



# 2019 Testimony

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## *Finance, Revenue and Bonding Committee*

April 29, 2019

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent 169 towns and cities and 100% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

### ***SB 1137 "AN ACT CONCERNING DEPOSITS IN LIEU OF TAXES"***

### ***SB 1138 "AN ACT CONCERNING COMMUNITY RESTORATION FUNDS"***

#### **CCM opposes SB 1137 and SB 1138 as drafted.**

CCM has long sought to reduce the current municipal overreliance on a regressive property tax structure that accounts for more 40% of all taxes collected in Connecticut through various means that include but are not limited to the adoption of a local sales tax, imposition of fees on non-profits and the elimination of existing property tax exemptions.

CCM has concerns with SB 1137 and SB 1138 which would impose fees on currently tax exempt organizations equal to 25% of the assessed value of their real property and direct any revenue into a newly established community development credit unions and distributed via community development corporations.

If the State is to reevaluate the current property tax exemptions, of which there are more than 77, CCM believes that any revenue generated from these currently tax exempt organizations should be directed to the host municipality and subject to use as best seen fit by that community. Municipalities rely almost exclusively on the property tax to fund key public services such as public safety, infrastructure maintenance and local education and any revenue generated through taxes or fees based upon a current property tax exemption should be maintained under local control.

Expanding the current property tax base, which for some cities has been reduced by 50% due to existing statutory exemptions, will grow municipal grand lists. This growth will spread load the burden of providing critical local services and allow for the reduction of the current tax obligation on residential and business tax payers that, for too long have been asked to make up the revenue lost due to current exemptions.

**CCM opposes that language in SB 1138 Sec. 5 (3) (b) that would assess this same fee on municipal property. The taxation of municipal property would impose an unfunded mandate on towns and cities and remove significant amounts of local revenue from their control.**

SB 1138 would also direct a portion of any tax revenue generated by the sale of cannabis or cannabis related products to the proposed community development corporations. While CCM has not taken a position in support of or in opposition to the broader issue of the legalization of recreational marijuana, our members do agree that if the legislation is adopted allowing for the sale of recreational marijuana, that at a minimum any legislation maintains local zoning authority and provides some level of reimbursement for municipalities that would allow for the siting of a retail cannabis facility.

**Given these parameters, CCM would support language that would provide for the imposition of a local sales tax on all cannabis and cannabis related products.**

Any local sales tax that is adopted should be collected by the Department of Revenue Services and remitted to a municipality on point of sale basis and CCM would ask the Committee to consider language that would remit any funds collected from the sale of cannabis and cannabis related products directly to the municipality based on point of sale and allow the town or city to determine to the best use of such revenue.

Towns and cities that opt to have cannabis retail facilities within their communities will have to enforce new regulations and ensure public safety; thus, we ask that the legislature to consider an option for municipalities to recoup the costs associated with enforcement. The creation of Community Development Corporations is unnecessary and would remove a municipalities' ability to direct any additional revenue to locally identified priorities.

CCM looks forward to discussing these concerns with the Committee.



If you have any questions, please contact Randy Collins, Advocacy Manager, CCM at <mailto:rcollins@ccm-ct.org> or (860) 707-6446.