

Testimony
Steven N. Wawruck, Jr.
First Selectman
Town of Windsor Locks
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**

As the first selectman of the Town of Windsor Locks, I am very concerned about the significant loss of revenue resulting from the elimination of the Manufacturing, Machinery & Equipment (MME) Payment in Lieu of Taxes (PILOT). This amounts to a \$2,473,689 loss of revenue to our town, which is not offset by other local revenue proposals.

Attached is a spreadsheet that our assessor prepared relative to the impact of the elimination of the MME PILOT on Windsor Locks, which demonstrates that the revenue loss is much greater than anticipated under the Governor's proposed budget. The numbers used in the Governor's budget message are from the 2009 Grand List and funded at 63% of what was anticipated. In 2010, Windsor Locks received payment of \$1,567,628 for the combined MFG programs. In actuality, the payment was "pro-rated" per OPM to approximately .636 of what the actual payment should have been. If this program had been funded as originally proposed in 2006, the payment due to the town would have been \$2,473,689.

In addition, last year's payment was year 4 out of a 5 year phase-out for the Property Owner. For the 2010 Grand List, an additional \$13,229,898 has been exempted per Public Act 06-83. Not only does the Town of Windsor Locks have to recover the approximately \$1.6 million dollars we received last year, but the additional loss of over \$300,000 that is off the Grand List this year.

This formula should also be applied to all other towns in order to compute the actual revenue loss to those towns. All towns were paid at the .635907 of what the actual claim forms were submitted at.

We understand the Governor is attempting to address a \$3.2 billion deficit and we fully appreciate his efforts to level fund many sources of municipal aid. We are concerned, however, that the true loss of revenue to various towns in Connecticut that support manufacturing is not accurately reflected. For many towns like Windsor Locks, this is a significant hit that will make it impossible to continue to provide educational and other critical services without sizable property tax increases.

We therefore urge lawmakers to work with the Governor to restore funding for this program, which helps towns and the state's economy by creating a beneficial business climate for the state's manufacturers.

FY09-10

Grand List Year		% of Recovery	GL Mill Rate	PILOT Payment	Tax Revenue Lost	
	M-65	80.00%	0.02121			
	\$					
2008	79,604,307.00	\$ 63,683,445.60	\$ 1,350,725.88	\$ 1,102,441.00	\$ 248,284.88	
	M65a - MME	\$ 0.60				
	\$					
2008	76,604,307.00	\$ 45,962,584.20	\$ 974,866.41	\$ 930,962.10	\$ 43,904.31	\$ 292,189.19

FY 10-11

Grand List Year		% of Recovery	GL Mill Rate		Tax Revenue Lost	
	M-65	80%	0.02315			
	\$					
2009	42,152,730.00	\$ 33,722,184.00	\$ 780,668.56	\$ 452,658.00	\$ 328,010.56	
	M65a - MME	80%				
	\$					
2009	91,415,790.00	\$ 73,132,632.00	\$ 1,693,020.43	\$ 1,114,969.77	\$ 578,050.66	\$ 906,061.22

FY 11-12

Grand List Year		% of Recovery	GL Mill Rate		Tax Revenue Lost	
	M-65	80%	0.02315			
	\$					
2010	43,481,800.00	\$ 34,785,440.00	\$ 805,282.94	\$ -	\$ 805,282.94	
	M65a - MME	100%				
	\$					
2010	86,362,530.00	\$ 86,362,530.00	\$ 1,999,292.57	\$ -	\$ 1,999,292.57	\$ 2,804,575.51