



Testimony
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Before the Appropriations Committee
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The Connecticut Council of Small Towns (COST), which represents 115 towns throughout Connecticut, ***opposes*** provisions in **HB-6825, AN MAKING DEFICIENCY APPROPRIATIONS AND ADDRESSING THE DEFICIT FOR THE FISCAL YEAR ENDING JUNE 30, 2015**, which would eliminate funding for the Municipal Revenue Sharing Account, a separate, non-lapsing General Fund Account.

Section 6 of HB-6825 eliminates the Municipal Revenue Sharing Account (MRSA) which was created to fund the Manufacturing Transition Grant and the Property Tax Relief Grant. Prior law required the state to reimburse municipalities for the revenue loss resulting from state mandated property tax exemptions for manufacturing machinery and equipment (MME) and certain commercial trucks. However, these PILOTs were eliminated, despite concerns raised by municipalities at this time.

To mitigate the loss of these PILOTs on municipalities and property taxpayers, the legislature enacted the Municipal Revenue Sharing Account to fund 1) "manufacturing transition grants" to municipalities equal to the amount each received as a PILOT for MME, commercial vehicles and certain real property in enterprise zones and the 2) "property tax relief" grant. The funding for MRSA comes from a portion of (1) Conveyance Tax (0.25% of the variable marginal 0.75% - 1.25% real estate conveyance tax revenue); (2) Luxury Tax (0.1% of the 7.0% luxury tax revenue)

MRSA was touted as a groundbreaking program to help reduce reliance on local property taxes to fund critical services, including education, recognizing that Connecticut is more dependent on local property taxes to fund local services than any other state in the nation. Unfortunately, HB-6825 proposes to wipe out this program, leaving towns with additional budget holes to fill.

COST urges lawmakers to reject the elimination of this important source of local funding.

COST is an advocacy organization committed to giving small towns a strong voice in the legislative process. Its members are Connecticut towns with populations of less than 30,000. COST champions the major policy needs and concerns of Connecticut's suburban and rural towns.