

THOMAS G. DUNN
MAYOR



OFFICE OF THE MAYOR

TOWN OF WOLCOTT

February 26, 2016

Senator Fonfara:

Representative Berger:

Members of the Finance, Revenue and Bonding Committee:

The Town of Wolcott is opposed to GB 5047 An Act Concerning Exemptions under the Property Tax. In Section 1 it is proposed to exempt Personal Property owned or leased by a business with a total assessed value of less than \$10,000. This bill is supposed to alleviate the burden of processing Personal Property accounts under the \$10,000 assessment threshold when in fact it increases the burden to the Municipality. The business would still need to file a Personal Property declaration with the Assessor's Office. The Declaration would have to be reviewed, entered into the data processing program and the request for exemption will need to be either approved or denied. In the Town of Wolcott 65.7% of our Personal Property accounts would be processed to produce zero revenue.

The State Tax Panel Final Report states that the revenue loss would be only 1%. In the Town of Wolcott the revenue lost from Personal Property would be 4.6%. At the current mill rate in the Town of Wolcott, our revenue lost would be \$39,325.62. This proposed exemption is an unfunded state mandate which would negatively affect revenue in every municipality.

A business reporting under \$10,000 would be fully exempt but a business with an assessment of \$10,010 is fully taxable. How is this equitable to the business that has an assessment of \$10,010 which is required to pay on the full amount because of an additional \$10 of reported assets? A business may be exempt in year one, however they would still need to file in future years to report their current assets for determination of eligibility for exemption. What is the increased risk of under-reporting or filing under multiple business names to split an assessment so that a business is not required to pay taxes on Personal Property? This would increase the need to conduct Personal Property audits to verify the reported assets due to a higher risk of fraudulent reporting.

If the State is looking for a way to provide tax relief to businesses they could provide a property tax credit to businesses on their state income tax based on taxes paid to a municipality such as those provided to individuals.

In conclusion the Town of Wolcott opposes GB 5047 which is an unfunded state mandate that will negatively affect our revenue stream and work load.

Respectfully,

Thomas G. Dunn

Mayor, Town of Wolcott