CANAAN FIRE DISTRICT
Minutes of
Special meeting of the Fire District Executive Committee
held May 26th, 2020

A meeting of the Executive Committee of the Canaan Fire District, acting as such and as the Water Pollution Control Authority of the District, was called to via online/virtual Zoom meeting at 6:00PM on Tuesday, May 26th, 2020.

Warden Anthony Nania, and Committee members Todd Shearer, Bill Segalla, Richie Crane, George Johannesen, Bob Riva, Dave Simonds and Geoff Drury were present constituting a quorum of the Executive Committee. Also in attendance on this meeting were Ryan Leichsenring and David Panico of Robinson & Cole LLP.

Warden Nania called the meeting to order at 6:00 PM. The purpose of the meeting was to contemplate potential strategies and litigation regarding the tax issue against BD and Mountainside.

The meeting began with legal representative Ryan Leichsenring of Robinson & Cole stating the discussion was an issue of assessment law, not tax law. He has been focusing his research on issues related to waiving statues. Ryan began his discussions with a background of the entire BD situation. In 2019, BD hired a consultant to review taxes paid by BD. Upon investigation, they found the M65 exemption, which is a personal property equipment exemption. BD had not been taking this exemption in the past and claims they have been paying these taxes unknowingly. They have requested a refund of their taxes for 2015, 2016, 2017 and 2018.

The Canaan Fire District initially denied this request, indicating BD needed to go to the Canaan Board of Assessment appeals. BD at this point hired a lawyer to push their request forward, without citing any specific statue. The Fire District hired Robinson and Cole as representative, with Ryan researching both legal and legislative methods to deny the request of BD.

The opinion of Robinson and Cole is that BD will not be able to claim repayment of the 2015-2017 taxes due to statue of limitations which runs for 3 years. However, they may have a case for the $105,000 paid in 2018, and this may need to be repaid. The bigger question is how this impacts the CFD moving forward. Will the District lose this source of revenue for future budget years?

Warden Nania proposed using the upcoming July legislative session to push an exemption for Fire Districts. In Canaan, three manufacturers (BD, Speciality Minerals and Hutzler) account for 58% of the District revenue. If the law stands, the District will lose over 1/3 of their revenue.

Digging into the year-to-year payment of taxes deeper, only 2015 would officially be waived via statue of limitations at 3 years. The years 2016-2017 are still within the statute of limitations, but the District has other options for denying. Specifically, BD did not seek relief from these taxes via an assessment appeal. Since they did not follow this procedural path, they cannot go to court for this route. Therefore, they would need to file an external legal appeal, but the burden of proof would be quite high. As such, the District is will be focusing on 2018 and beyond.

Various strategies were proposed for solving this situation. One is to offer paying 50/50 on the 2018 taxes, but they drop taxes going forward. Another is to pay back the full $105,000 if they agree to give up 2015-2017 and don't take this to court.

After much discussion, Warden Nania proposed discussing the matter with a lobbyist group for the upcoming session. They will help develop a strategy to deal with this in future years. The problem is that the M65 is a valid exemption and must be granted if requested. The District must therefore find a legislative fix, perhaps a Fire District exemption based on maximum revenue, in order to fix this moving forward. Warden

Nania will reach out to the lobbyist group and schedule a follow up meeting in the coming weeks.

There being no further business before the committee, the meeting was adjourned at 5:45 PM.

Respectfully submitted,

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Todd Shearer
Clerk, CFD