

Legislative History for Connecticut Act

HB 7580 PA 370 1989

House 6332-6343, 10783-10789,
10980-11012, 14143-14146 (56)

Senate 2357-2360, 2434-2436,
4197-4201

CONNECTICUT STATE LIBRARY (12)
LEGISLATIVE REFERENCE SECTION

Finance, Revenue and Bonding 1315-1329, 1338-1340,
1364-1377, 1383-1387 (37)

Total - 105 p.

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate
and House of Representatives Proceedings

Connecticut State Library
Compiled 2012

H-530

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1989

VOL. 32
PART 18
6029-6382

pat

227

House of Representatives

Thursday, May 11, 1989

recorded? Have all members voted? If all members have voted, the machine will be locked, and the Clerk will take a tally.

REP. COURTNEY: (56th)

Madam Speaker?

DEPUTY SPEAKER POLINSKY:

Representative Courtney.

REP. COURTNEY: (56th)

May I be marked in the affirmative?

DEPUTY SPEAKER POLINSKY:

In the affirmative for Representative Courtney.

Clerk will announce the tally.

CLERK:

HB7003, Calendar 45, as amended by House
Amendment Schedule "A":

Total Number Voting	143
Necessary for Passage	72
Those Voting Yea	143
Those Voting Nay	0
Those absent and not Voting	8

DEPUTY SPEAKER POLINSKY:

The bill as amended is passed.

CLERK:

Please turn to page 5, Calendar 478, Substitute
HB7580. AN ACT CONCERNING DUTIES AND RESPONSIBILITIES

pat

228

House of Representatives

Thursday, May 11, 1989

OF THE MUNICIPAL FINANCE ADVISORY COMMISSION.

Favorable Report of the Committee on FINANCE,
REVENUE AND BONDING.

REP. CIBES: (39th)

Mr. Speaker?

SPEAKER BALDUCCI:

Representative Cibes of the 39th.

REP. CIBES: (39th)

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

SPEAKER BALDUCCI:

The question is on passage. Will you remark?

REP. CIBES: (39th)

Yes, Mr. Speaker. What this bill does is broaden
the duties of the Municipal Finance Advisory
Commission. They would now include working to improve
the fiscal condition of municipalities, which are in
fiscal distress or engaging in unsound financial
practices and would give them additional authority to
require information from municipalities regarding their
fiscal condition.

It got a strong consensus in the Finance Committee
that this bill go forward, and I would urge its
adoption. Mr. Speaker, at this point, I would yield to
Representative Wilber for a friendly amendment.

pat

229

House of Representatives

Thursday, May 11, 1989

SPEAKER BALDUCCI:

Representative Wilber, do you accept the yield?

REP. WILBER: (133rd)

Yes, Mr. Speaker. Thank you, Mr. Speaker. Mr. Speaker, the Clerk has an amendment, LCO6739. If the Clerk would please call the amendment, and I be permitted to summarize?

SPEAKER BALDUCCI:

Clerk, please call LCO6739, designated House "A".

CLERK:

LCO6739, designated House "A", offered by Representative Cibes et al.

SPEAKER BALDUCCI:

The question is on summarization. Is there objection? Seeing none, Representative Wilber.

REP. WILBER: (133rd)

Thank you, Mr. Speaker. Mr. Speaker, this is a simple amendment. It backs down the date for authorization of capital improvement projects by a municipality from July 1, 1987 to May 1, 1987. Our community discovered that our approval was simply done early, earlier than the present law permits. And in checking with OPM and the Governor's Office, we felt there might be other communities in this same fix.

And so, we would ask you to approve the amendment,

pat

230

House of Representatives

Thursday, May 11, 1989

Mr. Speaker, and I so move.

SPEAKER BALDUCCI:

The question is on adoption. Will you remark?
Will you remark? If not, all those in favor, please
signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER BALDUCCI:

Opposed, nay. The ayes have it. The amendment is
adopted, ruled technical.

House Amendment Schedule "A":

After line 162, insert a new section 4 as follows
and renumber the remaining section accordingly:

"Sec. 4. Subsection (f) of section 7-536 of the
general statutes is repealed and the following is
substituted in lieu thereof:

(f) The secretary shall approve or disapprove each
completed application for a local capital improvement
project grant within thirty days of receipt of an
application and shall approve the grant if the
secretary finds that: (1) The project for which grant
assistance is requested is a local capital improvement
project; (2) the project was authorized by the
municipality on or after [July 1, 1987] MAY 1, 1987;
(3) the project is consistent with the local capital
improvement plan adopted by the municipality, provided
that the secretary may waive such requirement for cause
shown; (4) the grant proceeds shall be used to
reimburse the costs of the project and not to satisfy a
local matching requirement for any state assistance
program other than the local bridge program established
under sections 13a-175p to 13a-175u, inclusive; and (5)
payment of the grant would not cause the municipality's
local capital improvement account, established under
subsection (b) of this section, to be overdrawn."

pat

231

House of Representatives

Thursday, May 11, 1989

SPEAKER BALDUCCI:

Will you remark further on the bill?

REP. CIBES: (39th)

Mr. Speaker?

SPEAKER BALDUCCI:

Representative Cibes.

REP. CIBES: (39th)

At this point, I would like to yield to Representative Eddie Krawiecki, who has two friendly amendments.

REP. KRAWIECKI: (78th)

I accept the yield.

SPEAKER BALDUCCI:

Representative Krawiecki, do you accept the yield?

REP. KRAWIECKI: (78th)

I accept the yield, Representative Cibes, and thank you for the announcement. Mr. Speaker, the Clerk has an amendment. It is LCO6480. Would he please call and read?

SPEAKER BALDUCCI:

Clerk, please call and read LCO6480, designated House "B".

SPEAKER BALDUCCI:

LCO6480, designated House "B", offered by

pat

232

House of Representatives

Thursday, May 11, 1989

Representative Belden.

In line 109, after the word "governor" insert "OR UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIED, WHICHEVER IS LONGER"

REP. KRAWIECKI: (78th)

I move--

SPEAKER BALDUCCI:

Representative Krawiecki.

REP. KRAWIECKI: (78th)

I move adoption, Mr. Speaker.

SPEAKER BALDUCCI:

The question is on adoption. Will you remark?

REP. KRAWIECKI: (78th)

Yes. Members of the House, what this amendment does is indicate that when the appointments are made for four year terms, co-terminus with the Governor, they shall be for that length of time or until a successor is appointed and qualified. I urge you to adopt the amendment.

SPEAKER BALDUCCI:

Will you remark further on the amendment? Will you remark? If not, all those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

pat

233

House of Representatives

Thursday, May 11, 1989

SPEAKER BALDUCCI:

Opposed, nay. The ayes have it. The amendment is adopted, ruled technical. Will you remark further on the bill?

REP. KRAWIECKI: (78th)

Mr. Speaker, I would yield to Representative Belden of the 113th.

SPEAKER BALDUCCI:

Representative Belden of the 113th, do you accept the yield?

REP. BELDEN: (113th)

Yes, sir. The tag team of Krawiecki-Belden is working in full force. Mr. Speaker, the Clerk has an amendment, LCO6481, a friendly amendment, I believe. Could the Clerk please call and read?

SPEAKER BALDUCCI:

Clerk, please call and read LCO6481, designated House "C".

CLERK:

LCO6481, designated House "C", offered by Representative Belden.

In line 112, after the word "appointment" insert an underscored period followed by an opening bracket

In line 114, after the period insert a closing bracket.

pat

234

House of Representatives

Thursday, May 11, 1989

REP. BELDEN: (113th)

Mr. Speaker, I move adoption.

SPEAKER BALDUCCI:

The question is on adoption. Will you remark, Representative Belden?

REP. BELDEN: (113th)

Very briefly. What this does is take out some language which relates to a July 1979 verbiage and is no longer applicable. Thank you.

SPEAKER BALDUCCI:

Will you remark further? Will you remark further on the amendment? If not, all those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER BALDUCCI:

Opposed, nay. The ayes have it.

REP. CIBES: (39th)

Mr. Speaker?

SPEAKER BALDUCCI:

The amendment is adopted, ruled technical. Will you remark further on the bill as amended by House "A", "B" and "C"?

REP. CIBES: (39th)

Mr. Speaker?

pat

235

House of Representatives

Thursday, May 11, 1989

SPEAKER BALDUCCI:

Representative Cibes.

REP. CIBES: (39th)

At this time, I would like to yield to Representative Young, who has another friendly amendment.

REP. YOUNG: (143rd)

Mr. Speaker?

SPEAKER BALDUCCI:

Do you accept the yield, Representative Young?

REP. YOUNG: (143rd)

Yes, sir, I accept the yield. Thank you. Mr. Speaker, the Clerk has an amendment, LCO6758. Would he please call, and I be allowed to summarize?

SPEAKER BALDUCCI:

Clerk, please call LCO6758, designated House "D".

CLERK:

LCO6758, designated House "D", offered by Representative Cibes et al.

SPEAKER BALDUCCI:

The question is on summarization. Is there objection? Representative Young.

REP. YOUNG: (143rd)

Mr. Speaker, what this does was allow a municipality to create a fund for the acquisition of

pat

236

House of Representatives

Thursday, May 11, 1989

land. They could do this through a regular budget process by setting aside up to two mills of their current budget and any subsequent budgets, putting this money aside for the acquisition of land for open space, for recreation or for the creation of housing at some future date.

I move its adoption. Thank you, sir.

SPEAKER BALDUCCI:

Will you remark on the amendment? Will you remark further on the adoption of the amendment? If not, all those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER BALDUCCI:

Opposed, nay. The ayes have it. The amendment is adopted, ruled technical.

House Amendment Schedule "D":

After line 162, insert section 4 as follows and renumber the remaining section accordingly:

"Sec. 4. (NEW) Any municipality, by vote of its legislative body, may establish a special fund, which shall be known as the land acquisition fund. There shall be deposited in said fund, annually, an amount, not to exceed the amount which would be generated by the imposition of a tax of two mills against the property subject to tax in such municipality pursuant to chapter 203 of the general statutes, as may be appropriated by the municipality. Such fund shall be used by the municipality for the acquisition of land to

pat

237

House of Representatives

Thursday, May 11, 1989

be used for open space, recreation or housing. Such fund shall not lapse at the close of the municipal fiscal year."

SPEAKER BALDUCCI:

Will you remark further on the bill? Will you remark? If not, staff and guests, to the Well. Members, please be seated. The machine will be opened.

CLERK:

The House of Representatives is voting by roll call. Members, please report to the Chamber. The House is voting by roll. Members, to the Chamber please.

SPEAKER BALDUCCI:

Have all the members voted, and is their vote properly recorded? If so, the machine will be locked. Clerk, please take a tally. Clerk, please announce the tally.

CLERK:

HB7580, as amended by House Amendment
Schedules "A", "B", "C" and "D":

Total Number Voting	144
Necessary for Passage	73
Those Voting Yea	144
Those Voting Nay	0
Those absent and not Voting	7

pat

238

House of Representatives

Thursday, May 11, 1989

SPEAKER BALDUCCI:

The bill as amended is passed.

CLERK:

Calendar 195, page 11. Substitute HB7119. AN ACT
CONCERNING ADMINISTRATION OF MEDICATION IN JUVENILE
DETENTION CENTERS AND SCHOOLS.

Favorable Report of the Committee on
APPROPRIATIONS.

REP. FRANKEL: (121st)

Mr. Speaker?

SPEAKER BALDUCCI:

Representative Frankel.

REP. FRANKEL: (121st)

I move this bill be referred to the Committee on
Education.

SPEAKER BALDUCCI:

The question is on referral. Is there objection?
Seeing none, so ordered.

CLERK:

Calendar 328. Page 14, Substitute HB7297. AN ACT
ESTABLISHING A WATER RESOURCES POLICY.

Favorable Report of the Committee on ENERGY AND
PUBLIC UTILITIES.

REP. STRATTON: (17th)

Mr. Speaker?

H-543

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1989

VOL. 32

PART 31

10698-11096

pat

86

House of Representatives

Wednesday, May 31, 1989

day belated 45th birthday to Representative Richard Mulready of the 20th District.

APPLAUSE

REP. TAYLOR: (79th)

Mr. Speaker?

SPEAKER BALDUCCI:

Representative Taylor of the 79th.

REP. TAYLOR: (79th)

Yes, Mr. Speaker. For a transcript notation. Would the transcript please note that Representative John Zajac of the 83rd may have missed some votes this morning. He was back in his district on legislative business.

SPEAKER BALDUCCI:

The transcript will so note, sir. Are there any other announcements or points? If not, we shall return to the Call of the Calendar.

CLERK:

Please turn to Page 9, Calendar 478, Substitute for HB7580, AN ACT CONCERNING DUTIES AND RESPONSIBILITIES OF THE MUNICIPAL FINANCE ADVISORY COMMISSION, THE AUTHORIZATION OF GRANTS FROM THE LOCAL CAPITAL IMPROVEMENT FUND, AND THE ESTABLISHMENT OF LAND ACQUISITION FUNDS BY MUNICIPALITIES (As amended by House Amendments "A", "B" and "C" and "D", and Senate

pat

87

House of Representatives

Wednesday, May 31, 1989

Amendment "A".

Favorable Report of the Committee on FINANCE,
REVENUE AND BONDING.

REP. LANGLOIS: (51st)

Mr. Speaker?

SPEAKER BALDUCCI:

Representative Langlois of the 51st.

REP. LANGLOIS: (51st)

Yes, Mr. Speaker. I would move acceptance of the Joint Committees Favorable Report and passage of the bill.

SPEAKER BALDUCCI:

Questions on passage. Will you remark?

REP. LANGLOIS: (51st)

Yes, Mr. Speaker. Just to retrace the history, this bill was in front of this Chamber on May 11th. It passed after being amended by House Amendments "A", "B", "C" and "D" by 144 to 0, went up to the Senate, where the Senate tacked Amendment "A" on, and it passed the Senate on May 24th.

In one moment, I will bring out Senate "A", and I will be asking the Chamber to reject Senate "A", and that's for the purpose of offering a substitute amendment which corrects some language problems in Senate "A", so at this time I would ask the Clerk to

pat

88

House of Representatives

Wednesday, May 31, 1989

call LCO 6047, Senate "A".

SPEAKER BALDUCCI:

Clerk, please call LCO 6047, previously designated Senate "A".

CLERK:

LCO 6047, previously designated Senate "A", offered by Senator Smith.

SPEAKER BALDUCCI:

Questions on summarization. Is there objection? Representative Langlois.

REP. LANGLOIS: (51st)

Yes, Senate "A" makes changes in regards to independent taxing districts, and in regards to the creation, enlargement and termination of those districts. It also strengthens financial accountability by speaking about how our districts can terminate and how there are any outstanding indebtedness may be discharged.

What I'd like to do right now is explain Senate "A" in a little more detail and summarize in a little more detail, but I will be moving rejection.

Specifically it sets up for a creation and termination, it sets up a referendum procedure so that a petition of 200 voters or 10% of the total number of eligible voters may cause a referendum or selectman of

pat

89

House of Representatives

Wednesday, May 31, 1989

a town may cause a referendum. In the case of an enlargement of an independent taxing district, this would require the legislative body of the town to improve the enlargement only if the enlargement overlapped an existing independent taxing district.

In addition there are small technical changes which would require a filing of a map with the Clerk of the municipality which shows the boundaries of the District, and it would allow the Secretary of Office of Policy and Management to obtain financial information from independent taxing districts.

As I said earlier, I would move rejection of Senate "A", so that it may be replaced by a House amendment.

SPEAKER BALDUCCI:

The question is to reject Senate "A". Will you remark? Representative Krawiecki.

REP. KRAWIECKI: (78th)

Thank you, Mr. Speaker. Question, through you, to Representative Langlois, please.

SPEAKER BALDUCCI:

Please proceed, sir.

REP. KRAWIECKI: (78th)

Representative Langlois, in bringing out Senate "A", I understand that you're going to call a subsequent amendment, and while I understand that

pat

90

House of Representatives

Wednesday, May 31, 1989

that's, while it's not totally appropriate for me to be asking you about something you might do, could you perhaps inform the Chamber about what your amendment might do, should you decided to call it versus the one that's in front of us, so we can make an informed decision on whether or not we'd like to recheck Senate "A", please.

