, Colchester and Tolland. These companies as I say, are privately-owned, investor-owned water companies serving under 10,000 people, customers, who at this point, must comply with the clean water act and are having difficulty doing so in a rather tax 22 logic. They go to the bank to try to receive funding so that they can improve the capital assets of their - the capital equipment of their companies; they arrive at the bank only to learn that because of their rate structure which is too low, the banks will not lend them money. They then

unlike municipal companies have to go to the PUCA and the PUCA tells them that they will not grant them rate increases because their capital equipment is below par. Unless there is some way to break this cycle so that they can prove capital equipment to provide for clean and acceptable water supplies according to federal regulations, there really is no solution to providing the citizens of this state in large numbers with drinkable water. I urge your support of the whole bill and I think this Sec. 2 will help a great many citizens in the state.

REP. VARIS (90th)

Mr. Speaker, through you, I'd like to ask a question to Rep. Wright. Mr. Wright in lines 12 and 13, it mandates that the property shall be assessed in accordance with sec. 12-63. Could you tell me if that would reduce the assessment in any town?

REP. WRIGHT (77th):

Mr. Speaker, through you, that would not change any of the assessment practices for water lands or water company lands than they are now. It makes no change in the assessment practices. The amendment that you're talking about deals only with a specific situation where a municipality acquires a privately-held water company and the grandfather's and the taxes due on the existing facilities.

REP. VARIS (90th):

Yes, I'd like to pursue this just a little bit further Mr. Wright because in the part which says in accordance with Sec. 12-3, it doesn't seem to be grandfathering and as I understand it, there have been some communities who in court cases,

when the property was assessed other than in accordance with Sec. 12-3 which I believe is the act that's commonly known as Public Act 490.

REP. WRIGHT (77th):

Mr. Speaker, is that a question?

REP. VARIS (90th):

Yes, it was, Mr. Speaker.

REP. WRIGHT (77th):

If it could be rephrased so I could understand it more clearly.

REP. VARIS (90th):

Yes, Mr. Speaker. In an earlier question, you said that this only applied when as a grandfather clause and I assume that you're talking about the amendment we just passed. However, the lines 12 and 13 precede that and I'm concerned that it would do other than grandfather in assessments to existing ownership.

REP. WRIGHT (77th):

Mr. Speaker, it appears - I believe you probably do not have a copy of the amendment before you because the amendment deletes line 1 through 16 of the file copy and it substitutes the language of the amendment so that the reference you're talking about and the problem you're concerned with is no longer in the bill as it is now before us having adopted Amendment A so that there is no longer a problem.

REP. VARIS (90th):

Mr. Speaker, I would thank Gardner Wright for setting me straight.

REP. HOFMEISTER (117th):

Mr. Speaker, a question through you, to the Chairman of

the Finance Committee. Mr. Speaker, Rep. Wright, with House amendment A in place, would this mean that any municipal purchased water company would now have to pay all the taxes which involves local property taxes involved with the property should they buy after January 1, 78.

REP. WRIGHT (77th):

Mr. Speaker, through you, if a municipal water company takes over a private water company, then they would have to pay the taxes that are due that were being paid by the private water company at the time of the take-over. That's correct.

REP. SCHILL (77th):

Mr. Speaker, ladies and gentlemen of this House, it was my understanding that the purpose of municipally-owned water companies was to try to save money for the water users. In reality, what we're winding up with is cases whereby municipal corporations are going to have to borrow tremendous amounts of money to purchase the company. They're going to have to pay all the expenses, all the taxes, etc. to people that live in the cities of East Haven, West Haven, Milford and the city of New Haven who are in reality the water users, are going to wind up paying and paying and paying. We don't receive anything for nothing and as I see it, all the benefits that may have been accrued to the water users through a municipally-owned water system seems to be going past us minute by minute. Thank you, Mr. Speaker.

REP. MCKENNA (85th):

Mr. Speaker, through you to the Chairman of the Finance Committee. The fiscal note on this bill requires \$7 million.

Are those going to be state funds?

REP. WRIGHT (77th):

Mr. Speaker, through you, this authorizes \$7 million (record 15 of bonding for use by small private and municipal water companies. It is not an appropriation. It has been through the Finance Committee and it has followed the proper procedures in being here today.

REP. MCKENNA (85th):

Again, through you, Mr. Speaker, to the Chairman. Would a regional water district such as the one we're talking about here, if it becomes a regional district, would this bond still apply to them?

REP. WRIGHT (77th):

Mr. Speaker, through you, the bond authorization does not apply to regional water districts. This bill does not apply to regional water districts. If in the New Haven area, a regional water district is established, the effect of Sec. 1 will be null and void because we won't have a situation where a municipality is taking over a private water company and the effect of the take-over of the private water company by a regional water company is deeper over the bill we passed last year which enabled the creation of that regional water district. This is only dealing with the situation where a town takes over a private water company.

REP. MCKENNA (85th):

Again, Mr. Chairman, through you to the Chairman of the Finance Committee. Mr. Wright, would you explain to me and to the members of the House the difference between a regional water company and a municipally-owned water company? *Yes, it does*

REP. WRIGHT (77th):

Through you, Mr. Speaker, to the best of my ability. A municipal water company would be a water company and operated by a municipality. A regional water company would be a water company would be a water company owned and operated by a region which might include any number of towns.

