

Planning and Development Committee JOINT FAVORABLE REPORT

Bill No.: HB-5478

AN ACT CONCERNING THE LAND VALUE TAXATION PILOT PROGRAM AND

Title: ELIGIBLE COMMUNITY INVESTMENT FUND PROJECTS.

Vote Date: 3/22/2024

Vote Action: Joint Favorable Substitute

PH Date: 3/13/2024

File No.:

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SPONSORS OF BILL:

The Planning and Development Committee

REASONS FOR BILL:

Affordable housing is in high demand across Connecticut. Municipalities seek incentives and aid from the state government to support their mission. One such mechanism is land-based taxing at the district level with the consent of municipalities. Cities and towns across CT can elect economic zones to receive special grants from the state in order to create more housing and businesses. These zones will be overseen by local representatives and community leaders such as business leaders and attorneys in order to protect municipal autonomy.

LCO 3308: Removes Sec.2, concerning grants-in-aid from the Community Investment Fund for revolving loan programs for certain commercial building improvements.

RESPONSE FROM ADMINISTRATION/AGENCY:

Department of Economic and Community Development (DECD), Commissioner Designate, Daniel O'Keefe:

DECD proposes changes to laws regarding the Community Investment Fund (CIF) program. The loan programs in CIF is a duplicate of the CT Small Business Boost Program. CIF was written before this new Boost program, so it is now outdated and unnecessary. Rather than allocate new funding and propose a new program to provide a service already exists, DECD asks that eligible small business contact them in order to gain access.

NATURE AND SOURCES OF SUPPORT:

Connecticut Economic Development Association (CEDAS), President, Paige Bronk:

President Bronk supports the bill because it allows the State of Connecticut to help cities and towns trying to promote development. Municipalities only have limited powers and incentives to promote development, but adding state power allows more change to happen. The most powerful tool being differentiated tax rates. Another important feature of this bill is that it would only apply to a targeted focus area with the consent of the municipality itself. By offering state tools to cities and towns they can build more.

Connecticut Main Street Center, Executive Director, Michelle McCabe:

“A single building that has fallen into disrepair can drag an entire commercial corridor down with it.” This bill provides two powerful tools to municipalities in their battle against decay and blight: a land value tax, and funds to support facade and storefront interior improvement program. The land tax will be directed at the value of the land where a property currently exists rather than the building on top of it. “In some cases the tax write off for letting a building sit undeveloped outweighs the cost of renovation.” A similar program has had success in Pennsylvania. The interior improvement program once existed before and allowed municipal entities to attach conditions in order to protect the investment. The appearance of success creates more investment.

Western Connecticut Council of Governments (WestCOG), Executive Director, Francis R. Pickering:

WestCOG supports the bill because it allows municipalities to establish differentiated tax rates at the district level rather than townwide as according to previous language. The bill also allows towns to decide which pieces will have special tax rates in order to boost development which preserves local autonomy. This testimony agrees with the above speakers in saying that taxing land higher than buildings provides a financial incentives to land owners to invest in residential and commercial purposes above all else.

NATURE AND SOURCES OF OPPOSITION:

Mr. Gary Corigliano: "I oppose all bills."

Mr. Brian Rathbun: Mr. Rathbun believes that state money should not be used to create new housing and instead the funds are better used in homeowner programs such as CHFA and USDA. Mr. Rathbun believes that affordable housing mandates cause more harm than good and are too expensive. Mr. Rathbun agrees that Towns are best able to make decisions about develop and the state should not try to interfere.

Reported by: Jared Barrientos

Date: April 3, 2024