REP. LANGLOIS: (51st)

Yes, through you, Mr. Speaker, what I might do is point out the problem in Senate "A", which I would anticipate to be corrective. You would find that on line 23 where it defines voters.

It says voters means those persons age 18 or older who reside, as opposed to an amendment that I plan to offer which will said voter means electors who reside. Under the Senate version, it's virtually impossible to qualify people who may eligible to vote.

Under the proposed amendment, there would be voter lists available for the district and grand lists for people owning property valued at a thousand or more, so that's the nature of the change. The other changes are language changes recommended by LCO which have no substitutive changes to Senate "A".

REP. KRAWIECKI: (78th)

Thank you, Representative Langlois.

pat

91

House of Representatives

Wednesday, May 31, 1989

SPEAKER BALDUCCI:

Will you remark further on the rejection of Senate "A"? Will you remark? If not, we'll try your minds. All those in favor of rejecting Senate "A", please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER BALDUCCI:

Opposed nay. The ayes have it. The amendment's rejected. Will you remark further on the bill?

Representative Langlois.

REP. LANGLOIS: (51st)

Yes, Mr. Speaker. The Clerk has an amendment LCO 7685. Will the clerk please call and may I be allowed to summarize?

SPEAKER BALDUCCI:

Clerk, please call LCO 7685, designated House "E"?

CLERK:

LCO 7685, designated House "E", offered by Representative Langlois.

SPEAKER BALDUCCI:

Questions on summarization. Is there objection? Representative Langlois.

REP. LANGLOIS: (51st)

Yes, I understand there's a problem because this

pat

92

House of Representatives

Wednesday, May 31, 1989

was drawn to Senate "A", so I would like to yield at this time to the Majority Leader.

SPEAKER BALDUCCI:

Representative Frankel, do you accept the yield?

REP. FRANKEL: (121st)

Yes, I do, Mr. Speaker. Representative Langlois is absolutely correct. It would appear that this amendment, LCO 7685 assumes the passage of Senate "A". With the rejection of Senate "A", the amendment will not be properly capable of being folded into the file, so it needs to be withdrawn.

I move this item be passed temporarily, so we can get a corrected amendment.

SPEAKER BALDUCCI:

Questions on passing temporarily. Is there objection? Seeing none, the matter is passed temporarily.

Are there any announcements or points of personal privilege at this time? Representative McCavanagh of the 12th.

REP. MCCAVANAGH: (12th)

Mr. Speaker. Mr. Speaker, today I have some friends with me from Manchester who come to see our government in action. I have with me today Harvey, Elaine, Julie and Rich Kahanar. I wish everybody would

pat

283

House of Representatives

Wednesday, May 31, 1989

evening hours.

And with that announcement, Mr. Speaker, I will yield to floor to other individuals who may have announcements.

SPEAKER BALDUCCI:

Are there any other announcements or points at this time? If not, Representative Frankel.

REP. FRANKEL: (121st)

Mr. Speaker, I would move the House stand at recess, subject to the Call of the Chair, however with the intention of resuming business this evening at 7:30.

SPEAKER BALDUCCI:

The House stands in recess until 7:30.

On motion of Representative Frankel of the 121st, the House recessed at 5:55 o'clock p.m., to reconvene at the Call of the Chair.

The House reconvened at 7:45 o'clock p.m., Deputy Speaker Smoko in the Chair.

DEPUTY SPEAKER SMOKO:

The House will come to order. Clerk, please return to the Call of the Calendar.

CLERK:

Page 9, Calendar 478, Substitute HB7580. AN ACT
CONCERNING DUTIES AND RESPONSIBILITIES OF THE MUNICIPAL

pat

284

House of Representatives

Wednesday, May 31, 1989

FINANCE ADVISORY COMMISSION, THE AUTHORIZATION OF GRANTS FROM THE LOCAL CAPITAL IMPROVEMENT FUND, AND THE ESTABLISHMENT OF LAND ACQUISITION FUNDS BY MUNICIPALITIES. (As amended by House Amendment Schedules "A", "B", "C" and "D" and Senate Amendment Schedule "A").

Favorable Report of the Committee on FINANCE, REVENUE AND BONDING.

REP. LANGLOIS: (51st)

Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Representative Langlois of the 51st District.

REP. LANGLOIS: (51st)

Yes, Mr. Speaker. I move the acceptance of the Joint Committee's Favorable Report and passage of the bill.

DEPUTY SPEAKER SMOKO:

The question is on acceptance and passage of this bill as amended. Will you remark?

REP. LANGLOIS: (51st)

Yes, Mr. Speaker. Thank you. Previously, this bill was in front of the Chamber, and we had rejected Senate "A". After the rejection of Senate "A", I had asked the Clerk to call LCO7685, which was designated as House "E".

pat

285

House of Representatives

Wednesday, May 31, 1989

As you may know, that amendment was improperly drawn to the file as amended by Senate "A". We have now corrected that. So at this time, I would move to withdraw House "E".

DEPUTY SPEAKER SMOKO:

Is there objection to withdrawing LCO7685, designated House "E"? Seeing none, the amendment is withdrawn.

REP. LANGLOIS: (51st)

Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Representative Langlois.

REP. LANGLOIS: (51st)

Yes, thank you. The Clerk has an amendment, LCO8147. Would the Clerk please call, and may I be allowed to summarize?

DEPUTY SPEAKER SMOKO:

Clerk is in possession of LCO8147, which shall be designated House "F". Representative Langlois--
Would the Clerk please call the amendment?

CLERK:

LCO8147, designated House Amendment Schedule "F", offered by Representative Langlois, 51st District.

DEPUTY SPEAKER SMOKO:

Representative Langlois has asked leave of the

pat

286

House of Representatives

Wednesday, May 31, 1989

Chamber to summarize. Is there objection? Seeing none, please proceed, sir.

REP. LANGLOIS: (51st)

Thank you.

DEPUTY SPEAKER SMOKO:

Excuse me, Representative Langlois. Representative Knopp, for what purpose do you rise?

REP. KNOPP: (139th)

Yes, Mr. Speaker. Could the proponent just hold for a minute until the amendment is distributed here? We don't have copies here, and it is a rather important amendment for my town.

DEPUTY SPEAKER SMOKO:

I understand they are being distributed right now. Representative Langlois, I think we can proceed now. Representative Knopp is in possession of a copy.

REP. LANGLOIS: (51st)

Thank you. The subject matter of this amendment was a subject of study of the Advisory Commission on Intergovernmental Relations. I would like to thank Representative Meyer for her significant participation in this amendment.

This had previously been a bill which had passed the Planning and Development Committee and the General, the GAE Committee. It failed in Finance, because it

pat

287

House of Representatives

Wednesday, May 31, 1989

could not be taken up, due to the last minute tangle that we got into on the tax package. What I would like to do now is summarize the amendment.

And I would start with lines 23. As I spoke of earlier, this amendment modifies the definition of "voters" to mean electors who reside or people who own real property of an assessed value greater than \$1,000.

Going to lines 72 and on, this speaks to a referendum procedure for the creation of an independent taxing district. Lines 108 speak to the, to requiring the filing of a map indicating the boundaries of such districts. Line 125 and on refer to the procedure to be used to enlarge or reduce the size of a district. I would note that legislative body approval or authority over any district action is only in the case of, is only in the case of an overlap of districts.

In addition, there are a number of other changes which strengthen the financial accountability of independent taxing districts, and I would move adoption of the amendment.

DEPUTY SPEAKER SMOKO:

The question is on adoption of House "F". Will you remark? Will you remark? If not, all those in favor of the amendment, please signify by saying aye.

REPRESENTATIVES:

pat

288

House of Representatives

Wednesday, May 31, 1989

Aye.

DEPUTY SPEAKER SMOKO:

Those opposed? The ayes have it. House "F" is adopted and ruled technical.

House Amendment Schedule "F":

Delete lines 203 and 204 in their entirety and insert the following in lieu thereof:

"Sec. 6. (NEW) As used in sections 7-324 and 7-329, inclusive, of the general statutes, as amended by sections 9 to 12, inclusive, of this act, "voters" means electors who reside, or persons of the age of eighteen or older who own real property having an assessed value of one thousand dollars or more on the last-completed grand list, within the limits or proposed limits of a district, as defined in section 7-324 of the general statutes.

Sec. 7. Subsection (o) of section 1-1 of the general statutes is repealed and the following is substituted in lieu thereof:

(o) ["Voters"] EXCEPT AS OTHERWISE SPECIFICALLY DEFINED, "VOTERS" shall mean those persons qualified to vote under the provisions of section 7-6 AS AMENDED BY SECTION 8 OF THIS ACT.

Sec. 8. Section 7-6 of the general statutes is repealed and the following is substituted in lieu thereof:

At any town meeting other than a regular or special town election or at any meeting of any [fire, sewer or] school district or any other municipal subdivision of any town incorporated by any special act, EXCEPT AS PROVIDED IN SECTION 6 OF THIS ACT, any person who is an elector of such town may vote and any citizen of the age of eighteen years or more who, jointly or severally, is liable to the town, district or subdivision for taxes assessed against him on an assessment of not less than one thousand dollars on the last-completed grand list of such town, district or subdivision, or who would be so liable if not entitled to an exemption under subdivision (17), (19), (22), (23), (25) or (26) of section 12-81, may vote, unless restricted by the provisions of any special act relating to such town, district or subdivision.

Sec. 9. Section 7-325 of the general statutes is

repealed and the following is substituted in lieu thereof:

(a) Upon the petition of twenty or more voters [, as defined by section 7-6,] of any town, specifying the limits of a proposed district for any or all of the purposes set forth in section 7-326, the selectmen of such town shall call a meeting of the voters [residing within such specified limits] to act upon such petition, which meeting shall be held at such place within such town and such hour as the selectmen designate, within thirty days after such petition has been received by such selectmen. Such limits shall contain only contiguous property, except any proposed district which is proposed to be established only to plan, lay out, acquire, construct, reconstruct, repair, maintain, operate and regulate the use of a community water system or to construct and maintain drains and sewers or both and which does not exercise any of the other powers enumerated in section 7-326, may contain noncontiguous properties if the properties proposed to be included are, or are to be, served by a common water or sewer main. Such meeting shall be called by publication of a written notice of the same, signed by the selectmen, at least fourteen days before the time fixed for such meeting in two successive issues of some newspaper published or circulated in such town. NOT LATER THAN TWENTY-FOUR HOURS BEFORE SUCH MEETING, (1) TWO HUNDRED OR MORE VOTERS OR MORE THAN TEN PER CENT OF THE TOTAL NUMBER OF VOTERS, WHICHEVER IS LESS, MAY PETITION THE SELECTMEN IN WRITING FOR A REFERENDUM, OR (2) THE SELECTMEN IN THEIR DISCRETION MAY ORDER A REFERENDUM, ON THE SOLE QUESTION OF WHETHER THE PROPOSED DISTRICT SHOULD BE ESTABLISHED. ANY SUCH REFERENDUM SHALL BE HELD NOT LESS THAN SEVEN NOR MORE THAN FOURTEEN DAYS AFTER RECEIPT OF SUCH PETITION OR THE DATE OF SUCH ORDER, ON A DAY TO BE SET BY THE SELECTMEN FOR A VOTE BY PAPER BALLOTS OR BE A "YES" OR "NO" VOTE ON THE VOTING MACHINES, DURING THE HOURS BETWEEN TWELVE O'CLOCK NOON AND EIGHT O'CLOCK P.M.; EXCEPT THAT ANY TOWN MAY, BY VOTE OF ITS SELECTMEN, PROVIDE FOR AN EARLIER HOUR FOR OPENING THE POLLS BUT NOT EARLIER THAN SIX O'CLOCK A.M., NOTWITHSTANDING THE PROVISIONS OF ANY SPECIAL ACT TO THE CONTRARY. IF TWO-THIRDS OF THE VOTERS CASTING VOTES IN SUCH REFERENDUM VOTE IN FAVOR OF ESTABLISHING THE PROPOSED DISTRICT, THE SELECTMEN SHALL RECONVENE SUCH MEETING NOT LATER THAN SEVEN DAYS AFTER THE DAY OF WHICH THE REFERENDUM IS HELD. Upon approval of [such] THE petition FOR THE PROPOSED DISTRICT by two-thirds of the voters present at such meeting, OR IF A REFERENDUM IS

HELD, UPON THE RECONVENING OF SUCH MEETING AFTER THE REFERENDUM, the voters may name the district and, upon the vote of a majority of such voters, choose necessary officers therefor to hold office until the first annual meeting thereof; and the district shall, upon the filing off the first report required pursuant to subsection (c) of this section, thereupon be a body corporate and politic and have the powers, not inconsistent with the general statutes, in relation to the objects for which it was established, that are necessary for the accomplishment of such objects, including the power to lay and collect taxes. The clerk of such district shall cause its name and a description of its territorial limits and of any additions that may be made thereto to be recorded in the land records of the town in which such district is located and shall report to the secretary of the office of policy and management within thirty days after the election of the officers of such district. Such report shall include the name of the district, A MAP SHOWING THE BOUNDARIES OF SUCH DISTRICT, a list of officers of such district and such information on the organization of such district as the office of the secretary of the office of policy and management may request.

(b) Any district may enlarge or reduce its territorial limits if the board of directors of the district approves a resolution proposing such an enlargement or reduction and stating the proposed boundaries of the area proposed to be included or excluded, as the case may be, provided: (1) The board of directors of the district shall call a meeting of voters of the area proposed to be included or excluded, which meeting shall be held within thirty days of the board of directors' approval of such resolution and shall be called for publication of a written notice of the same, signed by the members of the board of directors of the district, at least fourteen days before the time fixed for such meeting in two successive issues of some newspaper published or circulated in such town, PROVIDED NOT LATER THAN TWENTY-FOUR HOURS BEFORE ANY SUCH MEETING, TWO HUNDRED OR MORE SUCH VOTERS OR TEN PER CENT OF TOTAL NUMBER OF SUCH VOTERS, WHICHEVER IS LESS, MAY PETITION THE CLERK OF THE DISTRICT, IN WRITING, THAT A REFERENDUM OF THE QUESTION OF WHETHER THE AREA PROPOSED TO BE INCLUDED OR EXCLUDED SHOULD JOIN OR LEAVE THE DISTRICT BE HELD IN THE MANNER PROVIDED IN SECTION 7-237, AS AMENDED BY SECTION 10 OF THIS ACT; (2) a two-thirds majority of the voters of such area proposed to be included or excluded in attendance at such meeting, OR, IF A

pat

291

House of Representatives

Wednesday, May 31, 1989

REFERENDUM IS HELD, TWO-THIRDS OF SUCH VOTERS CASTING VOTES IN SUCH REFERENDUM, vote in favor of joining or leaving such district; [and] (3) that any area to be added is contiguous with some portion of the existing district, AND (4) IF THE ENLARGEMENT OF THE TERRITORIAL LIMITS OF THE DISTRICT WILL OVERLAP THE TERRITORIAL LIMITS OF ANOTHER DISTRICT WITHIN THE TOWN, THE LEGISLATIVE BODY OF THE TOWN APPROVES SUCH ENLARGEMENT. if any district enlarges or reduces its territorial limits, the clerk of such district shall notify the secretary of the office of policy and management within thirty days after the vote.

(c) The clerk of each district created pursuant to this chapter or any provisions of the general statutes or any special act, shall report to the secretary of the office of policy and management: (1) If created by approval of a petition pursuant to subsection (a) of this section on or after July 1, 1987, within seven days of such approval; and (2) on or before July 31, 1988, and annually thereafter for each such district, irrespective of the date of creation. Such report shall include a list of the officers of such district, a copy of the charter or special act of such district, if any, as amended, and such other information on the organization AND THE FINANCIAL STATUS of such district as the secretary of the office of policy and management may require. A copy of the report filed with the secretary of the office of policy and management pursuant to this section shall be filed with the clerk of the town in which such district is located at the time of the filing with the secretary. No district, irrespective of the date of creation, created by approval of a petition pursuant to subsection (a) of this section shall exist as a body corporate and politic until the clerk of such district has filed at least one report required under this subsection.

(d) The clerk of any district required to file any report pursuant to subsection (c) of this section who fails to file any such report shall be fined five hundred dollars for each report not filed on a timely basis.

