



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

Good morning to the Committee members and good morning to Chairs Senator Coleman and Representative Sharkey.

I want to thank you for this time today. My name is Art Costa, and I'm a New London resident. I am here to speak in strong support of two bills on Land Value Tax: PSB 379 and PSB 392. Today improvements are discouraged through the property tax on improvement. The two bills before you are amendments to our local property tax structure, allowing cities to shift property tax proportionately from improvement to land site.

I am, here, representing Re-New London Council, a non-profit based in New London, Connecticut as well as the testimony provided by: Southeastern CT Sierra Club, Rivers Alliance, City of New London, New London Main Street, New London Landmarks Preservation, CT Home Builders Association, Farmington River Watershed Association, Hartford Preservation Alliance. Additionally, we have provided written testimony including small business owners, developers, architects and former city and current Mayors and City Councilors, and selectmen. And while they will provide their own testimony, we have a coalition from New Haven, Bridgeport, and Hartford as well as the Connecticut Conference of Municipalities who support land value tax.

Land value tax has a long history, over a hundred year track record, with supportive empirical studies demonstrating how such a shift creates an incentive for development where there is blight, empty brown fields and vacant buildings in cities of all sizes.

Realizing this, the New London City Council unanimously passed a resolution to request passage of a bill to provide New London and other Connecticut cities with this option.

I want to stress this is an option which would require a municipal ordinance and open to local public scrutiny.

The LVT option has demonstrated some of the following benefits:

- It stabilizes the local property tax base
- It provides local revenues which are currently escaping the city through site speculation,
- LVT keeps total revenue requirements neutral to ensure sufficient revenues to pay for social services, infrastructure and schools
- It significantly improves municipal land-use and management so vital for smart growth.

In fact, LVT supports the goals of smart growth by creating city density in areas where such density is essential to provide an economically viable city district.

It provides a fair and, what has been described by most tax experts, a most progressive form of taxation.

It is easy to administer and therefore reduces the complexity of current property assessments.

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.