

**TESTIMONY OF**

**MAYOR JAMES L. RICHETELLI, JR.,**

**CITY OF MILFORD**

**Before the Legislature's Finance, Revenue & Bonding Committee  
Monday, March 7, 2011  
10:30 a.m., Room 2E  
Legislative Office Building  
Hartford, Connecticut**

**H.B. 6388 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET  
RECOMMENDATIONS CONCERNING THE OFFICE OF POLICY AND  
MANAGEMENT**

Good Morning. My name is James L. Richetelli, Jr. and I am proud to serve as the Mayor of Milford. I offer testimony today opposing the recommendation in H.B. 6388 to eliminate the Payment in Lieu of Taxes (PILOT) for Manufacturing Machinery and Equipment (MME).

As you know, Milford is a medium-sized city of approximately 55,000 residents. We are a beautiful shoreline community with a deceptively large manufacturing base.

To illustrate how vibrant this manufacturing base is in Milford, consider some of our 2010 MME exemptions. Schick in 2010 claimed a \$31.7 million exemption related to equipment for a new research facility in Milford. Also in 2010, Bic Corp. claimed a \$5.7 million MME exemption; Sandvik Medical Solutions, \$3.5 million; Milford Fabricating, \$2 million; Duz Manufacturing, \$1.9 million; and Stevens Manufacturing, \$1.56 million. These are the largest, but there are many more.

This manufacturing base over time has provided steady employment for thousands of workers in Milford and surrounding communities, and a dependable source of much-needed municipal income from the MME PILOT that we have traditionally received from the State of Connecticut.

For the current fiscal year, the City of Milford received \$1.3 million PILOT for manufacturing machinery and equipment. Excluding the Education Cost Sharing grant, the MME PILOT was our largest single source of State revenue in the municipal budget. For the upcoming fiscal year, Milford had anticipated a \$1.1 million PILOT, a crucial component of our municipal budget.

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It is impossible to overstate the potential adverse impact upon Milford of eliminating the MME PILOT, as the Governor has proposed.

In human terms, the anticipated loss of this revenue has forced Milford to announce the first round of layoffs of municipal employees in 20 years. To close the gap between our conservative spending and the loss of \$1.1 million PILOT, it is necessary to reduce City staffing.

While we appreciate the fact that the State has not yet eliminated the manufacturer's right to claim this exemption – nor do we advocate this – the Governor's proposal to eliminate the PILOT essentially reduces this program to an unfunded mandate for communities like Milford. Frankly, it makes no sense to do away with a program that is very successful for many municipalities and helps keep manufacturing jobs in Connecticut.

I do, however, fully support another proposal in H.B. 6388 to double and make permanent the real estate conveyance tax. This, like the MME PILOT, is an important source of revenue that the City of Milford has come to rely upon.

I am appreciative that the Governor appears willing to open new revenue streams for municipalities. I encourage the Legislature and the Governor to favorably consider these initiatives so that the “shared sacrifice” is not disproportionately burdensome to the local taxpayers.

Thank you for your consideration.