



**Testimony
Leo Paul
First Selectman, Town of Litchfield
Planning & Development Committee
March 18, 2015**

Thank you for the opportunity to comment regarding **concerns with SB-1**, which makes significant changes to the collection of motor vehicle property taxes, PILOT reimbursements and the commercial/industrial property taxes.

Connecticut is more reliant on local property taxes to fund education and other critical services than any other state in the nation, according to the U.S. Census Bureau. Clearly, we need to explore ways of reducing the burden on local property taxpayers.

Although I appreciate the efforts of lawmakers to develop strategies for addressing these concerns, I am concerned that SB-1 will simply shift the property tax burden to homeowners and businesses in our smaller communities without addressing the need for systemic property tax reform.

Statewide Mill Rate

SB-1 creates a statewide mill rate and a process for distributing motor vehicle property tax revenue among towns. Under the bill, any excess revenues collected under the statewide mill rate will be redistributed by the state to towns based on a formula which is weighted heavily in favor of the cities.

While we recognize that the state's urban centers need additional support to address various needs, small communities also rely on motor vehicle tax revenues as an important source of funding to assist in delivering critical education, public safety and transportation services.

We are also very concerned that the bill authorizes the state to collect what has been and should be a local source of revenue. Towns have very limited means for collecting revenues. Even municipal fees are largely collected by the towns and remitted to the state to support statewide initiatives.

Instead of taking over the collection of what has been an important source of local revenue, the state should focus on assisting towns in diversifying revenue sources, addressing mandate relief, funding education and preserving other sources of state aid to municipalities to reduce overreliance on property taxes.



I also have concerns that the restructuring of the PILOT grants creates winners and losers without address underlying concerns regarding property tax reform.

In addition, the creation of a regional revenue sharing tax base raises a lot of questions about how this will affect property tax revenues as well as local economic development efforts in our community.

Lawmakers should undertake a thorough cost-benefit analysis regarding the implications of this proposal before moving it forward in the legislative process.