



City of New London
OFFICE OF THE MAYOR

Testimony of Daryl Justin Finizio, Mayor, City of New London, on S.B. No. 1 **AN ACT CONCERNING TAX FAIRNESS AND ECONOMIC DEVELOPMENT** before the Planning and Development Committee, March 18, 2015

I thank the Planning and Development Committee for the opportunity to submit testimony in favor of S.B. No. 1, particularly tiered PILOT and Mashantucket Pequot and Mohegan Fund payments and a uniform, state-wide mill rate for motor vehicle taxation.

This bill addresses the inequities in our current PILOT system by recognizing and mitigating the disproportionate burden placed upon cities like New London with high percentages of tax-exempt property. New London is proud to host a community hospital and three colleges, as well as numerous smaller nonprofit agencies and churches. These institutions and organizations bring benefits which are shared by the region, but they also bring costs which are born largely by New London. We prioritize keeping routes to the hospital clear during blizzards; we provide police and fire protection; we maintain roads and sidewalks and provide amenities upon which these institutions rely.

But we have to fund these services and fund our schools with property taxes levied upon less than three square miles of remaining land. The tiered PILOT reimbursement plan outlined in this bill lessens the inequities in our current system by directing more revenue towards the municipalities where a high percentage of tax-exempt property has created more need.

Likewise, tiered payments for the Mashantucket Pequot and Mohegan Fund address inequities in our current system by directing money towards municipalities with the least ability to raise their own revenue.

I also believe that motor vehicles should be taxed at a statewide, uniform mill rate. It makes no sense for the same vehicle to be taxed at 74 mills in Hartford, 38 in New London, and 15 in Darien. Unlike a house or a business, a motor vehicle's value doesn't change depending on its location or upon the services provided by a municipality. Why should a vehicle's taxes vary so much from municipality to municipality—particularly when the effects are so regressive?

During our last revaluation, many New London homeowners saw their property tax bills go down or go up only slightly, even though our mill rate went up 38%. But that same increase in our mill rate hit New Londoners hard when applied to their car tax. Two thirds of New Londoners rent, and for nearly all of them, the car tax is the only tax they pay directly to New London. Because of property revaluation, they saw their car taxes go up 38% even though our budget only increased 5%. In a city with a per capita income of under \$23,000, this is a tremendous hardship.

Although municipal officials may argue that their residents shouldn't pay more in car taxes if some of the revenue flows to other communities, I would argue that this isn't a tax levied by municipalities, but by the State. Therefore, like other State taxes, it should be distributed according to need, not solely according to where it originated. However, this proposal holds municipalities harmless by providing them at least the revenue they received from motor vehicle taxes in the base year of 2014, unless the total amount collected drops below 2014 levels. It's a good compromise.

I have less to say about the sharing of regional revenue from commercial and industrial property. I would only commend the committee for looking for ways to foster regional cooperation.

Again, I thank the committee for considering ways to ensure that our economic burdens and benefits are shared equitably among Connecticut's municipalities.