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Public Hearing Testimony March 3, 2008

Planning and Development Committee John A. Kissel, State Senator 7th District

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REGULATION REVIEW COMMITTEE

RE: HB 5712 *An Act Concerning Grants to Towns where Correctional Facilities are Located and Payments in Lieu of Taxes for Public Housing*

RE: HB 5290 *An Act Increasing the State Grant in Lieu of Taxes for Correctional Facilities*

RE: SB 493 *An Act Concerning Real Property Tax Benefits and Abatements*

Good afternoon Senator Coleman, Representative Feltman, and honorable members of the Planning and Development Committee. Thank you for giving me the opportunity to speak in support of **HB 5712 An Act Concerning Grants to Towns where Correctional Facilities are Located and Payments in Lieu of Taxes for Public Housing**, **HB 5290 An Act Increasing the State Grant in Lieu of Taxes for Correctional Facilities** and **SB 493 An Act Concerning Real Property Tax Benefits and Abatements**.

Your favorable support of both **HB 5712** and **HB 5290** is necessary to ensure that communities hosting correctional facilities are adequately compensated by the state. It is important that we as a legislature act to alleviate the financial burden imposed on municipalities by hosting a correctional facility, or in the case of Enfield, three facilities. These communities lose money by the loss in property taxes that would have been paid upon private development of land as well as loss in potential property tax revenue based on the undesirability of living in close proximity to a correctional facility. With the continued imposition of unfunded mandates by the state of Connecticut and general overall increases in the cost of living, it is becoming more and more necessary for towns that host correctional facilities to be properly compensated.

Host communities also face a financial strain based on an increase in the population that is in need of social services. Often families move to be closer to their inmate relatives or loved ones and this inevitably increases the amount of people in need of access to certain municipal social services. Additionally, when an inmate is released from prison back

into that community, it is necessary for the community to have effective social integration programs and services tailored to meet the needs of the released inmates.

SB 493 An Act Concerning Real Property Tax Benefits and Abatements, is another important bill regarding municipal financial matters. Section 2 specifically is necessary to ensure the ability of a municipality to collect its portion of a determined unpaid conveyance tax. The conveyance tax, a tax imposed on the transfer of real estate, is reviewed by the Department of Revenue Service for accuracy. If the Department finds that the property value was greater than reported, it will notify the town of its determination and collect the balance due for the state's portion of the conveyance tax from the taxpayer. However, there is no means in place for the town to recoup its portion of the unpaid tax.

A mechanism must be put into place that would allow for a town to collect its portion of the unpaid conveyance tax. The Department of Revenue Service should be directed to collect the town's portion and remit the funds to the town, or the town should be given the statutory authority to lien the property for the amount of the unpaid tax liability.

Based on the numerous growing financial burdens placed on towns and cities in our state, I am hopeful that you will support **HB 5712, HB 5290, and SB 493**. Thank you for giving me the opportunity to speak before you on this issue and I would be happy to answer any questions that you might have.