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**Testimony for the State Tax Panel Public Hearing
Jennifer Widness, President
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I am submitting this testimony to the State Tax Panel today on behalf of the member institutions of the Connecticut Conference of Independent Colleges (CCIC). I would like to address two matters relating to property taxes – Connecticut’s payment in lieu of taxes program (PILOT) and the property tax exemption for private, non-profit institutions of higher education.

By way of background, CCIC is composed of 16 private, non-profit institutions of higher education in Connecticut that provide an important and necessary educational service that benefits the entire State. These institutions enroll 65,497 full-time equivalent students and award almost half of all the bachelor’s degrees earned in this state and more than half of all Master’s, doctoral and professional degrees. Our students come from every Connecticut city and town. We have high overall graduation rates and successfully graduate minority students at rates significantly higher than Connecticut’s public college sector.

CCIC members are critical economic drivers in their communities as well, with a combined \$15.1 billion economic impact on the state. These institutions employ more than 17,000 full-time equivalent employees, and have over 200,000 alumni living in the state who work, volunteer and pay almost \$2 billion in taxes here. We are magnets for students and visitors who spent at least \$639 million in FY13 in Connecticut. We created or retained 155,067 jobs in FY13 as a result of the economic activity generated by the sector and are responsible for Connecticut and its municipalities receiving \$1.14 billion in tax revenue as a result of the sector’s economic activity.

Moody’s said it best when noting that “while exempt from property taxes, eds and meds provide cities with direct and indirect financial benefits.”

PILOT

The Payment in Lieu of Taxes program, known as PILOT, reimburses towns for a portion of property tax revenue lost by virtue of hosting nonprofit colleges and hospitals. While other states have had the property tax exemption for nonprofits since the adoption of the U.S. Constitution, Connecticut’s response to the exemption is unique.

In almost every other state, there is no state payment to towns for the revenue that would have otherwise come in from tax-exempt institutions. We have it right. Connecticut’s PILOT is an important recognition that colleges and hospitals benefit all state residents, not just those living in the host municipality.

To that end, we strongly support continued funding of Connecticut’s PILOT program.

Albertus Magnus College, Connecticut College, Fairfield University, Goodwin College, Mitchell College, Quinnipiac University, Rensselaer at Hartford, Sacred Heart University, St. Vincent’s College, Trinity College, University of Bridgeport, University of Hartford, University of New Haven, University of Saint Joseph, Wesleyan University, Yale University

Property-Tax Exemption

Pursuant to section 241 of Public Act 15-5 of the June Special Session, effective October 1, 2015, certain non-profit institutions of higher education will be charged property taxes on certain residential property that the institution owns and that which is used as residential housing. We urge panel members not to adopt any recommendations that would further repeal the property tax exemption for private, non-profit institutions in Connecticut. Doing so would impose a significant financial burden on these anchor institutions and will stifle innovation, research and student support.

CCIC Member Institutions are operating at a time of high levels of student financial need. In fact, in 2013-14, CCIC member institutions awarded over \$70 million in need-based aid to Connecticut undergraduate students alone. These institutions have dramatically increased need-based aid since 2008 and see no decrease in students' needs on the horizon. We have cut programs, delayed projects and taken various other belt-tightening measures to add to the financial aid line in our budgets. The only way for these schools to make up the money needed to pay new taxes is to turn to students through increased tuition or lay-off employees.

It should be noted that most colleges do not call on much in the way of direct city services. They maintain their own police departments and handle trash removal and their nontaxable campus property is not home to children who attend public schools. Many make voluntary payments to support their towns and all are responsible for paying property taxes on non-academic property.

Independent colleges and universities enhance the quality of life in our State by offering a variety of social and cultural opportunities to Connecticut residents. They serve as magnets attracting students and their families, alumni and tourists to the region. They tend to be the largest employers in town and they open their ball fields, museums, performances, meeting rooms and lecture halls to town residents. Their students and faculty volunteer in local organizations, have developed partnerships with K-12 schools and provide a multitude of social resources that add to the vibrancy and vitality of the community.

Limiting the tax burden on Connecticut's citizens is certainly a meritorious objective. But pursuing a stark shift in historic tax policy at the expense of one of Connecticut's most productive assets is the wrong answer.