

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-207		7874	8	2	2
<u>Committee Pages:</u> <ul style="list-style-type: none"> • Finance 584-590 • Finance 604 				<u>House Pages:</u> <ul style="list-style-type: none"> • 1823- 1824 	<u>Senate Pages:</u> <ul style="list-style-type: none"> • 1583- 1584

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

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MBS

JOHN D. PRETE, 114th District:

Mr. Speaker, if there are no objections that Calendar No. 494, House Joint Resolution 0150 be passed retaining its place on the calendar.

MR. SPEAKER:

Is there objection? Hearing none, so ordered.

THE CLERK:

Calendar No. 496, Substitute for House Bill No. 5582. An Act Concerning Temporary Employment of Retired Teachers. File 445.

JOHN D. PRETE, 114th District:

Mr. Speaker, if there are no objections I move that Calendar No. 496, Substitute for House Bill No. 5582 be referred to the Committee on Appropriations.

MR. SPEAKER:

Is there objection? Hearing none, so ordered.

THE CLERK:

Calendar No. 501, House Bill No. 7874. An Act Concerning Property Tax Liability in Bulk Transfers. File 452.

MR. SPEAKER:

The gentleman from the 75th...Mr. Gillies...it's been a demanding day, hasn't it?

PETER W. GILLIES, 75th District:

Well, I was handed something else...I move acceptance of the joint committee's favorable report and passage of the bill.

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MBS

MR. SPEAKER:

Will you remark?

PETER W. GILLIES, 75th District:

Mr. Speaker, the purpose of this bill is simply to provide that notice will be given to the tax collector where there have been bulk transfers. At the present time, although he should properly receive notice, because he is not listed as a creditor, he does not automatically receive it. This will simply clarify that issue and make a good bill. I move its passage.

MR. SPEAKER:

Are there further remarks? If not, all those in favor indicate by saying aye, those opposed? The bill is passed.

THE CLERK:

Calendar No. 505, House Bill No. 8654, An Act Concerning the Imposition of Finance Charges. File 460.

JOHN D. PRETE, 114th District:

Mr. Speaker, on this bad day when everybody seems to be forgetting the magic words, I would like to move, if there are no objections, that Calendar No. 505, House Bill No. 8654 be passed retaining its place on the Calendar.

MR. SPEAKER:

Is there objection? Hearing none, so ordered.

THE CLERK:

Calendar 507, Substitute for House Bill No. 5666, An Act

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**CONNECTICUT
GENERAL ASSEMBLY**

SENATE

**PROCEEDINGS
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SENATOR CUTILLO:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill. The purpose of the bill is to set a minimum charge on delinquent on local property taxes of \$5.00. At present, it is \$1.00 and it raises it to 5.

THE CHAIR:

Question is on passage. Will you remark? If not, all those in favor of passage signify by saying, "aye". Opposed, "nay". The bill is passed.

THE CLERK:

CAL. NO. 474. File No. 665. Favorable report of the joint committee on Judiciary. Substitute House Bill 6370. An Act Concerning the Erasure of Arrest and Court Records of Children Found not Delinquent.

SENATOR JACKSON:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill. This will simply clarify the existing erasure statute to allow immediate, automatic erasures of those children dismissed as not delinquent and who have no prior unerased or court record. And secondly, it makes a provision for the erasure of records of those children dismissed as not delinquent, having an outstanding arrest or court record.

THE CHAIR:

QUESTION IS ON PASSAGE. WILL YOU REMARK FURTHER? IF NOT ALL THOSE IN favor signify by saying, "aye". Opposed, "nay". The bill is passed.

THE CLERK:

CAL. NO. 481. File No. 452. Favorable report of the joint committee on Finance. House Bill 7874. An Act Concerning Property Tax Liability in ~~Bulk Transfers.~~

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SENATOR CUTILLO:

Mr. President, I move acceptance of the joint committee's favorable report and passage for the bill. This bill would make the local property tax collector a creditor and the local tax liability a debt within the meaning of a bulk transfer section of the uniform commercial code. It's a good bill and ought to pass.

