

Legislative History for Connecticut Act

HB 5885	PA 467	FAX Scanned 1975	
Finance	287, 293, 297-298		(4)
Sen.	3296 (Consent)		(1)
House	5667 (Consent)		(1)
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Joint Standing Committee hearings, Finance. 1975., pt.1

Proceedings / Connecticut General Assembly, House. 1975v.18:pt.12

Proceedings / Connecticut General Assembly, Senate. 1975 v.18:pt.7

## FINANCE COMMITTEE

MARCH 25, 1975

Haven area was thinking a few months ago about only re-locating either in East Haven or staying in the city of New Haven, if the city of New Haven can come up with some type of package which would be competitive with the town of East Haven. They took an option on land in East Haven. As a result of the recommendations, the Olin Corporation has made no decision as to where they are going to go with that plant which employs 3000 people, but they are now actively looking at a location outside of the state of Connecticut. And I think that's something you should think about.

And just quickly in no more than one minute, there's some other bills which you have before you. We, of course, support the investment tax credit bills. In terms of House Bill 5886, the extension of time for filing corporation business tax returns we support. House Bill 6132 payment of estimated sales and use tax prior to quarterly due dates and monthly payment, our concern here is that particularly on a small retailer, you are going to create an administrative burden for him and if you do decide that this would increase revenue in its approach which you want to take, I think that you should take the route of many other states which do provide a sort of a collection fee to the retailer and manufacturer who also collects these taxes, one to three per cent as a collection fee.

The bill H.B. 6135 on apportionment of net income for the corporation business tax, I find is the most perplexing bill in some ways which I have had a look at this session. In past years, this bill has contained what they call a throwback principle. It's been one of the few areas on the Connecticut law where, which has been beneficial on an incentive to business. The bill has taken a different form this year and we had a meeting with the tax commissioner, members of the tax department and our tax committee on this proposal and they assured us that it would help domestic employers, businesses, manufacturers, those which export a lot out of the state of Connecticut and it seems to me there might be some, I'm not clear in my own mind exactly what it's going to do. There's obviously going to be some revenue impact, either a gain or a loss and I think that the finance committee should ask the tax department or the office of fiscal analysis the revenue impact of that proposal before you proceed on it.

And one last bill, 5885 on the property tax on new construction from changing the law there, we oppose that proposal. If you have any questions, I will be happy to answer them.

SEN. CUTILLO: We have been down this road before and I would like to thank you for your thoughtful presentation of the statistics and facts, but I'll have to admit as an individual of this committee, I am disappointed that you didn't go any further

here this morning and we are going to hope that we keep our committee comments to a minimum and only ask pertinent questions and that you all will help us by keeping down the statements and we will try to move the hearing along as rapidly as we can for you. Mayor Ducibella.

MAYOR DUCIBELLA: Thank you Chairlady, Senator Beck, ladies and gentlemen of the finance committee. My remarks will be very brief, but I strongly urge you to look at Bill 5885. I'm not here to ask the state of Connecticut or the finance committee for money, but I'm here to ask you to help us the municipalities at the present time to get some money. There is on the state statutes a law with regards to pro-rated taxes, pro-rated assessments in regards to construction. We in the city of Danbury have a three tier tax, we call a basic urban one and urban two. It just means that everyone in the city pays their basic tax. Those who are connected with sewers pay urban one and if we have both services we pay the urban two. But under our assessment laws, as you know, there are times when we can look up on our sewer facilities in our city and still not collect a dime for close to two years and this is why we are asking you to help us. We know the state is in tough shape financially and I'm surprised that the previous speaker said offhandedly that he's against Bill 5885.

Ladies and gentlemen I am asking you to think seriously of it. Every municipality in the state of Connecticut is in financial difficulties. So we are trying to help ourselves and you can do it. Thank you very much.

REP. CLYNES: Mr. Mayor, I have a question please. I think one, we have looked at this bill and one of the questions comes up that how do you determine when the building is completed. Supposing the builder or the contractor leaves a small proportion of the building uncompleted, although he doesn't get his occupancy certificate, who would determine when that building is really completed. In other words, what I am saying is he could leave a small proportion of the building uncompleted. Who makes the determination whether it is in fact completed enough to be taxable.

MAYOR DUCIBELLA: Between our building inspector and also our city assessor.

REP. CLYNES: Just wonder whether there would be a court case on that aspect of it.

MAYOR DUCIBELLA: Well, of course, as you know we are collecting a pro-rated through the efforts of the state legislature, last year the city of Danbury was fortunate enough in collecting close to \$150,000. which they never would have been able to collect on real estate that wasn't completed. Now, we are asking that once we hook up with our facilities of water or sewer we shouldn't have to wait a year or a year and a half to collect any taxes upon that. The reason why this is unique

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REP. CLYNES: Mr. Schweitzer.

JOHN SCHWEITZER: Madam Chairperson, committee members, I am John Schweitzer, I am city engineer in Danbury. I will be brief. The mayor spoke to you briefly on what our problem is. I have taken two examples, I have taken an example of a house assessed value of \$15,000. which would go into a different taxing category, excuse me a moment, caught me a good cold. On November the 1st and I have used 1973 to put it into current terms and by going into this different taxing district on November 1, 1973, it would not return any monies for this additional service until July 1, 1975. This is a period of one year and 8 months. This is just an example, we can go into many different other statistics, we can go into one year period, we can go into the October 2nd period if this was desired. Another would be an industry or commercial building with an assessed value of \$100,000, excuse me I forgot one of my points on my house, it would, the city would lose the capability of collecting \$200. in tax over this one year, eight month period for a service that is already there.

