

**Finance Committee
Connecticut General Legislature
Public Hearing - March 2, 2009
Testimony of Barbara Gilbert
Proposed House Bill No. 6561 (HB 5027)**

Good Morning Chairwoman Daly and Chairman Staples my name is Barbara Gilbert and I am the Town Manager of the Town of Rocky Hill and a member of the COST Board of Directors. The COST Board of Directors supports any legislation that provides municipalities with ways to raise other revenues beyond the realm of property taxes. The Town of Rocky Hill is extremely grateful for the financial assistance it receives from the State of Connecticut which accounts for 6.82% of the Town's total budget. But I am also a realist and realize the impossibility of the State being able to give any more. As part of that reality I also know that the cities and towns must be given the opportunity to generate revenue beyond that of property taxes. One local option that both Representative Guerrero and I have discussed for the past several years is a room occupancy tax. An increase to the hotel tax by an additional 6% is a user fee tax offering with the least impact to Connecticut's citizenry. The majority of this tax proposal will be supported by out-of-State travelers and out-of-State vacationers. This is not the case for alternative tax increase proposal such as the sales tax, gasoline tax and income tax. The current State hotel room tax is 12%. This proposal would increase the total hotel room tax to 18% bringing it in line with taxes and fees levied by New York, Massachusetts and Rhode Island as well as many other States throughout the country. Using an average room rate of \$150 per night it is highly unlikely that a traveler passing through Connecticut on their way to another State would bypass an overnight stay in a Connecticut hotel or motel due to an additional \$9. Have any of you decided not to go on vacation because of the cost of the hotel tax. It is highly unlikely that businesses will stop sending their trouble shooters, sales personnel etc to their Connecticut subsidiaries due to an additional \$9 per night. It is highly unlikely that vacationers will opt to bypass Connecticut's many natural, historical and cultural resources due to the cost of a hotel room.

I would like you to consider the following:

1. A 6% local hotel tax with 4% being retained by the municipality in which the rooms are located:
2. 2% of the increase to be retained by the State to be utilized for a municipal revenue sharing pool for those municipalities that do not have the resources located within their jurisdiction to generate a local hotel tax.

Using Greater Hartford as an example the revenues generated would be as follow at 6%.

Total number of rooms: 6000 rooms

Assuming an average room rate of \$150 with an average occupancy rate of 80% or 292 days per year. Using this formula 4% would yield \$10,512,000 in new local revenues. In addition it

would yield \$5,256,000 to be distributed on a per capita basis to those communities that do not meet a legislative established threshold.

In closing I am asking you to look at all local revenue options and in particular a local hotel occupancy tax.

Thank you.