

**Testimony Concerning**  
**SB-1007, An Act Concerning The Governor's Recommendations On Revenue**  
**Finance, Revenue & Bonding Committee**  
**March 7, 2011**  
**J.R. Clisham, President, Connecticut Self Storage Association (CTSSA)**

**INTRODUCTION**

My name is J.R. Clisham and I am a Hartford resident. Thank you for the opportunity to comment. I am the current President of the Connecticut Self Storage Association. I am also one of the owners of Connecticut Self Storage, LLC, based in West Hartford. Currently our company has five locations: one each in Glastonbury, Plainville and Meriden, as well as two in West Hartford. I am here today to speak in *opposition* to an increase in the sales tax as contained in SB-1007. If the provision in the bill is passed, it would only increase the already unfair sales tax that is imposed on self storage facilities in our state. Indeed, Connecticut remains one of only a handful of states that imposes such a tax.

**A SALES TAX INCREASE UNFAIRLY SINGLES OUT THE SELF STORAGE INDUSTRY**

In the self storage business, we rent real estate. More simply put, we rent space. Our tenants range from soccer moms, to families on the move, to senior citizens, to small local businesses, to military personnel currently overseas, to those citizens not as fortunate and of lesser means. Our tenants are required to sign a lease. Thus, our tenants rent self storage space much in the same way they would rent an apartment, a retail space, an office space, or an industrial space. *Currently, none of these other real estate rentals are subject to a sales tax, however, the rental of self storage space is subject to sales tax.* The current sales tax on self storage rentals places our industry in a very unenviable, special category, all by ourselves among commercial real estate owners. If the increase contained in SB-1007 is passed and continues to apply to self storage facilities, it would only exacerbate an already unfair situation.

**INCREASE HURTS CONSUMERS & SMALL BUSINESSES WHO CAN LEAST AFFORD IT**

In our industry, many of our tenants are those who have fallen on hard times – such as low income individuals, the elderly, young families, widows and widowers, those who have recently experienced the death of a parent, and especially at this time, military personnel currently overseas. These segments of our communities rely on self storage as a means of preserving their personal property more often than other segments of the population. The current tax on self storage facilities already imposes a financial burden on these less fortunate tenants. The increased sales tax in SB-1007 would increase this unfair burden on those who can least afford it, at a time when they can least afford it. Small businesses also rely on self storage as a means of preserving their personal property more often than large businesses. A tax on self storage revenues pursuant to SB-1007 would directly affect these small businesses.

**ELIMINATION OF EXEMPTION FOR AUTOMOTIVE STORAGE WILL ADVERSELY IMPACT INDUSTRY**

Many self storage properties offer what we term "outside storage" for RV's, boats, and cars, which presently are untaxed. The quantity of those rental spaces could vary from zero to as many as 50+, depending on the facility. Eliminating the current exemption would adversely impact the self storage industry and our customers.

**ASSESSMENT METHODOLOGY DIFEFRS FOR SELF STORAGE FACILITIES**

Another consideration regarding the sales tax, besides the fact that self storage is the only class of commercial property for which rents are taxed, is the methodology of assessing those taxes. Currently, an operator incurs a tax liability when a rent charge accrues, not when the rent is collected or paid. Retailers and true service companies collect tax when payment for goods and services is rendered. Thus, self storage facilities are treated differently and required to remit uncollected taxes even when customers are delinquent for non payment, creating an additional burden on facilities. If the sales tax on self storage facilities is to remain and/or increase, which we do not favor, this assessment methodology needs to be addressed.