

**MUNICIPAL ACCOUNTABILITY REVIEW BOARD  
MEMORANDUM**

**To:** Members of the Municipal Accountability Review Board  
**From:** Julian Freund  
**Date:** April 27, 2022  
**Subject:** City of Hartford FY 2023 Budget

Background

According to the MARB statute, the MARB has approval authority of certain elements of the annual budgets of Tier III municipalities. Assumptions regarding state revenues, property tax revenues and mill rates require MARB approval prior to budget approval by the local legislative body. The statute also provides MARB with an opportunity for review and comment on the budget prior to adoption by the local legislative body.

The Mayor’s Recommended Budget for FY 2023 was released April 18. The following provides a preliminary review of budget components subject to MARB approval.

***Property Tax Revenues and Mill Rate***

The FY 2023 Recommended Budget increases total General Fund revenues by \$15.6 million, or 2.7%, over the current year budget. Property Taxes, which comprise approximately 49% of total General Fund revenues, increase by \$6.0 million, or 2.1% over the current year.

<b>Property Taxes</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>\$ Change</b>	<b>% Change</b>
Current Levy	279,792,169	285,792,269	6,000,100	2.1%
Other Property Taxes	<u>8,930,000</u>	<u>8,955,000</u>	<u>25,000</u>	<u>0.3%</u>
<b>Total Property Taxes</b>	<b>288,722,169</b>	<b>294,747,269</b>	<b>6,025,100</b>	<b>2.1%</b>

As the Subcommittee was updated at its March meeting, the City completed a revaluation in 2021 which is reflected in the October 2021 Grand List. Increases of 41.5% in residential and 35.6% in apartment property values, and a modest decline in commercial values of 4.6%, resulted in an overall increase of 17.9% in real estate values. Personal Property values rose by 1%, while motor vehicle values increased by 28.9% (Assessor’s summary attached).

As a result of the increases in property values, the Real Estate/Personal Property mill rate required to support the Current Levy is reduced in FY 2023. The Motor Vehicle mill rate is lowered to 29.0 mills consistent with the capped rate in the State mid-term budget. As noted in the Mayor’s Cover Letter in the City budget document, the actual tax impact will vary considerably among individual taxpayers.

<b>Mill Rates</b>	<b>FY 2022 Mill Rate</b>	<b>FY 2023 Mill Rate</b>	<b>Change vs. FY 2022</b>	<b>% Change</b>
Real Estate/Personal Property	74.29	68.95	(5.34)	(7.2%)
Motor Vehicles	45.00	29.00	(16.00)	(35.6%)

A slight increase in the assumed collection rate, from 95.64% to 95.78%, is the result of the City Charter required formula for setting the collection rate. The formula is based on the average of the last three years collection rates as reported in Table 7 of the Statistical section of the City’s FY 2021 financial statements:

- FY Ended 6/30/21: 96.18%
- FY Ended 6/30/20: 95.11%
- FY Ended 6/30/19: 96.05%

**State Revenues**

The major routine sources of State Aid in FY 2023 are generally flat compared to the adopted FY 2022 levels of funding with two exceptions:

1. The FY 2023 State PILOT reflects the revisions to the funding formula which were finalized after the budget was adopted by the City, and
2. The Motor Vehicle Tax Reimbursement which increases consistent with the new proposed cap of 29.0 mills in the State mid-term budget.

The sources of State Aid included in the City’s recommended budget are consistent with the amounts depicted in the State mid-term budget as the following table demonstrates.

<b>Routine Sources of State Aid</b>	<b>City FY23 Recommended Budget</b>	<b>Recommended Mid-Term FY23 Budget</b>
State PILOT	51,774,943	51,774,943
Municipal Revenue Sharing	12,422,113	12,422,113
MV Tax Reimbursement	20,321,339	20,321,339
Municipal Stabilization Grant	3,370,519	3,370,519
Pequot & Mohegan Fund Grant	6,136,523	6,136,523
Town Aid Road	1,186,368	1,186,368
Grants Munic. Projects	1,419,161	1,419,161
ECS Base Entitlement*	187,974,890	187,974,890

\* The difference between this amount and the amount published in the State budget document represents the portion of ECS allocated as Alliance grant. As noted in the Mayor’s recommended budget, Alliance school district funding is provided directly to the Board of Education.

