

MINUTES

SPECIAL MEETING OF THE BOARD OF DIRECTORS

SEPTEMBER 12, 2017 – 7:00 P.M.
LINCOLN CENTER HEARING ROOM

PRESENT: Mayor Moran, Deputy Mayor Hackett, Secretary Kissmann, Directors Devanney, Eckbreth, Galligan, Gates, Jones and Nye.

ABSENT: General Manager Shanley

ALSO: Director of Administrative Services, Dede More and Assistant Town Attorney, Timothy O'Neil.

1. MEETING CALLED TO ORDER.

The meeting was called to order at 7:03 p.m. All in attendance participated in The Pledge of Allegiance to the Flag, led by Mayor Moran.

3. Discussion and action regarding the 2017-2018 fiscal year motor vehicle tax mill rate and due date.

Mayor Moran asked Ms. Moore to bring us up to date on where we are in regard to this issue.

Ms. Moore stated there was a special meeting on June 20th to discuss and act on a due date for motor vehicle tax bills in Manchester. At that time, a state budget had not yet been passed. The statutory mill rate for motor vehicles remained capped at 32 mills, although that was expected to change when a state budget was in place. If Manchester proceeded with issuing motor vehicle tax bills with the normal due date of July 1, it was quite likely that when a state budget was passed, Manchester could be faced with the prospect of issuing supplemental motor vehicle tax bills at a later date.

As a result of the discussion that took place at the June 20th special meeting, the Board amended the 2017-2018 fiscal year budget to provide that “any motor vehicle tax of any amount shall be due and payable in one (1) installment on October 1, 2017.”

We are in the same situation tonight that we found ourselves on June 20th, with no state budget and the prospect of issuing motor vehicle tax bills with the likelihood of having to consider the issuance of supplemental motor vehicle tax bills at a later date.

The purpose of this special meeting is to discuss whether or not the Board of Directors should consider moving the due date for motor vehicle tax bills to a date later than October 1. Town staff is recommending that the Board of Directors consider moving the due date for motor vehicle tax bills one more time to January 1, 2018.

Director of Finance, Kimberly Lord, and Budget Officer, Brian Wolverton, are with us tonight to answer questions regarding the Town's cash position, the prospects for when a state budget might be in place, the status of municipal reimbursement from the state and how these factors might influence decision making regarding motor vehicle tax bills.

Mr. Wolverton stated the statutory tax cap is still at 32 mills so if we issue motor vehicle tax bills on October 1st, we would need to issue the bills at this rate, with revenue of \$10, 519, 210. When we built the budget for a 32 mill rate tax cap, we built in the assumption that the State would reimburse us for the revenue loss that would result from having that tax cap in place. If we issue motor vehicle taxes and the State raises the cap and takes away that reimbursement, we will find ourselves short in the Town budget by \$937K, unless we send a supplemental bill out. With a 37 mill cap, the Fire District would lose \$630K and if there is no cap, which is a possibility, the Fire District would lose over \$1.1M if we do not issue supplemental bills. The Fire Fund has a budget of only \$13M a year. If we bill on October 1st, we would need to issue a supplemental motor vehicle bill once the state budget is set so as not to lose this money. There are concerns about what our collection rate would be on a supplemental bill a couple months after taxpayers have received their original motor vehicle tax bill.

Mayor Moran indicated we were concerned about a cash-flow problem if we delayed the motor vehicle tax bills to October. He asked if a delay in billing to January would create even more of a cash flow problem. The Board had decided in June that sending out two tax bills may be confusing for our taxpayers.

Ms. Lord responded that Manchester is expected to get \$8M in Educational Cost Sharing (ECS) funding in October, as noted in both the Governor's executive order from August and in the new proposal. This could help bridge some of the cash flow gaps between now and January 1st. Since July 1st, we have collected \$66M in real estate and personal property tax and have approximately \$34M in expenditures so far. We have paid a substantial amount of our debt service already with one more \$2M debt service payment due in November. The budget would be tight but we could handle holding off until January, rather than sending the taxpayers a supplemental bill.

Director Nye commented the Board of Directors was assured in June that delaying the tax bills would create cash flow problems but now we are being told it will not. Her biggest objection to postponing the bill to January 1st is that it comes during the holidays, when citizens are stretched for funds.

