

Good morning Senator Fonfara, Representative Berger, Ranking, and other members of the Finance, Revenue, and Bonding Committee. My name is Toni Harp. I'm the Mayor of New Haven. Thank you for this opportunity to testify on two bills before your committee. I would first express my support for SB466 - AN ACT CONCERNING PROPERTY TAXES AND PAYMENTS IN LIEU OF PROPERTY TAXES.

To list the attributes of Connecticut cities is to cite the many advantages cities provide to *all* state residents willingly, proudly, and happily.

Connecticut cities are the pillars of the state, drawing guests, business, and investments to Connecticut literally from around the world. Connecticut cities are home to the vast majority of hospitals, universities, social service providers, and cultural attractions serving *ALL* state residents.

But state law makes most of these facilities property-tax exempt, and state law prohibits cities from raising revenue through any *other* form of taxation. In New Haven, by state law, roughly *half* the city's grand list is tax exempt. It is unfair – and impossible – for the taxable half to carry the rest of the city *and* all the regional services and facilities.

State PILOT funding – meant to help cities bridge the resulting gap – has fallen away from statutory requirements year after year. Last year's historic property tax relief program addresses that long-standing shortfall and is critical to protect city residents.

This bill makes important changes to improve that program. First, it allows municipalities that want to opt out of the spending cap to do so. If they find the rules of this program too strict, the state should let them leave the money for their neighbors.

This is even more true because of the way this bill improves the spending cap, by creating exemptions for capital expenditures and non-recurring grants that would otherwise inflate a single year's budget from long-term trends.

Having served in this building with many of you, I know very well how falling state revenue figures confound the state budgeting process. But to cut municipal aid programs would simply shift that tax burden to city residents who already bear a heavy – and regressive – property tax load.

I remain grateful to legislative leadership and all those who supported SB1 last year. This year, I thank you in advance for continuing support and protection of municipal aid programs. Connecticut cities are necessarily reliant upon state aid, and we ask this committee to take this step to improve that aid, and to remember its importance throughout this year's budget process.

I'd also like to share my support for SB414 – An Act Concerning the Tax on College Property. It would update a 182 year old statute and set guidelines to distinguish between a college's

commercial and educational real estate holdings. Since taxing real estate and other property is the *only* form of municipal taxation allowed by state law, more modern guidelines as to what's taxable and what's tax exempt are essential.

This issue surfaced again just last month in New Haven, when Yale purchased what had been a privately owned building. Depending on how Yale decides to use the building – for classrooms, for instance – it could become tax exempt as a result of the purchase.

On that parcel alone, should that building come off the tax rolls, city revenue would be reduced by about \$275,000 annually. State taxpayers would pick up roughly a third of that through the PILOT program, but the city would have to absorb the rest.

The building could also conceivably become a Yale-operated technology hub from which products and services are sold to surrounding businesses. The potential for this type of commercial operation is just one example of how urgently we need SB 414 to clarify the taxable status of college-owned property.

115 years ago New Haven was an industrial and manufacturing hub with a still-small, world-class university. The 90 acres owned by Yale in 1901 has blossomed into 1000 acres today. SB 414 would provide clarification and 21<sup>st</sup> century guidelines about which of those are academic and educational and ought to remain tax exempt, and which portion can be considered commercial – and taxable.

We need state law to be clear, as a policy matter, about the fiscal impact of this distinction. One unintended consequence of the current situation is an uneven playing field for business development. It certainly becomes more difficult to attract private capital to compete in an environment where only new businesses must pay taxes.

Today we urge passage of SB 414 for a definitive, equitable determination about which college and university-owned properties are taxable. I urge your favorable consideration of SB 414.

Thank you very much.

###