



**Testimony
Betsy Gara
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Connecticut Council of Small Towns
Before the Finance Committee
March 1, 2018**

SB - 11 AN ACT CONCERNING CONNECTICUT'S RESPONSE TO FEDERAL TAX REFORM.

The Connecticut Council of Small Towns (COST) respectfully submits the following comments regarding SB-11:

The \$10,000 cap on the State and Local Tax (SALT) deduction under the federal tax reform law recently enacted by Congress is putting tremendous pressure on towns to maintain or reduce property tax levels.

We appreciate the efforts of Governor Malloy to identify options for addressing this issue as outlined in Section 10 of the bill, which would effectively allow taxpayers to reclassify their property tax payments as charitable donations. We are concerned, however, that there is a lot of uncertainty regarding how the Internal Revenue Service (IRS) will treat such donations.

As such, we urge lawmakers to focus, instead, on assisting towns in controlling property tax levels by 1) diversifying local revenue options; 2) eliminating and refraining from adopting any new unfunded mandates; and 3) restoring critical sources of municipal aid, such as Town Aid Road and education funding.