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Testimony for the Planning & Development Committee
From
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House Bill No 5286: AA Increasing Payments In Lieu Of Taxes To Municipalities

On behalf of the member institutions of the Connecticut Conference of Independent Colleges (CCIC), **I am submitting testimony in support of HB 5286, AA Increasing Payments In Lieu of Taxes to Municipalities.** This bill would require the full funding of the college and hospital PILOT program. Tax exemptions, given to colleges and universities as well as to non-profit hospitals, schools and cultural organizations, come about in recognition of the long-standing tradition that such institutions serve the public good by enhancing the education, health and general welfare of a state's citizenry.

Enacted in 1978, Connecticut's Payment-in-Lieu-of-Taxes (PILOT) Program provides that the State pay to a municipality a "grant in lieu of taxes with respect to real property owned by any private nonprofit institution of higher education or any nonprofit general hospital facility or free standing chronic disease hospital." Each year, a municipality assesses the value of such property and provides this information to the State. On the basis of this valuation, the State is to award a grant to the municipality "equal to 77 percent of the property taxes which... would have been paid with respect to such exempt real property on the assessment list in such municipality for the assessment date two years prior to the commencement of the State fiscal year in which such grant is payable." (See Connecticut General Statutes Section 12-20a.)

Connecticut's model PILOT program recognizes that colleges and hospitals concentrate in urban centers and that these institutions serve the public good by providing critical resources and benefits that assist all Connecticut residents, not just those living in municipalities in which the institutions are located. Tax-exempt status for institutions of higher education provides necessary and important support allowing colleges and universities to pursue their basic mission of teaching, research, and service. Because of such policies, universities are able to survive now and for future generations.

The 2007-2008 total assessed value of the private college and private hospital PILOT was $207,303,851. Mandated statutory funding at 77% was $159,623,965. The actual funding level, however, was at 59% or $120,116,888. Total reimbursement to municipalities including Pequot Funds, a portion of which are distributed according to the college and hospital PILOT formula, equals 67.6 percent of the taxes that would have been paid.

Increasing the PILOT payment to the mandated statutory level would go a long way towards assisting Connecticut towns maintain a stable tax base without necessitating the full-scale upheaval of our property tax system. This is a tool that should be embraced by the General Assembly this year.

Connecticut's Payment-in-Lieu-of-Taxes (PILOT) Program

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The table below lists State grants to municipalities under the PILOT Program in FY 2006-07 and FY 2007-08. General Fund grants to municipalities in FY 2006-07 met a 61.6 percent reimbursement level. The FY 2007-08 has been pro-rata based on the total pilot appropriation equal to 59.06 percent. However, the total reimbursement level to municipalities including Pequot Funds amounts to 67.6 percent. Note: Actual Pequot allocations per town are subject to adjustment (based on a total of five formulas including private colleges and hospitals).

