



BOARD OF ALDERMEN
SHELTON, CONNECTICUT
FINANCE COMMITTEE – JUNE 30, 2008

Call to Order / Pledge of Allegiance

Alderman Stanley Kudej, Chairman, called the meeting to order at approximately 5:30 p.m.

Roll Call - Finance Committee

Alderman Stanley Kudej, Chairman, present
Aldermanic President John F. Anglace, Jr. - present
Alderman Anthony Simonetti – present

1. Approval of Minutes

Alderman Simonetti MOVED to waive the reading and approve the minutes of the Finance Committee meeting of May 27, 2008; SECONDED by Alderman Anglace.

Alderman Anglace stated, I just want to call to the attention of the clerk. Page two of the minutes says I would like to bring Counsel in to look at this – in the discussion we're talking about Bridgeport and we had to reimburse people in Bridgeport for auto taxes that Bridgeport claims they were Bridgeport residents. They claim they were Shelton residents. I asked to bring this to the attention of Corporation Counsel Welch to look into it. If Bridgeport was right and the people were not residents of Shelton, the kids might have been going to school in Shelton, and might still be going to school in Shelton, and we might have some money reimbursement coming from Bridgeport. So if it has not already been sent to Corporation Counsel Welch, please do so.

A voice vote was taken and the MOTION PASSED 3-0.

2. Hybrid Tax Relief Request – Lisa A. Perez - Discussion

Alderman Anglace stated, this is a request from Lisa Perez, who sent a letter to the Aldermen telling us that the State of Connecticut allows

municipalities to adopt an ordinance to waive the taxes on hybrid vehicles. She asked if we were doing this, so I put it on for discussion.

I prepared something so I could share with you my views after looking at it.

Alderman Finn stated, I also received a phone call from a resident of Birchbank requesting a similar tax break on a vehicle.

Alderman Anglace stated, I checked it out. Connecticut municipalities have property taxes as their major source of raising revenue to pay for local expenses. The city pays some \$63 million to educate our children. The state contributes only \$5 million, or 7.9 percent toward that cost. The state is great for thinking up these giveaways, but yet not funding them.

The property tax is the only vehicle that we have that allows us to tax real estate and personal property to raise the money needed to run the city. The state has historically passed other legislation allowing municipalities to exempt other items from property tax, but the state does not reimburse the municipality for lost tax revenue. Consequently, the city has not adopted many of these state-allowed programs regardless of how good one may think they are.

Fundamentally, we have opted to follow the principle that all taxable items will be taxed accordingly, thereby assuring that all taxpayers pay their fair share. Taxes not paid by one taxpayer must be paid by another. We do not believe in this. At least I don't. There are all kinds of good reasons out there for waiving taxes. If the state believes these reasons have such good merit, why don't they pass the law exempting them at the state level, and just automatically reimburse each municipality accordingly for the lost revenue? That way, the tax burden would be shared equally and one person's taxes would not be passed on to another taxpayer.

All groups of taxpayers have difficulty and do not want additional tax burdens, regardless of how valid one may think the reason. Taxes are to be shared equally based on property value. Here's a great example: veterans. The \$3,000 tax exemption that the state so generously allows municipalities to exempt from a veteran's taxes results in different tax reduction values in each municipality, depending on the

mill rate. In Shelton, the current amount of veterans taxes reduced because of this \$3,000 exemption amounts to \$55.83 per year. Now, as a veteran, I've got to tell you, that's a pittance. That doesn't achieve what I'm sure the state wants to achieve, and yet they go on passing all these crazy laws that allow municipalities to give tax breaks here and get tax breaks there. I mean, it's not equitable to recognize veterans and give them \$55.83 in an actual tax reduction. That's just not equitable for the service and what they've done. If the state wants to do something for its veterans, why don't they exempt veterans from all taxes and reimburse the municipality for the loss of local tax?

The same is true for senior citizens when it comes to taxation. The same thing. And those that buy hybrid cars. If the state thinks these things are so great, then for God's sake, exempt them and pony up – pay the municipality what they took off the tax rolls.

