



CONNECTICUT
BUSINESS & INDUSTRY
ASSOCIATION

**Testimony of Bonnie Stewart
Vice President of Government Affairs, CBIA
Before the
Finance, Revenue and Bonding Committee
Hartford, CT
March 18, 2013**

**Testifying in Opposition to SB 1115 An Act Concerning A Municipal Option Of A
Property Tax For Commercial Properties Based On Business Profits**

Good Afternoon. My name is Bonnie Stewart and I am Vice President of Government Affairs at the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 employers throughout the state of Connecticut ranging from one-person businesses to large corporations. The majority of our members have fewer than 50 employees.

CBIA **opposes SB 1115** which permits towns to base certain establishments' property taxes on the profits of the businesses occupying them, instead of the value of the properties.

Although **SB 1115** is perhaps well intentioned, CBIA opposes it because we believe its impact could be significantly negative. Our first concern is that for most commercial properties, the profitability of businesses that occupy the real estate has nothing to do with the value of the properties. There are already recognized techniques that assessors can employ (e.g., adjustments to the vacancy rate used and recognition in an income approach of both the time and expense of leasing a building) to address the concerns raised by the bill.

Our biggest concern is that property taxes should be based on property values, not on businesses' income (for which they are already taxed). The bill also invites municipalities to begin seeking information about the profitability of businesses, which could prove to be very invasive; and it gives more discretion to assessors, which thereby increases the chances of abuse.

Because of the aforementioned reasons, any possible gain to the business community from this bill is far outweighed by the opportunities for mischief that it creates.

CBIA therefore urges that the Finance Committee reject this measure because it will make the property tax system more complicated and less transparent.

Thank you for the opportunity to express CBIA's concerns.