REP. MCKENNA (85th):

Thank you. Mr. Speaker, I am more or less lost at this time because the regional water districts are actually municipals that have joined together to purchase a facility. Therefore, they are still municipal companies or stockholders in a company. I think that this is one of the reasons why the present Governor vetoed the bill the last time, Thank you.

REP. MEYER (135th):

Mr. Speaker, through you, a question to Rep. Wright. In Sec. 2 where low interest rate loans are being given to private water companies, it also states that grants are to be given to municipally-owned water companies. Does this mean then that the municipally-owned water companies will be in essence receiving funds from the state which they will not have to repay in any way.

REP. WRIGHT (77th):

Mr. Speaker, through you, that's the basic concept where we will provide some planning funds from municipal water companies. We did not feel that we should provide state funds for private profit-making corporations but we felt differently about municipal and publicly-owned facilities.

REP. MEYER (135th):

Mr. Speaker, just one more comment and that is, it does

seem that if we are therefore largely encouraging some of the water companies that are now in private hands to perhaps become municipally-owned water companies because they would then have a distinct advantage of getting state subsidies which the private companies do not have and might not this lead to a problem?

THE SPEAKER:

Is the lady asking the question rhetorically or specifically.

REP. MEYER (135th):

Rhetorically.

THE SPEAKER:

Thank you, madam. Any further remarks?

REP. WADLEIGH (39th):

Mr. Speaker, a question through you to Rep. Wright. Thank you sir. There's a \$7 million bond issue attached to this bill and does this bond issue apply to just for planning for water companies or for actual construction of changes in the water company's facilities?

REP. WRIGHT (77th):

Through you, Mr. Speaker. Both.

REP. WADLEIGH (39th):

Through you, Mr. Speaker, another question to Rep. Wright. Is there any cap put on how much one facility can obtain in bond issues under this bill. There are many water companies that are going to be affected that want to make changes in their facilities, and many of them are coming under the laws that requires them to provide/<sup>filter</sup>tracing plots which are going to cost \$3 or \$4 million. Can one community get as much as \$3 million in bond issues for changing - constructing a filtration plant.

REP. WRIGHT (77th):

Mr. Speaker, through you, I would prefer to have the question rephrased one at a time. It may be easier to answer them.

REP. WADLEIGH (39th):

There is only one question. It's to how much one municipality can get in a bond issue to say construct a filtration plant. My city has been

THE SPEAKER:

Now, we're into questions and answers. Please respond to the question.

REP. WRIGHT (77th):

Mr. Speaker, through you, the Commissioner of Commerce with the approval of the Commissioner of Health will have to promulgate regulations. In no instance could loans be approved or authorized to anybody in excess of the bonding available and authorized by the Legislature and I would hope because we're talking about planning measures from municipalities that money be available to as many municipalities as need them and if it's not, perhaps we might have to authorize additional bonding in the future. But that there is no specific limit in this bill.

THE SPEAKER:

Any further remarks, lady from the 101st.

REP. EMMONS (101st):

Mr. Speaker, I have a question to the proponent of the bill.

THE SPEAKER:

Please frame your question and is the Chair to construe the proponent is being the gentleman who moved or the gentleman who

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just responded.

REP. EMMONS (101st):

Rep. Lavine.

THE SPEAKER:

Will you reframe your question, madam.

REP. EMMONS (101st):

Rep. Lavine, with all the discussion that's been going on on this bill, there's one question I would like to ask. To your knowledge in reading the amendment, incorporating it into the bill, at the present method of payment and the assessment in the way in which the payments are made or assessed by towns to municipal water companies, that have land in those towns. Is this going to be changed in any way.

THE SPEAKER:

Does the gentleman from the 100th care to respond?

REP. LAVINE (100th):

Through you, Mr. Speaker. It is my understanding that the assessment after this is not going to change.

REP. EMMONS (101st):

Thank you.

THE SPEAKER:

Will you remark further on the bill as amended? If not, will the members please be seated, staff and guests please come to the well, the machine will be opened. Roll call vote in process in the Hall of the House. Have all the members voted and is your vote properly recorded. That being the case the machine will be locked and Clerk please take a tally.

Would the Clerk please announce the tally.

THE CLERK:

Total Number Voting.....	147
Necessary for Passage.....	74
Those voting Yea.....	145
Those voting Nay.....	2
Those absent and not Voting...	4

THE SPEAKER:

The bill as amended is PASSED.

THE CLERK:

Page 18 of the Calendar. Cal. 1105, Sub. for H.B. 5150, File 722. An Act concerning an increase in the cost of living allowance for Retired State Employees and Teachers.

Favorable report of the Committee on Appropriations.

REP. MOTTO (2nd):

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

THE DEPUTY SPEAKER IN THE CHAIR

THE DEPUTY SPEAKER:

The question is on the acceptance of the Joint Committee's favorable report and passage of the bill. Will you remark.

REP. MOTTO (2nd):

Mr. Speaker, the Clerk has an amendment LCO 4004. Would he call it and may I have permission to summarize.

THE DEPUTY SPEAKER:

The Clerk has LCO 4004 in his possession. The Chair shall designate it as House Amendment Schedule "A". The Clerk please call the amendment.

THE CLERK:

House Amendment Schedule "A" LCO 4004.

REP. MOTTO (2nd):