



**TESTIMONY**  
of the  
**CONNECTICUT CONFERENCE OF MUNICIPALITIES**  
to the  
**PLANNING AND DEVELOPMENT COMMITTEE**

March 4, 2011

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local governments - your partners in governing Connecticut. Our members represent over 90% of Connecticut's population. We appreciate the opportunity to testify on the following bills of interest to towns and cities:

**H.B. 6017, "An Act Modifying Certain State Grants in Lieu of Taxes and Authorizing the Assessment of Property Owned by Universities and Hospitals"**

CCM supports this bill.

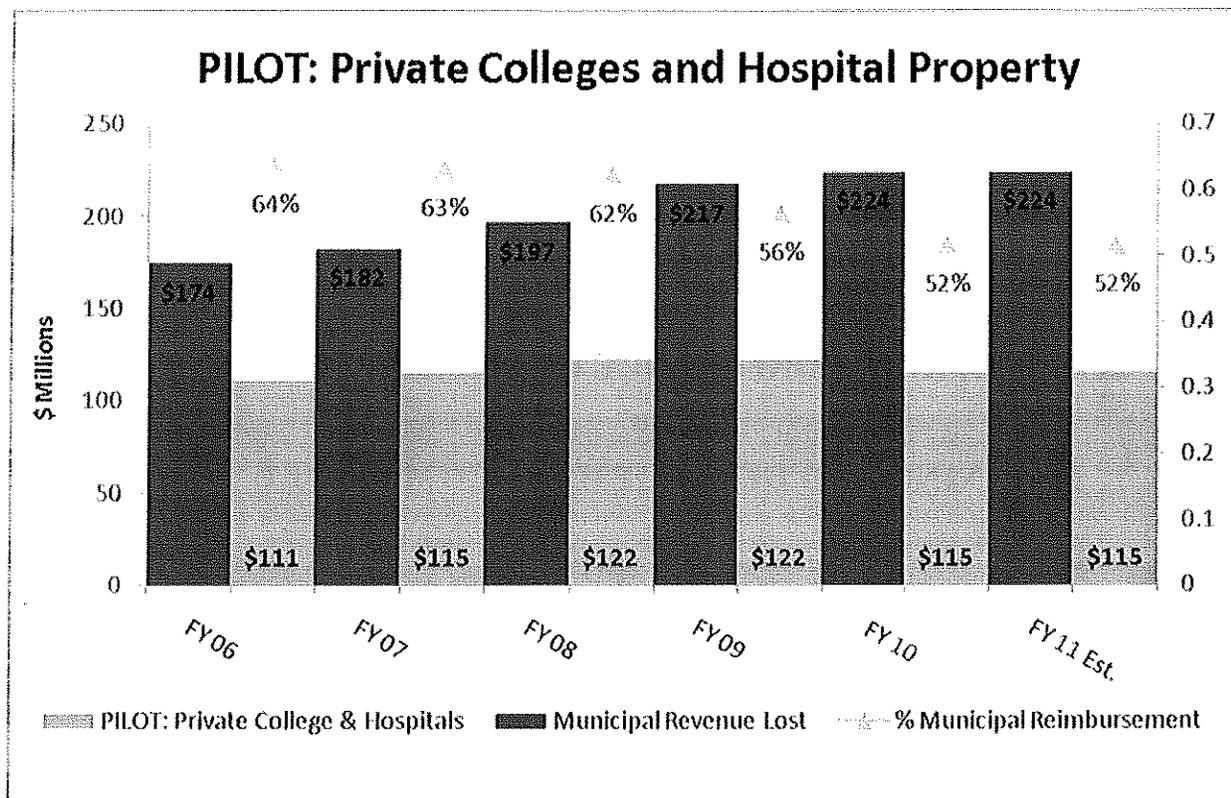
This bill would ease the financial burden on municipalities that have tax revenue loss due to property owned by any "private nonprofit institution of higher learning, nonprofit general hospital facility or free standing chronic disease hospital or urgent care facility".

Towns and cities are facing fiscal conditions not seen in generations. The State is not able to shower municipalities with additional revenue. Therefore, the State should provide communities with the wherewithal to assess entities the State has taken off the payrolls.

At the very least, the State should allow municipalities the option of recouping the difference between the current payment-in-lieu-of-taxes (PILOT) to colleges and hospitals and what the value of the property is worth.

Currently, municipalities are reimbursed for 52% in FY 11 of revenue lost due to the exemption of the *real* property of private colleges and general hospitals from local property taxes. There is *no* reimbursement for the *personal* property of these institutions. The statutory standard reimbursement rate for this PILOT program is 77%.

Municipalities will lose about \$60 million in PILOT this year due to the capped appropriation.



