



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

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### Testimony

#### in Opposition to

### SB 1: An Act Concerning Tax Fairness and Economic Development

#### Planning and Development Committee

Senator Osten, Representative Miller, Senator Linares, Representative Aman, and distinguished members of the Committee, thank you for this opportunity to comment on SB 1, An Act Concerning Tax Fairness and Economic Development.

My comments focus on Sections 51-55 of the bill. These sections require the establishment of a "regional property tax base revenue sharing system". Under this system, each municipality would remit a portion of its local property taxes to its regional Council of Governments (COG), which would in turn redistribute those funds among all of its member towns and cities, according to a formula that takes into account factors including each municipality's population and property value.

Connecticut residents expect to pay taxes to their state and federal governments and to see them used to fund activities, services, and structures outside of their hometowns. While local property taxes are burdensome for many, residents have at least had the assurance that they would be used to pay for services in their own towns or cities. This

bill, however, would create a new level of government that would absorb a portion of these local taxes and then allocate these funds to other cities or towns.

Inevitably, certain municipalities would gain revenues through this process and others would lose. Those that lose would likely face important shortfalls in their local budgets. To continue to provide essential services to their residents and local businesses, they would be required to raise local taxes, in many cases quite considerably. The result: residents would pay more in order to sustain the new layer of regional government, while also paying more just to maintain essential services in their own municipalities.

In 2013, when the General Assembly passed legislation reorganizing Connecticut's regions and imposing the COG structure on all regional planning organizations, there was much discussion about its implications. Many municipal CEOs expressed concerns that their local revenues would be distributed elsewhere. One town CEO from my area said that in this case, "Not only might well-managed towns receive less, but more of our resources would also go to municipalities with no record of using the funding they already receive wisely."

On June 3, 2013, I participated with several others on the House floor in a lively and interesting debate of HB 6629, the precursor bill to the COG/regional reorganization legislation passed a few days later. We were assured during the debate by the proponents that COGs would "not be dealing with property taxation issues on a regional basis or any other level of taxation". That assurance is not upheld in SB 1.

Although we may never call our COGs "county government", this bill is a move in that direction. If SB 1 passes as written, Connecticut's regional structure could acquire the same administrative and cost burdens, bureaucratic complexity, and loss of local access to and authority over local revenues that characterize county government – no matter what we call it.

I cannot support this regional tax base revenue sharing proposal because I believe that it will create severe financial stress for individuals, businesses, and municipalities that are already struggling under one of the country's heaviest combined tax burdens. I also believe that it will lead to a significant loss of residents' ability to shape and maintain the character of their towns over time.

I hope the Committee will choose not to pass this legislation. If that is not possible, however, I strongly urge the Committee to characterize it accurately and with all possible transparency to ensure that members of the public and their elected officials fully understand it. Creating a new level of government that collects and distributes tax revenues is not a step that should be taken without widespread public support.