

Testimony Regarding Governor's Proposed FY 2013/14 Budget

Appropriations Committee – Public Hearing March 15, 2013

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We are here today to address our concerns regarding the Governor's Proposed FY 2013/14 Budget and state aid to municipalities.

Mansfield is home to the University of Connecticut's main campus in Storrs (pop. 26,000; 15,000 year-round). Outside of the university, we are still in many ways a rural community with a limited tax base consisting of residential and some commercial properties. We are building the mixed-use Storrs Center project to serve as our downtown, and this initiative will positively impact our grand list.

Mansfield's FY 2012/13 Operating Budget totals approximately \$45 million. Of that amount, approximately \$30 million is dedicated to education costs and \$15 million is allocated for general government and capital expenditures. With the presence of UConn and the Bergin Correctional Institute, we are very reliant on intergovernmental revenue, receiving approximately \$17.6 million or **39%** of our general fund revenues from the state. Our grand list is approximately \$1 billion and the value of state property in Mansfield totals \$1.2 billion. Our payment-in-lieu-of-taxes grant (PILOT) for state-owned property totals approximately \$7 million, or **16%** of general fund revenues. No other town in the state is as reliant on PILOT funding as is Mansfield. As you will see on the attached spreadsheet, under statute Mansfield should be receiving 45% on the assessed value of UConn property and the actual grant amount is closer to 24% of that figure.

Like many of our municipal colleagues around the state, we are concerned about the Governor's proposed motor vehicle property tax exemption. Our estimate is that this proposal would be significant for Mansfield, resulting in a revenue loss or a shift to residential and commercial real estate of \$1.8-\$2 million per year, equivalent to approximately 1.8 to 2 mills. Under our preliminary analysis, residents with a modest home and a modest vehicle or two will likely see an increase in taxes while those with larger homes and more expensive cars will see their taxes decrease. This loss of motor vehicle tax revenue would make the property tax more regressive, placing a greater burden on those who arguably have less ability to pay.

The Governor's proposal to eliminate the payment-in-lieu-of-taxes (PILOT) for state-owned property and to reallocate that funding under the education cost sharing grant (ECS) is an even more significant issue for our community. Under this proposal, Mansfield's \$7 million PILOT payment would be eliminated and our \$10 million ECS grant would increase to \$17 million.

On paper, it appears as though Mansfield would be held harmless under the Governor's proposed budget, at least for the next two fiscal years. Our chief concern, however, is for the future. Would the state amend the ECS formula to include state-owned property as a primary criterion of the grant? If not, it could become very difficult to justify a \$17 million ECS grant to Mansfield and the town could lose this important funding we receive to offset the impact of state property on our municipal services.

Losing \$7 million in state funding would be devastating to Mansfield and the town would need to increase its current tax levy by 25% to make up for this lost revenue. Quite frankly, we don't understand the policy reasons behind the elimination of the PILOT and the reallocation of this funding under ECS. Connecticut led the nation when it introduced the PILOT in 1969. If the purpose of the proposal to reallocate the PILOT under the ECS is to increase funding for education, this will only serve to move money from one side of the house (general government) to another (education). In essence, we would be "robbing Peter to pay Paul." On the other hand, are we saying that state property no longer has an impact on the host municipality? That assertion is simply not accurate. While UConn offers many benefits to Mansfield in terms of employment, arts and culture and other university-related amenities, it also has a real impact on our municipal services, including code enforcement, community services, education, public safety and public works. To illustrate this point, we have highlighted below several municipal services that are impacted by the presence of the university (please see the attached 2008 study for more detail):