THE CHAIR:

Will you remark further? If not, all those in favor signify by saying, "aye". Opposed, "nay". The ayes have it. The bill is passed.

THE CLERK:

CAL. NO. 484. File No. 654. Favorable report of the joint committee on Government Administration and Policy. Substitute House Bill 8544. An Act Permitting Towns to Establish Cultural Commissions.

SENATOR CUTILLO:

I move acceptance of the joint committees favorable report and passage of the bill. Well if I could listen to the wisdom of the President, I would say the bill is self-explanatory. It allows the municipality to create a cultural commission.

THE CHAIR:

Will you remark further? If not, all those in favor signify by saying, "aye". Opposed, "nay". The ayes have it. The bill is passed.

THE CLERK:

CAL. NO. 492. File No. 647. Favorable report of the joint committee on Public Personnel and Military Affairs. Senate Bill 166. An Act Concerning Disciplinary Punishments for Minor Offenses of State Military Forces.

**JOINT
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looking for. I don't know if that is as realistic what would happen in affect. That is people who build houses usually are under certain amount of committment, that is to banks, to subcontractors, just to complete and deliver a house and if you left out a bathroom, for instance certainly wouldn't be as usable under those conditions. I think that, in theory there is going to be someone who would think of circumvention, but in practice, I think that that possibility is not realistic. I think that most builders I have known, try to complete and deliver so that they get paid. The only problem is the town has to wait sometimes 16-18 months before it can build rather bill the owner for the full amount, while they use all the services. Thank you.

John Tarrant: We have already testified on the subject of many of the 62 bills before you today, so I will confine myself to just a few. Bills 1045, 5040, and 7876 all seek to do the same thing. I drafted 7876 at the request of the Tax Collectors Association and I think it does the job better than the other tow. The others do nothing to resolve the join tennancy situation or the mortgagagee on the leased property situations. Moreover, it is easy to get the tax on real estate, the collectors need help on personal property. Bills 5049 and 7475, both seek to tax new construction. I think these bills are unworkable: if you pro-rate taxes monthly, it seems you would have to pro-rate refunds demolitions. All towns do not have building inspectors, even though they are supposed to, to issue "certificate of occupancy". If an automobile is purchased just after assessment day, it is not taxed until the next. How about a transfer after the certificate of occupancy and before the next assessment day? H w do we handle substantial improvements (new wing) to present homes? The improvement constructed on the land may not be the property of the "record owner" of the land and it would be unfair to tax such record owner. B ill 5998, Annual revenue cost to the towns in this bill is about \$15.3 million annually and the bill does not provide for state reimbursement. Moreover, the percentage increase in exemption allowance is less for disabled and paraplegic veterans than for non-disabled. Bill 6098, since assessing is not an exact science it should perhaps allow for a margin of tolerance 10 percentage points either side of 100. Bill 5706, I don't think it is any longer needed since interest rates are dropping. Bill 530, we are opposed to this bill as all real property tax liens automatically attached of the assessment day on property found within the taxing jurisdiction on that day and such taxes are laid to pay the expenses of the municipality for the ensuing year. Bill 7397, gives the tax commissioner only 3 months to equalize the grand lists of 169 towns! (from the effective date of July 1, 1971 to October 1, 1971) Bills 7871, 7872, 7874, were all drafted at the request of the Tax Collectors Association of Connecticut and the Tax Department supports all of them. We have tried to make the statement of purpose as explanatory as possible in each case. Bill 7871, (which is identical with 5703) would set the miniumu interest on local taxes of \$1.00. Bill 7872, (identical with 5704) would create a

a lien on tangible personal property similar to the one now on real estate. Bill 7874, (identical with 5702) would make the local tax collector a creditor and the local tax a debt for purposes of the bulk transfer law. Also, my objection to the two bills which Senator Petroni just discussed. We don't think that these or this bill is workable, and I have told Rep. Camp when he was sitting next to me here, that we would be glad to work with him on a more pliable bill than either his or the one that bears Mr. Comstock's name. The bill that almost passed in the last session was drafted by me, and I could tell you that I was very happy that it didn't pass.

