



**Betsy Gara**  
**Executive Director**  
**Connecticut Council of Small Towns**  
**Before the Finance Committee**  
**March 17, 2014**

**RE: SB-447, AN ACT CONCERNING A LOCAL OPTION PROPERTY TAX RELIEF FOR BUSINESSES**

The Connecticut Council of Small Towns (COST) supports efforts to encourage business development to strengthen our economy. However, we have concerns regarding SB-447.

Connecticut's ad valorem property tax system authorizes municipalities to levy taxes on property in proportion to its value, as determined by assessment or appraisal. By introducing profits into this consideration, SB-447 sets a difficult precedent that may alter the ad valorem nature of property taxation in ways that will erode municipal revenues.

In addition, the bill may result in changes in how businesses are taxed at the local level in ways that could undermine economic development. Although the bill is intended to provide businesses with relief if they are struggling, as a matter of policy, basing tax decisions on profits may subject certain companies to additional taxes, undermining Connecticut's business climate.

Reforming the state's property tax system is a laudable goal. However, this must involve a thorough analysis of the impact of any changes on municipal revenues, property taxpayers and businesses.

COST urges rejection of this measure.

*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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