Municipality	PILOT 2006-2007 General Funds	2006-2007 Pequot Funds	Total 2006-2007	PILOT 2007-2008 General Funds	2007-2008 Pequot Funds	Total 2007-2008
Avon	$11,258	$1,881	$13,139	$11,056	$1,820	$12,876
Bethany*	25,227	4,214	29,441	25,056	4,125	29,181
Bethel	24,593	4,108	28,701	24,609	4,052	28,661
Bloomfield*	198,348	31,900	230,248	196,269	31,445	227,714
Branford*	121,633	20,319	141,952	21,435	19,994	41,429
Bridgeport*	11,023,396	1,841,462	12,864,858	11,748,633	1,934,407	13,683,040
Bristol	893,800	149,310	1,043,110	908,664	149,611	1,058,275
Canaan	0	0	0	2,476	407	2,883
Cheshire	194,210	32,443	226,653	188,922	31,106	220,028
Cromwell*	128,730	21,505	150,235	135,670	22,338	158,008
Danbury	1,277,200	213,357	1,490,557	1,185,618	195,211	1,380,829
Derby	935,027	156,197	1,091,224	1,197,440	197,158	1,394,598
East Hartford	9,383	1,567	10,950	9,454	1,556	11,010
East Lyme*	61,743	10,314	72,057	62,358	10,267	72,625
Enfield	43,826	6,881	50,707	61,766	9,451	71,217
Essex	14,056	2,348	16,404	14,027	2,309	16,336
Fairfield*	2,874,741	480,226	3,354,967	2,868,912	472,365	3,341,277
Farmington*	36,658	6,124	42,782	36,402	5,994	42,396
Greenwich*	877,802	146,637	1,024,439	1,092,046	179,805	1,271,851
Groton	65,479	8,701	74,180	79,303	10,415	89,718
Guilford*	24,953	4,168	29,121	24,778	4,080	28,858
Hamden*	2,407,299	402,140	2,809,439	1,897,012	312,342	2,209,354
Hartford*	21,160,011	3,534,786	24,694,797	21,932,891	3,611,240	25,544,131
Lyme*	255	43	298	258	42	300
Manchester	925,162	154,549	1,079,711	931,428	153,359	1,084,787
Marborough	2,520	421	2,941	2,768	456	3,224
Meriden	1,264,193	211,184	1,475,377	1,396,287	229,898	1,626,185
Middlebury*	35,258	5,890	41,148	0	0	0
Middletown*	6,065,456	1,011,952	7,077,408	6,275,137	1,031,810	7,306,947
Milford	451,377	75,403	526,780	460,197	75,771	535,968
New Britain	3,888,487	649,573	4,538,060	3,724,869	613,298	4,338,167
New Haven*	37,897,139	6,330,728	44,227,867	38,690,375	6,370,352	45,060,727
Newington	506,563	84,621	591,184	343,141	119,536	462,677
New London*	6,072,819	1,014,466	7,087,285	5,128,629	1,009,076	6,137,705
New Milford	272,018	44,138	316,156	225,733	36,213	261,946
Norfolk*	49,861	8,329	58,190	50,766	8,359	59,125
North Branford*	1,121	187	1,308	1,499	247	1,746
Norwalk	1,289,613	215,430	1,505,043	1,075,020	177,002	1,252,022
Norwich	984,460	164,454	1,148,914	976,955	160,855	1,137,810
Old Lyme*	47,390	7,916	55,306	48,521	7,989	56,510
Orange*	1,885	315	2,200	1,800	296	2,096
Plainfiled	4,810	803	5,613	4,762	784	5,546
Putnam	258,765	43,216	301,981	254,816	41,945	296,761
Southington	212,726	35,536	248,262	178,924	29,460	208,384
Stafford	374,060	62,487	436,547	309,521	50,963	360,484
Stamford	3,112,747	519,985	3,632,732	3,032,984	499,379	3,532,363
Thompson	0	0	0	901	148	1,049
Torrington	450,072	75,185	525,257	445,495	73,351	518,846
Vernon	569,055	95,061	664,116	549,857	90,534	640,391
Voluntown	60,000	10,023	70,023	0	9,879	9,879
Wallingford	520,016	86,868	606,884	426,343	70,197	496,540
Waterbury*	8,802,093	1,470,392	10,272,485	8,384,088	1,380,436	9,764,524
Waterford*	48,834	8,158	56,992	48,045	7,911	55,956
West Hartford*	1,470,819	245,701	1,716,520	1,471,978	242,360	1,714,338
West Haven*	1,574,757	225,217	1,799,974	948,179	255,399	1,203,578
Winchester	126,459	21,125	147,584	122,068	20,098	142,166
Windham	977,279	163,255	1,140,534	876,571	144,327	1,020,898
Woodbridge*	4,295	717	5,012	4,176	688	4,864
Total	$120,731,737	$20,123,916	$140,855,653	$120,116,888	$20,123,916	$140,240,804

*Municipality in which independent college or university, or tax-exempt property owned by an institution, is located.

Prepared by the Connecticut Conference of Independent Colleges from OPM data.