



ESTABLISHED 1659

CITY OF NORWICH

CONNECTICUT

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Testimony for Public Hearing in Finance, Revenue & Bonding Committee on
Elimination of PILOT for State Property, Revenue Sharing Grant, Pequot/Mohegan Grants, and Car Tax Revenue

Motor Vehicle \$20,000 exemption

For Norwich, this exemption would result in a loss of roughly \$5 million in motor vehicle property tax revenues.

- All else being equal, the mill rate will increase by 2 mills, or 8% to make up for lost revenue.
- July 1, 2013 the City will be forced to bring an additional tax bill to our largest taxpayer in our industrial park for \$70,000. The explanation will be that they are paying for our City residents' car taxes. This is not the message we want to convey to businesses that have found their home in our City. They will be forced to leave as other alternatives now become more economically viable. This will only exacerbate the tax revenue shortfalls as flight from higher taxes becomes even greater. The alternative offered is to make tough choices. Does that tough choice mean to cut \$3 million from our education budget? The Education budget currently represents 60% of our budget. That is not a possibility because of ECS Mandates. So what happens is that Police, Public Works and City services which are 40% of the City budget will have to be gutted. This plan was not fully thought out.
- The tax burden will shift from apartment renters and car owners to residential and commercial property owners.
- Many individuals' existing exemptions on motor vehicle taxes will lose their value like the Volunteer Firefighters, Military and disability exemptions.

Shifting of Grant Funding from General Operating Grants towards Education and Capital

- Norwich already has a responsible commitment for funding capital needs, so the shifting from the Mashantucket/Mohegan Grant to LOCIP binds our hands.

Property taxes are widely accepted as the most regressive way to tax citizens, yet the Governor's budget has the effect of increasing municipalities' reliance on property taxes. If as much creativity was put into designing diversified revenue streams for local government in this proposed biennial budget as was spent shuffling grant funding, Connecticut could be on the forefront of progressive government.