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TOWN OF STONINGTON

SELECTMAN'S OFFICE
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Dear Members of the Joint Committee on Planning and Development:

I am here today to discuss my support for elements of **S. B. No. 303 an Act Concerning a Municipal Hotel Tax** and provide insight of another plan that I feel could be implemented. I feel this is an important opportunity in allowing municipalities the option of enacting a Lodging Tax. The ability to add another revenue vehicle that has minimal impact to local residents is exceptional.

The Town of Stonington, with its village of Mystic, is a municipality that provides significant revenue to the state through tourism. In 2001, an economic report showed that Southeastern Connecticut accounted for 34.3 % of traveler and tourist spending. Connecticut, as a whole, generates \$70 million annually in hotel occupancy taxes. www.ctvish.com. But, unfortunately, it is not a two-way street in replenishing local municipalities in a portion of this revenue. The tourism that occurs in our town also results in road repairs, additional emergency services, additional police services, enhanced use of sewer system and more. But additional income is not received to alleviate this additional impact. I feel it is time to create a new and modern relationship with the state.

The time has come. This bill S. B. No. 303 would provide any municipality, upon approval by its legislative body, the ability to establish by ordinance a tax upon the transfer of occupancy of any room or rooms in a hotel or lodging house of not more than four percent of the total amount of rent for each such occupancy is excellent. There is a crucial need to boost municipal revenues proportionately to help compensate communities that host more visitors for the expense of doing so.

As an example, a Hotel Occupancy Tax personal proposal that I have lobbied to the legislature a number of times, would offer a tremendous revenue generation for our town. My personal proposal shows that the Town of Stonington which has 1403 hotel/ lodging rooms with only \$1.00 (local surcharge) at a 60% hotel occupancy rate would obtain over \$307,000 in revenue (365 days) that would go directly back to the town. In your bill this revenue would be increased three times more with the ability to impart four percent of the total amount of rent for each such occupancy. Again, either plan would be tremendous revenue for many towns and would be paid predominantly by tourists.

Another benefit of this bill is non-monetary. I feel that to have a portion of the hotel room revenue come directly back to the municipality shows the local residents the direct benefit of tourism. Currently local residents don't see the benefits of tourism, only the resulting crowds, congestion, and distressed infrastructure. With a local revenue opportunity, residents will see that local tourism pays for local expenditures. Also, this bill provides the opportunity to leverage local commercial entities (i.e. hotels) to increase revenue, instead of having to continue building more sprawls to increase local revenues.