

City Of Torrington

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TESTIMONY

of the

CITY OF TORRINGTON

to the

FINANCE, REVENUE AND BONDING COMMITTEE

March 7, 2011

HB 6388, "An Act Implementing the Governor's Budget Recommendations Concerning the Office of Policy and Management"

Thank you for taking the time to hear testimony on this important issue. The PILOT for Manufacturing Machinery and Equipment Program (MME), which reimburses municipalities for property tax revenue lost on exempt machinery and equipment was enacted in 1990 as part of an economic stimulus bill. The MME abatement program as it currently stands is an extremely important program that does two things. The first is that it accomplishes the Governor's goal of letting companies that manufacture products know that Connecticut is open for business. The second thing that the program achieves, simultaneously, is to help lift the burden of property taxes off of home owners in our State. The current proposal that is under consideration by the committee would create a \$675,000 hole in the City of Torrington's budget next year alone. This shortage represents what the City budgeted, based on the law, to receive from the State in FY 2010-11, not the amount we received, which was substantially less. That hole creates a huge problem for our city and is a major contributor to potential layoffs in our staff. Conversely, if the City were not to lay off workers and rather raise property taxes, we would further burden our residents who are already facing rising costs. Simply put this proposal hurts working families.

Additionally, this proposal disproportionately hurts municipalities with a manufacturing base. Towns with a manufacturing base have to fight every year to keep these companies from moving out of state and this proposal could create an increased property tax bill and thus negate any savings from the exemption. In this sense, the bill could inadvertently repeal the exemption and further harm Connecticut businesses.

Furthermore, this program originally reimbursed municipalities for 100% of the revenue lost due to the state-mandated property tax exemption. However, in 2001, the reimbursement rate was reduced to 80%, and subsequent changes to the program have had an impact on the amount of

reimbursement towns and cities receive. For FY2011, there is a total program budget of \$47.8 million. This represents a 16.5% decrease compared with FY2010. Additionally, in any year where reimbursement requests exceed the amount appropriated, the reimbursement to municipalities is decreased proportionally; for the City of Torrington that meant a 63% reimbursement when we were expecting 80%.

Municipalities want to partner with the State of Connecticut and help close the budget gap that the State is facing. However, this solution is not the way to go about it because it merely shifts the burden. Regulatory and mandate reform can help create the same saving, in our opinion, without harming our workers and residents. Now is not the time to increase local costs and endanger the state-local partnership to create and retain jobs.

Thank you.

If you have any questions, please contact Mayor Ryan Bingham at 860.489.2228 or ryan_bingham@torringtonct.org

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