In addition to the usual mandate suspects (prevailing wage, binding arbitration, MBR, and others), towns and cities lose staggering amounts of revenue as the result of state-mandated property tax exemptions for real and personal property owned by the State and private colleges and hospitals, and other entities. In fact, there are at least 71 mandated property tax exemptions in state statute.<sup>1</sup>

These state-imposed obligations and state-imposed revenue losses force all municipalities to increase their property tax rates – and are worth approximately \$50 billion, representing about 13% of the total value of grand lists statewide.<sup>2</sup> While the State reimburses municipalities for some of the lost revenue through payments in lieu of taxes (PILOT), that reimbursement falls short – as the State only reimburses towns and cities 43 percent of lost property tax revenue. Making matters worse – those critical reimbursements are dwindling – or proposed for elimination. For example, the *PILOT for Manufacturing Machinery and Equipment Program (MME)* which reimburses municipalities for mandated property tax exemptions on machinery and equipment. For FY2011, there is a total program budget of \$47.8 million. This represents a 16.5% decrease compared with FY2010. **The Governor’s proposed FY 13 budget eliminates the reimbursement entirely.**

For Connecticut’s major urban centers – the hubs of our regions – the problem is devastating. *Bridgeport, Hartford, New Haven and Waterbury* lose at least \$115 million in property tax

<sup>1</sup> See Appendix.

<sup>2</sup> Ibid.

*revenue due to these state-mandated exemptions and low reimbursement rates. This total represents lost taxes on real property only and does not include revenue lost on personal property.*

CCM urges the Committee to at least allow municipalities the ability to tax colleges and hospitals for losses not covered through PILOTs. Remember: this is a costly state-imposed mandate on towns and cities.

**H.B. 6103, “An Act Concerning the Cost to Municipalities of State-Mandated Special Education Requirements”**

CCM supports this bill.

H.B. 6103 would require the State Department of Education to conduct a comprehensive review of state-mandated special education requirements and report to the Education Committee by February 2012. The review must identify each state-mandated special education requirement that exceeds the minimum required under federal law and the cost to municipalities of complying with each such mandate.

*With special education expenditures surpassing the \$1.5 billion mark, the local share is almost \$1 billion. Special education spending accounts for almost 15 percent of all education spending in Connecticut and costs keep growing faster than other school spending (5-6% vs. 3-4%). Complicating matters, unforeseen demands for the most expensive special education services too often result in local mid-year budget shuffling, supplementary appropriations, and other extraordinary measures. This is particularly true in smaller towns where the arrival of a single new high cost special education student during the school year can create a budget crisis.*

Total cost of special education statewide for the 2009-10 school year was estimated to be over \$1.5 billion, of which at least 60% was locally funded.

*CCM urges the Committee to favorably report is bill.*

**H.B. 6410, “An Act Concerning the Revision of Municipal Charters”**

CCM supports this bill.

The objective of charter revision statutes should be to encourage such revisions where they are necessary or appropriate. The existing law may actually be preventing municipalities from appointing charter revision commissions. There are a number of municipalities that would be amenable to updating specific parts of their charters which have become outdated or problematic over time, but don't want to run the risk of opening it up to a wholesale re-write. (CCM knows of at least one town that has typos in its charter, but will not correct it for fear of opening a long, unnecessarily laborious process.)

By the same token, for those towns and cities which *do* want to open up their charters for a full-blown review, under the proposed language they could easily draft the commission's charging resolution accordingly.

This is a sound proposal that would remove some of the gridlock associated with charter reform.

*CCM urges the Committee to favorably report this bill.*

**H.B. 6108, “An Act Concerning Regional Collaboration Incentive Payments”**

CCM supports this bill.

H.B. 6108 would provide a meaningful incentive for municipalities to engage in regional cooperation. This proposal is voluntary, which is vital, and it involves communities being able to receive additional funds as a result of cooperative efforts.

This is the type of carrot approach that works with municipalities (and the State benefits also).

*CCM urges the Committee to favorably report this bill.*

**H.B. 5921, “An Act Authorizing Land Banks”**

CCM supports this proposal.

This local-option proposal has the potential to assist towns and cities grapple with the foreclosure crisis, and revitalize communities and promote sound land practices.

*CCM looks forward to helping the Committee flesh out this proposal.*

**H.B. 5470, “An Act Concerning Local Plans of Conservation and Development”**

**H.B. 5471, “An Act Requiring Zoning Regulations to Consider the Preservation of Farm Land, Forest Land and Open Space”**

H.B. 5470 would require that, when local plans of conservation and development are updated, they contain “recommend ways to preserve agricultural land and resources.”

H.B. 5471 would require zoning commissions, when amending their regulations, to ensure that such regulations are “consistent” with CGS 12-107a concerning “farm land, forest land and open space”.

CCM is sympathetic to the intent behind these proposals, however, there are costs associated with adding to the scope of plans and regulations. Further, every year, there are entities that want to add more requirements to zoning regulations and local plans.

The current public hearing requirements for adoption of zoning regulations and local plans of conservation and development ensure that the will and interest of the community are included in ordinances and plans. This is why many communities already consider farmland preservation.

Finally, the bill would require stanchly urban communities like Bridgeport to spend financial resources and energy on farmland preservation. This is not practical.

CCM urges the Committee to make the “shall” a “may” in both of these bills.

**S.B. 991, “An Act Concerning Energy Efficient Subdivisions”**

This bill would mandate that zoning commissions require development applicants to submit proof that such developments are energy efficient.

