

Date: February 18, 2009
Subject: PSB 379 and 395 Land Value Tax option
Testimony: Art Costa, President Re-New London Council

A land value tax option costs the State nothing and would be expected, over time, to save the state from increasing City revenue subsidies. These are not simply words, but are verifiably supported as demonstrated in case after case throughout the United States and the world at large.

It is important to note that LVT does not change Connecticut's basic tax structure which is a split rate between building improvement and land. In other words, there is no structural change required in this legislation. Such an option can be readily applied (or rescinded), and would be gradually implemented to assure optimal stable economic adjustments to tax payers while ensuring city revenue needs.

As Harrisburg, Pennsylvania has experienced, the more enterprise is encouraged, the less the tax burden to property owners and businesses. So, while we expect to see city revenues increase, the tax burden to residents and businesses actually moves in the opposite direction.

To summarize:

A tax shift from building improvement to land has demonstrated consistently that cities are re-energized as taxes are lifted off improvement and development.

The two bills before you do not require appropriation. In other words, LVT does not shift tax dollars from State to municipalities.

It is enabling legislation, simply allowing cities to use it as an option through an ordinance and scrutiny of local tax payers (who have the right to petition and bring forth a vote on a referendum to approve).

SB 379 provides the necessary language to speak to open space and farmland. Land Value Tax has been endorsed by numerous environmental organizations, preservationists, home builders, developers, and realtors.

As attested by the range of open space advocates and builders, this is a tax that applies the right incentives in the right places.

We have provided written testimony to support these contentions.

We, in Connecticut, have an opportunity we simply cannot afford to miss with land value tax. Cities in Connecticut have an unbelievable vacancy rate, New London alone has a 33% vacant building rate in our downtown district and hundreds of empty sites. Capturing that 33% is the key. Harrisburg, PA, two decades ago, was the second most distressed in the nation. Today, after the implementation of LVT, it is considered by most to be a model city and no longer "distressed".

Let me emphasize, these bills are not asking for more money from the State in requesting this option. Quite the opposite, this provides cities with the opportunity to generate revenues where today they cannot, and to do so in a way that is sustainable.

Thank you once again for this opportunity to speak on behalf of this very important legislation. Allowing cities this option does as much for the State as it will do for the cities who choose to use the land value tax option.