

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE COMMERCE COMMITTEE

By Gian-Carl Casa, Undersecretary for Legislative Affairs

March 20, 2012

Testimony in Opposition to S.B. 144

"AN ACT EXPANDING THE STATE'S TAX INCREMENTAL FINANCING PROGRAMS."

Thank you for the opportunity to offer testimony in opposition to S.B. 144, "AN ACT EXPANDING THE STATE'S TAX INCREMENTAL FINANCING PROGRAMS."

This bill would dramatically expand the use of tax incremental financing (TIF). It proposes providing municipalities with new TIF authority blending local property tax collections with state income tax and sales tax collections. The expanded authority adds municipal development projects as eligible projects and also adds state income tax and sales tax collections to the incremental revenue sources to be used.

Under current law, TIFs approved by the state, which must be large-scale economic development projects which add a substantial amount of new economic activity for the municipality, region and state, may only use the incremental hotel occupancy, sales and admissions and dues taxes as a measure to ascertain whether sufficient revenues are being generated.

We cannot support a bill that siphons off portions of the state's primary revenue sources for municipal purposes, particularly since this administration has increased municipal aid, provides generous support for local school construction, and is responsible for funding the teachers' pension fund.

I again thank the Committee for the opportunity to present this testimony, and respectfully request that you take no action on this bill. OPM will be happy to answer any questions you may have.

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