Sec. 10. Subsection (a) of section 7-327 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) At the meeting called for the purpose of establishing a district, as provided in section 7-325, AS AMENDED BY SECTION 9 OF THIS ACT, the voters shall, by ordinance, fix the date of the annual meeting of the voters for the election of district officers and transaction of such other business as may properly come

before such annual meeting. At the organization meeting of the district, the voters shall elect from their number a president, vice president, five directors, a clerk and a treasurer to serve until the first annual meeting for the election of officers and thereafter such officers shall be elected annually. NOT FEWER THAN FIFTEEN VOTERS OF THE DISTRICT SHALL CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS AT THE ORGANIZATION MEETING OF THE DISTRICT; AND IF FIFTEEN VOTERS ARE NOT PRESENT AT SUCH MEETING, THE SELECTMEN MAY ADJOURN SUCH MEETING FROM TIME TO TIME, UNTIL AT LEAST FIFTEEN VOTERS ARE PRESENT. Special meetings of the district may be called on the application of ten per cent of the total number of persons qualified to vote in the meeting of a district or twenty of the voters of such district, whichever is less, or by the president or any three directors upon giving notice as hereinafter provided. Any special meeting called on the application of the voters shall be held within twenty-one days after receiving such application. Notice of the holding of the annual meeting and all special meetings shall be given by publication of a notice of such meetings in a newspaper having a general circulation in such district at least ten days before the day of such meetings, signed by the president or any three directors, which notice shall designate the time and place of such meetings and the business to be transacted thereat. Two hundred or more persons or ten per cent of the total number of persons qualified to vote in the meeting of the district, whichever is less, may petition the clerk of such district, in writing, at least twenty-four hours prior to such meeting, requesting that any item or items on the call of such meeting be submitted to the persons qualified to vote in such meeting and not less than seven nor more than fourteen days thereafter, on a day to be set by the district meeting or, if the district meeting does not set a date, by the board of directors, for a vote by paper ballots or by a "yes" or "no" vote on the voting machines, during the hours between twelve o'clock noon and eight o'clock p.m., except that any district may, by vote of its board of directors, provide for an earlier hour for opening the polls but not earlier than six o'clock a.m. The paper ballots or voting machine ballot labels, as the case may be, shall be provided by the clerk. When such a petition has been filed with the clerk, the president, after completion of other business and after reasonable discussion shall adjourn such meeting and order such vote on such item or items in accordance with the

pat

293

House of Representatives

Wednesday, May 31, 1989

petition; and any item so voted may be rescinded in the same manner. The clerk shall phrase such item or items in a form suitable for printing on such paper ballots or ballot labels. Not fewer than fifteen voters of the district shall constitute a quorum for the transaction of business at any meeting of the district; and if fifteen voters are not present at such meeting, the president of the district or, in his absence, the vice president may adjourn such meeting from time to time, until at least fifteen voters are present; and all meetings of the district where a quorum is present may be adjourned from time to time by a vote of a majority of the voters voting on the question. At any annual or special meeting, the voters may, by a majority vote of those present, discontinue purposes for which the district is established or undertake any additional purpose or purposes enumerated in section 7-236.

Sec. 11. Section 7-328 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) The territorial limits of the district shall constitute a separate taxing district, and the assessor or assessors of the town shall separate the property within the district from the other property within the district from the other property in the town and shall annually furnish the clerk of the district with a copy of the list after it has been completed by the board of tax review of the town. When the district meeting has fixed the tax rate, the clerk shall prepare a rate bill, apportioning to each owner of property his proportionate share of the taxes, which rate bill, when prepared, shall be delivered to the treasurer; and the district and the treasurer thereof shall have the same powers as towns and collectors of taxes to collect and enforce payment of such taxes, and such taxes when laid shall be a lien upon the property in the same manner as town taxes, and such liens may be continued by certificates recorded in the land record office of the town, and foreclosed in the same manner as liens for town taxes. If the district constructs any drain, sewer, sidewalk, curb or gutter, such proportion of the cost thereof as such district determines may be assessed by the board of directors, in the manner prescribed by such district, upon the property specially benefited by such drain, sewer, sidewalk, curb or gutter, and the balance of such costs shall be paid from the general funds of the district. In the construction of any flood or erosion control system, the cost to such district may be assessed and shall be payable in accordance with sections 25-87 to 25-93,

inclusive. Subject to the provisions of the general statutes, the district may issue bonds and the board of directors may pledge the credit of the district for any money borrowed for the construction of any public works or the acquisition of recreational facilities authorized by sections 7-324 to 7-329, inclusive, AS AMENDED BY SECTIONS 9 TO 12, INCLUSIVE, OF THIS ACT, and such board shall keep a record of all notes, bonds and certificates of indebtedness issued, disposed of or pledged by the district. All moneys received by the directors on behalf of the district shall be paid to the treasurer. No contract or obligation which involves an expenditure in the amount of [two] (1) FIVE thousand dollars or more IN DISTRICTS WHERE THE GRAND LIST IS LESS THAN OR EQUAL TO TWENTY MILLION DOLLARS, OR (2) TEN THOUSAND DOLLARS OR MORE IN DISTRICTS WHERE THE GRAND LIST IS GREATER THAN TWENTY MILLION DOLLARS, in any one year shall be made by the board of directors, unless the same is specially authorized by a vote of the district, nor shall the directors borrow money without like authority. THE CLERK OF THE DISTRICT SHALL GIVE WRITTEN NOTICE TO THE TREASURER OF THE TOWN IN WHICH THE DISTRICT IS LOCATED OF ANY FINAL DECISION OF THE BOARD OF DIRECTORS TO BORROW MONEY, NOT LATER THAN THIRTY DAYS AFTER THE DATE OF SUCH DECISION. The district may adopt ordinances, with penalties to secure their enforcement, for the purpose of regulating the carrying out of the provisions of sections 7-324 to 7-329, inclusive, AS AMENDED BY SAID SECTIONS 9 TO 12, INCLUSIVE, and defining the duties and compensation of its officers and the manner in which their duties shall be carried out.

(b) UPON THE REQUEST OF THE CLERK OF ANY DISTRICT, THE REGISTRAR OF VOTERS AND THE ASSESSOR OF THE TOWN IN WHICH THE DISTRICT IS LOCATED SHALL PROVIDE A LIST OF VOTERS OF THE DISTRICT.

Sec. 12. Section 7-329 of the general statutes is repealed and the following is substituted in lieu thereof:

Whenever the officers of such district vote to terminate its corporate existence and whenever a petition signed by ten per cent of the total number of persons qualified to vote in the meeting of such district or twenty of the voters of such district, whichever is less, applying for a special meeting to vote on the termination of the district is received by the clerk, the clerk shall call a special meeting of the voters residing within such district, the notice of which shall be signed by the officers thereof, by advertising the same in the same manner as is provided

in section 7-325, AS AMENDED BY SECTION 9 OF THIS ACT. NOT LATER THAN TWENTY-FOUR HOURS BEFORE ANY SUCH MEETING, TWO HUNDRED OR MORE VOTERS OR TEN PER CENT OF THE TOTAL NUMBER OF VOTERS, WHICHEVER IS LESS, MAY PETITION THE CLERK OF THE DISTRICT, IN WRITING, THAT A REFERENDUM ON THE QUESTION OF WHETHER THE DISTRICT SHOULD BE TERMINATED BE HELD IN THE MANNER PROVIDED IN SECTION 7-327, AS AMENDED BY SECTION 10 OF THIS ACT. If, at such meeting, a two-thirds majority of the voters present vote to terminate the corporate existence of the district, OR, IF A REFERENDUM IS HELD, TWO-THIRDS OF THE VOTERS CASTING VOTES IN SUCH REFERENDUM VOTE TO TERMINATE THE CORPORATE EXISTENCE OF THE DISTRICT, the officers shall proceed to terminate the affairs of such district. [,] THE DISTRICT SHALL pay all outstanding indebtedness and turn over the balance of the assets of such district to the town in which the district is located, if the legislative body of the town authorizes such action. NO DISTRICT SHALL BE TERMINATED UNDER THIS SECTION UNTIL ALL OF ITS OUTSTANDING INDEBTEDNESS IS PAID UNLESS THE LEGISLATIVE BODY OF THE TOWN IN WHICH THE DISTRICT IS LOCATED AGREES IN WRITING TO ASSUME SUCH INDEBTEDNESS. On completion of the duties of the officers of such district, the clerk shall cause a certificate of the vote of such meeting to be recorded in the land records of the town in which the district is located and the clerk shall notify the secretary of the office of policy and management.

Sec. 13. Section 7-382 of the general statutes is repealed and the following is substituted in lieu thereof:

[Each] NOTWITHSTANDING THE PROVISIONS OF ANY SPECIAL ACT TO THE CONTRARY, EACH municipality shall adopt the uniform fiscal year, in accordance with the provisions of this chapter. The legislative body of each municipality shall, by vote, determine the date upon which such municipality is to begin compliance with the uniform fiscal year, provided such date shall not be later than July 1, 1990, and each such municipality which has not begun compliance with the uniform fiscal year on or prior to July 1, 1983, shall be required to comply with the provisions of section 7-389. Each such municipality shall, so far as it is required of it by law, prepare a budget setting forth its anticipated cash, miscellaneous and tax receipts, and its anticipated expenditure and debt requirements for (1) a fiscal period commencing at the expiration of the thirtieth of June next ensuing if such vote is subsequent to the laying of the tax for such fiscal

pat

296

House of Representatives

Wednesday, May 31, 1989

year or (2) a fiscal period commencing at the beginning of the fiscal year during which such vote was taken and ending on the thirtieth day of June next ensuing if such vote is prior to the laying of the tax for such fiscal year. Each such municipality may levy a special tax upon its last-completed grand list, which, together with receipts from other sources, including receipts from borrowing, if any, authorized under this chapter, will be sufficient to meet such appropriations, which tax shall be made due and payable on a specified date within such period. The fiscal year of each department and each fund of each municipality shall be the same as that of the municipality.

Sec. 14. Section 7-391 of the general statutes is repealed and the following is substituted in lieu thereof:

When used in this chapter, unless the context otherwise requires, the following terms shall have the meanings herein specified: "Secretary" means the secretary of the office of policy and management; "municipality" includes each town, consolidated town and city, consolidated town and borough, city and borough; "audited agency" includes each [fire district, fire and sewer district, sewer district] DISTRICT, AS DEFINED IN SECTION 7-324, or other municipal utility, The Metropolitan District of Hartford county, each regional planning agency, and other political subdivision of similar character which is created and any other agency created or designated by a municipality to act for such municipality whose average annual receipts from all sources, during the three years preceding, exceed seventy-five thousand dollars; "reporting agency" includes each [fire district, fire and sewer district, sewer district] DISTRICT, AS DEFINED IN SECTION 7-324, or other municipal utility, each regional planning agency, any other political subdivision of similar character which is created and any other agency created or designated by a municipality to act for such municipality whose annual receipts from all sources, during the three years preceding, do not exceed seventy-five thousand dollars; "appointing authority" means the legislative body of a municipality or a board, committee or other governing body of such audited agency, except in any town where the authority to adopt a budget tests with a town meeting or a representative town meeting "appointing authority" means the board of finance or other board, committee or body charged with preparing the budget, or in a town which has no board of finance or other such board, committee or body, means the board of selectmen

pat

297

House of Representatives

Wednesday, May 31, 1989

or the town council; "independent public accountant" means any practicing public accountant or firm of public accountants which has practiced or engaged in public accounting as a regular vocation for a period of at least three years, such public accountant to be independent in fact and not have any connection as an employee or official of the municipality engaging the services of such individual or firm; "municipal utility" means every Connecticut municipality or department or agency thereof, or Connecticut district, manufacturing, selling or distributing gas or electricity to be used for light, heat or power or water.

Sec. 15. Subsection (e) of section 7-392 of the general statutes is repealed and the following is substituted in lieu thereof:

(e) The treasurer or other officer having authority over the financial affairs of any reporting agency shall, annually, file a statement concerning the accounts and finances of such agency with the town clerk of the town in which such agency is located. SUCH STATEMENT SHALL BE FILED NOT LATER THAN NINETY DAYS AFTER THE END OF THE FISCAL YEAR OR PERIOD WHICH IS THE SUBJECT OF THE STATEMENT. Each treasurer or other officer who fails to file a statement required pursuant to this subsection shall be fined five hundred dollars for each statement not failed.

Sec. 16. Section 7-393 of the general statutes is repealed and the following is substituted in lieu thereof:

Upon the completion of an audit, the independent accountant shall file certified copies of the audit report with (1) the appointing authority, [except where the appointing authority is the town meeting such audit report shall also be filed,] (2) in the case of a town, city or borough, with the clerk of such town, city or borough, [and,] (3) in the case of a school [, sewer or fire] district, with the clerk of the town, city or borough in which such school [,sewer or fire] district is located [,] and [,in the case of an audit of a school district,] with the board of education, (4) IN THE CASE OF AN AUDITED AGENCY, WITH THE CLERK OF THE TOWN, CITY OR BOROUGH IN WHICH SUCH AUDITED AGENCY IS LOCATED, and [, at the same time,] (5) in each case, with the secretary of the office of policy and management. Such copies shall be filed within six months from the end of the fiscal year of the municipality, school district or audited agency, but the secretary may grant an extension, upon die cause having been shown, provided the accountant making the

pat

298

House of Representatives

Wednesday, May 31, 1989

audit shall submit a request in writing to the secretary stating the reasons for such extension at least thirty days prior to the end of such six-month period. Said accountant shall preserve all of his working papers employed in the preparation of any such audit until the expiration of two years from the date of filing a certified copy of the audit with the secretary and such working papers shall be available, upon written request and upon reasonable notice from the secretary, during such time for inspection by the secretary or his authorized representative, at the office or place of business of the public accountant, during usual business hours. Any public accountant who fails to comply with any of the provisions of this section shall forfeit to the state one-half of the compensation received for performing such audit and shall be barred from the auditing of municipal or audited agency accounts for two years from the date of such failure. ANY AUDITED AGENCY THAT FAILS TO HAVE AUDIT REPORTS FILED ON ITS BEHALF AS REQUIRED BY THIS SECTION SHALL BE FINED FIVE HUNDRED DOLLARS FOR EACH REPORT NOT FILED.

Sec. 17. Subsection (a) of section 9-167a of the general statutes is repealed and the following is substituted in lieu thereof:

(a) (1) Except as provided in subdivision (2) of this subsection, the maximum amount of members of any board, commission, legislative body, committee or similar body of the state or any political subdivision thereof, whether elective or appointive, who may be members of the same political party, shall be specified in the following table:

COLUMN I Total Membership	COLUMN II Maximum from one party
3	2
4	3
5	4
6	4
7	5
8	5
9	6
More than 9	Two-thirds of total membership

(2) The provisions of this section shall not apply (A) to any such board, commission, committee or body whose members are elected wholly or partially on the basis of a geographical division of the state or

pat

299

House of Representatives

Wednesday, May 31, 1989

political subdivision, (B) to a legislative body of a municipality (i) having a town meeting as its legislative body or (ii) for which the charter or a special act, on January 1, 1987, provided otherwise or (C) to the city council of an unconsolidated city within a town and the town council of such town if the town has a town council and a representative town meeting, the town charter provides for some form of minority representation in the election of members of the representative town meeting, and the city has a city council and a body having attributes of a town meeting OR (D) TO THE BOARD OF DIRECTORS AND OTHER OFFICERS OF ANY DISTRICT, AS DEFINED IN SECTION 7-324, HAVING ANNUAL RECEIPTS FROM ALL SOURCES NOT IN EXCESS OF TWO HUNDRED FIFTY THOUSAND DOLLARS.

Sec. 18. This act shall take effect from its passage, except sections 6 to 17, inclusive, of this act shall take effect July 1, 1989."

DEPUTY SPEAKER SMOKO:

Will you remark further on this bill as amended?
Representative Alex Knopp of the 139th District.

REP. KNOPP: (139th)

Thank you, Mr. Speaker. Through you, a few questions to the proponent, and I did not have the amendment, and I apologize. I could not ask these questions prior to this point.

DEPUTY SPEAKER SMOKO:

Please frame your first question, sir.

