



STATE OF CONNECTICUT  
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY SUBMITTED TO THE  
FINANCE, REVENUE AND BONDING COMMITTEE  
February 23, 2009

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Intergovernmental Policy Division  
Office of Policy and Management

**IN SUPPORT OF RAISED House BILL NO. 6431  
AN ACT CONCERNING THE ALLOCATION OF CERTAIN TAX AND  
GRANT PAYMENTS TO LESSER TAXING DISTRICTS.**

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Senator Daily, Representative Staples and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer written testimony in support of Raised House Bill 6431.

Pursuant to §12-80a, OPM currently calculates the annual personal property tax liability of 9 telecommunications services companies. This statute requires OPM to allocate tax calculations for these companies between towns and boroughs or an unconsolidated city (i.e., the City of Groton) located within a town's borders. The allocation formula is dependent upon the tax levy of the borough or city to the total tax levy of the town and each borough or city located within it.

For the current fiscal year, application of this formula requires OPM to certify 10 tax payments that that several companies are required to remit to municipalities. These payments range from range from \$0.02 to \$3.80 and five of them are for an amount that is less than the cost of postage to mail the payment check to a municipality. It is simply not cost effective to require companies to issue payments in such small amounts.

Raised House Bill 6431 provides that a town would retain any amount less than \$5 that is otherwise allocable to a city or borough under the statutory allocation formula. In addition to affecting the personal property tax OPM calculates under §12-80a, this amendment would also apply to the agency's calculation of municipal grants from the proceeds of the Municipal Video Competition Trust Account, which uses the same allocation formula. The amendment to §16-331bb in Section 2 of the bill will negate future certifications of very small grant amounts, such as those that OPM certified in September of 2008 for \$0.08, \$0.16 and \$0.23. Moreover, since there is no statute that requires a borough or the City of Groton to report tax levy data to OPM, Section 2 of the bill also modifies §16-331bb to require the OPM to use the most recent annual audits submitted by independent auditors in determining allocations.

Currently, §16-331bb requires OPM to "certify "the percentage of the amount" in the Municipal Video Competition Trust Account to be paid to municipalities. The state's CORE system, however, requires the certification of actual payments. Consequently, Section 2 of the bill modifies the statute to provide for the certification of actual grant payments and validates OPM's certification of actual grant amounts in September of 2008 and the amendment.

This bill contains needed clarifications regarding the Municipal Video Competition Trust Account grant and eliminates the need for the State of Connecticut or a telecommunications services company to issue a check in an amount that may be less than the cost of mailing the payment. For these reasons, I request that you act favorably with respect to Raised Bill No. 6431.