



CITY OF STAMFORD, CONNECTICUT
INTER-OFFICE CORRESPONDENCE

To: Representative Mary Fedeli
From: Dana B. Lee, Esq.
Copy: Kathryn Emmett, Esq.
Date: April 16, 2019
RE: Maximum Tax Rate Increase

I. ISSUES:

1. Can the Board of Representatives pass an ordinance which would limit the maximum property tax increase that could be levied annually?

Brief Answer: No. The Stamford Charter provides that the authority to levy taxes rests with the established Board of Finance and that the taxes levied by the Board of Finance must be sufficient to cover the City's obligations. Stamford Charter, § C8-30-10. The General Statutes, the City Charter, and the City's Code of Ordinances do not grant the Board of Representatives any similar authority.

2. Can the Board of Representatives pass an ordinance that sets the mill rate as a percentage of our neighboring towns?

Brief Answer: No, for the same reasons stated above.

3. Can the Board of Representatives make any laws affecting the mill rate or is that completely controlled by the Board of Finance?

Brief Answer: As posed, this question is too broad to allow for a definitive legal opinion. Certainly laws could be passed that would indirectly "affect" the mill rate. For example, any law that increases revenue from other sources could ultimately affect the mill rate.

However, any law that affects the Board of Finance's obligation to levy "sufficient" taxes would be impermissible, for the reasons stated above.

II. DISCUSSION:

The Stamford Charter provides that the authority to levy taxes rests with the established Board of Finance and that the taxes levied by the Board of Finance must be sufficient to cover the City's obligations.

Specifically, *Stamford Charter*, § C8-30-10¹ provides:

On or before the twenty-fifth day of May, the Board of Finance **shall determine and fix the tax rates** and service charges upon the ratable estate in each of the tax districts of the City, such tax to be fixed and determined upon such estate within the City contained in the assessments as finally completed, **to an amount sufficient**, together with other funds available for the purpose to meet and provide for all appropriations made for the current fiscal year; to fund pensions currently in an amount determined by an independent actuary designated by the Mayor for this purpose; to meet any deficiency in funds arising from uncollected taxes, service charges or special assessments; to meet and provide for the payment of any item or items of indebtedness which may become due and payable during such fiscal year, such as the principal of bonds, interest payments into sinking funds and other obligations for the payment of which no other provision has been made; and to provide for the payment of any other items said Board shall deem proper.

Should any special or further appropriations be made in any fiscal year after the tax rate for that year has been fixed as herein provided, said Board may lay a special tax in like manner as provided for laying the regular tax. If such special tax shall not be laid to provide funds for such further appropriations, then an amount sufficient to provide such funds shall be included in the regular Stamford tax for the next fiscal year.

The General Statutes, the City Charter, and the City's Code of Ordinances do not grant the Board of Representatives any similar authority. Rather, Charter Section C2-10-2(2), grants the Board of Representatives the power to "adopt the Capital and Operating Budgets of the City and the Board of Education Budget, in the manner provided in this Charter." Charter Section C8-30-7 provides that "(u)pon receiving the budget from the Board of Finance, the Board of Representatives may approve, reject or reduce any item in the budget for the next ensuing fiscal year approved by the Board of Finance." It is this power, the power to approve, reject or reduce items in the budget, where the Board of Representatives may influence and exercise some control over the proposed tax rates for the fiscal year.

For these reasons, the Board of Representatives cannot limit the maximum property tax increase that could be levied annually or set the mill rate as a percentage of the City's neighboring

¹ Similarly, Connecticut General Statutes, § 7-344, which concerns municipal Boards of Finance created by ordinance, rather than a Charter, provides: "(i)mmediately after the board of assessment appeals has finished its duties and the grand list has been completed, the board of finance shall meet and, with due provision for estimated uncollectible taxes, abatements and corrections, shall lay such tax on such list as shall be sufficient, in addition to the other estimated yearly income of such town and in addition to such revenue surplus, if any, as may be appropriated, not only to pay the expenses of the town for such current year, but also to absorb the revenue deficit of such town, if any, at the beginning of such current year."

towns.

The Board of Representatives does have the authority to enact laws that would indirectly “affect” the mill rate. The tax rate for any given fiscal year is a function of the taxable estate within the City, as well as the “other funds available for the purpose to meet and provide for all appropriations made for the current fiscal year.” *Stamford Charter*, § C8-30-10. So, any law that would increase or decrease revenue from other sources, such as a law establishing the amount of a fine or penalty, could ultimately affect the mill rate.