5885

Now, I will go to my industry or commercial building, with an assessed value of \$100,000, saying each circumstance is say going into the different tax district on November 1, 73, again would not return any funds to the city until July 1, 75. Over this period, one year eight month period, the city would lost in excess of \$1400. However, during this period, the city must put out funds, they must maintain these facilities and they must, in certain instances, treat these facilities. So as I said before, we could go on and cite example after example, I see the room is full so I will keep it brief. If there are any questions, I will be try to answer them.

SEN. BECK: Mr. Robert Talarico.

ROBERT TALARICO: Senator Beck, members of the committee, my name is Robert Talarico, I'm assistant corporation counsel and tax attorney for the city of Danbury. As Mayor Ducibella indicated, we meet last week with your counsel, we discussed the first version of Bill 5885. I gave him a draft of what we were looking for. His version of 5885 is presently before you certainly accomplishes the goals which were intended when we asked our Senator and state representatives to introduce this bill.

Basically, put in its simplest terms, the existing statute 12-53A provides for a pro-rating of the assessment on new construction. What we are asking is that the additional tax rate which is imposed by virtue of the tax structure of the city of Danbury also be pro-rated whenever you have a new construction or a new tie into the municipal water or sewer

system which occurs after the magic date of October 1 in each year. I would like to address myself to the one question which was raised addressed to Mayor Ducibella, that was the question of how you determine when the new construction is first used or the date the certificate of occupancy is used. I would point out to you that this is the existing statute. It's been on the books now for three or four years. It's apparently working reasonably well.

REP. CLYNES: Could I ask, is this a unique situation just in Danbury?

MR. TALARICO: We believe that Danbury is the only town which has this particular structure of taxes.

REP. CLYNES: Could you not then through your local charter take care of this problem or no?

MR. TALARICO: I think not and the reason I think not is that the general statutes of the state of Connecticut impose a procedure of assessing and collecting taxes which is mandatory upon every community and it's set out in numerous chapters entitled 12 in the general statutes and, therefore, in order for the city to be accomodative, we feel that there must be an amendement to the general statute governing taxation.

REP. CLYNES: Are there any other questions? We will probably be back to you for more information on this. I am sure we will because we don't totally understand it, to be very truthful with you. Mr. Henry Fisher.

MR. HENRY FISHER: Madam Chairman, members of the committee, my name is Henry Fisher and I am appearing today both on behalf of the city of New Haven and the Connecticut Urban Renewal Association with respect to proposed bills 576 and 1139 and I'd like to, neither of these bills are in draft form. We submitted a fully drafted bill on 576 and I would be happy to meet with the committee if it is serious in pursuing either of these bills.

Both these bills actually are have the same purpose in many ways and that is to use state bonding as a way, as a method of reducing costs for rehabilitation of residential property and also for the construction of commercial property within the cities. Now, bill 576 is a bill that patterns a program after the federally financed 312 residential loan program which the federal government is presently phasing out. Now, under that program the federal government made a direct loan to owners of residential property and commercial property to rehabilitate their homes and charged a very nominal interest. The federal rate at the time was 3%. I might add the program was extremely successful. There were extremely few defaults in the program. The money would be paid, the United States

Monday, June 2, 1975

SENATOR LIEBERMAN:

Cal. 1152, I would move H.B. 5885 to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1153, I would move H.B. 6131 to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1154, Sub. H.B. 6135, I move to the CONSENT CALENDAR.

THE PRESIDENT:

Hearing no objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1155, I would move H.B. 6610 to the CONSENT CALENDAR.

THE PRESIDENT:

Hearing no objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1156, I would move acceptance and passage and I believe the Clerk has an amendment.

THE CLERK:

The Clerk has Senate Amendment A as offered by Senator Hansen. It's LCO 9864. (Hc 8409)

THE PRESIDENT:

Senator Hansen.

House of Representatives

Saturday, May 31, 1975

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REP. O'LEARY (60th):

Mr. Speaker, I move the adoption of the Resolutions on today's Consent Calendar.

THE SPEAKER:

Question is on adoption of the Resolutions on today's Consent. All those in favor will indicate by saying Aye. Opposed?

The Resolutions are adopted.

THE CLERK:

Page 1 of the Calendar. The Consent Calendar.

THE SPEAKER:

The gentleman from the 60th.

REP. O'LEARY (60th):

Mr. Speaker, I move for the acceptance and passage of the following items on today's Consent Calendar.

On page 1, Calendar 1210. Substitute for House Bill No. 8371. File No. 1057.

Calendar 1212. House Bill No. 6131. File 1055.

Calendar 1223. House Bill No. 8552. File No. 1069.

Calendar 1226. Substitute for House Bill No. 7770. File No. 1072.

Calendar No. 1237. House Bill No. 6610. File No. 1079.

On page 2. Calendar No. 1239. House Bill No. 5885. File No. 1083.

Calendar 1240. Substitute for House Bill No. 8409. File No. 1081.

Calendar 1241 Substitute for House Bill No. 7460. File No. 1082.