

TESTIMONY OF  
LAWRENCE + MEMORIAL HOSPITAL  
SUBMITTED TO  
THE PLANNING & DEVELOPMENT COMMITTEE  
MARCH 11, 2015

**HB 6965 An Act Concerning The Preservation Of Municipal Tax Bases**

Good afternoon. I am Bill Stanley, Vice President for Development & Community Relations at Lawrence + Memorial Hospital in New London. Thank you for the opportunity to testify today in opposition to HB 6965, An Act Concerning The Preservation Of Municipal Tax Bases.

This legislation is yet another quick fix at the expense of Connecticut's struggling community hospitals, which are already beset by drastic cuts in Medicaid reimbursement and a gross receipts tax that the governor now – incredibly – wants to increase.

Collectively, the state has accumulated hundreds of millions of dollars in savings and enhanced revenue on the backs of the hospitals in the past three years, and will derive hundreds of millions more in coming years if the latest proposed cuts and tax increases are enacted.

Apparently not satisfied with that, some legislative leaders would now have not-for-profit hospitals and private colleges and universities fulfill what should be the state's responsibility to municipalities via the PILOT program.

New London is a geographically small city with lots of tax-exempt property, ranging from colleges and courthouses to a hospital, state park and subsidized housing projects, state and city piers and the requisite schools, police and fire stations, a library and City Hall itself.

It was with all this in mind that former Sen. Dick Schneller introduced the PILOT concept in the 1980s to compensate municipalities for tax-exempt property. When the formula was first enacted, Connecticut reimbursed municipalities at a rate of 77 cents for every assessed dollar of tax-exempt property.

Over the years, however, PILOT reimbursement was reduced gradually to a mere 33 cents on each dollar. Perhaps embarrassed at the prospect of lowering the formula any further, proponents of this bill now want to shift the obligation to institutions of healing and higher education – institutions that are supposed to be tax-exempt.

The administration is already demonstrating that once the proverbial camel has its nose under the tent, it *will* return to the trough. Hospitals saddled with a user tax three years

ago were supposed to be reimbursed with federal funds that come to Connecticut. Now, however, the state not only keeps the tax revenue, but holds a growing share of the federal money, too, to balance its budget. And instead of considering the hospitals' request to phase out the user tax over five years, Gov. Malloy wants to increase it – of course, with the empty promise that the hospitals will be reimbursed with matching federal funds. We've heard that before.

Most Connecticut hospitals are struggling financially. After many consecutive years of positive bottom lines, L+M Hospital has finished the past two years in the red. The last round of cuts in Medicaid reimbursement two years ago resulted in 75 layoffs, and, since then, dozens of other vacant positions remain unfilled. Numerous programs and services have either been eliminated or scaled back. Additional fiscal hurdles will only make matters worse.

In closing, I would observe that use of the word "preservation" in the title of this bill is interesting within a body that, over the years, has actually weakened municipal tax bases by slashing PILOT funding. Fulfill your own obligations and keep your own commitments to our cities and towns by fully funding PILOT. Please, don't place yet another burden on financially challenged community hospitals. Thank you.