I'm not about to recommend any reduction in taxes for hybrid car owners until the state addresses the veterans and senior issues and reimburses municipalities 100 percent for this loss of revenue so that these lost taxes are not dumped onto other taxpayers. I mean, that's my feeling on it. I just don't believe - you can name a million and one good causes but the fairest way to handle all this is to keep taxes low for everybody. That is what we strive to do.

Alderman Simonetti stated, from reading the documents that we have in front of us is that these cars do cost quite a bit more than the cars that normally someone would buy – the gas powered or diesel powered cars. At 40 miles to the gallon, that's a good savings for whoever purchases them. I do agree that the state does not offer us a fair deal on a lot of these things, or a fair shake, especially with the education costs and again with the senior citizens and the veterans who put their lives on the line. But I do think that we should try and do something for them, whether it's a 10 percent or a 25 percent, you know, reduction, something to show them that their investment will help pay off their investment a little quicker and it's good for the environment. I think it should be brought to the full board for review before we do anything.

Alderman Anglace stated, when you buy a hybrid car, the state says you don't have to pay any sales tax. On a \$35,000 vehicle that's \$2,100. Right off the bat you're saving.

Alderman Simonetti stated, the cars are costing \$9,000 to \$10,000 more in some cases. I have to say that although they're environmentally more sound because they have batteries and things like that, actually the green of building the batteries, and then doing something with the batteries afterwards, costs us more than what it is to run a diesel or something like that. It costs more to develop, to build the battery itself because of what it takes, the chemicals, the machining and the process of building the batteries, and then what do you do with them when they're used and they can't hold a charge. The recycling of them costs more sometimes than it would to just take a Hummer and crush it or melt it down and make another vehicle. I'm not saying that just because it's a green vehicle it's a better vehicle, but there is some good to it while it's running as a hybrid.

Alderman Anglace stated, that's why I say, recognize all those good things, recognize the whole thing. Recognize it at the state level. Don't come down here and allow us to do it because you know what we're doing, we're giving that person a tax break but we're putting that taxes on the backs of somebody else.

Alderman Finn stated, you probably should send this back to the state representatives, Miller and Perillo, with your comments, asking them to revisit this at the state level to see what sort of a tax break they can give towards the purchase of these vehicles at the state level and reimbursement to the city.

Alderman Anglace stated, I'd go along with that.

Alderman Kudej stated, the other thing is that these hybrid cars are a lot higher in cost than the normal car, and who can afford them? The people that have the money. If you can afford to buy that, then you should be able to afford to pay the taxes too. There are a lot of people that would love to own one of them but they can't.

Alderman Simonetti stated, at the cost of \$4.50 a gallon they will make their money back a lot more quickly.

Alderman Anglace stated, to Jack's point, refer it to the State Representatives Miller and Perillo and see if they can do something, I agree with that. But I certainly feel the discussion should take place at the state level, not down here. While we all have our opinions, the only

one that can do something across the board is at the state level. I think that's where it honestly belongs. I cannot see exempting taxes and passing them on to..., we don't exempt. We simply take the taxes that that person would pay and pass them on to somebody else to pay.

Alderman Simonetti stated, I think I'm going to ask Theresa tomorrow, if I may, to call up the other municipalities and see what they're doing.

Alderman Finn stated, there is a gentleman that did call me from Birchbank indicating that Milford was supposed to have something on the books. Theresa has already called Milford and talked to the tax department and the assessor's office and they have nothing on their books down there.

Alderman Anglace stated, all municipalities are subject to the same issue, the same problem. If you take the lead of the state it allows you to give tax relief, then you're not doing anybody any favors. All you're doing is that one person's getting a tax break and the rest of the community has to pick up the tax burden. If you want to encourage the sale of hybrid cars, and that's the state's objective, then the state ought to put the carrot out there and pony up the money and do it. It's just artificial to send it down here and tell us to talk about it.

Alderman Simonetti stated, they have the right to ask us.

Alderman Anglace stated, it was on for discussion so we can't do anything with it, because it was limited to discussion. I think it's a good idea if we do pass it along to our state representatives.

Adjournment

At approximately 5:45 p.m. Alderman Anglace MOVED to adjourn; SECONDED by Alderman Simonetti. A voice vote was taken and the MOTION PASSED 3-0.

Respectfully submitted,

Patricia M. Bruder
Clerk, Board of Aldermen