Derrylyn Gorski
First Selectman
Town of Bethany
Public Hearing Testimony
Finance, Revenue and Bonding Committee
Monday, March 4, 2013

Re: SB-843- An Act Concerning Revenue Items to Implement the Governor's Budget

Thank you for the opportunity to testify about the consequences of the proposed MV tax exemption for Bethany taxpayers. According to Bethany's Assessor Mario Panagrosso, 5,901 of the 6,011 cars on the 2012 Motor Vehicle Grand List have an assessment of $20,000 or less. Their total assessment is $36,199,844. Using the current mill rate of 28.54, Bethany will have a tax revenue loss of $1,033,144.

Although I am grateful that state aid is level-funded for Bethany at $2,376,065 the elimination of the motor vehicle tax will have a significant impact on our property taxes. I have nowhere to go to replace a $1M loss in revenue.

Our FY 13 Budget is $20,838,716, $14,960,438 of which is for Education and $680,799 is for Debt Service. Therefore, I have no control over $15,641,237 of the budget. How can I possibly reduce the $5,197,479 that I control by over $1,000,000? We would need a 2 mil increase on real estate and property taxes to offset this revenue loss.

We always look for ways to reduce and control spending. Over the last several years Bethany has joined a regional health district and a regional transit district. We changed our medical benefits to a high deductible plan for all of our municipal employees and require an employee contribution. Our medical plan costs significantly less than the state's Partnership Plan.

In Connecticut the main recourse that towns have to fund the necessary services they provide is a heavy reliance on the property tax. Over 82% of Bethany's revenue comes from the property tax; ten years ago that number was 73%. Of course, we will continue to look for ways to control expenses; however, a $1 million dollar loss of revenue puts tremendous pressure on town real estate and property taxes. For example, according to Bethany Tax Collector Dave Forman, our largest business would see a tax increase of $27,500, a local golf course, which has been struggling to pay its taxes, would see an increase of over $3,000.

The next hardest hit would be low-income seniors and other low-income residents. Many of those in our town receiving senior tax relief would see increases of over $600 a year, completely negating the help they are getting. Most of these people have older cars or do not drive at all, so they would get little or no benefit from the MV tax exemption.

Middle-income taxpayers would see net increases of $175 to $325 per year because the MV tax exemption would partially offset real estate tax increases [on current taxes of $6,540 & $8,100].

Even upper-income property owners who own more expensive cars would see a tax increase. Two upper income households picked at random would see net tax increases of $29 and $319 [on real estate tax bills of $21,000 and $18,500 respectively].

Please consider Connecticut's beleaguered property owners whose property taxes are often the highest tax they pay.