

## **BACKGROUND INFO FOR AGENDA ITEM 8a – BOF Meeting 10/18/2017**

**From:** Robert Tarlov  
**Sent:** Friday, October 6, 2017 5:10:38 AM  
**To:** Art Shilosky  
**Cc:** Michele Wyatt  
**Subject:** Motor Vehicle

Art,

As we discussed last night, when BOF set the mill rate at a 6/13 Special Meeting, it was not specific to any type of property:

*A Bisbikos motioned to set the mil rate at 32.37. Second by A Migliaccio. Motion passed 5-0*

At the 6/21 Regular Meeting, I reported to the Board that MV bills were being held up from going out at this time.

The subsequent decision to hold off sending out the Motor Vehicle bills was an operational decision, therefore, I believe the decision to do so now is also operational and I do not believe BOF action is required.

If you agree, I think that an e-mail to our board that it is going to be done will give us advance notice and would be sufficient.

Rob Tarlov, Chairman, Board of Finance  
860-608-4293

**From:** Michele Wyatt  
**Sent:** Friday, October 6, 2017 11:15 AM  
**To:** Robert Tarlov  
**Subject:** Re: Motor Vehicle

Hi Rob,

I wanted to give you something in writing. This is the first year that Colchester is over the Mill Rate Cap therefore we need to follow Statute. John C and I worked to get you all the following information. At your next BOF meeting I will have the rate bill and warrant ready to be signed once you have set the Mill rate for Motor Vehicles. I have already talked with John C and our Data Company - we can have the bills out for November 1 pay date and will be mailed as soon as possible.

Thanks

The town has indicate that they wish to send out MV bills on the 2016 Grand List that would become due and payable as of November 1, 2017 at a mill rate of 32.37.

Pursuant to CGS 12-71e, beginning with the 2016 Grand List, no municipality may have a mill rate for motor vehicles that exceeds 32 mills.

Additionally, according to the Rate Bill that was executed on June 13, 2017 (see attached) it states that the mill rate for Real Estate and Personal Property shall be 32.37 mills and the section regarding Motor Vehicles has been left blank and crossed out.

The Tax Collector does not have the responsibility or authority to set a mill rate.

Therefore, prior to my office sending out any Motor Vehicle tax bills with a mill rate that exceeds the statutory maximum, I would need to have a rate bill issued by the Board of Finance.

Without having received either a signed rate bill or a letter from our corporation council stating that the Tax Collector has the authority to set a mill rate in excess of the cap in CGS 12-71e, I cannot issue the bills.

Sec. 12-71e. Motor vehicle mill rate. Notwithstanding the provisions of any special act, municipal charter or home rule ordinance, for the assessment year commencing October 1, 2015, and each assessment year thereafter, each municipality and district shall tax motor vehicles in accordance with this section. Notwithstanding any mill rate for motor vehicles set by a municipality before June 2, 2016, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before June 2, 2016, for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before June 2, 2016, for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after June 2, 2016, that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality or district may establish a mill rate for motor vehicles that is different from its mill rate for real property and personal property other than motor vehicles to comply with the provisions of this section. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before June 2, 2016, for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before June 2, 2016, for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after June 2, 2016, that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. For the purposes of this section, "municipality" means any town, city, borough, consolidated town and city, consolidated town and borough and "district" means any district, as defined in section 7-324.

Sincerely,

**Michele Wyatt, CCMC**

Tax Collector

127 Norwich Avenue

Colchester, Ct 06415

Phone: 860-537-7210

Fax: 860-537-1147

Email: [taxcollector@colchesterct.gov](mailto:taxcollector@colchesterct.gov)

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**From:** Robert Tarlov  
**Sent:** Sunday, October 08, 2017 6:12 AM  
**To:** Michele Wyatt <taxcollector@colchesterct.gov>  
**Cc:** Art Shilosky <aShilosky@colchesterct.gov>; John Chaponis <assessor@colchesterct.gov>; Maggie Cosgrove <mcosgrove@colchesterct.gov>  
**Subject:** Re: Motor Vehicle

Just so I understand the new information.

Looks like we still cannot set the mil rate above 32 for motor vehicles?

If so, for the 10/18 meeting:

- What will this difference be in revenue?
- Although I think we discussed it would not be cost effective to supplement bill which was why even before we considered the 32 ceiling we were going to hold up on billing but:
  - If we supplemental billed on MV what would be the cost?
  - If we supplemental bill on real estate:
    - What would new mil rate on Real Property have to be
    - What would be the cost of supplemental billing?
- What is the drop dead date to send out the MV bills to avoid a cash flow crisis?

Rob Tarlov, Chairman, Board of Finance  
860-608-4293

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**From:** Michele Wyatt  
**Sent:** Friday, October 6, 2017 11:15 AM  
**To:** Robert Tarlov  
**Subject:** Re: Motor Vehicle

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Sincerely,

**Michele Wyatt, CCMC**

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**From:** Michele Wyatt  
**Sent:** Tuesday, October 10, 2017 10:03 AM  
**To:** Robert Tarlov  
**Cc:** Art Shilosky; John Chaponis; Maggie Cosgrove  
**Subject:** Re: Motor Vehicle

Hi Rob

There are numerous municipalities that billed higher than the 32 mill rate cap with the understanding that if Legislation passed to cap motor vehicles at 32 mills the tax office would do refunds or apply the difference to the next billing cycle. Also in all the state budgets that have been presented it looks like the motor vehicles cap is being lifted to 37 mills.

If the BOF has me send out Motor Vehicle bills at 32 mills when the state budget passes and raises the mill rate cap to 37 mills; the office then would need to send out an supplemental bill for .37 mills.