Rep. Spain: I think I heard you mention a figure in relation to the cost of the Veterans exemption.

Mr. Tarrant: 13.8 million I think.....

Rep. Spain: Is that yearly?

Mr. Tarrant: Yearly.....15.8

Rep. King from the 37th Dist: Mr. Tarrant do you have any idea what portion of that 15.8 would represent payments to veterans in good physical health, uninjured....

Mr. Tarrant: I would say a great majority of it...

Mr. King: Fortunately, the number of paraplegics that get \$10,000 is very small. Thank you.

Rep. Bigos: With reference to Bill 7397, concerning the establishment of an equalized Grant List, your objection seems to be to the short period of time namely, three months. If the period was longer would you support such a Bill in principle?

Mr. Tarrant: Well, frankly I did this job once before. Maybe 6-8 years ago, and also came in with a formula whereby the towns to or could take this thing into consideration, but, since the very word equalization presupposes that some towns would get much more money than others it did not get very far at the General Assembly. Bearing that in mind, Representative Bigos, I am sure we could do it again if we have to, maybe if we had a year and three months, rather than three months. But, I am not so sure that it would get anywhere.

Rep. Violette: Mr. Tarrant, on a taxation that seems to be a problem concerning the sale of automobiles, the purchase of automobiles, and in the interim of these assessment periods of time, do you think it would be feasible to your point of view if a method was established in relationship to the present certificate of title, on an automobile whereas, an automobile could not be re-registered or sold unless there was also a notation on this certificate of title at the time of sale, that the tax was paid on this particular document.

Mr. Tarrant: I think that could be done. We had this similar problem up before your subcommittee of this committee on local property taxation and we attempted to resolve this but, there are so many different assessments dates in the state, so many different assessment ratios in the state, and most important thing is that the registration of automobiles is on a staggered system. So, I don't think this would work out very well for the towns. Unless you go back to the old system of having your automobiles registered as of January 1st every year, in which case it would be simple. But, with the staggered system of registering atI don't know exactly as to how it works but, there are an even registration over the whole calendar year.

Rep. Violette: Well, I don't think this would make any difference on the sale of an automobile, you know the staggered system of registration; I am just speaking on the resale of an automobile....

Mr. Tarrant: But, you are talking on the local taxes on that aren't you?

Rep. Violette: But, I think the local taxes or tax collector would be responsible for entering his notation on the books in collecting the taxes whether he does it in April or July or whatever period or time of the year that the automobile is sold. Just as long as the taxes are paid, he would authorize the state to re-register the motor vehicle that was sold, otherwise, the state wouldn't be allowed to register it. Unless, they made sure that taxes were collected in the community where that automobile is housed.

Mr. Tarrant: Well, I appreciate your statement, but, I don't think it is as simple as that, because, automobiles move around the state from one town to another and move out of the state and one would wonder about what would happen with a partial registration, would you refund when they gave up their license? Or would you charge them for a full year when they stay here a month,,,all that type of things, are involved.

Mr. Woodruff, President of the Connecticut Conference of Independent Colleges, I also happen to be a tax economist by trade, and with your indulgence sir, I would like to speak personally to some of the testimony which has been heard this morning. There is an ancient saying derived, I believe, from testimony before this committee. That, if all the tax economists in Connecticut were laid end to end, they might reach from New London to Stamford but they would never reach an agreement. I think the, that my response to this is that I agree thoroughly to what George Levine said this morning, and what was said by Mr. Gwartney, and I would like to record that fact. Speaking now as President of the Connecticut Conference of Independent Colleges, I register the opposition of that organization 5355. 5355 would impose a tax on real estate owned by certain named independent institutions. Not used

