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TESTIMONY OF  
REPRESENTATIVE ELISSA WRIGHT  
STATE REPRESENTATIVE, 41<sup>ST</sup> DISTRICT

*Proposed H.B. No. 6233, AN ACT CONCERNING A HOMESTEAD PROPERTY TAX EXEMPTION*

*Planning and Development Committee Public Hearing  
February 13, 2013*

Senator Cassano, Representative Rojas, members of the Planning and Development Committee, thank you for the opportunity to testify in support of *H.B. No. 6233, AN ACT CONCERNING A HOMESTEAD PROPERTY TAX EXEMPTION*.

This bill would allow municipalities, as a local option, to provide residential property tax relief by exempting from property taxes up to \$100,000 of assessed value of real property that is the owner's primary residence.

Enabling towns and cities to enact local option homestead exemption programs is one of the policies Connecticut should pursue to address the issue of property tax affordability among owners of single-family homes, especially families of limited means whose growth in taxes significantly exceeds their ability to pay.

The conventional wisdom suggests that homesteads, and especially the first \$100,000 worth, are part of basic human necessity for shelter and therefore deserve to be taxed less than other types of property. A similar logic has been applied to the sales tax, which exempts the basic necessity of food from taxation.

To ease the burden on homeowners, Connecticut, like most other states, provides a number of targeted property tax reduction programs with different levels of benefits available depending on age, veteran status, and other taxpayer characteristics.

But, according to the Office of Legislative Research, Connecticut is one of only three states that do not offer the most widely used form of residential property tax relief, namely a general homestead exemption or credit program, for at least one class of qualified owners. OLR Research Report 2012-R-0104, *Property Tax Relief for Homeowners*.

The property tax in Connecticut consistently ranks high in comparison to other states. The Tax Foundation ranks Connecticut second out of the fifty states and District of Columbia in the amount of property taxes paid per capita.

Originally created at a time when the value of a person's property was, in fact, a good estimate of their wealth, this is no longer the case today, although the property tax continues to be rationalized as a tax on wealth.

The property tax is regressive, meaning that low-income residents pay a higher percentage of their income in property taxes than upper-income residents. Currently, some 20 percent of Connecticut's non-elderly taxpayers pay more than five percent of their income in property taxes, and 75 percent pay more than four percent of family income on property taxes, higher than the nationwide average. Institute on Taxation & Economic Policy, January 2013, [www.itep.org](http://www.itep.org); David Bradley, *Property Taxes in Perspective*, Center on Budget and Policy Priorities, 2005.

Property taxes remain the single most significant source of revenue for local governments, and therefore a crucial source of funding for K-12 education, police, fire, and other local services.<sup>1</sup>

But individuals and families with low incomes and high housing costs face property tax bills that are higher than they can manage. While a homestead exemption provides tax relief to all homeowners, it provides the greatest relief to residents living in modest homes because the amount excluded generally represents a higher proportion of the assessment of lower-valued property than higher-valued property.

Homestead properties warrant preferential treatment. The distinction between a necessity and other purposes is a justifiable reason to exempt a portion of owner-occupied residential property from taxation. Allowing municipalities to exempt a certain amount of a home's value from taxation is a fair and cost-effective tax relief strategy that we should employ to target tax relief to resident homeowners.

Thank you very much for the opportunity to be heard on this issue today.

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<sup>1</sup> In FY 2011, local governments raised nearly \$9 billion from Connecticut property taxpayers (72.7 percent Residential; 15.01 percent Commercial/Industrial/Public Utilities; 5.27 percent Motor Vehicles; 5.25 percent Personal; 01.74 percent Other Real Property), making the property tax the largest source of public funds in the state. Office of Policy and Management, *Municipal Fiscal Indicators, 2007-2011; Significant Features of the Property Tax*, <https://www.lincolnst.edu/subcenters/significant-features-property-tax/Report> Lincoln Institute of Land Policy and George Washington Institute of Public Policy (Tax Base by Property Type).