Town of Colchester, Connecticut

127 Norwich Avenue, Colchester, Connecticut 06415

Art Shilosky, First Selectman

February 23, 2016

Re: Oppose GB 5047

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

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

Section 1 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 services. This thought process is flawed because there is no way for municipal assessors to know if someone is under the $10,000 threshold unless the applicants are still required to file the declaration. Property owners who are exempt one year may be taxable a year later due to acquiring additional property resulting in every property owner still being required to file annually. All accounts will still need to be serviced and in fact, this will cause additional work for assessors as they must audit each of these accounts, verify the accuracy of their reporting, and approve or deny the requested exemption.

The exemption is an unfunded state mandate that will produce revenue loss in all 169 jurisdictions.

The estimated revenue loss depicted is not factual. The State Tax Panel Report (dated December 31, 2015) claimed that the revenue loss was 1% of total collections yet would cause Colchester to lose 4.7% of our taxable personal property.

An owner with a $9,900 assessment is fully exempt, however, an owner with a $10,050 assessment is fully taxable. The exemption would not be applied uniformly or fairly which will encourage owners to be deceitful in order to fall below the $10,000 threshold.

A current business owner could potentially create multiple business names and file each name as a separate account below the 10K threshold in a single town. Similarly, one business name could file under the 10K threshold in multiple towns; receiving multiple exemptions. Assessors will be required to research if personal property filers are actually operating in their town (something not currently required) and also be required to research if their local taxpayers are also filing some equipment in other towns in order to get multiple 10K exemptions.

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 just as they do when they provide a credit for real estate or motor vehicle taxes paid by an individual. This way the

state can also fund the tax credit and avoid reducing municipal revenues and ultimately increasing local property taxes on the whole.

Section 2 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, similarly to that of telecommunications companies a few years back with the state imposed $41 mill rate.

Local assessors need to spend their time and resources discovering, listing, and valuing property in an effort to ensure a fair and equitable taxation for all taxpayers. GB 5047 wants to burden them with additional work and provide unfunded exemptions; both of which, result in revenue loss to the town.

The Town of Colchester vehemently opposes GB 5047 which is an unfunded state mandate, will produce additional work for municipalities, and includes a tax credit that the state could easily provide during state income tax filings.

Respectfully,

Arthur Shilosky, First Selectman