Richard D. Rothstein
Finance, Revenue and Bonding Committee Testimony
April 20, 2015

Opposition to SB-1132

An Act Concerning the Admissions Tax

My name is Richard D. Rothstein and I live in West Hartford. I am testifying today in opposition to SB-1132, An Act Concerning the Admissions Tax. I would like to thank the Finance, Revenue and Bonding Committee for holding a public hearing on this bill.

For most of my professional career, I was involved in corporate and individual tax planning and compliance with a major corporation and large accounting firms. Since last summer, I have followed the Hartford ballpark issues closely, attending untold meetings, testifying at many of them.

This bill proposes that preferential treatment be given with regard to the State of Connecticut Admissions Tax at the Ballpark at Harbor Yard and the. The bill provides different rules for each of these two facilities, both of which host (or will host) professional baseball in Connecticut. The bill provides different preferences for each of these two facilities.

The bill does not provide for any changes to the admissions tax for at least three other venues in Connecticut where admission is currently charged for baseball games (Dodd Stadium, Norwich; New Britain Stadium, New Britain and Fuessenich Park, Torrington).

Further, the bill does not provide for any changes to the admissions tax for the wide range of other types of admissions charges subject to the tax. The enabling statute CGS 12-541(a) is quite broad in its reach with few exclusions. Some exemptions to the admissions tax which were enacted in prior years when there were state surpluses were repealed effective January 1, 2012 by P.A. 11-6. Repeal of the exemptions was necessary due to the State of Connecticut's budget situation at the time.

For the next two budget years, significant spending cuts and revenue increases have been proposed and are certain in order to balance the State of Connecticut budget. The spending cuts include many critical safety net programs, including aid for the homeless, those with mental illness, intellectual and developmental disability amongst many others. The revenue increases will fall not only to individuals but businesses of every size, including those who provide quality jobs with good compensation and benefits to our residents. It is entirely inappropriate to exempt the Ballpark at Harbor Yard and to redirect to the City of Hartford the

admissions tax collected at the as yet unnamed AA Baseball Stadium in Hartford. This is not new tax revenue, a similar amount is already collected and retained in the general fund from the same team's games at New Britain Stadium.

Mayor Pedro Segarra, Court of Common Council Shawn Wooden, Treasurer Adam Cloud and other elected and appointed officials have repeatedly assured that no state funds of any kind would be used for the development, operation and financing of their baseball stadium. The admissions tax under CGS 12-541(a) is imposed on the party making the charge and is reimbursed by the purchaser. The admission tax, once incurred, represents state funds, and the language in this bill attempts to appropriate these funds to the City of Hartford for payment of debt service.

Connecticut should have a consistent tax policy. The two changes proposed in SB-1132 discriminate in favor of these two facilities and do so in different ways. The changes make our complex tax system even last fair than it is presently for those subject to the admission tax.

I urge you to vote NO on SB-1232.

Thank you for your consideration of my comments.

Richard D. Rothstein

P.S.

Please take note of the attached article from Jeff Cohen quoting Ronald Jarrett (Mayor Pedro Segarra's Public Policy and Constituent Advisor) and Thomas Deller (City of Hartford – Director of Development Services).

Per Ronald Jarrett:

He said cities and towns don't have many ways to bring in money, so why not let money that is generated in the city, in a park built by the city, stay in the city?

"You can call that a slippery slope," Jarrett said. "It just seems like that may be an innovative way to help mitigate some of the struggles that a lot of our Connecticut cities and towns are having."

The City of Hartford decided to pursue the stadium on its own, without involving most of its city officials in the process, its residents, the Capitol Region Development Authority, or any part of any branch of the State of Connecticut government. While we

all need to think long and hard about ways of sharing the revenues and expenses of government, we are not now at that time. This could come at some point in the future when the State of Connecticut budget issues are long behind us. In the interim, cities and towns must live within their means, controlling their operating and capital expenditures.

Per Thomas Deller:

"If, for some reason, the legislature didn't pass this piece of legislation, it doesn't present an issue for us in paying the debt based on the revenue sources that have been identified."

This comment indicates that the City of Hartford doesn't need the admissions tax revenue to pay the debt. For this reason alone, a NO vote on this bill is necessary.

I also take note that at the end of the last legislative session, exemptions to the admission tax were enacted for the XL Center and Webster Bank Arena effective July 1, 2014. The XL Center exemption was in P.A. 14-47 (budget adjustment) and the Webster Bank Arena exemption was in P.A. 14-217 (budget implementer). Neither exemption was included in any proposed legislation, was not the subject of a public hearing or committee review and vote. The exemptions just appeared in these last minute bills

Public Hearing Set on State Tax Revenue for Hartford Stadium

By Jeff Cohen • Apr 17, 2015

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Groundbreaking earlier this year at Hartford's minor league baseball stadium.

City of Hartford

There's a public hearing Monday on a plan that would use money generated by a state tax to help pay off the debt for the new minor league baseball stadium in Hartford. But the governor doesn't know much about it, and the state senate Republican leader is opposed to the plan.

The state charges a ten percent admissions tax on tickets at facilities across Connecticut. Hartford wants the state to collect that tax at the stadium it's building for the minor league Hartford Yard Goats and send that money back to the city to help pay off its $60 million stadium debt.

Ronald Jarrett is Mayor Pedro Segarra's director of public policy and constituent services. He said cities and towns don't have many ways to bring in money, so why not let money that is generated in the city, in a park built by the city, stay in the city?

"You can call that a slippery slope," Jarrett said. "It just seems like that may be an innovative way to help mitigate some of the struggles that a lot of our Connecticut cities and towns are having."

Len Fasano is the Republican state senate leader. He plans to testify against the bill, in part because Hartford and its goats are looking for special treatment.

"What's good for the goat is good for everyone else in the state," Fasano said.

Fasano is also a little put off by the whole thing. He said Hartford came up with the stadium plan without any input from the state. Now, it wants state money.

"The stadium was proposed by Hartford to say, 'We don't need you, State of Connecticut. We don't want you, State of Connecticut. We think this is a great venture. We're going to pull from New Britain the baseball team, we're going to make them the Yard Goats here in Hartford. Thank you very much. We don't need your help,'" Fasano said.

Governor Dannel Malloy said he's unfamiliar with the bill. "It's not something I've proposed," he said. "Lots of things get proposed by legislators. Lots of them never see the light of day."

Should the proposal not pass, would Hartford have trouble paying for the stadium? Not according to Thomas Deller, the city's director of development services.

"If, for some reason, the legislature didn't pass this piece of legislation, it doesn't present an issue for us in paying the debt based on the revenue sources that have been identified," Deller said.

Deller said the city needs $4.2 million a year to pay off the stadium debt. The admissions tax would bring it $426,000 a year.