



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

RE: SB-1006, AN ACT INCREASING CERTAIN BOND AUTHORIZATIONS FOR CAPITAL IMPROVEMENTS.

Small Town Economic Assistance Program

The Connecticut Council of Small Towns (COST) is very concerned that **SB-1006** eliminates funding for the Small Town Economic Assistance Program (STEAP), which has been successful in assisting Connecticut's small towns in meeting their economic development needs. This is particularly puzzling since economic stimulus is considered a key component of federal, state and local efforts to spur economic recovery and additional funds are targeted to economic development for the state's cities.

While we recognize that there is currently a \$20 million unallocated balance for FY 2011, the capital budget also eliminates funding in FY 2012. We therefore urge you to at least partially restore this funding in order to continue this program.

Recognizing that Connecticut's suburban and rural towns – communities under 30,000 in population - play a vital role in the state's economic, social and cultural wellbeing, STEAP was established by the legislature in 2002. Since its creation, STEAP has provided small towns with \$20 million annually in critically needed assistance with which to undertake important economic development projects – projects that improve both their economic development infrastructure and quality of life. To protect and nurture the growth of Connecticut's economy, small town revitalization must continue to be a critical element of the state's public policy agenda.

Examples of projects funded with the assistance of STEAP grants include:

- Somers - Revitalization of Mill Village in the Town of Somers – STEAP funding provided initial leverage needed to bring more substantial private and public investment commitments to bear.
- South Windsor - I-291 Corridor District Municipal Development Project.
- Coventry - Critical public safety improvements.
- Oxford - Developed the Oxford Economic Development Corporation business incubator building space.
- Windsor - A site remediation project.

All of these projects have been of tremendous benefit to the towns and their regions as well as the state as a whole. Projects eligible for STEAP funds include: 1) economic development

projects; 2) Transit; 3) Recreation and solid waste disposal projects; 4) social service-related projects, such as day care centers; 5) Housing projects; and 6) Pilot historic preservation and redevelopment programs that leverage private funds. Prior to the establishment of STEAP, small towns had access to very few resources with which to undertake important infrastructure improvements and economic development projects. These projects help spur economic development throughout the entire state. STEAP clearly fills an important funding void.

Recognizing that the state must look to reduce its bonded indebtedness in order to help address the state's budget deficit, we would support a reduction in the program, comparable to the reduction for Urban Act funds.

Local Capital Improvement Program (LoCIP)

Because of increasing pressures on the local property tax, towns have nowhere else to turn to fill the funding gaps that cuts in non-statutory aid would create. We therefore sincerely appreciate the efforts of Governor Dannel Malloy in proposing continued level funding for the Local Capital Improvement Program (LoCIP). This program provides much-needed aid to initiate capital projects that benefit the economy and the quality of life in Connecticut's smaller towns and cities.

Clean Water Fund

COST continues to support efforts to assist towns in fulfilling their obligation to make needed improvements to sewers and other clean water projects. Numerous municipalities with documented environmental and public health problems have proactively planned and designed wastewater facilities to meet these needs. Treatment plant upgrades, including the State-mandated nitrogen removal program, elimination of combined sewer overflows, and replacement of aging infrastructure are all eligible for the Clean Water Fund. These projects represent significant capital expenditures, and the DEP grants and loans are critical to municipal government's (and the public's) ability to fund these improvements.

We therefore **strongly support Sections 9 and 10 of SB-1006** which will increase Clean Water Fund authorizations for FY 2012 and 2013 to these levels for the biennium: \$187m in G.O. Bonds and \$472m in Revenue Bonds.