CCM appreciates the intent behind this proposal – to establish mechanisms to increase energy efficient projects. However, there should be provisions for clear waivers of the requirement, under certain circumstances, at a municipality’s discretion.

Thank you.

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If you have any questions, please contact Ron Thomas [rthomas@ccm-ct.org](mailto:rthomas@ccm-ct.org) at (203) 498-3000.

Attachment



## Attachment

### STATE MANDATED PROPERTY TAX EXEMPTIONS

Every year there are many well-intentioned proposals to reduce the property tax burden of one group or another. Everybody wants out of the property tax – but peeling off one group after another is not reform. Again, these would only serve to shift the burden of those taxes to the remaining property owners of a given municipality.

Currently, there are close to two-dozen opportunities for property tax abatement at municipal option and **77 mandated ones** (see below).

In an economy where local officials are struggling to sustain critical services – amidst growing deficits, evaporating revenues, and layoffs – this bill would negatively impact hometown budgets. Towns and cities have already suffered significant cuts in state aid over the last several years and the State is currently grappling with a huge deficits. This is not the time for enacting any new unfunded mandates, no matter what the reason.

**The following property is exempt from taxation per Connecticut General Statutes (C.G.S. §12-81):**

1. Property of the United States
2. State property, reservation land held in trust by the state for an Indian tribe.
3. County Property (repealed).
4. Municipal Property.
5. Property held by trustees for public purposes.
6. Property of volunteer fire companies and property devoted to public use.
7. Property used for scientific, educational, literary, historical or charitable purposes.
8. College property.
9. Personal property loaned to tax-exempt educational institutions
10. Property belonging to agricultural or horticultural societies.
11. Property held for cemetery use.
12. Personal property of religious organizations devoted to religious or charitable use.
13. Houses of religious worship.
14. Property of religious organizations used for certain purposes.
15. Houses used by officiating clergymen as dwellings.
16. Hospitals and sanatoriums.
17. Blind persons.
18. Property of veterans' organizations.
  - a. Property of bona fide war veterans' organization.
  - b. Property of the Grand Army the Republic.
19. Veteran's exemptions.
20. Servicemen and veterans having disability ratings.
21. Disabled veterans with severe disability.
  - a. Disabilities.
  - b. Exemptions hereunder additional to others. Surviving spouse's rights.

- c. Municipal option to allow total exemption for residence with respect to which veteran has received assistance for special housing under Title 38 of the United States Code.
22. Surviving spouse or minor child of serviceman or veteran.
23. Serviceman's surviving spouse receiving federal benefits.
24. Surviving spouse and minor child of veteran receiving compensation from Veteran's Administration.
25. Surviving parent of deceased serviceman or veteran.
26. Parents of veterans.
27. Property of Grand Army Posts.
28. Property of United States Army instructors.
29. Property of the American National Red Cross.
30. Fuel and provisions.
31. Household furniture.
32. Private libraries.
33. Musical instruments.
34. Watches and jewelry.
35. Wearing apparel.
36. Commercial fishing apparatus.
37. Mechanic's tools.
38. Farming tools.
39. Farm produce.
40. Sheep, goats, and swine.
41. Dairy and beef cattle and oxen.
42. Poultry.
43. Cash.
44. Nursery products.
45. Property of units of Connecticut National Guard.
46. Watercraft owned by non-residents (repealed).
47. Carriages, wagons, and bicycles.
48. Airport improvements.
49. Nonprofit camps or recreational facilities for charitable purposes.
50. Exemption of manufacturers' inventories.
51. Water pollution control structures and equipment exempt.
52. Structures and equipment for air pollution control.
53. Motor vehicle of servicemen.
54. Wholesale and retail business inventory.
55. Property of totally disabled persons.
56. Solar energy systems.
57. Class I renewable energy sources and hydropower facilities.
58. Property leased to a charitable, religious, or nonprofit organization.
59. Manufacturing facility in a distressed municipality, targeted investment community, or enterprise zone.
60. Machinery and equipment in a manufacturing facility in a distressed municipality, targeted investment community, or enterprise zone.
61. Vessels used primarily for commercial fishing.

62. Passive solar energy systems.
63. Solar energy electricity generating and cogeneration systems.
64. Vessels.
65. Vanpool vehicles.
66. Motor vehicles leased to state agencies.
67. Beach property belonging to or held in trust for cities.
68. Any livestock used in farming or any horse or pony assessed at less than \$1000.
69. Property of the Metropolitan Transportation Authority.
70. Manufacturing and equipment acquired as part of a technological upgrading of a manufacturing process in a distressed municipality or targeted investment community.
71. Any motor vehicle owned by a member of an indigenous Indian tribe or their spouse, and garaged on the reservation of the tribe (PA 89-368)
72. New machinery and equipment, applicable only in the five full assessment years following acquisition.
73. Temporary devices or structures for seasonal production, storage, or protection of plants or plant material.
74. Certain vehicles used to transport freight for hire.
75. Certain health care institutions.
76. New machinery and equipment for biotechnology, after assessment year 2011.
77. Real Property of any Regional Council or Agency

