



# TOWN OF STONINGTON

SELECTMAN'S OFFICE  
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FIRST SELECTMAN

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Dear Members of the Finance, Revenue & Bonding Committee:

It is an honor and a privilege to be before you on the occurrence of my first testimony before a Committee. I am here today to discuss my support for elements of **HB 6561** allowing municipalities the option of enacting a Lodging Tax and other revenue opportunities. The Town of Stonington is one of the larger municipalities in providing revenue from tourism. In 2001, an economic report showed that Southeastern Connecticut accounted for 34.3 % of traveler and tourist spending. A significant amount of the revenue generated from the state's 12 percent Hotel Occupancy Tax comes from Southeastern Connecticut. Unfortunately, it is not a two-way street. Stonington receives under the Governor's plan about 2 cents for every dollar paid. I feel it is time to create a new and modern relationship with the state.

The time has come. Last year, State Senator Eileen M. Daily (D-Westbrook) and State Representative Cam Staples (D-New Haven), co-Chairs of this committee, announced a state revenue package that included additional state aid to help municipal governments reduce their reliance upon local property taxes. Lawmakers stated one highlight of their committee's legislative agenda that session is a return of 50% of the state's current Hotel Occupancy Tax to the city or town in which the hotel is located. Under the economic conditions of today, I certainly understand that is not feasible. But there is a crucial need to boost municipal revenues proportionately to help compensate communities that host more visitors for the expense of doing so. With our Mystic hotels, HB 6561 or some of the other similar bills in the various committee's would be tremendous revenue for the Town of Stonington. I have been vigorously lobbying on behalf of Stonington for a Local Option on Hotel Taxes and other revenue opportunities.

From the municipal budget difficulties this year, it absolutely clear that a share of the Hotel Occupancy Tax and/or other revenue opportunities must be offered as a means of diversifying local revenues and moving away from this record-breaking reliance on regressive property taxes. This is not just to help balance local budgets and provide property tax relief, but to address the issue of long-term tax equity and economic prosperity.

Most cities and towns in the nation have much greater local taxing authority beyond the property tax. Rhode Island for example hotel and food service industries had a surprisingly strong December, according to data released recently by tax authorities. The local hotel tax is 1 percent of what a guest pays for a room. Again, out-of-state visitors will be primarily affected.

A share of the Hotel Occupancy Tax is a quite modest request compared to what is in place throughout the United States. This would be significant to our budget issues locally and would be a huge step in the right direction for many communities. As Deval Patrick, Governor of Massachusetts stated concerning a similar proposal "There are things the state can do to help cities and towns, and there are things those cities and towns can do to help themselves." If the state continues to deny this authority to municipalities, then we can all be sure that skyrocketing property tax bills will continue to distress Connecticut. Thank you for your consideration.

Edward Haberek Jr.  
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