SA 11-008

HB6100

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CONNECTICUT
GENERAL ASSEMBLY
HOUSE

PROCEEDINGS
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tally.

THE CLERK:

House Bill 6050 as amended by House "A"

Total Number Voting	145
Necessary for Passage	73
Those Voting Yea	112
Those Voting Nay	33
Absent not voting	6

DEPUTY SPEAKER ORANGE:

Thank you, sir, the bill passes as amended.

Will the Clerk please call Calendar No. 230.

THE CLERK:

On page 38, Calendar 230, House Bill No. 6100, An Act Concerning Regional Property Tax Revenue Sharing, favorable report of the Committee on Finance, Revenue and Bonding.

DEPUTY SPEAKER ORANGE:

Representative Sayers. Good evening, madam, you have the floor.

REP. SAYERS (60th):

Thank you, Madam Speaker. I move for acceptance of the Joint Committee's favorable report and passage of the bill.

DEPUTY SPEAKER ORANGE:

The question is acceptance of the Joint

Committee's favorable report and passage of the bill.

Will you remark?

REP. SAYERS (60th):

Yes, Madam Speaker. The Clerk has in his possession Amendment LCO No. 7605. I ask that he call and it I be allowed to summarize.

DEPUTY SPEAKER ORANGE:

Will the Clerk please call LCO 7605, which will be designated as House Amendment Schedule "A".

THE CLERK:

LCO No. 7605, House "A", offered by Representatives Gentile and Sayers.

DEPUTY SPEAKER ORANGE:

The Representative seeks leave of the chamber to summarize.

Is there objection? Seeing none, Representative Sayers.

REP. SAYERS (60th):

Thank you, Madam Speaker. This is a strike-all amendment and essentially becomes the bill.

The amendment authorized the creation of two districts within Windsor to be named Great Pond Improvement District and Millbrook Greens Improvement District.

Each newly created district would have the

authority to collect and expend funds for the purpose for which it was established.

Further, they are authorized to issue bonds up to 140 million and 10 million respectively.

This does not result in a state or municipal impact because such bonds would not be an obligation of the state or Windsor.

I move adoption.

DEPUTY SPEAKER ORANGE:

The question before the chamber is on adoption of House Amendment Schedule "A".

Representative Sayers.

REP. SAYERS (60th):

Thank you. These two developments would be a great opportunity for economic development in the Town of Windsor.

Great Pond Village is one way to attract businesses and a strong workforce in the area. It is customized to meet the needs.

It's created with residential units that range from classic single-family homes to studio apartments for rent or retail shops, eateries designed to attract patrons.

It consists of residential units as well as recreational space as well as neighborhood parks

throughout the development.

I -- it would be a real boon and a unique development and the first one in the State of Connecticut.

The second project is basically a reuse of existing residential and golf course. The Town of Windsor will -- has already approved all the land use permits necessary for this project, and it is responsible for growth that involves the reuse of currently developed property.

DEPUTY SPEAKER ORANGE:

Thank you, madam. Will you care to remark further on Amendment "A", House Amendment "A"?

Representative Aman.

REP. AMAN (14th):

Thank you very much, Madam Speaker. Yes, I rise in full support of the bill as amended -- or the amendment that will shortly become the bill.

The two projects are both located within Windsor, as was stated. Both of them will have a -- I think a very positive impact on the -- on Windsor.

They're both ready to go. So we keep talking about shovel-ready projects, these are ones that building can become -- start almost immediately, so I urge my colleagues to pass it.

As was stated, there's not a cost to the town or to the state for this because the special taxing districts allow the funding to come directly from the projects themselves.

So I think it is -- it does fit our smart growth desires, and I encourage my colleagues to pass it.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you remark further on House Amendment Schedule "A"?

Representative Baram of the 15th, you have the floor are, sir.

REP. BARAM (15th):

Thank you, Madam Speaker. I, too, endorse this amendment and bill. I think this will be terrific for the Town of Windsor, as well as the State of Connecticut.

It is a prime example of smart growth, clustering units together, and creating a mechanism for self-financing, and I would urge my colleagues to support this.