I obtained pricing from the software/printing company: for each bill that we send out it's roughly \$0.80/bill. Just to send out supplemental Motor Vehicle bills at 0.37 mills it would be an additional \$7300. If this was the case I would recommend that we wait until Jan 1, 2018 to do any supplemental bills so that the office could do "bundle" billing to bring down the cost. This could also be done in the case of a supplemental bills for Real Estate. If you were to do supplemental billing for everything you are looking at approx. \$10,000. All the expense is above and beyond my budget that was approved.

There is a lot of behind the scenes work that need to be done by two offices and the software/data processing company. Bills can typically be mailed out 10-15 days of your approval

We would need to

Sincerely,

**Michele Wyatt, CCMC**

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**From:** John Chaponis  
**Sent:** Tuesday, October 10, 2017 12:32 PM  
**To:** Robert Tarlov; Michele Wyatt  
**Cc:** Art Shilosky; Maggie Cosgrove  
**Subject:** RE: Motor Vehicle

Good morning Rob

This is really not my call but I am offering my two cents because you included me in on the email and I am assuming you wanted my thoughts.

While you are correct that the law does not currently allow any CT municipality to charge more than 32 mills for motor vehicles, everyone, and I mean everyone, that I have spoken to at the Capitol expects that cap to be increased to that of 37 mills or have the legislation completely repealed. When the law was passed, it was passed with the creation of MeRSA (a Municipal Revenue Sharing Account) which was to be funded and reimburse municipalities for, at least a portion, of their revenue loss due to reducing the mill rate. With the State budget experiencing such a massive deficit the State is finding that they cannot fund existing items and therefore cannot fund the newly created MRSA to the level in which they needed. Therefore, every budget that has been put forward by the Governor, Dems, Rs, the House or the Senate, has contained language that either raised the mill rate cap to 37 Mills on the 2016 Grand List or completely repealed the cap altogether.

Because everyone expects the mill rate cap to at least be increased to 37, some municipalities mailed their bills out due July 1, 2017 with a mill rate of 37 mills. I know for a fact that at least seven (its likely greater) mailed them out at 37 mills and others have sent them out over 32 but under 37 because it matched their mill rate for Real & PP.

Many municipalities decided to hold off on mailing their bills last July just as Colchester did because they believed that a budget would be passed in the next few weeks/months and then those towns would issue bills at a rate higher than 32 mills.

Since then, things have drastically changed. Last week the Legislature did not take up overriding the Governor's veto of the budget. Thus we still have no budget and apparently the Governor's Executive Order will be implemented. That order will eliminate all education funding for 85 towns. Additionally another 54 towns will see their aid drastically cut.

It also was announced last week that the CT Education Association (one of the two teachers' unions) will seek an injunction blocking the implementation of the Governor's Executive Order which reduces education funding to those communities. Underlying the attempt at injunctive relief is the legal assumption that the Governor cannot take all of the education aid from some towns and give it to others without legislative approval. However, observers seem to believe that the Governor can unilaterally reduce aid proportionally in the absence of sufficient funding, but not eliminate it entirely to enable a transfer.

Assuming that the Superior Court promptly hears the request for an injunction, whether it is granted or not, there still will be no budget. Even if the injunction is granted, the State would certainly appeal to the State Supreme Court. The earliest decision from the Supreme Court is likely a couple of months away. And even if the request for injunctive relief is successful, the State still would have to come up with some \$3.5 Billion to give the cities and towns. Unless the Legislature passes some new combination of \$3.5 Billion in cuts and tax increases, they don't have the money to give to the towns under the current budget which is in deficit.

Based on these changes, both the Tax Collector and Assessor's offices believe that we need to send the bills out as soon as possible and no later than being due November 1, 2017. We are making this request for following reasons:

- a.) Motor vehicle bills are difficult to collect, have a lower collection rate than real estate, and the longer we wait, the worse position we are in for collecting the money owed.
- b.) Supplemental Motor Vehicles (any vehicle registered after 10/1/2016 and prior to 10/1/2017) bills need to be mailed in December and are due January 1, 2018. We feel mailing these bills too closely together and in proximity to the holiday season could prove financially difficult for some taxpayers.

- c.) The Assessor's Office is trying to compile the October 1, 2017 Grand List by the January 31, 2018 deadline and once the MV bills are mailed, our office gets flooded with inquiries on vehicles that have been sold, totaled, repossessed, traded-in, junked, or registered in another state/town. We need to move through this wave of traffic asap and get back on track for completing the 2017 GL.

In regards to your question on what the mill rate would have been on Real Estate & PP if we decided to cap MVS at 32 mills last July? It would have raised the mill rate from 32.37 to 32.42 based on my calculation. However, rebilling those classes for a nickel on the mill rate would be an administrative nightmare and cost more than you would collect in the end (considering man hours being reallocated away from our current workload).

In my opinion, the town has two options:

- 1.) Mail the bills out with a 32 mill rate and lose approximately \$52,422 in anticipated revenue.
- 2.) Mail the bills out with a 32.37 mill rate in anticipation of the cap being raised/repealed as all of our state reps, and everyone at the Capitol has promised.

Colchester is not alone and I know of at least one municipality that held off mailing their bills last July but later mailed out their MV bills due October 1, 2017 at 32.50 mills.

I have spoken to a half dozen of my colleagues in towns that sent bills out over 32 mills or at 37 mills and they all claim that they have received zero negative feedback. If you are asking for my personal opinion, I would recommend mailing those bills out with a mill rate of 32.37 mills.

Respectfully,

John Chaponis