specifically for educational purposes. In the first place sir, I would question the fact that certain institutions are named which by very clear implication leaves out others. The fact that my institution is left out doesn't make me any happier about the Bill, which does name 7 institutions. The bill also states that property owned by any particular school, Berkley Divinity School located in a particular town, namely, Middletown, should be taxed regardless of its use. It seemed to me that this is unduly particularistic and is contrary to the general tenure of legislation passed by this state. Finally, sir, in a more general way, I have said before this honorable Committee, I think more than once, in this legislative session. The plight of the towns is very serious. The towns and the...I include the city of Hartford...are suffering greatly from the fact that they must render service to large institutions that are tax exempt, and which serve an area considerably wider than the town, however, a bill such as this an intent to provide a blood transfusion if I may, use that.....from one dead body to another, the institutions which are being taxed are.....more broke than the towns. The amount of money which could be contained for example from the tax on the Penn Central Railroad is quite limited, the Penn Central is broke.... and so are the private colleges. So, that, the secondary schools for that matter, so that the imposition of the tax on a group of people that is already broke isn't going to bring in very much revenue, at least I don't see how. Another bill 6101, would apply a tax on an assessment of 5% on exempt property. I would like to register our opposition to this bill also, and on the same grounds, as far as the private colleges go, we are broke now. If we were called upon to find money for even such a modest contribution as this, we don't deny that the towns need it, we don't deny the existance of the problem, we simply think that this isn't the way to solve it. On this particular one, if I may go one step further sir, Hartford Hospital is a very large property, and so are the institutes for living, they both serve a very valuable service. If I read 6101 correctly, this would tax them. A certain amount of the support of these institutions is derived from the public through the payment of persons who use these facilities, and who are assessted in the use of them by various forms of public welfare, this is simply taking some money out of the welfare pocket and putting it back in the other pocket. This is not a long run solution to anybody's problem. It seems to me that 6101, I can't fault the intention, namely to the helping of the towns, it is in my opinion the wrong way to go about it. Thank you.

Rep. Clynes: Any other questions from the committee?

William Coughlin, Representing the Connecticut Association of Assessing Officers. We have testified on most of these tax bills which you have before you, and we don't want to abuse the privilege so we will pass over them. The only two bills we are concerned with are 5649, 7475, which covered the subject of partials, or the completion on certificates of occupancy that ...on new construction. We as a group are not convinced that the revenues realized from

these two bills would offset the administrative costs and problems to the towns. We are doing some research in our group and if we have a change of heart we will certainly let this Committee know. But, at this point we cannot see where this is going to generate that much local revenue to the community. Thank you.

George Jackson, Tax Collector from the town of Groton. I want to speak to bills put in by the Taxes Association. Namely, 7871, 5703 Mr. Tarrant has already spoke to you about this \$1.00 minimum on interest.....and property. I wish to speak to bill no. 7876, which is a clarification of Public Law No. 98 which was passed two years ago. It takes care of third party payments and bankruptcies, mortgage payments, and foreclosures. I wish to register a....of the tax collectors bills no. 5702, and 7874, which concerns property tax law, liability and bulk transfers which adds the tax collectors to the.....list.

Rep. Clynes: Any questions, Committee?

Daniel Sacks, General Counsel to the New Haven Housing Authority; I wish to support the unnumbered bill which is on the last page entitled AN ACT CONCERNING LOCAL TAXES ON PROPERTY UNDER CONTRACT OF SALE TO A HOUSING AUTHORITY. The purpose of this bill would exempt our so-called turnkey housing from local property taxes while the project is under construction and before it is sold to the Housing authority. As you know, land and improvements owned by local housing authorities are already exempt from local property taxes. If the Housing Authority awards a contract after competitive bidding for construction of housing on land already owned by the Housing Authority, the land and improvements are exempt not only upon completion of the project but while it is under construction as well. Most housing authorities are no longer building projects under the conventional manner I have just described. Instead, at the urging of the Department of Housing and Urban Development, housing is being built under the turnkey program. Under this program a private developer offers to build housing for a local housing authority at a fixed price which includes the cost of the land, site improvements, dwelling and non-dwelling construction, architectural fees and the costs of construction financing. If the developer's proposal is accepted the project is built and, upon its completion, it is sold to the Housing Authority, at the prevailing agreed upon price. The contract of sale between the developer and the Housing Authority stipulates that the housing is being built for the Housing Authority and that it can be sold only to the Housing Authority. Usually it is designed as special purpose housing suited to the needs of the local housing authority and inappropriate for use as conventional privately owned housing. Under the present law housing construction under the turnkey program is taxable until the completed project is sold to the Housing Authority. This imposes an added financial burden on the developer, equivalent to about 2% of the dwelling construction cost, which is invariably reflected in the cost

