

**STATEMENT OF STANLEY MICKUS
DIRECTOR OF PUBLIC AFFAIRS
CROSS SOUND FERRY SERVICES, INC.
IN OPPOSITION OF PROPOSED H.B. NO. 6572**

Sen. Osten, Rep. Miller, ranking members and members of the Planning and Development Committee, my name is Stan Mickus and I am the Director of Public Affairs for Cross Sound Ferry Services and I am submitting this testimony in opposition of Proposed Bill No. 6572 AN ACT EXTENDING THE LAND VALUE TAXATION PILOT PROGRAM.

Cross Sound Ferry, which is based in downtown New London, is one of the largest vehicle and passenger ferry systems on the Eastern Seaboard. We transport over one million passengers and about a half a million vehicles annually, including tractor trailer trucks, removing these vehicles from Connecticut's highways. As you can imagine, ferry services such as ours require large open swaths of waterfront land for vehicle staging and parking, and as a result, we are one of the largest landowners in downtown New London.

In 2009, New London was chosen by the legislature to explore a pilot program to implement Land Value Taxation (LVT). While many believe that Connecticut needs tax reform, this is the absolute worst tool to accomplish that goal. Contrary to what advocates claim, LVT is not a cure-all to the problems of our state's downtown areas, but instead has the real potential to seriously undermine successful businesses like Cross Sound Ferry.

Fundamentally, LVT is about the redistribution of property taxes between "land rich" and "land poor" property owners by taxing only land and not buildings. Shifting the burden of taxation from small property owners to large ones like Cross Sound Ferry is nothing more than a shell game, rewarding certain property owners with a permanent tax break paid for by their neighbors. What is worse is that the savings realized and spread out over benefited owners is nowhere near significant enough to generate any real economic investment in our downtown areas.

The harm to large property owners is felt most by those businesses, which by their very nature, cannot over-develop their properties with structures to offset the dramatic increase in property taxes. The physical needs of our ferry operations preclude us from building out our waterfront property without hampering our day-to-day business operations. This fundamentally unfair shifting of tax burden is not the only problem with LVT. LVT ignores the use of property and thus the demands for municipal services. It also encourages high-intensity development, often at the expense of mass-transit, open space, and coastal water-dependent uses. As a practical matter, it is also much more difficult to properly assess land value than the value of improvements. New London's Land Value Tax Committee reviewed the pros and cons of this taxation scheme and overwhelmingly rejected implementing it for these very reasons.

While LVT may be popular among academics and certain activists, it doesn't work for businesses or communities in the real world. In the case of Cross Sound Ferry, already one of the top property taxpayers in New London, the increase in property taxes proposed under LVT would have a detrimental impact to our business just as we are coming out of the last recession.

Rather than spending any more time exploring this broken taxation model, we would argue that the state and cities like New London need to focus on other tools to turn around downtown areas. Providing tax abatements for particular properties and uses which the community finds desirable remains the preferred means of encouraging redevelopment and reinvestment in our urban areas.

We are adamantly opposed to LVT and it's time that this flawed program is put to bed once and for all. The City of New London has already rejected LVT and this committee should do the same. Thank you.