REP. KNOPP: (139th)

Thank you, sir. Mr. Speaker, through you, on page 13, starting with line 446 and going on through 486, the bill as now amended modifies the minority

pat

300

House of Representatives

Wednesday, May 31, 1989

representation act. In reference to line 485, is it correct that the minority representation act would not apply, excuse me, that the minority representation act would apply to those districts having annual receipts in excess of \$250,000? Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

Yes. Through you, Mr. Speaker, that is correct.

REP. KNOPP: (139th)

Mr. Speaker, through you, again with reference to line 485, in terms of the, the term annual receipts, which I don't believe is defined in the act, if for example a taxing district provided electrical services to electors in the district, would the payments of the electrical bills by the electors constitute annual receipts of that district? Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Would you care to respond?

REP. LANGLOIS: (51st)

Through you, Mr. Speaker, yes, yes it would, and I would indicate that the intention of this is to exempt the very smallest districts from the minority representation requirement.

DEPUTY SPEAKER SMOKO:

pat

301

House of Representatives

Wednesday, May 31, 1989

You still have the floor.

REP. KNOPP: (139th)

Thank you, Mr. Speaker. Through you, would the term annual receipts also, in 485, include the payment of the actual water bill for those districts that provide water to electors of a water or sewer district? Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Do you care to respond?

REP. LANGLOIS: (51st)

Through you, Mr. Speaker, yes. As the language indicates, it means annual receipts from all sources. So that would be correct.

DEPUTY SPEAKER SMOKO:

Representative Knopp.

REP. KNOPP: (139th)

Thank you. Mr. Speaker, there are several taxing districts in Norwalk, which I think probably has larger and more involved taxing districts that perhaps any other municipality in the state. Currently, Mr. Speaker, I would like to ask the proponent-- Currently, one of the taxing districts permits the electors of the district to call a special meeting.

DEPUTY SPEAKER SMOKO:

Would you care to respond, Representative Langlois?

pat

302

House of Representatives

Wednesday, May 31, 1989

REP. KNOPP: (139th)

Just to finish the question, that--

DEPUTY SPEAKER SMOKO:

Excuse me.

REP. KNOPP: (139th)

The charter of the 3rd Taxing District in Norwalk permits its electors to call a special meeting of the district if 10% of the electors sign a petition.

Through you, Mr. Speaker, does this bill as amended change that procedure?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

Yes, Mr. Speaker. Through you, if I may refer to lines 187 and 188, I believe that the provisions for a call of a special meeting at the town, at the application of 10% of the total number of persons qualified to vote is consistent with the charter provisions.

DEPUTY SPEAKER SMOKO:

Representative Knopp.

REP. KNOPP: (139th)

So, through you, Mr. Speaker, would it be correct to say that a special meeting of the district could now be called on the application of 10% or 20 of the

pat

303

House of Representatives

Wednesday, May 31, 1989

voters, whichever is less. Is that correct, Mr. Speaker? So, 20 voters, 20 electors in the district, if they wish to call a special meeting, even though the charter of the district says that 10% or 200 voters has to sign a petition for a special meeting, now this bill as amended would take precedence over the charter of that district?

Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

Through you, Mr. Speaker, I would need to know whether or not the district was established by Special Act and whether or not the Special Act had those requirements from which the charter emanates from.

DEPUTY SPEAKER SMOKO:

Representative Knopp.

REP. KNOPP: (139th)

Well, through you, Mr. Speaker, could I ask the proponent what would be the different result in either case? If it were a Special Act of the Legislature or if it were a charter adopted without a Special Act?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

pat

304

House of Representatives

Wednesday, May 31, 1989

REP. In the case of a Special Act, if it was specific, the Special Act would take precedence, precedent. And in the case of the latter case, I am not sure.

DEPUTY SPEAKER SMOKO:

Representative Knopp.

REP. KNOPP: (139th)

So, if the district has a separate charter adopted through the establishment of the district and not by Special Act, the effect of the bill as amended on the power of the district is set requirements, minimum requirements for the calling of a special meeting, is not clear in the bill itself, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

Through you, Mr. Speaker, I am not clear what a charter provision would do in that specific instance.

DEPUTY SPEAKER SMOKO:

You still have the floor, Representative Knopp.

REP. KNOPP: (139th)

Thank you, Mr. Speaker.

REP. LANGLOIS: (51st)

I guess then--

REP. KNOPP: (139th)

I would yield to Representative Langlois.

pat

305

House of Representatives

Wednesday, May 31, 1989

REP. KNOPP: (139th)

DE: Through you, Mr. Speaker, if I could expand on my response? The bill as amended does--

DEPUTY SPEAKER SMOKO:

Excuse me for one moment, sir. (Gavel) The House will please come to order. Representative Langlois for a response to Representative Knopp.

REP. LANGLOIS: (51st)

Yes. The file as amended does not specifically change existing law, in terms of his questioning. So, in terms of existing law, it would not, the adoption of this, the adoption of this bill would have no effect, would not make a change to the existing situation.

DEPUTY SPEAKER SMOKO:

MR: Representative Knopp.

REP. KNOPP: (139th)

DE: Thank you. And Mr. Speaker, I am sorry for the prolonged nature of this question, but these are important to the districts in Norwalk. Is it then the case that the district may continue to establish its own special requirements for such topics as when to call a special meeting, whether to adopt a Code of Ethics, and so on, pursuant to its inherent charter, adopted when the district was established, without being changed by the bill as amended?

pat

306

House of Representatives

Wednesday, May 31, 1989

Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

As I believe the Norwalk District is a creation of a Special Act, I would think that the Special Act would control in that case.

DEPUTY SPEAKER SMOKO:

Representative Knopp.

REP. KNOPP: (139th)

Thank you, Mr. Speaker. If I may comment further, and I thank Representative Langlois for his answers. I appreciate that efforts have been made to accommodate the special situation of Norwalk's taxing districts which were the original elements of the City of Norwalk before it was incorporated, before all the taxing districts were incorporated to form the city. And as I understand it, the major effort by the Advisory Commission on Intergovernmental Relations which sponsored the study which led to this bill, was to control the growing number of small taxing districts, primarily those involving condominium associations, recreational associations and others.

However, I am concerned that there are ambiguities on the impact of this act on the larger taxing

pat

307

House of Representatives

Wednesday, May 31, 1989

districts, such as those that exist in Norwalk. And until some of the ambiguities are straightened out, I regret I will not be able to support the bill as amended.

Thank you, Mr. Speaker.

DEPUTY SPEAKER SMOKO:

Thank you, sir. Will you remark further on this bill as amended? Will you remark? Representative Mae Schmidle of the 106th District.

REP. SCHMIDLE: (106th)

Thank you, Mr. Speaker. I apologize for not making more noise, so that I could have been recognized before this amendment was passed, but I do have a question on the amendment, through you, Mr. Speaker.

DEPUTY SPEAKER SMOKO:

Please frame your question, Madam.

REP. SCHMIDLE: (106th)

Thank you. To Representative Langlois, as I look at this amendment, lines 21 probably through 25, you have definitions for voters, and the voter is an elector who resides in a certain district or persons of the age of 18 or older who own real property having an assessed value of \$1,000 or more. Does this mean, through you, Mr. Speaker, that a person who owns property and is not a United States citizen is eligible

pat

308

House of Representatives

Wednesday, May 31, 1989

to vote in this instance?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

Through you, Mr. Speaker, the answer is yes.

DEPUTY SPEAKER SMOKO:

Representative Schmidle, you still have the floor, Madam.

REP. SCHMIDLE: (106th)

Thank you. Through you, Mr. Speaker, in all other instances, when we have a referendum or things such as that at Town Meetings and what have you, people have to be United States citizens before they are eligible to vote, even if they are property owners, and they may vote if they are citizens, even though they are not electors. And I just wondered why this is not the case in this instance. Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Would you care to respond?

REP. LANGLOIS: (51st)

Yes. Through you, this was an accommodation to a member on your side of the aisle, and it has to do with, with allowing people who are not U.S. citizens to vote, and we did this because of the very limited purposes in which districts are established. So, we

pat

309

House of Representatives

Wednesday, May 31, 1989

felt that it was appropriate in those cases to allow full democratic participation.

DEPUTY SPEAKER SMOKO:

You still have the floor.

REP. SCHMIDLE: (106th)

Through you, Mr. Speaker, are there any other instances that you of in the General Statutes where people who are not citizens are allowed to vote?

Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Do you care to respond?

REP. LANGLOIS: (51st)

Through you, Mr. Speaker, there are none that I know of, but I have not combed the statutes looking for those either.

DEPUTY SPEAKER SMOKO:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Mr. Speaker, I think that is a very, very major change in the election laws and in the laws that allow people to vote in whatever the area might be. In all other areas, only United States citizens are allowed to vote, and I take strong exception to this particular omission of that part of the statutes. And I am going to be voting against this bill.

pat

310

House of Representatives

Wednesday, May 31, 1989

Thank you, Mr. Speaker.

DEPUTY SPEAKER SMOKO:

Thank you, Madam. Will you remark further on this bill as amended? Will you remark? Representative Sally Bolster of the 137th.

REP. BOLSTER: (137th)

Thank you, Mr. Speaker. I rise with a lot of confusion, which is probably par for the course.

DEPUTY SPEAKER SMOKO:

That happens, Madam.

REP. BOLSTER: (137th)

That does happen, and I will tell you: if you come from Norwalk, it is even worse, because we have got 30 minute speeches and 5 minute speeches regarding our government, and you can have either one. But, it is so confusing that most people don't even want to listen to our taxing districts.

So, through you, Mr. Speaker, I have got a couple of questions that I would like to ask of the proponent of this amendment, or the bill.

DEPUTY SPEAKER SMOKO:

Please frame your question.

REP. BOLSTER: (137th)

Thank you. It is my understanding that this amendment, which is in essence now the bill, does not

pat

311

House of Representatives

Wednesday, May 31, 1989

have any real effect on existing districts, unless they want to disband. Is that correct?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

No, sir. That is not correct. This will have some effect on existing districts, in terms of their creation, enlargement and termination requirements. It also strengthens financial accountability, and there are also other reporting requirements contained within the bill. So, this would effect districts, except where districts created by Special Act had specific authority otherwise indicated.

DEPUTY SPEAKER SMOKO:

You still have the floor, Representative Bolster.

REP. BOLSTER: (137th)

Thank you, Mr. Speaker. I think we were all created by Special Act in Norwalk, but it is long before any of us were around. Because, since our districts are all created in 1911 and 1917, and they are rather large, and they aren't going to get any bigger, because they would have to steal from somebody else.

But I do have some concerns also about voting. Now, does this mean that non-citizens electors, or, you

pat

312

House of Representatives

Wednesday, May 31, 1989

know, non-citizens who are obviously non-electors, would be able to vote in district meetings? Through you, Mr. Speaker?

DEPUTY SPEAKER SMOKO:

Would you care to respond, sir?

REP. LANGLOIS: (51st)

Yes. Through you, Mr. Speaker, it would require an examination of the Special Act which established the district to answer that question.

DEPUTY SPEAKER SMOKO:

You still have the floor, Madam.

REP. BOLSTER: (137th)

Thank you, Mr. Speaker. That puts me in a dilemma because I don't have an answer to my question, so how am I going to know how to vote? I mean, Norwalk I know is different from any of the other cities within our state. But I live in a district, and it is a community of 3,500 people, and you know, it does make a difference as to how we are going to be treated.

And I don't know whether the proponent can help us and enlighten us as to any more of our concerns regarding the 1st, 2nd, 3rd and 6th Taxing Districts of the City of Norwalk. Through you, Mr. Speaker.

DEPUTY SPEAKER SMOKO:

Would you care to respond?

pat

313

House of Representatives

Wednesday, May 31, 1989

REP. LANGLOIS: (51st)

Through you, perhaps I can. If you Special Acts are specific in terms of qualifying certain voters, then the Special Act would take precedence over this bill. If they are silent on the subject however, then it would be my opinion that this act would establish the rules for voting in the case of, in the case of termination, enlargement or in the case of district meetings. Through you, Mr. Speaker.

DEPUTY SPEAKER SMOKO:

You still have the floor.

REP. BOLSTER: (137th)

Thank you, Mr. Speaker. I guess the only thing we have to worry about is if we want to disband. Thank you.

DEPUTY SPEAKER SMOKO:

Thank you, Madam. Will you remark further on this bill as amended? Will you remark further?

Representative Ireland.

REP. IRELAND: (111th)

Thank you, Mr. Speaker. Through you, a question to the proponent of the bill?

DEPUTY SPEAKER SMOKO:

Please proceed, Madam.

REP. IRELAND: (111th)

pat

314

House of Representatives

Wednesday, May 31, 1989

Thank you, Mr. Speaker. Representative Langlois, I did not hear your answer clearly to the question if this would supercede a charter.

DEPUTY SPEAKER SMOKO:

Would you care to respond?

REP. LANGLOIS: (51st)

Through you, Mr. Speaker, that depends on whether the charter was established through an enabling Special Act. If it was established through a Special Act, the Special Act would take precedence over this bill, where it was specific and where it is specifically pre-empted, this bill.

DEPUTY SPEAKER SMOKO:

You still have the floor, Madam.

REP. IRELAND: (111th)

Thank you, Mr. Speaker.

DEPUTY SPEAKER SMOKO:

Thank you, Madam. Will you remark further on this bill? Will you remark? If not, will all staff and guests-- Staff and guests, please come to the Well of the House. Staff and guests, to the Well. The machine will be opened.

CLERK:

The House of Representative is voting by roll call.
Members, please report to the Chamber. The House is

pat

315

House of Representatives

Wednesday, May 31, 1989

voting by roll call. Members, to the Chamber please.

DEPUTY SPEAKER SMOKO:

Have all members voted? Please check the roll call machine to be sure your vote is accurately recorded. If all the members have voted-- Representative Frankel.

If all the members have voted, if all the members have finally voted, the machine will be locked. Clerk will take a tally. Clerk will announce the tally.

CLERK:

HB7580, as amended by House Amendment	
Schedules "A", "B", "C", "D", and "F":	
Total Number Voting	143
Necessary for Passage	72
Those Voting Yea	131
Those Voting Nay	12
Those absent and not Voting	8

DEPUTY SPEAKER SMOKO:

The bill as amended is passed.

CLERK:

Page 12, Calendar 238, Substitute SB727. AN ACT
CONCERNING GENERAL ASSISTANCE ELIGIBILITY AND
ADMINISTRATION.

Favorable Report of the Committee on PLANNING AND
DEVELOPMENT.

H-551

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1989

VOL. 32
PART 39
13774-14180

pat

288

House of Representatives

Wednesday, June 7, 1989

SPEAKER BALDUCCI:

The bill as amended is passed.

CLERK:

Calendar 478, Page 7, Substitute for HB7580. AN
ACT CONCERNING DUTIES AND RESPONSIBILITIES OF THE
MUNICIPAL FINANCE ADVISORY COMMISSION, THE
AUTHORIZATION OF GRANTS FROM THE LOCAL CAPITAL
IMPROVEMENT FUND, AND THE ESTABLISHMENT OF LAND
ACQUISITION FUNDS BY MUNICIPALITIES. (As amended by
House Amendment Schedules "A", "B", "C", "D" and "F"
and Senate Amendment Schedule "B")

Favorable Report of the Committee on FINANCE,
REVENUE AND BONDING.

SPEAKER BALDUCCI:

Representative Langlois of the 51st.

REP. LANGLOIS: (51st)

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

SPEAKER BALDUCCI:

The question is on passage. Will you remark?

REP. LANGLOIS: (51st)

Yes, Mr. Speaker, the Clerk has an amendment,
LC09071. Would the Clerk please call and may I have
leave of the Chamber to summarize. This was Senate
Amendment Schedule "B".

pat

289

House of Representatives

Wednesday, June 7, 1989

SPEAKER BALDUCCI:

Would the Clerk please call LCO9071, previously designated Senate Amendment Schedule "B".

CLERK:

LCO9071, Senate "B", offered by Senator Atkin.

SPEAKER BALDUCCI:

The question is on adoption. Will you remark, sir?

REP. LANGLOIS: (51st)

Yes, thank you, Mr. Speaker. Mr. Speaker, this bill has bounced back and forth between the Chambers several times. The last time when it was before the House, the House passed House Amendment "F". The Senate has adopted House Amendment "F", but they've also adopted Senate Amendment "B", which is identical to House Amendment "F", except that Senate "B" deletes references to voters. It had been a problem down in this House and it would keep the reference to voters as contained in 7-6 for the case of independent taxing districts.

