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March 12, 2008

Representative Art Feltman and Senator Eric Coleman  
Chairs of the Planning & Development Committee  
Legislative Office Building Room 2100  
Hartford, CT 06106

RE: Testimony in Support of Raised House Bill 5674: *An Act Concerning the Powers of Regional Councils of Government*

Dear Representative Feltman and Senator Coleman:

Thank you for raising the above-referenced piece of legislation. As you know, this proposal would allow regional councils of government to impose a hotel occupancy tax of 1% of the occupancy cost. These funds would go to the municipalities where the taxed hotels are located.

I am attaching the written testimony of Norwich City Manager Alan Bergren. As Mr. Bergren states in his testimony, due to its proximity to the casinos, Norwich and the surrounding communities bear the burden of providing services to an influx of casino patrons, employees and their families. This bill offers a new source of funding which would defray the cost of providing these vital services.

I urge you to review Mr. Bergren's testimony and support this important legislation.

Very truly yours,

Melissa Olson  
State Representative  
46<sup>th</sup> District-Norwich

**Testimony of Norwich City Manager Alan Bergren**  
**Planning & Development Committee Public Hearing March 3, 2008**  
**In Support of Raised House Bill 5674:**  
***An Act Concerning the Powers of Regional Councils of Government***

Good afternoon Senator Coleman, Representative Feltman and members of the Planning and Development Committee. Thank you for the opportunity to speak in support of Raised Bill 5674, an Act Concerning the Powers of Regional Councils of Government.

This bill allows regional councils of government to impose a hotel occupancy tax of 1% of the occupancy cost. These funds would go to the municipalities where the taxed hotels are located and, being an additional tax, would not intercept any state funds. Since the opening of the *Foxwoods* and *Mohegan Sun* casinos, low paid service workers, many of them foreign born and with limited English skills have flocked to our area. The City of Norwich is facing steeply increasing costs as it tries to provide decent services to the many low-wage residents that have come to our town so that they can work at the casinos. Casino employment is service employment that is not highly paid. Many of the new residents are foreign immigrants whose children require extensive English language services. However, the residents have little ability to absorb increased property taxes and investor owners will not be interested in Norwich if property taxes become so high that they cannot make an adequate profit on rents. The City of Norwich is in need of the revenue this bill represents.

The new residents that have been attracted by the tourist industry require the schools to provide more assistance in English language skills. The number of special education students in the Norwich Public Schools has risen by 30% over the past six years.

Emergency services are also highly used by the new residents. The building department of the City of Norwich has faced many new challenges enforcing zoning laws and safety rules among new residents that practice "hot bedding" and other practices that violate local building codes. Hot bedding is the practice whereby many people occupy one house by sleeping in shifts.

While Norwich bears the burden of providing services to low income and immigrant workers that the tourism industry brings to our region, we have not received proportionate benefit from these industries. This bill offers a possible funding source from the tourism industry that has brought these new challenges to our area. The amount of the proposed tax is so small that patrons will not be adversely affected and since it represents an additional tax, the state will not be deprived of any revenue.

The City of Norwich has never received an equitable share of Pequot Mohegan grant funds. The City of Norwich received 2.84 million dollars from the Pequot Mohegan Fund last year. While this is a slight improvement from the 2.5 million Norwich received in 2006, the distribution of funds is still not equitable. The resources of eastern Connecticut cities and towns are highly stressed by the presence of the casinos. An increase in traffic and accidents also requires additional investments in emergency services and infrastructure. However, Norwich's grant in 2007 is roughly equal to the grants of three distant towns that suffer no casino related impacts. These towns also have higher per capita income and lower populations. Cheshire, in New Haven County (pop. 28,543) received 2.7 million, Suffield (pop. 13,552) and Enfield (pop. 45, 212) in Hartford County, received 2.4 million dollars and 2.18 million dollars respectively. All three of these towns have significantly higher household incomes than Norwich.

Given that Pequot Mohegan revenues are down, we are unlikely to see the distribution become more equitable this year. This bill will provide some relief to municipalities that are highly affected by the tourist industry and allow those municipalities to share in the profits of those industries, not just bear the cost of hosting them.