INTRODUCTION
The Connecticut Self Storage Association (CTSSA) is a state trade association that provides leadership and open communication on issues that affect the self storage industry in Connecticut. CTSSA membership includes facility owners, managers, vendors and others affiliated with the self storage industry. CTSSA wishes to bring to the attention of the State Tax Panel our industry’s and consumers’ concerns regarding the unfair sales tax that is imposed on self storage facilities in our state. Indeed, Connecticut remains one of only a handful of states that imposes such a tax on the rental of real property.

A SALES TAX ON RENTAL OF SPACE SINGLES OUT THE SELF STORAGE INDUSTRY
In the self storage business, we rent real estate. More simply put, we rent space. Our tenants range from soccer moms, to families on the move, to senior citizens, to small local businesses, to military personnel currently overseas, to those citizens not as fortunate and of lesser means. Our tenants are required to sign a lease. Thus, our tenants rent self storage space much in the same way they would rent an apartment, a retail space, an office space, or an industrial space. Currently, none of these other real estate rentals are subject to a sales tax, however, the rental of self storage space is subject to sales tax. The current sales tax on self storage rentals places our industry in a very unenviable, special category, all by ourselves among commercial real estate owners. Continuing to apply the sales tax to the rental of space in self storage facilities only exacerbates an already unfair situation.

CONTINUING TO TAX SELF STORAGE HURTS CONSUMERS & SMALL BUSINESSESS WHO CAN LEAST AFFORD IT
In our industry, many of our tenants are those who have fallen on hard times – such as low income individuals, the elderly, young families, widows and widowers, those who have recently experienced the death of a parent, and especially at this time, military personnel currently overseas. These segments of our communities rely on self storage as a means of preserving their personal property more often than other segments of the population. The current tax on self storage facilities already imposes a financial burden on these less fortunate tenants. Small businesses also rely on self storage as a means of preserving their personal property more often than large businesses.
RECENT ELIMINATION OF EXEMPTION FOR AUTOMOTIVE STORAGE ALSO ADVERSELY IMPACTS INDUSTRY
Many self storage properties offer what we term "outside storage" for RV’s, boats, and cars, which until recently, were untaxed. The quantity of those rental spaces could vary from zero to as many as 50+, depending on the facility. The somewhat recent elimination of the prior sales tax exemption for this type of storage space also adversely impacts the self storage industry and our customers (See P.A. 11-6, Sec. 92).

ASSESSMENT METHODOLOGY DIFFERS FOR SELF STORAGE FACILITIES
Another consideration regarding the sales tax, besides the fact that self storage is the only class of commercial property for which rents are taxed, is the methodology of assessing those taxes. Currently, an operator incurs a tax liability when a rent charge accrues, not when the rent is collected or paid. Retailers and true service companies collect tax when payment for goods and services is rendered. Thus, self storage facilities are treated differently and required to remit uncollected taxes even when customers are delinquent for non payment, creating an additional burden on facilities. If the sales tax on self storage facilities is to remain and/or increase, which we do not favor, this assessment methodology needs to be addressed.

STATE TAX POLICY SENDS BUSINESS TO OTHER JURISDICTIONS
Connecticut’s self storage tenants are competitively disadvantaged vis-a-vis our surrounding states as well as the majority of the nation as a whole. Recognizing how unfair it is to double tax self storage units, only 6 other states (FL, AZ, HI, PA, NJ, IA) impose a sales tax on self-storage facilities. Connecticut’s tax policy is essentially sending tenants near the border to facilities in New York, Rhode Island, and Massachusetts instead.

CONCLUSION
CTSSA thanks member of the State Tax Panel for considering our industry’s position regarding the sales tax on the rental of self storage space. Should you have any questions or if CTSSA may provide any additional information, please contact Lorna Bolduc, Executive Director, at lbolduc@ctssa.org.