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Before the Finance Committee
March 17, 2014

HB- 5545 - AN ACT CONCERNING A COMPREHENSIVE STUDY OF THE STATE'S TAX STRUCTURE SUPPORT

The Connecticut Council of Small Towns (COST) *supports* **HB-5545**, which calls for a comprehensive study of the state's tax structure, including property taxes.

Connecticut's towns and cities are responsible for providing a wide range of critical services to residents and businesses, including education, public health and safety, transportation, and wastewater management. To fund these programs, municipalities rely on local revenues and state aid to municipalities. The vast majority of local revenues are derived from property taxes.

In fact, Connecticut is more dependent on property taxes to fund public education than any other state in the nation, according to United States Census data. And in most towns, education expenditures make up more than 70% of the local budget. Clearly, any discussion about property tax reform must include education finance reform.

In an ongoing effort to reduce municipal over-reliance on local property taxes to fund essential local services, including education, COST supports this study. Given the role of municipalities in administering the property tax system, we urge lawmakers to revise HB-5545 to:

- 1) Specify that the study shall include representatives from the Connecticut Council of Small Towns (COST) and the Connecticut Conference of Municipalities (CCM); and
- 2) Revise the scope of the study to consider the impact of any changes on the property tax system on municipalities and the impact on the delivery of education and other critical municipal services.

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.

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