- **Fire department/EMS** – Mansfield maintains a combination fire department with both volunteer and paid personnel. Most towns our size in Connecticut rely on a volunteer fire department with a separate EMS provider. Mansfield employs 12 full-time and 14 part-time firefighter/EMT's that respond to 1,429 calls per year, most of which are rescue or ambulance calls. If Mansfield did not host the university, with its commuting traffic and associated rental properties, our annual call volume would be much lower. Mansfield's budget for Fire and Emergency Services totals \$1,860,135 per year.
- **Housing inspection program** – Mansfield is home to approximately 1,427 rental units, the vast majority of which house tenants that are students or have a university affiliation. In order to ensure that this housing stock meets minimum safety and related standards, the town maintains a housing inspection program to license residential rental properties. Our program is very comprehensive for a small town our size, and includes the enforcement of litter and certain parking regulations. The budget for this program totals approximately \$109,220 per year, of which \$92,720 or 85% is covered through user fees.
- **Police services** – Mansfield employs the services of 10 resident state troopers, perhaps the largest municipal contingent in the state. Much of the work of the trooper's office in Mansfield involves community policing in the neighborhoods adjacent to campus and responding to large off-campus parties and events such as the former UConn Spring Weekend. Our budget for police services totals \$1,149,830. By contrast, the town of Tolland, our neighbor to the north with a year-round population similar to Mansfield's, employs five resident troopers at a cost of \$603,205 per year.
- **Regional bus services** - Mansfield not only funds its share of the regional bus service (WRTD) that runs north and south along the edge of the UConn campus, but also funds 50% of the farebox revenues so that Mansfield residents and UConn students, faculty and staff can ride this bus line for free. While UConn has recently funded the other 50% of the farebox revenues, almost 80% of the ridership is UConn-affiliated. Mansfield's total cost for this bus service is close to \$100,000 a year. UConn's 50% farebox cost was \$26,000 last year. Additionally, Mansfield maintains all the bus stops on this line except for the two that are on the campus itself.
- **Road maintenance and construction** – The increased automobile and truck traffic on Mansfield roads results in a much higher annual maintenance cost for our municipal roads that carry much of the UConn traffic. To withstand the additional traffic, these roads must be resurfaced at a higher frequency than other roads in town. Additionally, Mansfield has had to spend money on traffic calming measures on local neighborhood roads that serve as cut-through roads to the campus. The town spends thousands of dollars every year repairing vandalism on its roads near

the campus and picking up litter in the off campus student-dominated neighborhoods. Mansfield provides a much higher level of service during the winter on local roads that feed the campus on event nights. Considerable extra dollars are spent by the town plowing and sanding roads so that UConn visitors will be able to get to and from winter events safely. The recently constructed roads in the new Storrs Center downtown development along the eastern edge of the campus are local roads, funded in part by Mansfield. Mansfield paid hundreds of thousands of dollars to relocate and modernize some of UConn's water pipes in this area.

- **Streetlights** – To provide for student safety near the campus, Mansfield has had to erect and pay for over 50 streetlights on both state and town roads in areas of high student pedestrian activity. These lights alone cost Mansfield over \$1,000 per month and more lights are required every year.
- **Walkways** – Also to provide for student (and driver) safety, Mansfield has had to construct walkways on Town roads near and adjacent to the UConn campus. In recent years, walkways have been constructed on Hunting Lodge Road, Birch Road, Separatist Road, Hillside Circle and Dog Lane. More walkways are needed near the campus for safety. Well over \$1,000,000 of Town funds (not grants) have been appropriated for these walkways, and several more million will be needed in the future.

In addition to the financial and service impact on the host municipality, there is perhaps an unintended consequence of eliminating the PILOT for state-owned property. In any PILOT town, there is some inherent tension between the host community and the state institution. Mansfield and UConn now enjoy a positive working relationship, built over the years through the concerted effort of both parties. However, in Mansfield there is always tension between the community and UConn around the university's plans for growth. The Governor's proposed *Next Generation Connecticut*, which will include the hiring of many new faculty and staff, and the addition of 5,000 new students in Storrs, is a good case in point. While *Next Generation Connecticut* may have many benefits for Mansfield and the region, it will also impact our natural resources, municipal services and quality of life. Right now, our citizens know that Mansfield will receive PILOT funding to help mitigate some of the community impacts associated with UConn's development. If the state eliminates the PILOT on state-owned property it will stimulate more significant concerns and opposition to UConn's plans to develop as a Tier I research institution and erode the town-university relationship that we have worked hard to build over the past many years.

In summary, we ask that you reject the proposed motor vehicle tax exemption as well as the proposal to eliminate the PILOT for state-owned property. If the motor vehicle tax exemption is approved, Mansfield will see a shift in its property tax burden to residential and commercial properties, equivalent to approximately 1.8 to 2 mills based on the current grand list. If the town were to lose the \$7 million in PILOT funding to be reallocated under the ECS grant, Mansfield would need to increase its tax levy by as much as **25%** based on current expenditures and the current grand list. The collective impact of these proposals would create a tax burden our taxpayers and residents could not sustain. In our view, these proposals do not represent sound policy, especially in a state that is extremely dependent on the property tax as a revenue source for municipal government.

We appreciate the opportunity to speak with you today and are happy to answer any questions you may have.