



CCM 2015 Testimony

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PLANNING & DEVELOPMENT COMMITTEE

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The Connecticut Conference of Municipalities (CCM) is Connecticut’s statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent 156 towns and cities, representing over 95 percent of Connecticut’s population.

HB 6965, “An Act Concerning the Preservation of Municipal Tax Base”

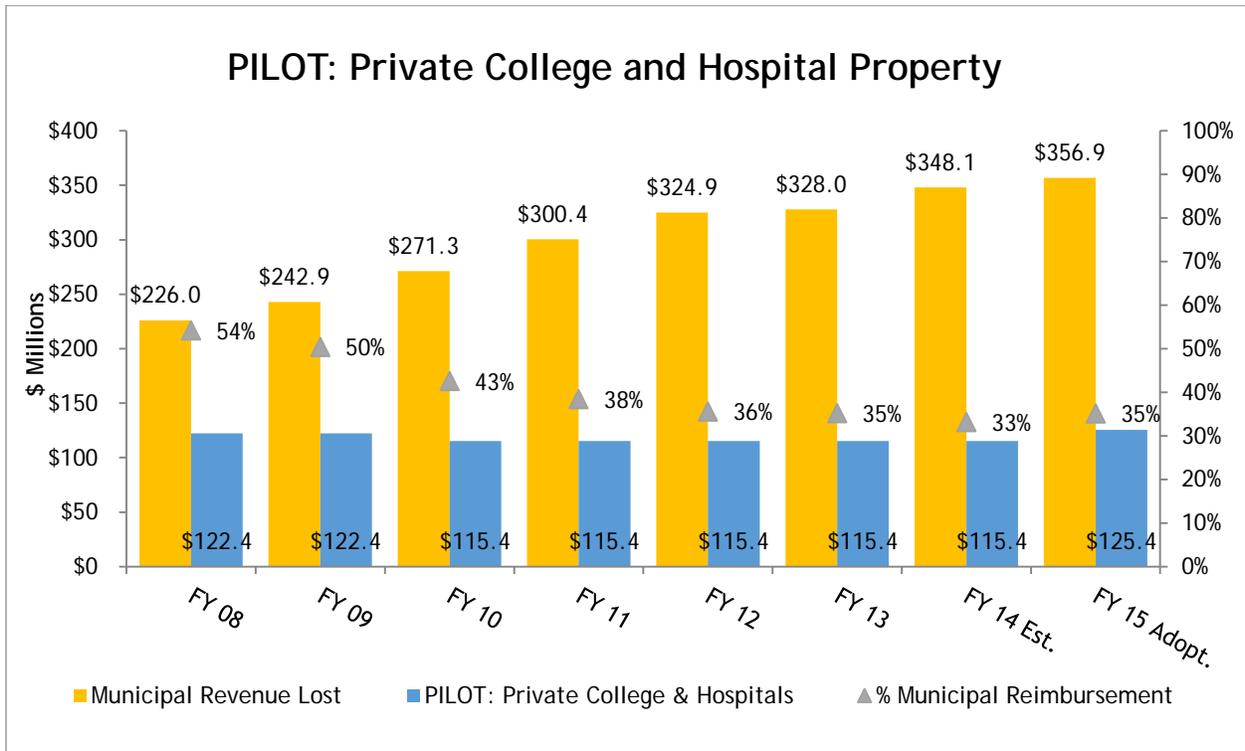
HB 6965 would, among other things, allow municipalities to tax any real and personal property acquired after July 1, 2016, by private nonprofit institutions of higher learning, nonprofit general hospital facilities, freestanding chronic disease hospitals and certain urgent care facilities.

CCM supports HB 6965 as a reasonable proposal that would provide towns and cities much-needed property tax relief. Simply stated, what once were laudable state government objectives may no longer be rational, sustainable public policies for towns and cities. Case in point: **our hometowns lose staggering amounts of revenue as the result of state-mandated property tax exemptions for real and personal property** owned by the State and by private colleges and hospitals, and other entities. In fact, there are at least 71 mandated property tax exemptions in state statute. These state-imposed obligations and state-imposed revenue losses force all municipalities to increase their property tax rates. While the State reimburses municipalities for some of the lost revenue through payments in lieu of taxes (PILOTs), those reimbursements fall short.

PILOT: Private Colleges & Hospitals: Municipalities receive payments in lieu of taxes (PILOTs) from the State as partial reimbursement of lost property taxes on state-owned and on private college and hospital property. The payments are provided to offset a portion of the lost revenue from state-mandated tax exemptions on this property. This lost revenue totals about \$660 million.¹

The reimbursement rate for tax-exempt private college and hospital property is supposed to be 77 percent. It is actually 35 percent.

¹ CCM estimate. PILOT reimbursements cover only *real* property and do not include revenue lost from state-mandated exemptions on *personal* property.



Source: Adopted state budgets; CCM

Note: This includes only revenue lost on real property and not additional revenue lost on personal property.

When PILOT reimbursements fall short, it forces other residential and business property taxpayers to make up the difference. Thus, other property taxpayers are forced to pay for the State’s underfunded and unfunded property-tax exemption mandates.

Absent fully fund the private colleges and hospitals property payments-in-lieu-of-taxes (PILOTs) reimbursements – **HB 6965 is an appropriate, prospective proposal that would protect residential and business property taxpayers** by ending a spiraling overreliance on the property tax via an expanding list of exempt properties.

CCM urges the committee to **favorably report HB 6965**.

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If you have any questions, please contact Robert Labanara, State Relations Manager for CCM, at rlabanara@ccm-ct.org or at (203) 710-0491.