



## TESTIMONY

of the

## CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

## PLANNING & DEVELOPMENT COMMITTEE

March 3, 2008

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

**R.B. 5636, “An Act Concerning Relocation Assistance for Displaced Retail Businesses and Compensation for Outdoor Advertising Structures”**

CCM opposes this bill.

R.B. 5636 would require municipalities to compensate businesses for loss of “good will” due to eminent domain projects. It would be an unfunded state mandate.

By establishing good will compensation, the Committee would be supporting a potentially large unfunded state mandate on towns and cities – and one that would have a disproportionate impact on poorer, urban communities who are more likely to use eminent domain. The bill does not include a state reimbursement mechanism, thereby forcing towns and cities to increase property taxes on residents or businesses. This causes a tax transfer from the state level to the local level.

Last year, lead by this committee, the General Assembly passed two landmark eminent domain bills. PA 07-141 And PA 07-207 make many substantive and technical changes to eminent domain laws. Connecticut towns and cities are still absorbing the impacts of these very comprehensive changes – and will continue to do so for some time. It would be unwise to force another new mandate on the foundation of these new and unevolved laws.

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*PA 07-141 not only imposes a new market-plus structure (125% of market value), but it also revises the state relocation assistance act by requiring municipalities to pay the higher of the state and federal relocation acts. Just these changes in law grant property owners significant additional compensation.*

For a copy PA 07-141, go to: <http://www.cga.ct.gov/2007/ACT/Pa/pdf/2007PA-00141-R00SB-00167-PA.pdf>. Bill analysis: <http://www.cga.ct.gov/2007/BA/2007SB-00167-R01-BA.htm>.

### "Good Will" -- A Slippery Slope

Good will compensation would establish a two-tier system within eminent domain law. Businesses would be compensated above and beyond what is available to residential property owners. This system would beg for additional "emotional" compensation for residential property owners. This lays the foundation for another, costly mandate.

### Who Will Pay?

As mentioned earlier, this bill would be a costly mandate on towns and cities. If this proposal is of such state import, then the State should provide a clear and sustainable state funding stream to pay 100% of the costs of it. To do otherwise would constitute a shift and shaft policy that is unfair to property taxpayers.

Remember, providing good will compensation would have a disproportionate impact on Connecticut's poorest communities, some of the most challenged communities in the country. These struggling communities can barely afford to provide basic government services -- education, police, fire, roads, etc. They have the largest amount of state-imposed tax exempt property. They also provide the lion's share of affordable housing and social services. It would be wrong to add to their fiscal woes for a concept as nebulous as "good will."

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If you have any questions, please call Ron Thomas, CCM's Manager of State and Federal Relations, or Gian-Carl Casa, CCM Director of Legislative Services, at (203) 498-3000.