This had been a problem and there were some questions about constitutionality. So at this point I would move adoption of Senate "B".

SPEAKER BALDUCCI:

The question is on adoption? Will you remark?
Will you remark further on Senate "B"? If not, we'll

pat

290

House of Representatives

Wednesday, June 7, 1989

try your minds. All those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER BALDUCCI:

Opposed nay.

The ayes have it.

The amendment is adopted.

Will you remark further on the bill?

Representative Langlois? If not, staff and guests please to the well. Members please be seated. The machine will be opened.

CLERK:

The House of Representatives is now voting by roll. Members report to the Chamber. The House is voting by roll call. Members to the Chamber please.

SPEAKER BALDUCCI:

Have all the members voted and is their vote properly recorded? If so, the machine will be locked. The Clerk take a tally.

REP. DYSON: (94th)

Mr. Speaker, in the affirmative please.

SPEAKER BALDUCCI:

Representative Dyson of the 94th in the affirmative.

pat

291

House of Representatives

Wednesday, June 7, 1989

REP. TORPEY: (11th)

Mr. Speaker.

SPEAKER BALDUCCI:

Representative Torpey of the 11th.

REP. TORPEY: (11th)

In the affirmative please.

SPEAKER BALDUCCI:

Torpey in the affirmative.

The Clerk please announce the tally.

CLERK:

HB7580, as amended by House Amendments "A",
 "B", "C", "D" and "F" and Senate Amendment Schedule "B",
 in concurrence with the Senate.

Total Number Voting	147
Necessary for Passage	74
Those voting Yea	144
Those voting Nay	3
Those absent and not Voting	4

SPEAKER BALDUCCI:

The bill as amended is passed.

Are there any announcements or Points at this time?

Representative McCavanagh of the 12th.

REP. MCCAVANAGH: (12th)

Mr. Speaker, a Point of Personal Privilege,

Mr. Speaker.

pat

292

House of Representatives

Wednesday, June 7, 1989

SPEAKER BALDUCCI:

Please proceed, sir.

REP. MCCA VANAGH: (12th)

Mr. Speaker, today we have one of our colleagues that served with us for many years here in the Hall of House visiting us today. He comes from the Town of East Hartford, Don Bates, who has come over to see us. Don. Could we all give him the usual warm welcome.

APPLAUSE

SPEAKER BALDUCCI:

Any other announcements or Points? If not, we'll return to the Call of the Calendar.

CLERK:

Calendar, on Page 8, Calendar 594, Substitute for SB789. AN ACT CONCERNING TRAFFIC GENERATORS. (As amended by Senate "C" and "D" and House "A", "B", "C")

Favorable Report of the Committee on

APPROPRIATIONS.

Senate rejected House "B" and "C" on June 5.

House rejected House "B" and "C" on June 6.

Senate "C" adopted and Senate "D" designated on June 6.

REP. LYONS: (146th)

Mr. Speaker.

SPEAKER BALDUCCI:

S-294

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1989

VOL. 32

PART 7

2295-5-607

WEDNESDAY
May 24, 1989

18
aak

their assessment annually in November instead of quarterly.

THE CHAIR:

off Do you wish to remark further?

SENATOR SPELLMAN:

If there is no objection, I would ask it be placed on Consent, Mr. President.

THE CHAIR:

rov Without objection, so ordered.

THE CLERK:

THE Calendar 468, File 583 and 715, Substitute HB7580.
AN ACT CONCERNING DUTIES AND RESPONSIBILITIES AS THE MUNICIPAL FINANCE ADVISORY COMMITTEE, THE AUTHORIZATION OF GRANTS FROM THE LOCAL CAPITAL IMPROVEMENT FUND, AND THE ESTABLISHMENT OF LAND ACQUISITION FUNDS BY MUNICIPALITIES. As amended by House Amendment Schedules "A", "B", "C" and "D". Favorable Report of the Committee on FINANCE, REVENUE AND BONDING. Clerk is in possession of one amendment.

THE CHAIR:

Who is reporting this bill? Senator O'Leary.

SENATOR O'LEARY:

Thank you, Mr. President. I'll move acceptance and passage of the Joint Committee's Favorable Report.

THE CHAIR:

WEDNESDAY
May 24, 1989

19 2358
aak

Thank you. The Clerk has an amendment.

THE CLERK:

LC06047 designated Senate Amendment Schedule "A"
offered by Senator Smith of the 8th District.

THE CHAIR:

Senator Smith.

SENATOR SMITH:

Thank you, Mr. President. Mr. President, I would
move adoption of the amendment, and request leave of
the Chamber to summarize?

THE CHAIR:

Without objection, you may proceed.

SENATOR SMITH:

Thank you, sir. This amendment basically deals
with special districts. The essence of the amendment
is a bill that was adopted by unanimous vote by both
the Planning & Development Committee as well as the GAE
Committee, because of the workload in the Finance
Committee it basically died there and after reviewing
the merits of the bill that was passed by two
committees, it was felt appropriate that it be offered
as an amendment at this time.

And basically the amendment before us allows
non-United States citizens to own property, to
participate in special district votes, requires that at

WEDNESDAY
May 24, 1989

20
aak

least 15 voters must be present at the organizational meeting of any potential new district, requires districts to notify towns of final decisions to borrow money, allows a referendum on district terminations, requires districts created by special act to conform to the standard fiscal year that...that is the uniform fiscal year, July 1 to June 30.

It makes some technical corrections in language on district audits and financial reporting requirements and finally, removes the requirement for minority representation for boards of districts with less than 250,000 annual budgets. That's the essence of the amendment. It's had public hearings in two committees and has had unanimous support from both the Planning & Development Committee as well as the GAE Committee.

THE CHAIR:

Further remarks on the amendment? Senator Barrows.

SENATOR BARROWS:

Mr. President, it's a rare opportunity where I have a chance to stand in support of a Republican on an amendment, but this is one time that I will stand with the great Reginald Smith and support the amendment. Thank you.

THE CHAIR:

Further remarks on the amendment? All those in

WEDNESDAY
May 24, 1989

21
aak

favor of the amendment signify by saying Aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? The amendment is adopted. Further amendments?

THE CLERK:

No further amendments, Mr. President.

THE CHAIR:

We are now on the bill as amended by Senate "A".

SENATOR O'LEARY:

Thank you, Mr. President. Mr. President, I am going to ask that the bill be PT'd at this point and we will continue on with the next calendar, if you don't mind.

THE CHAIR:

Passed Temporarily.

THE CLERK:

Calendar Page 9, Calendar 473, File 361 and 717, Substitute HB6277, AN ACT CONCERNING THE REINSTATEMENT AND VALIDATION OF CERTAIN STOCK AND NONSTOCK CORPORATIONS. As amended by House Amendment Schedules "A", "B", "C", "D", "E" and "F". Favorable Report of the Committee on JUDICIARY.

THE CHAIR:

WEDNESDAY
May 24, 1989

95
aak

for immediate roll call.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Will all Senators please return to the Chamber.

Immediate roll call has been ordered in the Senate.
Will all Senators please return to the Chamber.

THE CHAIR:

Question before the Chamber is a motion to adopt
Calendar 441, Substitute HB6614, File 503 and 703, as
amended. The machine is open. Please record your
vote. Has everyone voted? The machine is closed.
Clerk please tally the vote.

The result of the vote:

31 Yea

5 Nay

The bill is adopted.

THE CLERK:

Calendar 468, on Page 8, Calendar...correction,
Calendar 468, File 583 and 715. Substitute HB7580. AN
ACT CONCERNING DUTIES AND RESPONSIBILITIES OF THE
MUNICIPAL FINANCE ADVISORY COMMISSION, THE
AUTHORIZATION OF GRANTS FROM THE LOCAL CAPITAL
IMPROVEMENT FUND, AND THE ESTABLISHMENT OF LAND
ACQUISITION FUNDS BY MUNICIPALITIES. As amended by
House Amendment Schedules "A", "B", "C" and "D".

WEDNESDAY
May 24, 1989

96
aak

Favorable Report of the Committee on FINANCE, REVENUE AND BONDING. The Senate adopted Senate Amendment Schedule "A" earlier today prior to the bill being Passed Temporarily.

THE CHAIR:

Senator O'Leary.

SENATOR O'LEARY:

Thank you, Mr. President. On the bill itself, the duties of the municipal finance advisory commission, in this bill, are broadened to include working to improve the fiscal condition of municipalities found to be in fiscal distress or engaging in unsound financial practices.

Mr. President, if there are no...are we running a Consent Calendar?

THE CHAIR:

We haven't as yet. I don't think we have any.

SENATOR O'LEARY:

Then I will ask that it be roll called.

THE CHAIR:

Further remarks on the bill? Clerk please make an announcement for immediate roll call.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Will all Senators please return to the Chamber.

WEDNESDAY
May 24, 1989

97
aak

Immediate roll call has been ordered in the Senate.
Will all Senators please return to the Chamber.

THE CHAIR:

Question before the Chamber is a motion to adopt
Calendar 468, Substitute HB7580 File 583 and 715, as
amended. The machine is open. Please record your
vote. Has everyone voted? The machine is closed.
Clerk please tally the vote.

The result of the vote:

36 Yea

0 Nay

The bill is adopted.

THE CLERK:

Calendar Page 9, Calendar...

THE CHAIR:

Excuse me...Senator Blumenthal you wish to be
recognized at this point?

SENATOR BLUMENTHAL:

Yes, Mr. President, thank you. I would move to
reconsider the bill that we previously considered as
Calendar 471, File 490 and 720...excuse me, Calendar
473, Substitute HB6277, AN ACT CONCERNING THE
REINSTATEMENT AND VALIDATION OF CERTAIN STOCK AND
NONSTOCK CORPORATIONS.

THE CHAIR:

S-299

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1989

VOL. 52

PART 12

3947-4317

TUESDAY
June 6, 1989

114
aak

THE CHAIR:

Pass Temporarily.

Call the next item, please.

THE CLERK:

Calendar Page 7, Calendar 468, File 583 and 715,
Substitute HB7580, AN ACT CONCERNING DUTIES AND
RESPONSIBILITIES OF THE MUNICIPAL FINANCE ADVISORY
COMMISSION, THE AUTHORIZATION OF GRANTS FROM THE LOCAL
CAPITAL IMPROVEMENT FUND, AND THE ESTABLISHMENT OF LAND
ACQUISITION FUNDS BY MUNICIPALITIES. As amended by
House Amendment Schedules "A", "B", "C", "D" and "F"
and Senate Amendment Schedule "A". Favorable Report of
the Committee on FINANCE, REVENUE AND BONDING. The
House rejected Senate Amendment Schedule "A" on May
31st. Clerk is in possession of two additional
amendments.

THE CHAIR:

Senator DiBella.

SENATOR DIBELLA:

Thank you, Mr. President. I move adoption of the
Committee's Joint Favorable Report and urge passage of
the bill.

THE CHAIR:

Clerk please call the amendment. Is this in
concurrence with the action of the House?

TUESDAY
June 6, 1989

115
aak

SENATOR DIBELLA:

In concurrence with the action of the House, Mr. President.

SENATOR ATKIN:

Mr. President, for clarification I am withdrawing one of those two amendments.

THE CLERK:

Which one.

SENATOR ATKIN:

I would ask that LC08922 be withdrawn.

THE CLERK:

LC09071 designated Senate Amendment Schedule "B"
offered by Senator Atkin of the 25th District.

THE CHAIR:

Excuse me, which one is being withdrawn?

SENATOR ATKIN:

I withdrew LC08922 and I believe the Clerk just called the correct one, LC09071.

THE CHAIR:

Is this designated what, Mr. Clerk?

THE CLERK:

Senate Amendment Schedule "B".

THE CHAIR:

Alright. You may proceed Senator.

SENATOR ATKIN:

TUESDAY
June 6, 1989

116
aak

Thank you, Mr. President. I move the amendment and ask leave to summarize.

THE CHAIR:

Without objection, you may proceed.

SENATOR ATKIN:

Thank you. The net effect of this lengthy imperium is to delete a section of the bill which was previously amended by the House and then the Senate which would have allowed certain people to vote in District elections that own properties in certain tax districts. And I would urge adoption of the amendment.

THE CHAIR:

Further remarks on the amendment? All those in favor of the amendment signify by saying Aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? The amendment is adopted. Further amendments?

THE CLERK:

No further amendments, Mr. President.

THE CHAIR:

We are now on the bill as amended. Senator DiBella.

SENATOR DIBELLA:

TUESDAY
June 6, 1989

117
aak

Thank you, Mr. President. Duties of the municipal financial officers commission are broad and working to improve the fiscal conditions of municipalities found to be in fiscal distress or encourage an unsound...or engaged in unsound financial practices. The Commission is given the authority to require certain information from municipalities regarding their fiscal condition and the status of various measures designed to improve the municipalities fiscal condition.

House "B" changes the term of the Commission members. Their term will now either be coterminous with the Governor's term or they will continue to serve until a qualified successor is appointed.

House "C" is technical in nature and House "D" enables a municipality to establish a land acquisition fund and to deposit an amount up to revenues generated from a tax of 2 mils. The fund shall be used by the municipalities for the acquisition of land for open space, recreation and housing.

If there are no further questions I ask that this be...there by a roll call vote, Mr. President.

THE CHAIR:

Thank you. Further remarks? Clerk please make an announcement for immediate roll call.

THE CLERK:

TUESDAY
June 6, 1989

118
aak

Immediate roll call has been ordered in the Senate.

Will all Senators please return to the Chamber.

Immediate roll call has been ordered in the Senate.

Will all Senators please return to the Chamber.

THE CHAIR:

Question before the Chamber is a motion to adopt Calendar 468, Substitute HB7580, File 583 and 715 as amended by House Amendment Schedules "A", "B", "C", "D" and "F" and Senate Amendment Schedule "B". The machine is open. Please record your vote. Has everyone voted? The machine is closed. Clerk please tally the vote.

The result of the vote:

36 Yea

0 Nay

The bill is adopted.

The Senate will stand at ease.

Mr. Clerk, are you ready to proceed? The Senate will stand at ease. Mr. Clerk, are we ready to proceed?

THE CLERK:

Yes, Mr. President.

THE CHAIR:

Senator Hale.

SENATOR HALE:

Thank you, Mr. President. Mr. President, having

JOINT
STANDING
COMMITTEE
HEARINGS

FINANCE, REVENUE
AND BONDING
PART 4
1158-1481

1989

REP. MAZZA: Well, the State of New York, as of two years ago, I believe, maybe three years, \$7 1/2 million to \$8 million on their lottery subscription alone, so if you want estimate that that's up to \$10 million or \$11 million, I think \$4 million to \$5 million in Connecticut is a realistic amount.

REP. TORPEY: Okay, thank you.

REP. MAZZA: Anyone else. Mr. Chairman and members, thank you very much.

REP. CIBES: Thank you. The next speaker is Edwin V. Selden from OPM speaking on HB7580.

EDWIN SELDEN: Good morning, Mr. Chairman, my name is Edwin Selden. I'm here to speak in favor of HB7580. It's a pleasure to be here. It's the first time this year compared to other years. You know, I think you have the testimony that I have written before you and let me try to summarize it, that the Municipal Finance Advisory Commission, known as MFAC, was established pursuant to Public Act 77-611 as a resource to the Secretary of the Office of Policy and Management to recommend ways to improve the quality of municipal audits by OPM.

That act was passed, obviously, in 1977 as a result of a municipality that had gotten itself into very strong fiscal deficit problems. More recently, we have another commitment with one of our large communities that's gotten into that position and the secretary determined that the expertise of the members of the commission should be utilized to assist other municipalities which may or could be experiencing fiscal distress and he asked last spring that the commission, which is appended to the Office of Policy and Management, look at ways of expanding its oversight capabilities of municipalities as it results to audits and develop a more accurate early warning system and we have spent the summer reviewing various proposals in the commission as to how we might do that.