DEPUTY SPEAKER ORANGE:

Will you care to remark further on the amendment? Will you care to remark further on the amendment?

If not, all those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ORANGE:

Opposed, nay.

The ayes have it. The amendment is adopted.

Will you care to remark further on the bill as amended? Will you care to remark further on the bill as amended?

If not, staff and guests, please come to the well of the House. Members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is voting by roll call. Members to the chamber, please.

DEPUTY SPEAKER ORANGE:

Have all members voted? Have all members voted?

If all members have voted, please check the board to determine if your vote has been properly cast.

If so, the machine will being locked, and the Clerk will take a tally. And will the Clerk please announce the tally.

THE CLERK:

House Bill 6100 as amended by House "A"

Total Number Voting 141

Necessary for Passage	71
Those Voting Yea	141
Those Voting Nay	0
Absent Not Voting	10

DEPUTY SPEAKER ORANGE:

The bill as amended passes.

Representative Melissa Olson of the 46th.

REP. OLSON (46th):

Thank you, Madam Speaker. Good afternoon.

DEPUTY SPEAKER ORANGE:

Good afternoon.

REP. OLSON (46th):

Madam Speaker, I move for the immediate transmittal to the Senate of all bills acted upon today requiring further action in the Senate.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

The motion is for immediate transmittal of all items needing further action in the Senate.

Is there objection? Is there objection? Hearing none, all items needing further action in the Senate are transmitted.

Will the Clerk please call Calendar No. 222.

THE CLERK:

On page 8, Calendar 222, Substitute for House

JOINT
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Again, thank you very much and again congratulations.

GUY RUSSO: Senator, thank you.

SENATOR CASSANO: Okay. Mayor Bob Viens from Putnam. Senator Meyer is on deck.

MAYOR VIENS: Good morning, Senator, Mr. Chairman, members of the Committee. My name is Bob Viens. I am the mayor or Putnam, and I am also the chairman of NECCOG, Northeast Connecticut Council of Government.

I have to be honest with you this morning, today is a couple of days -- a couple of firsts for me. First, to add a little bit of levity to this morning's discussion is, my wife and I just adopted a three-year-old boy who took it upon himself this morning to take his toy John -- John Deere tractor and spread two pounds of raisins all across our house. So the first first for me this morning is I never thought I'd start a day with raisins stuck to the bottom of my feet, but I did.

And the second first is wearing my hat as a mayor, I find myself here in support of House Bill 6100, Regional Property Tax Sharing. And that has been something that has been so far away from the realm of a mayor's discussion for so many years, but now it's time for us to really take a good hard and fast look at how we can generate some interest in the northeast corner, across the state of Connecticut for regional tax sharing.
You know, as local officials, we've been constrained for so many years on our local town boundaries as far as economic development is concerned. And I'd like to quote a recent OPM study that stated, "Connecticut's home rule

traditions and the reliance on property taxes appear on the surface to be incompatible with regional growth planning" revenue.

So the days of 169 (inaudible) towns need to stop. We need to look at ourselves in a much more broader picture. I mean, when I wear my Chairman of the Council of Government's House for the Northeast Corner, my mindset is how do we rise all the 11 and 12 towns that are comprised of the northeast corner, you know.

We have to think of global economies, but we also need to think of local economies and how do we look at those from a more broad perspective of not drawing the line and saying okay this is what the mayor of Putnam's idea is, this is what can happen in Putnam. We need to look across those town lines to make sure that we can continue to grow and continue to rise.

You know, other studies have demonstrated dramatic changes that need to be made in the way that we do business. You know, for the last several decades, the way that we have been doing business has worked. Now we find ourselves in an economic climate where we really just need to revamp the system a bit and make sure that we can continue to move forward.

There's a study out there, Crossing -- Crossing the Next Regional Frontier, and it's -- in it, it states very clearly, and I'll quote, "Most of rural America," which is Putnam and the northeast corner, "is still using 20th century strategies for a 21st century economy. This is not a recipe for success."

