



HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.  
1245 FARMINGTON AVENUE, 2<sup>nd</sup> Floor, WEST HARTFORD, CT 06107  
Tel: 860-521-1905 Fax: 860-521-3107 Web: www.hbact.org

*Your Home  
Is Our  
Business*

March 3, 2008

To: Senator Eric Coleman, Co-Chairman  
Representative Art Feltman, Co-Chairman  
Members of the Planning & Development Committee

From: Bill Ethier, Executive Vice President & General Counsel

Re: **Raised Bill 5713, AAC Special Districts**

The HBACT is a professional trade association with over one thousand five hundred (1,500+) member firms statewide employing tens of thousands of Connecticut's citizens. Our members are residential and commercial builders, land developers, remodelers, subcontractors, suppliers and those businesses and professionals providing services to this diverse industry. We also created and administer the CT Developers Council, a professional forum for the land development industry in the state.

**The HBA of Connecticut supports RB 5713. In summary, current law allows only two ways to establish special tax districts (see below). This proposal would allow a third option that is available in other states. The bill will allow an owner of undeveloped or unoccupied property to petition the municipality to establish a special tax district. These special tax districts can facilitate more cost effective financing of infrastructure improvements and redevelopment and, therefore, lower the costs for housing and other economic development and redevelopment activities.**

The special tax district law, chapter 105, Section 7-325, of the general statutes, provides for the establishment of "any fire district, sewer district, fire and sewer district, lighting district, village, beach or improvement association, and any other district or association, except a school district, wholly within a town and having the power to make appropriations or to levy taxes." Under this law, the two ways in which a special tax district can be established are:

1. Fifteen (15) or more residents of a defined area can petition the municipal legislative body within the city or town, within which the district is proposed. However, for undeveloped or unoccupied property 15 or more residents in the proposed district obviously do not exist; and
2. Alternatively, the State legislature, by special act, can create a special tax district. However, this is a cumbersome, time consuming process, with a less than certain outcome.

**Without going to the state legislature for a special act, there is no other mechanism in current law to utilize a special tax district for new development or redevelopment on undeveloped or unoccupied property. RB 5713 would allow the owner of undeveloped or unoccupied property to apply to the local legislative body to create a special tax district.**

Connecticut currently ranks 48th out of 50 states on a per capita basis in the production of new housing. The state also lags in new job creation. Lack of housing for prospective employees is a reason often cited by employers for not expanding in the state, or by prospective employers for not locating in Connecticut. RB 5713 allows developers to be creative in financing infrastructure improvements to help address these serious issues.

There are no other proposed changes to Chapter 105 so all other existing requirements for such a tax district remain.

**The proposed change to Chapter 105 maintains the discretion of the local legislative body to approve it. Maintaining the local legislative body's discretion to create these special tax districts provides them with a valuable tool to help shape good land use policy and to encourage the development and redevelopment it wants.**

**In Closing, this bill will do the following:**

- The Special Tax District remains subject to all existing state and local laws.
- The Special Tax District remains subject to the discretion and approval of the municipal legislative body.
- Any financing obtained by the Special Tax District is solely an obligation of the district. It has no impact on the state, town, or city within which the district is located.
- This change can stimulate construction of new housing, which is badly needed in Connecticut, or other new economic development.
- The change can stimulate the redevelopment of brownfields and other previously used sites.
- Since the authority to establish Special Tax Districts remains with local authorities, and is discretionary, cities and towns will get a powerful tool to incentivize the development they want.

**We urge you to pass this legislation and to urge your colleagues on the Finance Committee to do the same. Thank you for the opportunity to comment on this important legislation.**