Code	2020 GL Count	Class	2020 Market Value	2020 GL Assmt Ratio	2020 GL Gross Assessments	2020 GL Total Exemptions	2020 GL Total Net Assessment	2021 Market Value	2021 GL Assmt Ratio	2021 GL Gross Assessments	2021 GL Total Exemptions	2021 GL Total Net Assessment	GL Total Net Assessment Change \$	GL Total Net Assessment Change %
<b>Real Property</b>														
100	21,856	Residential	2,618,668,543	35.0000%	924,397,020	3,535,668	912,998,322	3,487,926,386	36.7500%	1,302,852,866	3,535,668	1,291,986,713	378,988,391	41.51%
101	7231	One Family	1,081,466,469	35.0000%	378,513,264	1,788,211	376,725,053	1,384,277,080	36.7500%	514,095,859	2,234,830	511,864,029	135,138,976	35.87%
102	3109	Two Family	534,189,837	35.0000%	186,966,443	715,116	186,251,327	731,840,077	36.7500%	272,168,240	489,000	271,709,240	85,457,913	45.88%
103	3251	Three Family	553,074,211	35.0000%	193,575,974	740,397	192,835,577	801,957,607	36.7500%	298,317,458	186,250	298,131,208	105,295,631	54.60%
105	2888	Condominium	218,081,651	35.0000%	76,328,578	291,944	76,036,634	246,432,266	36.7500%	90,289,352	222,303	90,067,049	14,030,415	18.45%
107	21	Multi Fam Res	9,181,800	35.0000%	3,213,630	-	3,213,630	11,936,340	36.7500%	4,307,366	-	4,307,366	1,093,736	34.03%
108	481	Condo Garage	3,734,100	35.0000%	1,306,935	-	1,306,935	4,966,353	36.7500%	1,843,882	-	1,843,882	536,947	41.08%
150	4875	Condo Conversion res	218,940,474	35.0000%	76,629,166	-	76,629,166	306,516,664	36.7500%	114,063,939	-	114,063,939	37,434,773	48.85%
200	1,290	Commercial	1,874,875,911	70.00%	1,312,413,138	-	1,312,413,138	1,781,132,116	70.00%	1,251,606,416	-	1,251,606,416	(60,806,722)	-4.63%
300	101	Industrial	76,126,720	70.00%	53,288,704	849,934	52,438,770	91,352,064	70.00%	57,427,020	735,600	56,691,420	4,252,650	8.11%
400	10	Public Utility	26,582,100	70.00%	18,607,470	-	18,607,470	27,113,742	70.00%	19,316,150	-	19,316,150	708,680	3.81%
500	924	Vacant Land	122,196,494	70.00%	85,537,546	-	85,537,546	103,867,020	70.00%	74,839,625	-	74,839,625	(10,697,921)	-12.51%
600	1	Use Assmt	19,200	70.00%	13,440	-	13,440	19,200	70.00%	5,110	-	5,110	(8,330)	-61.98%
170	287	Condo Conversion apt	11,232,900	70.00%	7,863,030	-	7,863,030	-	70.00%	7,763,770	-	7,763,770	(99,260)	-1.26%
180	17	CRDA Apartments	58,529,420	35.00%	20,485,297	-	20,485,297	94,817,660	36.75%	46,268,691	-	46,268,691	25,783,394	125.86%
800	1,481	Apartments	753,601,124	70.00%	527,520,787	-	527,520,787	1,055,041,574	70.00%	715,531,498	31,500	715,499,998	187,979,211	35.63%
<b>Totals</b>	<b>25,967</b>		<b>5,541,832,413</b>	<b>70.00%</b>	<b>\$2,942,263,402</b>	<b>4,385,602</b>	<b>\$2,937,877,800</b>	<b>6,641,269,763</b>	<b>70.00%</b>	<b>\$3,467,847,376</b>	<b>3,869,483</b>	<b>\$3,463,977,893</b>	<b>\$526,100,093</b>	<b>17.91%</b>
<b>Personal Property</b>	<b>3,788</b>	<b>Pers. Property</b>	<b>1,233,492,700</b>	<b>70.00%</b>	<b>863,444,890</b>	<b>27,313,420</b>	<b>836,131,470</b>	<b>1,233,492,700</b>	<b>70.00%</b>	<b>867,136,900</b>	<b>22,270,940</b>	<b>844,865,960</b>	<b>8,734,490</b>	<b>1.04%</b>
<b>Motor Vehicle</b>	<b>49,000</b>	<b>Motor Vehicle</b>	<b>552,440,427</b>	<b>70.00%</b>	<b>386,708,299</b>	<b>7,755,624</b>	<b>378,952,675</b>	<b>496,770,784</b>	<b>70.00%</b>	<b>496,770,784</b>	<b>8,432,584</b>	<b>488,338,200</b>	<b>109,385,525</b>	<b>28.87%</b>
<b>Grand Totals</b>		<b>All</b>	<b>7,327,765,540</b>	<b>57.21%</b>	<b>4,192,416,591</b>	<b>39,454,646</b>	<b>4,152,961,945</b>	<b>7,874,762,463</b>	<b>61.36%</b>	<b>4,831,755,060</b>	<b>34,573,007</b>	<b>4,797,182,053</b>	<b>644,220,108</b>	<b>15.51%</b>