I am happy to report that our Council of Governments has had tremendous success and made

tremendous strides in regionalization. We came to the legislature last year, maybe a year and a half ago or so to discuss with you how we could create a regional revaluation program. We were given specific legislation to do that, and I'm happy to report that we have all 12 towns now, who have put ourselves on a cycle, we've put our regional revaluation out (inaudible) for the next five years, and we are realizing a savings of almost half in our reval costs.

So the successes are there. And what I'm asking for today is to continue to empower the local regions to make the decisions that we know are good for our locality.

I'll use the probate court system for an example. We had a tremendous difficult -- a tremendously difficult time to navigate the waters because it was a system where we weren't involved in the way that it was designed. And I'm not pointing any fingers at anyone, but we found ourselves in a very difficult situation. We found our council split in half as a matter of fact. So when we're empowered to make those decisions from the local level, I honestly feel and believe that we can provide a better product.

About two years ago, the town of Putnam was lucky enough to receive two -- receive $200,000 of funding to research a regional technology park. Putnam is, I mean, I like to call it the downtown of the northeast corner. Some of my other fellow leaders would disagree with me on that, but I'll put the disclaimer out there, Meg, we are -- we are looking at being the regional center in technology. And the $200,000 study, we hired a group called the Data Group to come out and do some preliminary

engineering. And what we really need to do is, we need to be able to create some type of property tax sharing that can continue to bring businesses to the northeast corner.

I've always found it difficult that I need to compete with the town that's just to the south of me. I mean, to me, we -- for example, we just had a business move from my community to the next town south in Killingly. And it -- that in itself is not a great thing, but it's not as bad as when we find ourselves losing companies to Massachusetts and to Rhode Island because we're up in the northeast corner, so it stayed in Connecticut. The people have kind of shuffled around but they're still all working; the towns are still doing well. But there should have been a relationship where myself and my colleague in his town to the south should have been able to discuss and say listen, this person doesn't need to move unless there's something in Putnam that we can't offer them, so how can we share so we can all continue to rise, the northeast corner. Because it's important to us, it really is.

So we're asking for you to continue to empower us. I would say thank you for the $200,000 that we received in the study. We are looking at some of the models that exist. Minnesota, for example, has a very good property tax-sharing program with their regional technology parks, and we're looking at that.

We've also made a partnership, not just with the Northeast Council of Government, but we've also made a partnership with WINCOG so we can create a local CEDS region so we can be available for federal funding as well. So, I mean, it's reaching out farther than just the Northeast Council of Governments. So we are

realizing tremendous success.

And, I mean, there's other things that we do well together as a group. I'd like to say that as a council we almost have like an a la carte regionalization program. For example, we have a regional animal control. And we don't require all 12 towns of the northeast corner to participate, you participate if it makes sense for your community. For example, Putnam does not participate in regional animal control because I can still do it more cost effectively on my own. We have a regional engineering program. We have a regional GIS program. And we've realized tremendous savings with that. So the track record exists for the northeast corner.

And I would love to be the one with my fellow leaders up in the northeast corner to forge this new ground. We have the history. We've proven that we can do a revaluation. We have surrounding communities outside of our COG who are now interested in joining reval. Our arms are open because we're all going to do well, we're all going to save, so.

That's what I have to say. If anyone has any questions, the raisins are not on my feet anymore, thank you very much. It's -- it's great to be here this morning. And I appreciate your time and -- and your efforts.

SENATOR CASSANO: Thank you, Mayor. Your -- your reval program is the model for the state. In fact, we'll be having a committee informational session, and that's one of the keys to that session. Many of the mayors, many of the cities and towns across the state I think have reached that point where they recognize we -- we need to, on a voluntary basis, start to work together. And that's what this is about.

And questions of committee members, any committee members.

MAYOR VIENS: If I could just say one more thing. It's important to us that it's not mandated down to us the way it needs to work. Please empower us to design it.

SENATOR CASSANO: Yeah, right.

MAYOR VIENS: Thank you for your time.

SENATOR CASSANO: Thank you. Senator Meyer. You want me to finish -- I'll finish this list and then you get (inaudible).