What we are proposing to you today is the language contained in HB7580, which will give us -- walk us between the home rules issues of towns versus

strong state oversight. We are looking at ways of trying to persuade towns, through the audits and a publication which we put out called municipal fiscal indicators and I have a couple of copies here that I will leave with you, which indicate by town some of the things of where they are from the point of view of tax collections, operating deficits, expenditures rising more rapidly than revenues, those with high unemployments rates, a variety of socio-demographic information of the towns. When you take all that information together which is culled out of audits, you can begin to determine where towns are relative to fiscal distress.

These numbers alone don't mean a town is in fiscal distress. They may have very unusual situations in the towns that are short-lived. They may have, for example, some communities have gone out and bonded very heavily for schools, which has shoved their debt up. That's not a normal occurrence. Other communities may have had firms that have moved out of state or closed, which has created increased unemployment in the communities. Those are aberrations, let's hope, for those communities.

We are proposing that the commission have the language that is enunciated in the bill to serve as a balancer. After we have reviewed the audits and the secretary determines that maybe this town needs a little bit more scrutiny relative to the fiscal indicators and other such things as the audit management letter, the commission then would begin working with that community to determine if those problems exist and if they do, try and push them to take corrective actions and that's, in summary, what we're attempting to do with the bill that's before you this morning and I'll be glad to answer any questions that you may have.

REP. CIBES: Thank you very much. Are there any questions? Representative O'Neill.

REP. O'NEILL: Essentially, if this bill had been in effect five or ten years ago, it would be safe to say that the situation that developed in Bridgeport would not have developed?

EDWIN SELDEN: I don't know. I can't say that for a certainty. What we -- the current laws that we have allow us to look at the audit from the point of view of whether the audit is conducted in generally accepted accounting principles and standards. We can't go any further under the law.

There are possibly -- Bridgeport, we knew it was in a deficit mode for many years. We talked to them privately, but there has been no method of helping push them to a resolution to the problems that they are currently confronted with. This may well be a balance between strong state oversight versus local autonomy in trying to say to that municipality or others, "You've got problems. Start dealing with them."

REP. CIBES: Any other questions from committee members?

REP. EMMONS: I have a couple. On line 25, you have taken out "principles and standards" and put in "generally accepted accounting principles" and then knocked out all those references in lines 27 and 32. Is that -- do we need to have any modification as to generally accepted accounting principles to where they're derived?

EDWIN SELDEN: No, because -- I don't believe so and I can't -- one of the people who will follow me probably is better qualified to answer that question than I, but I believe the generally accepted accounting principles is sufficient because the individual public accountants who do the audits have to meet the standards set by their associations and national standards.

REP. EMMONS: That's true. (inaudible, mic not on) that there were some accounting principles that were going to be, you know (inaudible) and related than the general accounting -- the ones for corporations. I'm not (inaudible).

EDWIN SELDEN: Well, you're more knowledgeable, obviously, than I am in that. I should also mention that there is another bill that is before GAE which deals with what is know as the single audit act, which will, if that is enacted, give us

7
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

at OPM and others a much better understanding of what's going on in the municipalities because the towns will have one audit done as adverse to half a dozen different audits which will cover not only federal funds, which they're required to do now, but state funds that come to the municipality.

You will find in a municipality's audit, which is what we're dealing with here, but that bills also covers not for profit organizations, a comprehensive audit which will list all funding sources and what you will then be doing is looking at the audit from the point of view of the management letter that is done to determine whether they have appropriate administrative control over the municipality's books and records.

REP. EMMONS: (inaudible, not using mic) that's fiscal (inaudible).

EDWIN SELDEN: No.

REP. EMMONS: Now is that published every year?

EDWIN SELDEN: We have restarted this three years ago with the guidance of the Municipal Finance Advisory Commission. It's not required that we do this. We believe that OPM, that it was time to begin to look at a five -- and this book covers a rolling five year period for towns. This one's from the year 1983 to 1987. It was published in December. It gives you a five-year rolling average. This is what a page looks like. Each one of these is for a town.

REP. EMMONS: Could you send this over?

EDWIN SELDEN: Yes.

REP. EMMONS: Well, I'm sure I have it in my box of reports.

EDWIN SELDEN: I mean it's a sterile, dry book. I mean there's no plot to it. You don't know who done it to whom, but you can draw -- look at it and determine whether a town is over-reliant on state funds. There are some town's budgets, their budget is made up of 60% state aid. Let's assume for the sake of discussion that we cut out this year any

number of dollars going to the towns. Well, that loss in aid to that town that's got 60% state funding, is going to be very significant and have long terms fiscal impact on that community, but then there are other indicators that one can develop and trend and we also then take state averages and compare the towns to state averages as a total, state averages of towns of various sizes, every town is different, of course, so you've got to look at the specifics of a town.

REP. EMMONS: The other question is who is on the commission?

EDWIN SELDEN: You have four members appointed who are chief elected officials of municipalities or financial officers representing four different-sized municipalities and three other individuals who are experienced in the area of municipal finance, so it's a seven member commission.

REP. EMMONS: And they are all appointed by the Governor?

EDWIN SELDEN: Yes. You will shortly hear from the chairman of the commission and there are two other members of the commission here.

REP. EMMONS: My last question in one line 83 where you've got (inaudible, mic not on) and then you find municipalities (inaudible). That appears to be the closest thing to local override, if you call it such, a town, which is (inaudible). Would it not be better to, if that were the case, to delete that sentence and at least let the rest of the bill more forward?

EDWIN SELDEN: That would be fine. We're -- as I said --.

REP. EMMONS: (inaudible, not using mic) someone and these people are (inaudible) on a local level. It would seem to me that if you had these hearings before the commission to discuss the financial condition of the municipalities, those hearings are open to the public and they're not (inaudible, mic not on).

EDWIN SELDEN: They could be.

REP. EMMONS: Well, I would think --.

EDWIN SELDEN: No, I mean -- okay, I can't --.

REP. EMMONS: And that would at least start --.

EDWIN SELDEN: Oh, yes, but the commission's hearings are open to the public, absolutely.

REP. EMMONS: Yes, and so if you had -- what I'm saying is if they were prepared -- you're requiring them (inaudible, mic not on) whereas now they're (inaudible).

EDWIN SELDEN: Well, there is no language in the current statute that would even require us to get into this area.

REP. EMMONS: But if you did find a town that had fiscal distress (inaudible) financial difficulty, you would be able to throw this (inaudible) on the carpet. There would be the open dialogue.

EDWIN SELDEN: Oh, absolutely.

REP. EMMONS: So it wouldn't be fair probably (inaudible, mic not on). It wouldn't sneak up in the same way as other Bridgeport --.

EDWIN SELDEN: That's right. The attempt of this is not to get out and have a major harangue in the public. We would much prefer to have to go to a chief elected official, give the first selectmen in Madison and you get a call and say, "We see that there are some problems with your audit or this one and we want to come down and talk to you." The staff will go down and do that and see if we can't iron things out.

We do, after we do the audit review, we send every chief elected official, the finance director and the auditor who completed the audit for the municipality a letter stating our findings relative to the audit based on generally accepted accounting principles and say, "These are things that have

10
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

been determined as your management letter that are deficient in the municipality. What corrective actions are you taking?"

REP. EMMONS: You do that now?

EDWIN SELDEN: We do that now and we started that about 18 months ago. There was a good deal of consternation when we started that. Now people are very appreciative the fact that we're doing that and we've asked them to respond to us within 30 days as to what they're doing. We've had a 70% response rate for the first year of those letters. We started sending the letters out for the audits completed for the fiscal year June 30th now, as we get through the reviews.

What we don't deal with is the issue of fiscal distress in that because we only are looking at, I mean, as to whether they've done it based on a generally accepted accounting principles. I think it is appropriate that you begin a process of looking at fiscal distress and ask them, "How do you -- are these aberrations or is there something more to it than meets the eye?" and it's done in a very passive, hopefully, a very constructive manner, but you have to -- it seems to me, I to have some oversight to make sure that we don't get into "other Bridgeports" or at least catch early that it can be rectified.

REP. EMMONS: The other one comment I have on is on the Bridgeport case in listening to them discussing when (inaudible, mic not on) I had the distinct feeling that when that their audits were not published with adequate (inaudible) being available.

EDWIN SELDEN: I don't know about that.

REP. EMMONS: Well, no, my question is I just know in some of the towns they do publish their annual audit. They have 200 copies and they sit in (inaudible) in the front hall and so there isn't any secret, but maybe we just ought to look and see that towns are required to make (inaudible).

11
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

EDWIN SELDEN: Well, they're public documents. They have to be filed with the town clerk in the towns. They're filed with us at OPM by statute currently.

REP. EMMONS: But I have the feeling that Bridgeport, when some of them were talking, that, yes, they require the town clerk (inaudible), but that's a lot different than having a copy and reading it home, I mean, you'd have to sit all morning to read one of those reports in Bridgeport.

EDWIN SELDEN: Yes, but if I'm a lay person and I walk in and I want to see the audit, it's just a whole series of numbers there on numerous spreadsheets. I mean, I couldn't figure out what that meant --.

REP. EMMONS: No, but the question is not (inaudible, mic not on) who it seemed to me (inaudible) the opposite party. I got the distinct impression it wasn't even in the letters that were (inaudible) before there were very scarce numbers and copies and I think one of the other tools is that there should be at least 100 of them available, 50 of them available in the towns so that people could --.

EDWIN SELDEN: Sure. well, under the Single Audit Act, if that passes, the -- I think you will have better coverage with that because they will be required to send more copies to the various funding sources then currently are --. Now the funding agencies look at an audit by program wherein the single audit you will have all those programs in one audit, which means all those audits then will be required to be sent to the funding agencies. So that's another way that you're going to get potentially more discussion, but that discussion will not necessarily deal with fiscal distress per se, but may deal with management practices within the municipalities as far as its records and what have you --.

REP. EMMONS: (inaudible, mic not on) fiscal distress.

EDWIN SELDEN: Could, that's right. Sure.

REP. CIBES: Further questions? Representative Torpey.

12
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

REP. TORPEY: Do I understand from what you're saying, and I perhaps don't, but you have control over the town's finances in the final analysis, if it came down to a tug of war?

EDWIN SELDEN: Currently?

REP. TORPEY: Yes.

EDWIN SELDEN: No.

REP. TORPEY: Or no, with the passage of this bill?

EDWIN SELDEN: No, this is not intended to have control over a town's finances. It is only intended and the language can be modified, if appropriate. I'd be willing to work with the committee on that. It is to heighten what -- after a review and a discussion with the municipal officials in a public forum, but more importantly from the point of view of staff recommendation, the mayor, the first selectmen, whomever, "we believe that your town, because of the following reasons, may be headed toward fiscal problems in the future."

Let's assume for the sake of discussion that a town puts in that it's going to collect 95% of its taxes as an estimate and they end up only collected 70% over a couple of years period. Wouldn't that be an indicator that there is some problem in that community that they ought to confront? Why are they only collecting 70%? Is it that the tax collector doesn't have sufficient and enough staff to get out or they're not sending back due notices or they're not going out and doing foreclosures on property for people who haven't paid taxes. There may be other things or their expenditures are way in front of the revenue stream that they are projecting or actually have received. It means that they haven't set their taxes high enough potentially. I mean there are any number of different things and we just want to make sure that a town is dealing with that concern.

REP. TORPEY: Suppose --.

REP. CIBES: Representative Torpey, could you turn on your mike.

13

tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

REP. TORPEY: I thought I did. It's lit up like myself.

REP. CIBES: Thank you, sir.

REP. TORPEY: Supposing you say to a town, "You have a problem" -- are you getting me over there?

: Yes.

REP. TORPEY: Good.

EDWIN SELDEN: What did you say?

REP. TORPEY: You're ducking the issue. You said to the town, "You have a problem, and we see the problem because of this particular program, that you people are doing -- this is your problem" and let's go a step further, and the mayor says to you, "Well, that may be our problem, but we don't mind and we want to stay with it." Now what would the next step be there?

EDWIN SELDEN: Mayor, you've made your determination. We've brought the information to you from our perspective. It's a local issue. However, if in four or five years or whatever period of time, that those problems are continually there, we may say to them, "Mayor, you just haven't dealt with it. You're carrying an "X" amount of deficit in the town. That's going to begin to affect, if you're a town that's goes out for bonding, that's going to begin to affect your bond rating. It's going to begin to affect other factors in this community. You've got to deal with it."

REP. TORPEY: Okay, and he says to you, "Well, we are dealing with it. We're happy the way it's going." Now what do you tell them?

EDWIN SELDEN: We, and at least the language is here, we may require them to put together a plan, a three-year plan.

REP. TORPEY: You may require him?

EDWIN SELDEN: That's right.

14
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

REP. TORPEY: In other words, you can demand that he does it?

EDWIN SELDEN: That's right. In the language of the bill that's before you currently, that's correct.

REP. TORPEY: So really then, when you come down to the bottom line, then you can control the town's programs --.

EDWIN SELDEN: Yes. The bill says, "may require a municipality to submit a three-year financial plan." It does not then say that we've created another Bridgeport Financial Review Board. There is no power in this bill for an oversight body to sit there and do what is currently being done in Bridgeport.

Go back, if I may, Representative Torpey, this committee, and you were a member of the committee when we started it, we started the Local Capital Improvement Program as the replacement to the Infrastructure Trust Fund. In that legislation which is currently on the books, requires the towns to be eligible to receive the money from the state to have and certify that they have a five-year capital improvement program that is no different in concept that what we're talking about here.

It is requiring that town to begin looking at their capital needs and plan them out over a period of years in a rolling period of five years as to how they're going to correct the problems in their infrastructure. It's the same basic principle. It's trying to get the towns to look at tomorrow rather than to only today.

REP. TORPEY: Yes, but and that other plan is if they do this planning that you mentioned, as a result of that they get the carrot.

EDWIN SELDEN: Correct.

REP. TORPEY: So it's still their choice. Either they don't do it or they don't get the carrot, so it's up to them.

EDWIN SELDEN: That's correct.

15
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

REP. TORPEY: But what I'm trying to get at is this. In this, do you have the authority to say, whether you like it or not, now I assume reasonable people are never going to arrive at this point, but is it possible that even if you could separate you could finally, if he absolutely opposed everything you're suggesting and they may be the best suggestions in the world, you could still then say, "Well, look, whether you like it or not, whether you agree or not, we see the town is going down the chute. You are going to do thus and so."

EDWIN SELDEN: Right.

REP. TORPEY: You can do that?

EDWIN SELDEN: Well, it says, "we may require" which then leads to get to the point where reasonable people are no longer reasonable that the commission would require them to do that, but the bill does not say that the commission is then going to sit there in judgment in how they're going to implement it. There is no final sledgehammer, so to speak, available under this legislation. We're trying to move them into a position of looking at things down the road.

The first level of activity by the commission is one of persuasion. You've got to -- "we believe you've got a problem. Try and deal with it" and most of the communities are dealing with it. I mentioned a minute ago to Representative Emmons when we were sending the letters out on the audits now that we're getting a response back from the communities at a rate of 70% and we've only been doing this for one year, that they are looking at the issues and trying to address the problems, both from the point of view of internal controls within the communities and the audit firms are trying to help them, the municipalities, deal with the problems that they have. We're not getting a response of "Stay out of our backyard."

REP. TORPEY: No, I hear you and I think what you're saying is reasonable and in all probability that's the way it would work, but I just want to know in the bottom line, if they just said no, you could say yes.

16
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

EDWIN SELDEN: Right.

REP. TORPEY: And that's what concerns me, you know.

EDWIN SELDEN: Okay, you point is well taken.

REP. CIBES: Representative Gelsi and then
Representative young.

REP. GELSI: A couple of questions on that line, one that's a little bit disturbing and I guess once a municipality gets into trouble and they come to us to get money or to bail them out, such as the Bridgeport situation, then it becomes our matter and our problem.

Coming out of local government, I don't know how much I'd appreciate it some regional board, even though it's made up of chief elected officials and finance directors from around the state, telling me how to run my town, and you're right, this bill doesn't have a hammer today, but it doesn't mean that you get the first foot in and then the hammer comes tomorrow.

I vote for many boards and commissions that weren't going to cost us any money and we put them all into effect and pretty soon they've got to have some staff and they've got to have stationery and they've got to have everything else and they start to cost us money. So I would have some concerns that some regional board is going to tell the best majority of our municipalities who, by the way, I think do a pretty damn good job of running their own business.

EDWIN SELDEN: I agree with that.

