

Testimony of
John W. Shannahan
Appropriations Committee
Public Hearing
March 27, 2009

Senator Harp, Representative Geragosian, members of the Appropriations Committee, my name is John W. Shannahan, and for 30 years (1973-2003) I served as Director of the former Connecticut Historical Commission, as well as Connecticut's State Historic Preservation Officer, administering the historic preservation programs of the National Park Service.

I am here today to testify in opposition to certain provisions of Senate Bill 828 An Act Concerning State Revenues. Specifically I am opposed to Section 1w the proposal to divert twelve million dollars from the Community Investment Act (CIA), an act concerning farmland preservation, land protection, affordable housing and historic preservation. This law established a \$30 real property conveyance recording fee, of which the municipality keeps four dollars and sends the remainder to the state. Annually approximately \$3 to \$5 million dollars are provided to each of the four areas, farmland preservation, open space acquisition, affordable housing and historic preservation. In the first three years of the CIA more than 33 million dollars have been invested in these programs through the 300 plus matching grants awarded to more than 120 towns.

In 2005, when Governor Rell signed Public Act 228 into law she said, "This is among the most worthy and visionary pieces of legislation approved this year." She also said, "In this one bill we honor our state's illustrious past and promote the well-being of future generations."

It is less than four years since enactment of this law and we have only begun to address the needs in these important quality of life areas. As a state we need to understand that our future as a desirable place to live and work is inextricably connected to our success and or failure to invest in these programs.

To allow the removal of these funds from their intended purpose is counter to the principles established by the Governor's Responsible Growth Task Force as well as the EPA's Smart Growth Principles.

Rejecting smart growth as a state can only leave us with the opposite goal of dumb growth. I respectfully ask this committee to reject the Governor's proposal for the Community Investment Act.

Historic Rehabilitation Tax Credits

Promises Reneged

Specifically the language in Sections 7 and 8 of SB 828 would preclude housing Rehabilitation Tax Credit projects whose buildings are scheduled to be placed in service in calendar 2009 and 2010 from receiving the tax credits which the state had reserved for these projects. If this language is adopted, this would be a reversal of the states promise and commitment to developers who have expended millions of dollars in private funds and who have completed the rehabilitation of vacant and underutilized buildings.

Examples of some of the projects that would be impacted by such language would include, the Colt Factory complex in Hartford, the Capitol Building on Asylum Avenue Hartford, the Arcade Building in downtown Bridgeport, and Affordable Housing Project in New Britain just to name a few.

Housing and Economic Recovery

If Connecticut is to attract investment from out of state and within, it needs to remove any uncertainty to creating housing development in our state. Such projects as the rehabilitation of housing units are an important component to our economic recovery. First is jobs, because rehabilitation projects are more labor intensive than new construction. Second is tax revenues generated by these projects, such as sales taxes and payroll taxes which often brings about a greater return to the state and local communities than the tax credits.

No Risk

Finally the state should be thrilled that the private sector is willing to create needed housing for our communities in these difficult economic times. You should also understand, that the only way you can receive a tax credit is after you have completed an approved project. Unlike some government programs money is not provided up front in hopes that someone will do what they say. I would be happy to answer any questions.

Thank you.