SENATOR MEYER: Distinguished Chairs and members of the P and D Committee, nice to be with you. I have been involved in a six-year effort since I was elected to the state legislature to try to alleviate the property tax in Connecticut. 3B64

I first tried by taking a bill that was introduced by my predecessor, Senator Bill Aniskovich, which actually provided for a minimum UCS payment to every town, a minimum, actually a ten -- ten percent of the cost, the average public school cost repaid by -- through the UCS formula. And the information came back to us that that had constitutional problems in doing that.

All taxing power in Connecticut emanates from us, from the state government. And therefore we, as we try to alleviate the property tax, we have to look at other -- other possible devices.

The Connecticut Conference of Municipalities in its legislative program over the last two years

opportunity to testify on this Bill 5143. Additional discussions will be under way, and we're attempting to bring more and more clarity to a strategy that is a unified strategy so that we are on the same page, and move forward in a way that not only limits the burden to taxpayers, but also is tied in with some longer term strategies to promote business development for the local -- some sense of fairness to the residential taxpayer community. Thank you.

SENATOR CASSANO: Are there questions of committee members, any questions? Mayor, thank you for bringing it forward and --

MAYOR SEGARRA: Thank you, Senator.

SENATOR CASSANO: -- and thank you. Have a good afternoon. Okay, Senator Looney. Welcome, Senator.

SENATOR LOONEY: Welcome, Mr. Chairman. It's good to see my -- my law school classmate, Mayor Segarra, here just before me.

Good morning, Senator Cassano and Representative Gentile, and members of the Planning and Development Committee. My name is Martin Looney and I represent the Eleventh Senatorial District, New Haven and Hamden, I'm Senate Majority Leader, and I'm here to testify in support of Senate Bill 130, an act concerning land value taxation, as well as in support of various regionalism and smart growth initiatives raised by the committee and proposed by Governor Malloy as well.

HB5782
HB6100
SB496

First, Senate Bill 130 would allow municipalities to institute land valued taxation. That's permitting them to tax vacant parcels at a higher rate than structures. Land

In addition, House Bill 6100, an act concerning regional property tax revenue sharing, would promote regional economic development by establishing a shared commitment to economic growth rather than competition between towns within a region. And it would require regional economic development districts to include in any updated comprehensive economic development strategy a position for regional property tax revenue sharing for new developments, and this should encourage economic efficiency and cost effectiveness.

The governor's budget also provides new incentives for voluntary regional planning consolidation, and I'm confident that the governor and the General Assembly will succeed in finding a way to -- to find regional solutions to our municipal funding problems.

And finally, Senate Bill 496, an act concerning a municipal tax revenue sharing system, would create a system of shared property tax revenue that would pool a portion of municipal property taxes generated by new commercial industrial or research development. And this is the concept based on the Minnesota tax-based sharing plan which has been in effect for more than three decades in the state of Minnesota, and has provided for uniformed rates of growth, and more rational planning of all of the communities within those regions.

Municipalities in the Minneapolis/St. Paul region share property tax revenue in order to reduce the fiscal disparity between cities and their surrounding suburbs. The disparity arises from the fact that cities usually have little or no undeveloped land with which to attract new taxable development while their outlying suburbs and rural areas often have

you. Mayor Bill Finch.

MAYOR FINCH: Good morning, Senator Cassano, Representatives, Representative Grogins. It feels like nothing's changed, I get to follow Martie Looney which is always a privilege, so thank you very much. I like the way you organized that, appreciate it.

I'm here to support three of the bills that I'm proud to say have been -- have been the efforts led by our home town property tax hero, Auden Grogins, House Bill 5332, House Bill 5580 and Senate Bill 898. I'd also like to testify favorably on behalf of Number 8 on your agenda, the regional property tax revenue sharing.

HB6100

You all know this, but we've talked about property taxes as being unfair. Well, they're still very unfair. We create a -- an uneducated class of people throughout Connecticut because of our alliance on property taxes. And we do it every day, you know. We can continue to do that. And I know Steve -- I'm sorry, Senator, you have been a great leader in that effort with the fourth lawsuit now as to the unconstitutionality of our very property tax system we're talking about.