Ms. Lord replied that when this was discussed in June, we truly had no idea what ECS funding Manchester would receive. There is now more certainty about the ECS funding. Every indication is that our ECS funding will stay level at \$8M. The revenue from motor vehicle tax bills is \$10M.

Director Devanney asked if we are certain the \$8M is going to be paid and if not, would we have more cash flow problems. Our motor vehicle mill rate last year was 37 mills, so if we billed for 32 now and then supplemental bills were sent for 5 mills, we would still be at the same tax rate as last year.

Ms. Lord said there is not 100% guarantee of the \$8M if there is no budget. Normally ECS is paid 25% in October, 25% in January and 50% in April. We do have a healthy fund balance that we could dip into until January's second bills are paid, but she would prefer to send the tax bills

out in October. We do have other streams of revenue coming in, like tuition. With the uncertainty of the

State budget, we are unsure if there is other municipal aid that we will not receive. Governor Malloy submitted a new proposal this week and ECS funding shifted but Manchester actually ended up with more municipal aid in this latest proposal.

Director Gates asked if we don't bill for October 1st, if we could consider other dates, such as November 1st or November 15th. There would seem to be an advantage to bill before the holidays. He'd like to see the clearest communication to the taxpayer. He asked if there is any advantage to us or the taxpayers if we delay another 3 months.

Ms. Lord indicated that we do not have the flexibility to bill mid-month, as our tax software does not handle interest charges because interest changes on the first of the month. The difference of 5 mills in Manchester is \$1, 074,500 in revenue.

Mr. Wolverton added that the only advantage to delay until January 1st would be clarity of communication to the taxpayers to have one bill vs. two.

Mayor Moran asked what the cost is to send supplemental bills to the Town.

Ms. Lord replied that she doesn't have an exact figure, but there would be the cost of printing and mailing 42,000 bills. Billing later than January 1st is not advisable. Sending a supplemental bill out in February or March could be confusing, as there is currently a supplemental motor vehicle bill that comes out in January for any car that is registered after October 1st but before July 30th.

Director Eckbreth finds it unconscionable that we still have no State budget. Despite what the Governor has proposed, there are many Legislators that are fighting the ECS funding. Since we passed this ordinance in June, our Legislators and Governor have approved a union concession that allows for no State layoffs and no change in pensions while the State still has deficit numbers that are astronomical. We are still owed some money from last year's budget for the BOE. If ECS money is cut, that will severely impact their budget. We need to take every precaution to cut our budget wherever we can. She would like to stick with the October 1st tax bill date and send a supplemental bill at a later date if we need to.

Ms. Lord stated she is actively going after old money due to us from the State. Since March, we have received \$735K in LOCIP funds that were due to us and we are going after other money that is owed to us from the State. We are doing all we can to maximize available revenues. If we do go with billing at 32 mills and know we're going to have a shortage in the Fire Fund, we need to determine where we will get the funds from.

Director Jones asked if there is a way for taxpayers to determine how much their supplemental tax bill would be.

Ms. Lord indicated we have to wait to see what happens at the State level to see what the mill rate is. As soon as that is decided at the State level, we can bill within a week. She is unsure how we could get information out to the taxpayers of what their supplemental bill would be.

Vice Chair Hackett thanked Mr. Wolverton and Ms. Lord for their update. Motor vehicle tax bills are an expected expense and she has heard from taxpayers that they don't like the open-endedness of the tax bills not being sent. She would like to see a tax bill sent out for October 1st.

Director Galligan clarified for taxpayers that the reason we cannot bill at 37 mills now is because according to state law, the mill rate is 32 mills. He would like to go ahead with billing for October 1st. We have done our job in Manchester and unfortunately need to deal with the inaction in Hartford.

Mayor Moran stated we have been responsible at the local level, including a 0% tax increase to our citizens. We have a responsibility to bill. We have not put ourselves in this situation. Manchester is a community that works together. Consensus from the Board members is that we should bill at 32 mills for October 1st, as determined in our June 20th meeting.

4. ADJOURNMENT.

The meeting was adjourned until the October 3, 2017 Regular Meeting of the Board of Directors at 7:00 p.m. at the Lincoln Center Hearing Room.

Galligan/Nye

Nine Voted in Favor

Adjournment: 7:40 p.m.

lgl

APPROVED:

ATTEST:

Secretary, Manchester Board of Directors