

# CCM 2014 Testimony

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## ***FINANCE, REVENUE & BONDING COMMITTEE***

March 17, 2014

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

### **Senate Bill 447, "An Act Concerning a Local Option Property Tax Relief for Businesses"**

This proposal would allow towns and cities to assess commercial properties based upon the net profits from the previous calendar year of the businesses occupying said commercial property. As stated in previous testimony before the Finance Committee – towns and cities seek reasonable options as they face the challenges of this fiscal climate. To this end, **CCM appreciates the intent of SB 447 to attract and retain local businesses.**

CCM has questions however, regarding the methodology needed to apply such a proposal – and the potential unintended consequences of deviating from the core principle of Connecticut's ad valorem ("according to value") tax base system.

Any proposal to eliminate, or amend, critical local tax revenues should first be thoroughly examined via comprehensive data analyses. A "tax incidence study" would allow for an understanding of the combined impacts of the present federal-state-local tax system on individuals, families and businesses. It would also allow state lawmakers to better gauge the effects that tax proposals, such as SB 447, could have on these same groups. To this end, the State Department of Revenue Services is required to complete its tax incidence study by December 2014 (*pursuant to Section 330 of Public Act 13-247*) which should provide the Committee more detail on the impact and practicality of proposals such as SB 447.

Therefore, **CCM requests the Committee take no action on SB 447** until further analysis is complete.

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If you have any questions, please contact Robert Labanara, State Relations Manager of CCM,  
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