It's now no longer unfair and unconstitutional. It's no longer sustainable. I want to remind the committee that three of the smallest cities in the United States are Hartford, Bridgeport and New Haven. The state gives us the smallest amount of that which is most important, land, because you tell us to rely solely on property taxes. And then you say we're going to give you the smallest, and by the way, at least one-third won't pay property taxes.

So I have the smallest -- I have grand list

LISA BIAGERELLI: Thank you very much for your time.

REP. GENTILE: Brian Sear?

BRIAN SEAR: Senator Cassano, Representative Gentile, and honorable members of the Planning and Development Committee, I thank you for this opportunity to speak before you.

I supplied written testimony. I'm Brian Sear, First Selectman of Canterbury, Connecticut. I just found out we're a postage stamp town that's irrelevant. So I guess everything else is superfluous from here on.

(SB496)
(HB5182)
(HB6100)
(HB5332)
(SB495)
(SB894)
(HB5928)
(HB6412)

No, I'll -- I'm here to give the other side of the story, with all due respect. I am here to address the concept of regionalism that is -- whose wording is in a number of proposed bills. I haven't heard a formal definition. I'm assuming the intent behind that is regionalism would reduce cost and increase deficiency and that's good for all of us. And I'd simply like to explain and demonstrate that regionalism is and has been alive and well in many of the towns in our state.

What is the proper incentive toward regionalism? Well, in our town, it's the budget. We have 129 line items in our general government budget. Those are proposed. Those are put forth before the townspeople. They discuss them. They vote on them. And then through the year, those are analyzed on a weekly basis as how we're measuring up to them. There's incredible pressure in our town to lower budgets and cut out excess waste. And there's great scrutiny throughout the town on -- on everything we do.

And that's led us to, quote, regionalize or share services. Some of those we've done on our own. Some we've done with agencies such as NECOG, Northeast Council of Governments. A brief list of those we share with other towns and entities, the fire marshal, building inspector, revaluation services, animal control services, engineering services, GIS services, and even hazardous waste collection and catch basin cleaning. We -- we've done that, and it saved significant amount of money for our town, and we continue to do that and analyze whatever areas we can to save.

I am a little bit concerned in terms of an outside entity or pressure coming in and kind of dictating how we would go about regionalizing. One thing that I think is important I learned through the NIMS classes I take in National Instrument Management Systems, they talk in there about span of control, which is basically what is the most efficient way to work together under a kind of a leadership organizing principle.

It's worked very well at our COG. We have 12 towns involved. We talk on a regular basis. A lot of these items that I mentioned were made possible through our sharing between them. There's other regions we're part of, such as the Region for Emergency Management Program, and the EWID program whose numbers approach about 40 towns. And I'll tell you the span of control is lost in -- in something of that size. So I would -- I would ask that the structure of the COG as we have up in the northeast corner be kept in place because it's working very well.

And I'll end up with kind of a philosophical position in terms of regionalism, is it work in

all cases and what's the litmus test as to when it would work better and not work as well. And I think it comes back to, it makes sense to regionalize those services that do not have an immediate impact on the uniqueness of -- of each of our towns, and try to preserve those aspects that are unique to each town. Because I do believe that Connecticut, all those fiefdoms in Connecticut, maybe we can't compete on the worldwide level quite as sharply, but it adds to the character of our state, and I'm very proud to be part of that -- that character and with all those fiefdoms.

So, all those things I've mentioned, they do not have an impact on the town of Canterbury other than to save us money and -- and to help us be more efficient. And as this concept of regionalization is discussed and put forth, I'd like myself and other small towns to be part of the discussion, working together to answer some of those questions I think we're all looking at is how we share, what we share when we share and who we share with, and be all on the same page. And I'm open for any questions.

REP. GENTILE: Thank you, sir. Are there any questions or comments from our committee members? Thank you for your time.

BRIAN SEAR: Thank you.
REP. GENTILE: Ron Thomas.

RON THOMAS: Good afternoon, Senator Cassano, Representative Gentile, members of the P and D Committee. My name is Ron Thomas with the Connecticut Conference of Municipalities. I'm happy to be here to testify on a few bills that concern the towns and cities.

