TOWN OF CHAPLIN

CONNECTICUT 06235

495 Phoenixville Road
Chaplin, CT 06235

INCORPORATED 1822

Telephone: (860) 455-0073
Fax: (860) 455-0027
Email:
firstselectman@chaplinct.org

February 23, 2016

Re: HB 5047

Dear Sen. Fonfara, Rep. Berger, and members of the Finance, Revenue & Bonding Committee:

I would like to express my opposition to GB 5047 An Act Concerning Exemptions under the Property Tax.

Section 1 of the bill wishes to exempt every personal property account that has a total of less than $10,000 in assessment under the guise that it will reduce 46% of the accounts that need to be serviced. This thought process is incorrect, there is no way for assessors to know if someone is under the $10,000 threshold unless the applicants are required to file the declaration. All accounts will still need to be serviced and will result in additional work for assessors as each account will need to be audited to verify the accuracy of what they are reporting to a municipality. The assessor will also have to either approve or deny the requested exemption as well.

The amount that has been estimated as revenue loss is not accurate. The recent State Tax Panel Report (dated December 31, 2015) claimed that the revenue loss was 1% of total collections, yet would cause the Town of Chaplin to lose approximately 23% of all taxable personal property.

Another possible scenario as a result of the passing of this bill,, would be a business owner creating multiple business names and filing a personal property declaration that would be below the $10,000 threshold.

The exemption would ultimately result in an unfunded mandate that will produce revenue loss to all 169 municipalities.

If the state wishes to provide a tax credit to personal property taxpayers, the state should provide the tax credit when each business files their state income tax. This would result in the state funding the tax credit and it would avoid reducing municipal revenues.

Section 2 of the bill wants to give Connecticut municipalities additional work to perform and collect data for the state. This could easily be accomplished by having hospitals file directly with the state, similar to what telecommunications companies due with a state imposed mill rate.

The Town of Chaplin opposes GB 5047 which would result in another unfunded state mandate, this bill will also add additional work for towns, and includes tax credits that could easily be provided during the state income tax filing.

Respectfully,

Matthew Cunningham
First Selectman