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HB-5878 - AN ACT EXPANDING MUNICIPAL REVENUE STREAMS

Connecticut's towns and cities are more reliant on local property taxes to fund critical programs than any other state in the country. Given the fiscal challenges facing the state, municipal aid has been largely flat-funded although the cost of providing education, public safety and transportation services has increased significantly. Authorizing towns to develop reliable revenue streams will help reduce reliance on the property tax and provide effective mechanisms for funding critical services at the local level.

The Connecticut Council of Small Towns (COST) therefore supports the intent of **HB-5878** to provide towns with additional revenue streams.

Hotel Tax

A hotel user fee could generate significant revenues which will help towns provide critical education, public health and safety services. In addition, COST supports efforts to consider ways of restructuring the state's hotel tax to enable host towns to receive a fair share of such funds.

Municipal Fees

COST supports efforts to authorize towns to increase and retain a greater percentage of municipal fees. Under existing law, municipalities only retain a very small percentage of the fees they collect for various services. For example, \$36.00 of the \$40 land record recording fee is directed to the state's Community Investment Account, which funds open space protection, farmland preservation, affordable housing and historic preservation programs. However, the municipality is responsible for the costs of land recording – indexing, scanning, microfilming, preserving records, etc. The municipal share of these fees is simply not adequate to cover the costs of providing these services.

Open Space

COST also supports efforts to enable towns to adopt an optional local conveyance tax as a new source of revenue for the purpose of acquiring open space and other local initiatives. This will be particularly important if funds are swept from the Community Investment Account which assists municipalities in preserving open space and watershed lands.