of the project and passed on to the Housing Authority. For example, the dwelling construction cost of one of our turnkey projects now ready to commence construction is \$1,700,000. Assuming that on October 1, 1971 the project is one-half finished it will be assessed on that day at 60% of the completed value, or \$510,000. Applying New Haven's current mill rate of 70 mills to the assessed value, the developer would be required to pay a property tax of \$35,700 to the City. We feel strongly that the tax status of public housing should not depend on the manner in which the project is built. Since the project would be tax exempt if it were built conventionally the fact that the land is privately owned during construction should make no difference in its tax treatment, since the land and the improvements under construction are to be devoted solely to low-rent public housing. The budgets under which these turnkey projects are built are invariably too tight, requiring the elimination of a many features that are not only desirable but essential for the comfort and convenience of our elderly tenants. We would like to see the money which must now be paid to the city in property taxes remain in the project and used to provide amenities which we cannot now afford. The financial loss to the cities, state-wide, is minuscule. The benefit to local authorities is substantial. We urge this rectification of the present inequity through the enactment of this bill.

Frank Rivers, State Commander of the World War Veterans: Mr. Chairman, may I at this time turn over my time to our Department Legislative Chairman, Frank Lawn.

Frank J. Lawn. I am the State Department Claims Officer and Legislative Chairman for the Veterans of World War I of the USA, Inc., state of Connecticut. We have around 3,200 members and our average age is 76 years old. 95% of our members are retired and eighty per cent of them are trying to live on social security and a small pension from the veterans administration. We are not in favor of this bill 5313, property tax credit for veterans because if it should become law, many of our members and other war veterans and their widows throughout the state would lose money on account of this bill. War Veterans, honorably discharged, right now receive annually \$1000 tax exemption on their property which amounts to a saving of \$70.85 per year in New Haven and \$95.00 per year in East Haven. Bill #5313 would give them a tax credit annually of \$50.00 a loss of \$20.85 in New Haven and \$45.00 in East Haven. Same holds true in many other cities throughout the state. So you take away \$20.00 or \$45.00 per year from a veteran or widow. It is a big loss. You just don't help a veteran by hurting another veteran. Disabled veterans with service-connected disabilities under the present law, if rated by the V.A. from 10% to 25% receive \$1,500 property tax exemption annually; rated 25% to 50% receive \$2,000; rated 50% to 75% receive \$2,500 and \$3,000 in any case in which such person has attained sixty five years of age or such rating is more than 75% which means a disabled veteran living in New Haven, 65 years of age or over or rated more than 75% would now receive a savings of \$212.55 per year, but under bill 5313 he would receive only \$150.00 per year, a loss of \$62.55 (which these

old World War I veterans cannot afford.) Veterans declared by the veterans administration to have a service-connected disability from paraplegia resulting in permanent loss of the use of both legs or paralysis of both legs and lower parts of the body, total blindness, amputation of both arms, both legs, etc. shall be exempt from local property taxation to the extent of ten thousand dollars per year, would mean a savings of around \$950.00 for veterans living in East Haven, but under Bill 5313, only \$500 would be allowed, a loss of \$450.00 per year in East Haven. I don't believe any person or persons would take away any benefits that belong to any veteran who has the disabilities of the above. No one, and I mean no one, in this state knows the Veteran of World War I any better than I do after 50 years as a service officer working for the benefit of the less fortunate veteran and his dependent and with twenty years of that time also being director of the veterans information bureau conducted by the city of New Haven. I know their problems, their hardships, their misfortunes and there are no people in this state who are up against it as the poor widows of veterans. You don't know it because they take it and bear it. In closing I want to ask you gentlemen not to pass any property tax bill that will hurt the less fortunate the veteran or his widow. Thank you for giving me the time to express the feelings of the member of the Veterans of World War I Organization and also my feelings on Bill 5313. Thank you.