REP. GELSI: And I don't know whether we need that kind of oversight.

EDWIN SELDEN: Well, if I might just -- I don't know if you have a question there or not, but let me try and answer I think the question you have. The commission is there and they are volunteers. They're appointed and they only they get reimbursed for is if they submit is for mileage to come to the meetings. They're staffed by the audit unit within

17
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

the Office of Policy and Management and that's how it's been done. That's how it will be done in the future.

REP. GELSI: My concern isn't what this commission is going to cost us. My concern is the oversight that they may have somewhere down the road over our municipalities. That's point No. 1. Point No. 2, my best recollections on audit and audit reports is the members of the council and the town manager and the finance director and the people in the news media that covered our community always go down and get a copy, well, of course the council is sent to, but the news media always goes down and gets a copy of the report.

I never asked the question on how many people come in and wanted a copy of the report, so maybe someone can check with CCM and the small city council of governments before we require them to hold 50 copies or 100 copies or whatever, if we can get some idea or some average of what's truly needed that we can make a recommendation on. I wouldn't want to put a number of 50 or 100 and maybe for my town 100 may be fine and for the City of Hartford you might want 200, but for some small community out there, probably if they get 20, they've probably got 15 that they're throwing away, so I think we ought to at least have some idea if we're going to make some recommendations on how many copies are available.

EDWIN SELDEN: I think, Representative Gelsi, you'll have an opportunity to ask that question to a representative of CCM momentarily and cost.

REP. CIBES: Representative Young.

REP. YOUNG: Just a quick one. This bill (inaudible, not using mic) apparently it has the (inaudible) increase the (inaudible).

EDWIN SELDEN: Yes, sir.

REP. YOUNG: And I'm wondering, if you're looking at the makeup of this (inaudible) whether or not these people will have the time to do it or whether we're

18
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

going to be struggling to get the people
(inaudible) who may or may not be the most
qualified.

EDWIN SELDEN: Well, that's always an open question for
debate on any commission. The commission is
required to meet quarterly by statute. The
commission, this year -- this commission this year
has met or in the calendar year had met ten times
last year dealing with the issue before you today,
plus some others. It was basically the entire
quorum was there. They were very willing. Their
responsibilities under this legislation, should it
be enacted, I do not see being expanded that
greatly because I do not believe that we would get
to the end to line 84.

REP. YOUNG: I was simply wondering if (inaudible, mic
not on).

EDWIN SELDEN: That's fine with me sure.

REP. YOUNG: (inaudible, mic not on.)

EDWIN SELDEN: That's a good idea.

REP. YOUNG: (inaudible, mic not on.)

EDWIN SELDEN: Yes, that's a good point. That's a good
idea.

REP. YOUNG: (inaudible, mic not on.)

EDWIN SELDEN: Yes, that's good.

REP. CIBES: Any further questions? Thank you very
much.

EDWIN SELDEN: Thank you.

REP. CIBES: The next speaker is George Wandrak from
Special Revenue.

GEORGE WANDRAK: Good morning, Mr. Chairman and
Members of the Committee. For the record, my name
is George Wandrak. I'm the Assistant Unit Chief,
Planning and Research for the Division of Special
Revenue. I'm here today to testify in regard to
Committee HB5046, AN ACT ALLOWING THE EXECUTIVE

(HB 5047)

27
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

REP. RAPOPORT: That concludes the legislator and agency heads portion. We'll move to the public portion. The first speaker signed up is Jim Finley from CCM. Jim.

JAMES FINLEY: Mr. Chairman and Members of the Committee, my name is James Finley. I'm the Legislative Services Director for the Connecticut Conference of Municipalities. CCM is here today to oppose HB7580 and asked the committee to refer this proposal to the Connecticut Advisory Commission on Intergovernmental Relations or other relevant group for interim study, deliberation and refinement.

This would allow the 1990 General Assembly to consider a proposal in this area that embodies appropriate input and enjoys broader support. I've submitted written testimony to the committee and I'll summarize it.

HB7580 would make dramatic and far reaching changes in the authority of the state over municipal government finance and budgeting. It does this by greatly expanding the power and authority of the Municipal Finance Advisory Commission.

As you know, the MFAC is established by statute and consists of eight persons appointed by the Governor. The present scope of the commission's authority is upon request to the Secretary of OPM to review and make recommendations on regulation concerning principles and standards for municipal financial reports.

Under the bill before you today the MFAC's scope of authority would be broadened greatly and if the Secretary of OPM finds a problem with or in a municipal audit report or "in relation to commonly accepted standards in municipal finance," he would be obligated, after preparing a report and recommendations, to refer the matter to the MFAC.

The MFAC would have the following new powers.

- (1) Work with any municipality referred to it by the Secretary of OPM where he finds a problem to improve the fiscal condition of the municipality.

28
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

- (2) To review audits, accounting and fiscal management practices of each municipality and "any other information relative to the municipality's fiscal condition" to determine the level of "financial distress" of the municipality.
- (3) The MFAC would have the authority to require the chief executive office of the municipality to provide such documentation.
- (4) It would also have the authority to require the chief executive officer of the municipality to appear before the commission to discuss (a) the financial condition of the municipality and (b) the implementation of remedial measures to improve the municipalities financial condition.
- (5) MFAC would also, in regard to other remedial measures, have the power to require the municipality to submit a three-year financial plan.
- (6) It also references the fact that the MFAC would have the authority to require "other remedial measures" as they deem necessary.

While the intent of this proposal is laudable, CCM believes it needs additional work and input from affective parties.

The MFAC has been constituted to review regulations concerning principles and standards for municipal financial reports. It has not been constituted to (1) evaluate the fiscal condition of individual municipalities (2) compel testimony and documentation from chief executive officers of cities and towns regarding the financial condition of their municipality or (3) prescribe remedial measures regarding the finances of individual municipalities.

I'd just like to conclude and say that we think this is a proposal whose time has not yet come. I think it needs more work. Thank you.

REP. CIBES: Are there any questions?

JAMES FINLEY: Can I take this opportunity just also to indicate CCM's support in concept for some type of anti-speculation tax on land. We think it's an important issue and deserves attention from the General Assembly.

REP. CIBES: Thank you. The next speaker is Tom Gaines.

THOMAS GAINES: Mr. Chairman, Ladies and Gentlemen of the Finance Committee, my name is Thomas Gaines. I'm from the Town of Hampton. I should say the threatened Town of Hampton, and I'm here to speak on behalf of Proposed HB6295, AN ACT ESTABLISHING AN ANTI-SPECULATION TAX.

At a time of deficits there are many tax proposals to balance the budget, but few have the added advantage of performing a social service. One of them is Proposed HB6295. As a former chairman of the Hampton Planning and Zoning Commission and former chairman of the Nature Conservancy in Connecticut, I ask that you recommend passage of an anti-speculation tax to the General Assembly.

Land values in Connecticut have doubled in the last two years placing decent housing beyond the reach of most. One of the major causes of price spiralling is land speculation, the buying, subdividing and retailing of open space. A non-productive activity, its inflationary effect creates a burden on property tax structures, undermines rural character and has negative consequences for the whole economy.

One purpose of Proposed HB6295 is to tame Connecticut's runaway land development by imposing a levy on profits from the quick sale of taxable land. A sensible tax might take 80% of profit if land is turned over in six months. This would scale down to 20% in four years. After five years, there would be no tax. Less than ten acre lots would be exempt and the long term increment on a principal residence would not be taxed.

It is estimated that this levy would raise between \$20 and \$40 million a year. There is support for growth control legislation. A Department of

REP. CIBES: Thank you very much and thank you for submitting written testimony, too. Are there any questions? Thank you. The next person to speak is Kent Scully from the MFAC and if you have a whole team that you want to bring forward at the same time, they can do that as well. Mr. Blaschik, Mr. Hill and Mr. Smith.

KENT SCULLY: Thank you, Mr. Chairman. Members of the Committee, I'm Kent Scully. I'm Chairman of the MFAC. These gentlemen can introduce themselves for the record.

JEFF SMITH: Jeff Smith, Director of Finance of the Town of Mansfield. I'm the President of the Connecticut Government Finance Officers Association.

MAYOR GEORGE HILL: George Hill, Mayor of Mansfield.

KENT SCULLY: We're here to speak in favor of Raised HB7580. I would just like to first of all address the issue that was raised before relative to line 26, that's the reference to generally accepted accounting principles. The reason that the language is being changed from the specific references to generally accepted accounting principles is that it's an understood industry standard and the specific references will change as time passes.

So to make the bill technically correct we decided that it would be better just to reference generally accepted accounting principles.

Secondly, the item -- the question was raised relative to Bridgeport and if this bill had been enacted would it have resolved the Bridgeport situation? We can't answer that, but the entire study revolved around the fact that the Bridgeport situation did exist and the MFAC was concerned as to how and why it happened. We were originally formed to develop reporting standards in the State of Connecticut and we really feel that we have done that.

As a matter of fact, Connecticut has one of the highest and best set of reporting standards of any state in the country for its local governmental units. The situation in Bridgeport was the fact that when we analyzed it, there were early warning signs that could have been evaluated and reviews could have taken place. The reporting was correct. Nothing was really happening at our level, at the state level, based upon the reports that were available.

MFAC is advisory and that's what the bill is intended to do. It's to continue the advisory capacity, but to take it one step forward. It's kind of like the bell. The bell is advisory in that people are supposed to stop speaking when the bell rings, but nobody does so that's our intention is to --.

REP. CIBES: You can take it as a hint.

KENT SCULLY: Is to open up a line of communication so that people with expertise will be now required to evaluate the reports that are available to address the issues that exist and to initiate an early warning process throughout the state government relative to municipalities that may be in a distressed condition and if as a result of the Advisory Commission's activities with a certain municipality that that condition continues to exist, then it would be -- the onus would be on the Advisory Commission to inform the office -- the Secretary of the Office of Policy and Management that there is a serious condition. We have done what we could under the statute and now it's a more serious problem that the state should address as a whole. Any -- do you people want to add anything?

REP. CIBES: Representative Gelsi, do you have a specific question at this point?

REP. GELSI: (inaudible, mic not on).

REP. CIBES: Okay. Mayor Hill.

MAYOR GEORGE HILL: Thank you, Mr. Chairman and Members of the Committee. Besides being Mayor of Mansfield, I'm also a faculty member at the

55
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

University of Connecticut and for the last 15 years I've been teaching in the Masters of Public Affairs Program, a course in Finance Administration.

REP. CIBES: That's not for you.

MAYOR GEORGE HILL: I understand. I speak fast, but not that fast.

During those 15 years of teaching that particular Finance Administration course on Connecticut towns and cities, I've used the example of various bankruptcies that took place during the 1970's in the case of Yonkers and New York City and Cleveland and I was told at that time by members of the municipal fraternities that said it couldn't happen here because of our various rules and regulations that exist at the state level.

Well, I don't have to tell you gentlemen and ladies that it has happened here. There have been several serious financial difficulties in large Connecticut municipalities in the late 1970's and early 1980's and now we have the situation where the City of Bridgeport, \$60 million in debt and possibly adding an additional \$5 million or \$6 million in debt for the current year.

The reason I bring up this situation is that because of these conditions around the United States, both the Governmental Finance Officers Association and the International City Managers Association created a whole series of studies on the basis of fiscal indicators. These indicators were adapted and modified after being reviewed by our advisory agencies and adopted by the Office of Policy and Management.

What this bill would allow us to do is to allow the Municipal Finance Advisory Commission and OPM to monitor and review the fiscal health of these Connecticut towns and cities. Also, to analyze whether these towns or cities are headed for the future type of financial difficulty that I've mentioned in the situation of Bridgeport and I want to emphasize that these efforts would be to alert, counsel and assist these towns and cities that are involved.

The commission would not be taking over the financial decision making. That has to be very clear. This would be advisory only.

Other states around the United States, in studies that I've done personally, have much more effective and stringent oversight provisions that even we are recommending here and I'll just cite a couple of states, neighbors of ours, New Jersey and Massachusetts. I think the approach that the commission is taking is this recommended legislation is reasonable. It's prudent and I think it's a needed bill to assist towns and cities in their financial situation and the evaluation of that in the years to come.

In my own town, I'll just mention quickly, our financial difficulty that we're having with our existing property tax system, I'm seeing more and more municipalities around the state getting into greater and greater difficulty raising sufficient property tax revenues to fund their General Fund appropriations and unless we have this type of oversight responsibility, I'm going to see more and more municipalities getting into this financial distressful area. Thank you.

REP. CIBES: Thank you. Mr. Smith.

JEFF SMITH: Mr. Chairman, I have a mercifully short statement to read. Local governments are political subdivisions of the state. As a local fiscal officer, I see nothing inconsistent with a state having a mechanism to step in and encourage a town to put its financial house in order before bankruptcy rather than after bankruptcy. I think it's a prudent legislation and I have no problem with it from a local level.

REP. CIBES: Representative Gelsi.

REP. GELSI: Yes, thank you. I really wish people would quite using New Jersey in there. I get terribly upset. It's my old home state. I was born and raised there and I just got back last night and in Tuesday afternoon's paper the Mayor of the City of Allon gave out 56 layoff slips and his whole reason for the layoff slips were the monies

57
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

that the State of New Jersey withdrew that they were going to give the cities and towns and plus the federal government.

So, and they just passed an income tax, by the way, to relieve the property tax and my mother's taxes went from \$1,600 to \$2,400 three years later. So I don't know what's happening there, but I just wish we'd quit using them as an example.

MAYOR GEORGE HILL: That was a positive example.

REP. GELSI: Well, I doubt it. I go there quite frequently, Mayor, and I don't be harrassing you on that one, but I stayed pretty close to what happens there and I don't see too much positive, but yes, I have a concern. I have a concern that our municipalities should remain fiscally sound, but I also have a concern, and as an ex-mayor, I never wanted the state to come down to tell me or our council on how we should run that town. I always thought that were capable of doing that and if we made decisions that we had to live and die from, not the state, and you know, people are elected and they're elected to do that and I think that's where that responsibility should stay and I understand right now today this is advisory, but things change here year by year.

You know, the capital region is going to -- I fought the Capital Region Council of Governments. I stayed on their board and thought that they really had something to give the capital region, but one thing is, I was deadly afraid of regionalization, again, because we're eroding the responsibility of the local governments, and that's the only reason and I have some deep problems when we start taking those responsibilities away and we will eventually.

KENT SCULLY: If I may just address that issue briefly, from two points of view. Number one, is the commission did look at many, many alternatives to these distressful types of issues and it was very much concerned about doing exactly what you're saying, not interfering directly with the operation of local financial operation of a municipality. That's why we took the steps we did.

58
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

I think in analyzing 77-611, which was the legislation that was originally enacted as a result of the Waterbury situation, the commission felt that the legislature was going to be saying, "Gee, what happened to the legislation we passed ten years ago? Why didn't that prevent this current situation from existing?" and that's where we came from. We're trying to come up with a mechanism now so that the legislature and the State of Connecticut is not surprised by another distressful municipal situation.

We're trying to come up with an early warning system. We're not going in and control any local financial activity. We're just going to go back and report and say there is a problem here. It does not appear that the town is taking the proper steps to correct the problem. You're going to be seeing this municipality in the future. We've done what we can do. It's up to you know.

REP. GELSI: But doesn't OPM see that every year when we send them a copy of our audit report and if we've shown a deficit three years in a row, five years in a row, Bridgeport, from people who have confided in me when we were doing that legislation last year, said that that had been going on for 30 years.

KENT SCULLY: Well, I don't think that particular situation was going on for 30 years, but what we're trying to do is we're trying to formulate something within the state government that has the expertise to evaluate that information and that has a responsibility to do something with it and that's exactly, you know, we're trying to formalize the process that you're alluding to.

REP. GELSI: This bill now, as it's now written, gives no one any responsibility to do anything except evaluate information. I don't know of anything on the state statutes that would stop you people from evaluating it right now.

KENT SCULLY: We don't have the power. We can't assume a power that we don't already have. We can only assume powers that are granted to us by the legislature.

One of the situations that currently exists is in reviewing comments and recommendations in auditors' reports, the Office of Policy and Management has a great deal of difficulty trying to get the municipalities to respond relative to corrective action and so hopefully by having the commission or availing the commission of the power to request the chief elected official or chief executive officer of the municipality to come appear before the commission we can remedy, we can find out what municipalities are doing to solve their problems. We can't request anybody to appear before us now and address a particular issue.

