

Testimony for the Finance, Revenue & Bonding Committee  
From  
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Connecticut Conference of Independent Colleges  
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***RE: HB 6558, AN ACT CONCERNING THE IMPOSITION OF SERVICE FEES BY MUNICIPALITIES***

On behalf of the member institutions of the Connecticut Conference of Independent Colleges (CCIC), **I am submitting testimony in opposition to HB 6558, AAC the Imposition of Service Fees by Municipalities.** This bill authorizes municipalities to charge service fees for police and fire protection and trash removal on property exempted from property taxes pursuant to subdivision (7), (8) or (16) of section 12-81 of the general statutes. The fees imposed are to be uniform and based upon the square footage of such property. This change would impact property used for scientific, educational, literary, historical, charitable or open space land preservation purposes, certain college property and hospital property.

The institutions I represent are all acutely feeling the current recession and many face substantial deficits of their own. They have instituted program cutbacks, layoffs, and cessation or significant delay of capital spending. Added to this is the greatly increased need of our students. Many students who in the past did not receive financial aid need it now and many who were already receiving some aid need more for next year. Because endowments have lost value, the sources of campus provided financial aid funding are limited. **New fees would only exacerbate an already difficult financial situation and would almost assuredly result in increased tuition, something that our students can ill-afford.**

On a practical note, **many institutions already provide their own police/security and trash services, and the bill raises the prospect of schools being charged for services not used or being charged vast sums since the bill mandates charging on the basis of the square footage of relatively large campuses.** The campus security forces generally are the first to deal with issues. Some schools would be unlikely to pay for both private security and public services, which would result in increased work for the town.

This bill attacks the longstanding policy and principle of tax exemption of nonprofit higher education in our country. 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. **The bill also ignores the unique payments made in Connecticut to towns based on their resident college and hospital properties.**

*Connecticut's payment in lieu of taxes program is one of a handful in the nation. In almost every other state, there is no state payment to towns for the revenue that would*

*have otherwise come in from tax-exempt institutions. Additionally, it is the only PILOT program that mandates reimbursement at such a high level. With the addition of Pequot funds, the annual reimbursement to towns usually ranges from 60-75%. Most states have no such funding mechanism for colleges and hospitals. In other words, we are ahead of the curve as Connecticut goes the extra mile in providing revenue to towns in recognition of the statewide benefits provided by these institutions.* It would be particularly inappropriate to look to the very institutions that form the basis of the PILOT payments for extra revenue.

In looking at my member institutions, I am compelled to note that they are the kind of higher education neighbors that all towns seek to have. They are strong community partners year-round in their towns bringing regional, national and often international exposure. They open up their museums, athletic fields, theater and musical performances and lecture series to the public and to area public school students each year. They partner with area schools and provide scholarships for local high-schoolers and campus students and employees tutor area kids and run summer programs. **They are true community partners who utilize their resources to strengthen and enhance the towns and cities in which they reside.**

On the economic development side, as a sector, CCIC member institutions are worth \$6.2 billion to the State in direct and indirect spending and 81,070 direct and indirect jobs, along with the vast sums of earnings and tax revenue resulting from our almost 200,000 in-state alumni. We award almost half of the degrees granted and are the largest provider of graduate and professional degrees.

**Rather than concocting new schemes that work against strong town-gown relationships and that fly in the face of established state policy, we should work together to ensure statutory funding of the PILOT program.**