



## **Manufacturing Alliance of Connecticut**

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**Testimony of  
Frank J Johnson, President  
MAC, Manufacturing Alliance of Connecticut, Inc  
To the  
Finance, Revenue and Bonding Committee  
March 7, 2011**

Thank you Co-chairpersons Daily and Widlitz and members of the committee for holding this hearing and for allowing me to testify on behalf of the manufacturing community.

I am the President of the Manufacturing Alliance of Connecticut and I am here today to testify in support of the provisions of Bill 6388 that would maintain the exemption from Personal Property Tax for Manufacturing Machinery and Equipment.

As you know, in 2006, the General Assembly adopted legislation that called for a five year phase out of the property tax on manufacturing machinery and equipment. This was legislation that MAC strongly supported and it brought Connecticut tax policy in this area into line with that of the northeast region and the country. In addition, over the past several years, in reaction to difficult budgetary times, the legislature has repeatedly adopted budgets that have gradually reduced the amount of reimbursement dollars available to municipalities through this PILOT program.

The Governor has proposed eliminating the grant altogether while maintaining the exemption for manufacturers. We support the Governor on this proposal and we hope that you will as well. Manufacturing remains a major sector in Connecticut's economy providing over 190,000 jobs that typically pay very well and come with good benefits. We believe the Governor recognized these facts in this proposal. That being said, we understand that some municipalities that have heavy concentrations of manufacturing will experience some revenue losses with passage of this bill. In that regard, the Governor's budget proposal created several new avenues of revenue generation that will hopefully keep the towns and cities whole while

providing this competitive change for Connecticut manufacturers.

As stated earlier, MAC worked for several years to eliminate the Personal Property Tax for Manufacturing Machinery and Equipment because it made Connecticut far less competitive than all of our neighbors in the northeast. NO state that borders Connecticut charges Personal Property Tax for Manufacturing Machinery and Equipment. Even New York and New Jersey do not tax MME. In fact, very few states impose Property Taxes on manufacturing equipment for it is, in the truest sense, Killing the Golden Goose.

Connecticut manufacturers are high precision, highly productive and very competitive - as they must be to compete in the global economy. Maintaining their viability in a highly competitive business requires significant capital investment which they are far less able or willing to make if the equipment will be taxed in perpetuity. It is an operating cost very few other states have. Levying a Personal Property Tax for Manufacturing Machinery and Equipment will further dampen an already lethargic business climate and retard our ability to retain or add new jobs in Connecticut.

We urge the Finance Committee to embrace the Governor's budget proposal relative to the Personal Property Tax for Manufacturing Machinery and Equipment and put this tax to rest once and for all.

Thank you for allowing me to testify on behalf of Connecticut manufacturers.