REP. GELSI: Our municipality had an unwritten rule and still has that every two to three years they change auditors.

KENT SCULLY: I'm aware of that.

REP. GELSI: And every time we see that happen, we also see the recommendations change and it seems like, God help us, we'll never catch up to what the paid professionals that we bring in want us to keep doing and every year we've gone to computers and spent all the money in the world and still somebody says, "Man, you didn't dot the "i" right and you still have got a problem." I don't understand what's happening even on the accountability problems and why that changes every time you change auditors.

KENT SCULLY: I think that's another reason why we chose the Municipal Finance Advisory Commission as the authority to handle these particular reviews. We wanted to rely upon the expertise that the commission had because not all auditors' comments and recommendations are going to indicate that there's a distressed condition in the municipality, so we have to be able to evaluate those comments and recommendations. If somebody -- if there's a comment and a recommendation that you're not properly funding current expenditures, then that's a serious condition. If there's an observation that you should convert from a manual to an automated accounting system, that does not necessarily mean that that's a distressed condition for that municipality.

60
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

So, again, you're exactly right, that somebody does have to go through these comments and recommendations and make a judgment as to whether they -- the management practices are contributing along with the fiscal end of the results and the analysis of the fiscal indicators are contributing to a difficult situation in the future.

REP. GELSI: I wish my mind was better than what it normally is these days, but I can tell you, in following those recommendations, we sure added staff to that Finance Department and I don't see us in being in any better shape today than we were in the old days when we carried two sets of books, but --.

KENT SCULLY: But you haven't had to come before the legislature to get money to bail the town out.

REP. GELSI: Never in the 300 of some years that they've been (inaudible, not using mic).

REP. CIBES: Any further questions? Representative O'Neill.

REP. O'NEILL: I'm not really familiar, I have to admit, with what Section 7-395 contains that in effect was triggered this whole process of reviewing, evaluating and then calling people in front of you, the elected chief executives and could you just briefly tell me what you would see in a report that would trigger it, or that somebody would see that would send this in? I mean just in brief. Would it be what Representative Gelsi refers to as multiple deficits or what?

KENT SCULLY: It would probably be a multitude of financial and administrative items and what normally happens now is every report is reviewed by staff at the Office of Policy and Management and staff, and also a fiscal indicator test is applied to every municipality to determine how they sit within various financial statistical ranges, debt ratios and whatnot.

As a result of this initial review, staff would select those municipalities where there was concerns, whether it be low rate of collection on

61
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

taxes, multiple operating deficits, high ratio of debt to per capita, substantial auditors' recommendations related to management funding practices, poor budgetary practices, that type of thing.

If staff determines that there are substantial weaknesses to indicate that additional review is to be performed for this municipality, it would be turned over to the Secretary of the Office of Policy and Management for another review. If the Secretary decided that the situation was critical enough or wanted the Advisory Commission to look into the issue, then the municipality's reports would be turned over to the Advisory Commission. The Advisory Commission would then see if it agrees with staff's conclusions or whether it disagrees. If it disagrees with staff's conclusions, that would be the end of the process. If it agrees with staff's conclusions, then a further review of the economic factors of the municipality would be conducted and it could go to the level where we would be calling in the chief executive official and/or their representatives to discuss the findings.

So one of the things that was discussed at the commission level was whether specific indicators should be put into the legislation to trigger this and it was decided that that was just impractical, that you know, if a debt ratio exceeded a certain level, it would automatically go for review. Well, that doesn't automatically mean that there's a problem.

REP. O'NEILL: Well, that sort of leads to and I was wondering what the -- how this was going to work because I did have the impression from what Representative Gelsi said, and I heard this when we did debate and discuss the Bridgeport situation that at least in Bridgeport there was known to be a serious problem for a long time and that's not something that was really kept a terribly great secret and it should have gotten out to the rest of the world and never did seem to get any serious attention until they were at the point where they were at where they needed the state loan guarantees and I guess what I'm thinking is that essentially

it's going to be a subjective judgment by the staff people at OPM that's going to trigger this to bring you folks into it to practice it.

KENT SCULLY: Subjective to the extent that it's based upon their expertise and knowledge in governmental finance.

REP. O'NEILL: Well, it's sort of like the subjective -- I mean somebody was giving bond ratings to -- who was it -- recently -- that went bankrupt? Oh, S & L's, yes. Everybody was signing off on these things saying it's all fine, you know, nothing to worry about, partly because I suppose if you started saying this S & L is in trouble someone is going to say, well, if we're going to apply that standard, they're all in trouble and so somebody at OPM, at some point has to have, and if you wish to encourage, or the integrity or something to start saying, you know, well, you really have to start changing the way you do business here and if nobody does, if nobody really jumps up and says the emperor has no clothes, to coin a phrase that one of our members likes to use a lot, then this thing would never really -- in other words, this really just sort of provides a new direction for somebody -- it puts it in your responsibility, I guess to say that, if a staff person sends you a little note, but it really doesn't force anybody to do that at all.

It's still a decision that they make. It's a professional judgment, but it's essentially not much different from when the auditors go over the books and say we think everything's fine and then a year later it turns out the place was going bankrupt or something. Somebody still has to jump up. There's no triggering mechanism, in other words, in any of this other than an opinion by a person. It's not a number. It's not a debt ratio, it's not anything like that.

KENT SCULLY: That's correct.

REP. O'NEILL: It's not anything like that, okay.

KENT SCULLY: But we feel the expertise is there, that if we do put this system in place that we can react well in advance of a situation from happening, and

again, there were proposal that were put forward that if a certain number of ratios were exceeded, automatically that municipality would be required to submit it's next fiscal budget to OPM for approval or something like that, but as far as the commission was concerned, if we did not feel that that level of control was necessary. We think that financial reporting in Connecticut is outstanding. We think that the information is available and we just want this piece of legislation to force the evaluation of the information and we think that that is going to go a long ways to solving the problem.

If it doesn't, then we'll have to go back and readdress it, but other than implement some mandatory controls based upon some particular factors, we feel that it can be subjective and work.

REP. O'NEILL: Thank you.

REP. CIBES: Any other questions? Representative Winkler.

REP. WINKLER: Thank you. Just how did you function before this legislation was brought forward?

KENT SCULLY: Before the proposed legislation?

REP. WINKLER: Yes.

KENT SCULLY: Our responsibility was to evaluate municipal financial reporting to make sure that the reporting was in accordance with generally accepted accounting principles or those items that were outlined in the enacting legislation, Act 77-611, the Municipal Auditing Act and advised the Secretary of the Office of Policy and Management relative to any regulations that he may choose to implement with regard to municipal financial reporting.

We're currently involved -- in another bill we are currently involved in the Single Audit Act for state aid, state financial assistance, which is a mirror of the federal Single Audit Act for local

units of government and that was another project that we were involved at the request of the Secretary.

REP. WINKLER: Would this particular change of legislation require more staffing?

KENT SCULLY: No.

REP. WINKLER: It wouldn't?

KENT SCULLY: No, it would rely on the existing staffing.

MAYOR GEORGE HILL: I may add that representatives on this committee or on this commission are mayors, first selectmen, finance directors, were not in this to point the finger at any municipality that we feel we're picking on. We're looking at -- we're evaluating our peers, so to speak, and I think that's a very valuable process.

REP. WINKLER: Well, I agree and I think sometimes an outside view is refreshing. Thank you.

REP. CIBES: Any other questions? Let me just have one question about your response to CCM's testimony, which has urged a study of this issue until next year.

MAYOR GEORGE HILL: I serve on the Board of CCM and I was going to preface my remarks to say that they do not necessary -- my remarks do not necessarily reflect CCM's. Obviously, individual members on CCM's Board can differ with the board's position, and therefore, I differ with CCM's position on this.

I don't believe we need another study to study this type of an issue. Either we think it's a major proposal that should be adopted or I don't think another study is going to prove anything in addition.

KENT SCULLY: I would like to add that as far as that three year plan, that specific language really does not detract -- elimination of that does not detract from what the commission's intent is. The only reason it was in there is that some members feel

65
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

that it's very important to have a long range as well as a short range plan when you're addressing this type of issue, which is correct, and they wanted to reiterate that by making sure it was part of the legislation, but that does not detract from what we're trying to focus on.

MAYOR GEORGE HILL: You could eliminate line 83 on without the majority of the board feeling too upset.

KENT SCULLY: All it is, is to assign the responsibility to take a look at these distressful situations and advise upon them before they become to the extent where you have to go directly to the legislature.

REP. CIBES: Thank you. Further questions? Thank you very much. The next speaker is Denise Schlener from the Land Preservation Coalition. Not here. the next speaker is Charles Duffy from the Council of Small Towns.

CHARLES DUFFY: My name is Charles Duffy. I'm Executive Director and Lobbyist for the Council of Small Towns. I want to speak very briefly and simply register our support for Raised HB7580. The testimony of previous speakers on this issue basically parallels our opinions. We think, in sum, passage of this and creation of this review would be proper and appropriate, especially with the extensive change and growth in the local government and the fiscal complexities of local government that we see coming in the next few years. We think this is an appropriate way to deal with potential financial problems in our cities and towns. Thank you.

REP. CIBES: Representative Gelsi.

REP. GELSI: Charlie, are you telling me the chief executives of cities and small towns are saying that they want this?

CHARLES DUFFY: Yes, I can tell you that most of them are. It's not a universally held opinion and it's certainly, you know, you'll find differences of opinion, but I can tell you that when you combine a lot of part-time government and the complexity of

66
tcc

FINANCE, REVENUE AND BONDING

March 31, 1989

financial management, especially when you get into long term capital projects and especially looking forward to what we see in the next few years, I think most would accept this assistance and advice and don't consider it and wouldn't consider it to be an unwarranted intrusion on their affairs.

REP. GELSI: Is CRCOG taking a position on this bill?

CHARLES DUFFY: No, they haven't.

REP. CIBES: Further questions? Thank you very much. Is there anyone else who has signed up to speak in the last few minutes? Anybody we've missed? If not, the public hearing is adjourned. Thank you.

Written Testimony
by

File 1A
Speaker 10
page 1383

Edwin V. Selden, Administrator of Program Management
Office of Policy and Management
Friday, March 31, 1989
to the
Finance, Revenue and Bonding Committee

S.B. 7580 AN ACT CONCERNING DUTIES AND RESPONSIBILITIES OF THE MUNICIPAL
FINANCE ADVISORY COMMISSION

The Municipal Finance Advisory Commission (MFAC) was established pursuant to Public Act 77-611 as a resource for the Secretary of the Office of Policy and Management to recommend ways to improve the quality of municipal audits received by O.P.M. Because of the recent and continuing financial difficulties of one of the larger cities in the state, the Secretary determined that expertise of the members should be utilized to assist other municipalities which may or could be experiencing fiscal distress.

Last spring, the Secretary of OPM asked the Commission to suggest to him how the Commission could expand its audit oversight and assist in helping those towns which may be experiencing fiscal distress.

The Commission considered many different options when developing the legislative proposal before you. The basic premise of the proposal, balances the need for fiscal autonomy at the municipal level with providing a mechanism for monitoring internal controls, financial growth and expenses.

The Secretary of the Office of Policy and Management will continue to review audit reports filed with him and to ask municipalities to explain how they are complying with the auditor's recommendations.

If upon review of the town's audit, evidence of financial distress or unsound financial practices was found, the legislation proposal would require the Secretary of OPM to request the MFAC to investigate the circumstances surrounding the problems. The Commission will evaluate the audit along with additional findings and make suggestions ranging from the monitoring of a town to, in extreme cases having a municipality submit a three year financial plan, to insure that appropriate action is being taken.

OPM has produced, with the help of the Commission, for each of the last three years Municipal Fiscal Indicators which is a publication containing financial and demographic information for all the municipalities in the state. Some of the factors of fiscal distress shown in the booklet are:

- Tax collection percentage below 95% of current levy
- Operating deficits
- Expenditures rising more rapidly than revenues
- Relatively high unemployment rate.

(over)

Along with this publication, the Commission will analyze the town's audit report, auditor's management letter, community needs and resources, any unfunded liabilities, the condition of its capital plant and factors that maybe unique to the town.

The legislation before you today helps to formalize an early warning process of municipal fiscal distress rather than waiting until a town's fiscal health crumbles under the strain of lower than anticipated tax collection, unanticipated expenses, pension fundability, sizable increases in personnel costs and a crumbling infrastructure.



Tape 1B 1385
 10/10/19
 11/8

Testimony
 of the
Connecticut Conference of Municipalities
 to the
Finance, Revenue and Bonding Committee

March 31, 1989

CCM is opposed to H.B. 7580, and asks the Committee to refer this proposal to the Connecticut Advisory Commission on Intergovernmental Relations (CACIR) or other relevant group for interim study, deliberation and refinement. This would allow the 1990 General Assembly to consider a proposal in this area that embodies appropriate input and enjoys broader support.

H.B. 7580, "An Act Concerning Duties And Responsibilities Of The Municipal Finance Advisory Commission."

H.B. 7580 would make dramatic and far-reaching changes in the authority of the State over municipal government finance and budgeting. It does this by greatly expanding the power and authority of the Municipal Finance Advisory Commission (MFAC).

A. Existing Law

The MFAC is established by C.G.S. 7-394b.

- The Commission consists of eight persons appointed by the Governor.
 - Four who are "fiscal or executive officers of municipalities" of various population sizes.
 - Three who "are not officers of municipalities but [are persons] whose experience and knowledge, in the discretion of the governor, would be valuable for the purposes of said commission (MFAC)."
 - One who is "a representative of OPM."
- The Commission's purpose is to "review and submit any recommendations as may be deemed appropriate with respect to any regulations concerning the provisions of Section 7-394a submitted [to the MFAC] by the secretary of [OPM] for purposes of such review."

Section 7-394a concerns "principles and standards for municipal financial reports."

Thus the present scope of the commission's authority is, upon request of the Secretary of OPM, to review and make recommendations on regulations concerning principles and standards for municipal financial reports.

B. H.B. 7580

The proposed bill would greatly broaden the MFAC's scope of authority:

- If the Secretary of OPM finds a problem with (or in) a municipal audit report, or "in relation to commonly accepted standards in municipal finance," he would be obligated, after preparing a report and recommendations, to refer the matter to the MFAC.
- The MFAC would have the following powers:
 1. Work with any municipality referred to it by the Secretary of OPM (where he finds a problem in [or with] the municipality's audit report, or in relation to commonly accepted standards in municipal finance) to improve the fiscal condition of the municipality.
 2. Review of audits, accounting and fiscal management practices of such municipality, and "any other information relevant to the municipality's fiscal condition" to determine the level of "financial distress" of the municipality.
 3. Authority to require the chief executive officer of the municipality to provide such documentation.
 4. Authority to require the chief executive officer of the municipality to appear before the Commission to discuss (a) the financial condition of the municipality and (b) the implementation of remedial measures to improve the municipality's financial condition.
 5. As a "remedial measure", power to require the municipality to submit a three year financial plan.
 6. Power to require "other remedial measures."

Conclusion

While the intent of this proposal is laudable, CCM believes it needs additional work and input from affected parties.

The MFAC has been constituted to review regulations concerning principles and standards for municipal financial reports. It has not been constituted to (1) evaluate the fiscal condition of individual municipalities, (2) compel testimony and documentation from chief executive officers of cities and towns regarding the financial condition of their municipalities, or (3) prescribe "remedial measures" regarding the finances of individual municipalities.

Spending and taxing issues, as well as fiscal management, are sensitive issues as this Committee well knows. Before the State is authorized to regulate the fiscal affairs of cities and towns, more discussion and deliberation should occur regarding the appropriate role of the State in this area and the appropriate mechanism to ensure municipal fiscal and home rule integrity.

CCM therefore asks the Committee to oppose enactment of H.B. 7580, and instead refer it to the Connecticut Advisory Commission Intergovernmental Relations (CACIR)* or other appropriate group for interim study.

#

Thank you for your consideration.

Attachment: Proposed bill (amends C.G.S. 7-394a, 7-394b, 7-395)

* Pursuant to C.G.S. 2-79a, the purpose of the broadly representative CACIR is to "enhance coordination and cooperation between the state and local governments."