



TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

COMMITTEE ON ENERGY AND TECHNOLOGY

March 5, 2008

The Connecticut Conference of Municipalities appreciates the opportunity to testify on the following bill of concern to towns and cities:

CCM opposes RB 570, "AAC Telecommuting".

This bill would mandate that telecommunications companies receive yet another property tax break, this one for equipment being used to update "existing or establishing new broadband or wireless Internet service infrastructure" that functions at a speed or transfer rate at or exceeding five megabytes per second.

Last year the General Assembly granted telecommunications companies seeking to provide video service with a three-year property tax exemption "to upgrade an existing telecommunications network, even if the tangible personal property is used solely or in part in the provision of competitive video programming services".

That three-year period is for assessment years beginning Oct. 1, 2007, Oct. 1, 2008 and Oct. 1, 2009.

CCM agreed to this three-year exemption in return for municipalities getting \$5 million a year from the gross receipts tax paid by such companies - the first time municipalities were granted a portion of this tax, even though their roads, sidewalks and other public thoroughfares are used by these private providers for profit-making purposes.

This bill appears intended to extend the property tax exemption, for similar equipment, beyond that three-year period.

Telecommunications companies in Connecticut already get special treatment under state statutes - their personal property is assessed by the State using a favorable schedule that leaves them paying no personal property tax on much of their equipment after four years. Last year they received a three-year property tax break - this would extend that to five.

Everybody wants out of the property tax system - each year the General Assembly is deluged with requests for special exemptions for one entity or another. There are already 76 state-mandated property tax exemptions in the statutes.

There is no compelling reason to grant very profitable telecommunications companies one more, at the expense of property taxpayers.

We urge you to take no action on this bill.

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If you have any questions, please contact Mike Johnson or Gian-Carl Casa of CCM at (203) 498-3000.