



**Testimony
Betsy Gara
Executive Director
Connecticut Council of Small Towns
Before the Finance, Revenue & Bonding Committee
March 4, 2013**

**RE: SB-843, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE
GOVERNOR'S BUDGET**

➤ **Exemption from Motor Vehicle Property Tax**

The Connecticut Council of Small Towns (COST) opposes the provisions in SB-843 which exempt certain motor vehicles from the property tax. Town leaders from across the state are voicing concerns about the impact of this proposal on local revenues. Without these revenues, towns will be left with big holes in their budgets - holes that will be plugged by increasing mil rates on homeowners and businesses or cuts in critical services.

Eliminating a local revenue raising tool during these difficult economic times makes no sense. It provides little, if any, relief to taxpayers and imposes an added burden on homeowners and businesses which are also struggling. In addition, assessors must still spend time and money in assessing the value of motor vehicles and will realize little savings from exempting these motor vehicles. COST urges lawmakers to reject this proposal.

In addition, there have been discussions about creating a statewide mil rate which would require any town that collects more revenue under the statewide rate than it would have collected under its local rate to remit the excess revenues to the state. COST strongly opposes any attempt to require local property tax dollars to be remitted to the state. Towns need the ability to raise local property taxes to meet their obligation to fund critical education, public health and safety services. We are very concerned that, given the budgetary pressures facing the state, local tax dollars would be in danger of being redistributed for other purposes.

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➤ **Elimination of the State Property PILOT**

COST is also concerned with provisions in SB-843 which eliminate the Payment in Lieu of Taxes (PILOT) program for state property in order to shift almost \$74 million to the Education Cost Sharing (ECS) grant. Although we appreciate that the Governor's proposed budget is intended to keep towns whole, we are very concerned with what this will mean for state aid to municipalities in the next budget cycle and in the long term.

COST has long supported increased funding for ECS. However, eliminating the PILOT and other key municipal grants, coupled with changes to the ECS formula, such as reducing the minimum aid ratio, may make it very difficult to keep towns whole – particularly small towns – in upcoming fiscal years.

COST is an advocacy organization committed to giving small towns a strong voice in the legislative process. Its members are Connecticut towns with populations of less than 30,000. COST champions the major policy needs and concerns of Connecticut's suburban and rural towns.