Mr. Byers: I merely wish to reiterate what Buddy Lawn has said, unless that you have worked with these veterans, and I have been fortunate enough to work with them on their pension claims and so forth, and know under what conditions these souls are living. You don't realize how bad it is. Any loss which they receive, in many cases it is going to mean that they are going to lose the homes that over the years they have built and maintained. Right now we have some even who are losing their homes under the present conditions. They cannot just keep up with the taxes. Thank you

Rep. Spain: Did your organization take a position on the property tax exemption for the Veteran who was not in the, who is not disabled, who is out working everyday///

Mr. Byers: Well with World War I, we don't have that condition.

Rep. Spain: That is why I am asking you if you take a position as it respects other veterans.

Mr. Byers: We think all veterans who proudly served their Country, are entitled to consideration, sir.

Rep. Spain: Thank you.....

Mr. Stearns, Tax Collector....Chairman of the Executive Committee for the State Tax Collectors Association. I wish to speak in favor of Bills 5702, 7874 which are about the same thing, they cover bothput in by our organization. 5703, and 7871 cover the minimum

decision of the municipality itself.

Rep. Violette: Thank you sir. Any questions from the Committee?

John McKean, Tax Collector from the town of Windsor, member of the state tax collectors legislative committee. I wish the committee would consider favorably bills 5702, 5703, 5704, and their counterparts 7874, 7871, 78--. Bill 5702, calls for local property tax collector to be notified in both transfers. We think this is only fair and just and if we are notified when a sale of personal property takes place, it allows us to move rather quickly in, and possibly save a loss of a tax. Plus the fact we are hopeful that if attorneys know that they are supposed to notify the tax collector that in drawing the necessary papers they will pro-rate the tax, so that way we will save the a many of a loss. I can tellyou we do lose an awful lot of money in personal property tax. 5703 would establish a minimum \$1.00 interest rate. We feel this will hurt nobody and we are very hopeful that it will get in those low tax amounts like 3 or 4 or 5 dollars. People have a tendency to take those small taxes, and put them aside and forget them. Then we have to ...for the bills time and time again, it costs postage it takes time, and then at the end of six months, they are still a very small and insignificant interest charge, and there is no penalty at all. So, we feel that if you did have this \$1.00 minimum interest that we would be reimbursed for the postage spent anyway. Plus, the fact we feel that we would get a lot of them in without the necessity of fianally sending a Sheriff. 5704, local tangible personal property tax means, we put this one in for many many years and we feel that this would be a great toll on the collection of personal property taxes. I know in the cities they have staggering amounts of personal property taxes and automobile taxes that we rather which are not collected. We in the small towns don't have those, that great amount. But, we do have this problem, and to give you a typical example of what happensa gasoline filling station closes over night, the property apparently that is taxed goes back to the parent company, when we find out about it to send a bill out that man who leases the property may be gone, however, the property is actually there, the parent company has it it may still be in the same location, and we can't do a blessed thing about it. We feel that we should have this protection and if you will consider the bill favorably, we would certainly appreciate it. Finally, I would like to say that I think Public Act 98 which you passed two years ago, is perhaps one of the greatest Acts that ever was passed by this state legislature to help tax collectors. I know in my own instance the collection on back taxes soared from an estimated, roughly 7900 up to about \$15,000. So, we did better than 100% on the back taxes. Thank you.

Donald J. Miklus, Controller of the town of Westport, speaking in favor of HB 6713 where-by a health permit would be denied to Food establishments if their taxes were not paid. During the past several