

Testimony
Steven N. Wawruck, Jr.
First Selectman
Town of Windsor Locks
Before the Finance Committee
March 7, 2011

RE: SB-1007, AN ACT CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON REVENUE

HOTEL TAX

As we in Connecticut know and understand all too well, our system of local municipal taxation relies on property taxes as the mainstay revenue producer to fund everyday expenses. This year there are many bills that have been submitted to allow the ability for municipalities to enact local options taxation. I believe that the time is now to enact such legislation, but to ensure that the municipalities receive the direct benefit of such a program and not become a future broken promise as so many funding programs of the past have become. Also, allowing the Council of Governments (COG) to receive the funding, who have the ability to generate their own revenue, would further dilute the direct benefit to the municipalities.

As background, allow me to use Windsor Locks as an example to explain why I feel it is imperative to allow for a local options tax program which is paid directly to the municipality that the business entity is located. In the Town of Windsor Locks, host to Bradley International Airport, we are to receive PILOT funding of up to 45% of the assessed value of the Airport. As of this fiscal year, we have never received the full allocation of PILOT due the Town and this current year we are receiving 23.8% of the current assessed value. This revenue shortfall is passed onto the residents in the form of increased property taxes. This current year the Town raised the mil rate 1.5 mils to offset the further erosion of PILOT funding allocated by the State and it was the second straight year that we presented a budget that had less expenditures than the previous.

We don't have many other places to look for economies and will be forced to slash services and/or reduce our workforce to accommodate future Intergovernmental Revenue shortfalls. As a State facing severe deficits, the time is now to allow our municipalities the options to levy taxes to alleviate the revenue shortfalls that we experience each and every year from reduced funding programs

The proposal I put forth for your consideration would be for the host municipality of the hotel/motel to have the ability to levy a local option tax of 4% of which would be divided as follows:

- the host municipality would receive 2% of the revenue generated within its municipal borders;

- Municipalities without hotels/lodging would be put in a pool to share 1% of all tax revenue generated by this new option and distributed on a per capita basis; and,
- 1% would go back to the hotels as a tourism incentive.

The local municipal tax would be levied in addition to the current existing state tax as not to hamper the existing revenue stream. As a State we need to stop looking for ways of increasing taxes and fees on OUR residents and look for new and innovative ways to provide relief, and at the same time new revenue sources that will help alleviate the property tax burden.

As you will note that by allowing this type of taxation, the revenue generated, would allow the host municipality to offset costs associated in providing needed services for the hotel/motels such as fire, police, ambulance and public works, etc, and help to alleviate the burden of increased property taxes to our residents. This proposal also allows for those municipalities that don't have a hotel to enjoy a new revenue source and allow the hotels some return revenue as a "tourism incentive" to market their area which will bring more patrons.

The Town of Windsor Locks has over 1500 hotel/motel rooms within our municipality. This proposal is not one of greed but one which allows for a fair distribution of revenue to others that otherwise wouldn't benefit from this type of proposal. The economic problems we face today are not isolated and the solutions should not either.

Many States have similar optional tax systems in place, which allow relief to their existing property taxes by passing the burden to the transient who visits for a short period of time and is then gone.

As a municipal leader I see the concern of our residents on an everyday basis whether at the office, the grocery store or at the local high school games. If there ever was a time for some type of property tax relief to be enacted by the Legislature and signed into law, I am sure you would agree that today is that time.

I thank you for the opportunity to submit this written testimony and respectfully request to meet with whomever to advance the passage of a local option revenue policy. I may be contacted at 860-627-1444 or swawruck@wlocks.com.