CRCOG CAPITOL REGION COUNCIL OF GOVERNMENTS
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MEMORANDUM

DATE: March 6, 2015
TO: Chairs Senator Osten and Representative Miller and Members of the Planning and Development Committee
FROM: Stewart "Chip" Beckett III, Chairman, Capitol Region Council of Governments, Chair, Glastonbury Town Council,
Lyle D. Wray, Executive Director, Capitol Region Council of Governments

SUBJECT: SUPPORT FOR SENATE BILL NO. 677 AN ACT CONCERNING TAX INCREMENT FINANCING

Thank you for the opportunity to provide comments on **FOR SENATE BILL NO. 677 AN ACT CONCERNING TAX INCREMENT FINANCING**

For more than 45 years, the Capitol Region Council of Governments (CRCOG) has served Hartford and surrounding municipalities. CROCG now represents 38 towns and cities with a combined population of 1 million residents.

CRCOG supports Senate Bill 677, “An Act Establishing Tax Increment Financing Districts” to provide our member towns more tools to deal with development and redevelopment and to address the opportunities of 17 rapid transit and rail stations in the region.

This bill would allow municipalities to invest in greater development and redevelopment of key infrastructure to support the state’s and Planning and Development Committee’s goals of concentrating growth along transportation corridors, increasing housing choices detailed in the State Plan of Conservation and Development.

Tax Increment Financing (TIF) is widely used across the nation by towns and cities in 49 states and the District of Columbia as an important financing mechanism by which an anticipated increase in future taxes is used to fund current investment in development or redevelopment. Bonds are issued to pay for the development, which then leads to an increase in property values. Increased value of property increases tax revenue that is then used to repay the bond.

Research from a working group brought together by Connecticut Main Street on TIF concluded that:

- Current laws are too complicated, often requiring different approval mechanisms from multiple state agencies.
- TIF can only be used on a project-by-project basis so that there cannot be economies of scale from creating a TIF district.
- The tax increment proceeds can only be used to repay outstanding TIF bonds and cannot be set aside for future projects.
- The scope of projects currently eligible for TIFs is too narrow does not meet development and redevelopment needs.

Senate Bill 677 provides for a more streamlined approval process and:

- Allows for the creation of TIF districts by the municipalities with an appropriate district plan, public hearing and approval process.
- Enables municipalities to use all or part of the TIF revenues for projects within a TIF district.
- A portion of the TIF revenue can be retained by the municipality to pay for additional public services created by the development.
- TIF revenues can be used to repay the debt service on the TIF bonds and/or collected and segmented for future projects within the TIF district on a pay-as-you-go basis.
- Lowers overall financing costs by allowing municipalities to issue general obligation bonds for creditworthy projects within the TIF district.

As proposed expanded Tax Increment Financing proposed by Senate Bill 677 offers towns and cities the opportunities of new, non-state resources for the development and redevelopment including transit oriented development at rapid transit and rail stations. As proposed TIF would help ensure the implementation of the development and designs that make a community desirable to live in, work in or locate a business.

We urge your favorable consideration of SB 677.