



Testimony
Bart Russell, Executive Director
Connecticut Council of Small Towns
Before the Finance Committee
March 7, 2011

**RE: HB-6388 - AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET
RECOMMENDATIONS CONCERNING THE OFFICE OF POLICY AND
MANAGEMENT**

COST is very pleased that Governor Dannel Malloy held firm to his commitment to maintain level funding for municipal aid in areas such as education, Town Aid Road, Local Capital Improvement and other critical programs. Clearly, cuts in these grants would have had significant negative impacts on many towns that otherwise would have been forced to make more cuts in services and/or raise local property taxes.

However, the elimination of the **Payment-in-Lieu-of-Taxes (PILOT) for Manufacturing Machinery and Equipment**, which reimburses municipalities for a portion of the revenue loss on eligible exempt personal property, hits many smaller communities very hard. In total, the elimination of this program results in a loss of funding to towns of \$48 million.

Recognizing that manufacturing is vital to our state and local economies, COST members are interested in looking for ways to mitigate the impact of this proposal without imposing additional costs on manufacturers. In addition, we are concerned that the elimination of this reimbursement will shift the burden to other property taxpayers during very difficult economic times.

It is our understanding that the administration intends to address this concern and explore ways of making towns whole. We certainly appreciate these efforts, particularly in view of the administration's need to address a \$3.2 billion deficit, and would be willing to work with the administration and lawmakers to develop a reasonable solution.

Connecticut Council of Small Towns
1245 Farmington Avenue, 101 West Hartford, CT 06107
860-676-0770 860-676-2662 Fax