

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE FINANCE REVENUE AND BONDING COMMITTEE March 16, 2012

*Benjamin Barnes
Secretary
Office of Policy and Management*

Testimony in Opposition to House Bill No.5500

AN ACT CONCERNING AN EXPANSION OF TAX INCREMENTAL FINANCING AND AN ADJUSTMENT TO
CERTAIN DATES RELATING TO THE FINANCING OF STEEL POINT IN BRIDGEPORT

Senator Daily, Representative Widlitz and distinguished members of the Finance Revenue and Bonding Committee thank you for the opportunity to offer testimony in opposition to House Bill No. 5500, An Act Concerning an Expansion of Tax Incremental Financing and an Adjustment to Certain Dates Relating to the Financing of Steel Point in Bridgeport.

This bill would dramatically expand the use of tax incremental financing (TIF). It proposes providing municipalities with new TIF authority utilizing incremental state income tax and sales tax collections. The bill also expands the existing statutory municipal TIF authority for information technology and remediation projects which may be financed with incremental property tax revenue. 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.

This bill requires the actual segregation of state tax receipts to pay the debt service on bonds for municipal development projects. I 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 would like to again thank the committee for the opportunity to present this testimony. I respectfully request the Committee take no action on this bill and I will be happy to answer any questions you may have.

*Contact Person: Gian-Carl Casa
OPM Capitol Office Hartford, Connecticut 06106
Telephone: (860) 478-1756*