I'd like to start with Senate Bill 130

HB6100
HB5332
SB495
SB505
SB64
SB80
SB496
HB5782
HB5580
SB507
SB894
HB5928
HB6412

regarding land value taxation. We support the bill. It would allow towns to vote by legislative body, to establish a two-tier system of local tax -- land taxation. Again, it's a local option.

I'd like to use my three minutes to talk about a few other bills before you, including Bill 64. CCM appreciates the intent behind this proposal to provide meaningful property tax relief to residents of towns and cities. We urge the committee to consider the revenue, local revenue diversification proposals contained in the governor's budget. The governor's proposals do not restrict municipal use of a new revenue system.

Regarding Senate Bill 80, delinquent property tax amnesty program, we think this is another proposal that shows the need for a comprehensive property tax reform, if there were such a reform, property taxes if not would go down, they would at least stabilize and people would be able -- they would be in a much better position to pay their taxes.

Regarding 496, a municipal tax revenue sharing program, we support this bill. We think that it would begin that road to providing a meaningful property tax reform.

Regarding 5782, the hotel tax, obviously CCM has long supported sharing increases in state taxes with municipalities and regions. As you are aware, Governor Malloy's proposal increases the hotel tax by three percent and gives towns one-third of that, and we support that proposal.

With regard to 5508 -- 80, rather, the statewide mill rate for motor vehicles, we HB5580

appreciate the intent behind this proposal. We are concerned that the proposal requires the revenue to go to the state and then be doled out to municipalities, and there will be winners and losers among municipalities with a statewide uniform mill rate. Keep in mind -- we ask you to keep in mind that there have been times in the past when the state has made revenue promises to towns and did not keep them when they were in dire straits, when the state was in dire straits. Also, we were wondering how towns would be reimbursed for the next five years when the state has a pretty huge deficit that it's now dealing with.

With regard to 6100, we support this bill also. We think it, again, goes down that road to providing meaningful property tax relief.

With regard to Senate Bill 5 -- House Bill 5332, we think that the bill should be permissive, not mandatory that towns provide property tax credits. We just remind the -- the people here and the proponents, that although we respect what they're trying to do, that we believe that local officials are -- you're talking about local officials who are elected and accountable to the community just as people are on the state level, so there's some concern about what's being done with the money. I think that would be addressed on the local level.

With regard to 495, CCM supports this bill. It just urges you to clarify it to show that council of elected officials are included. We think that these regional entities are the right choice for additional permissive regional responsibilities.

With regard to Senate Bill 505, the assessment

REP. SHARKEY: Good afternoon, Madam Chairman. Thank you for allowing me to -- to come and testify in front of the committee. It's good to be back. I'll be in in a slightly different context. I miss the Planning and Development Committee greatly, and I look forward to the work that the committee will be doing.

I'm here today to testify on behalf of three bills that are on your agenda today that were introduced by myself and the Majority Leader Martin Looney. These are not new concepts or new bills, but rather are the byproduct of the MORE Commission which the speaker put together last year, MORE standing for municipal opportunities and regional efficiencies.

And because of the short session last year, we were not able to fully implement all the ideas that came out of the MORE Commission, but needs still to be considered and I think acted upon. And I'm looking forward just a little bit off the record here. I think we're so -- I think the speaker is very engaged in the issues involved in the budget and job creation this year, and I'm not sure it's likely that we're going to be reconstituting the MORE Commission this year.

HB5782
HB6100
HB5580

And it occurs to me, if I could make the suggestion, that perhaps the Planning and Development committee is -- can be the de facto MORE Commission for this year. After all, all those recommendations had to come through this committee anyway, and it probably doesn't -- it doesn't necessarily make sense that we have to re -- have a duplicating group pulled together that -- that's doing the work that I think the Planning and Development Committee has traditionally led on, and that the -- you,

Madam Chairwoman and the other members of the committee have been very involved in over the last couple of years. So that would just be a suggestion that I might have. If you are interested in taking that ball and running with it, I would certainly support that.

With regards to the specific bills, the first is --

REP. GENTILE: It's hard to say no to a majority leader.

REP. SHARKEY: Ah, feel free. Feel free, Madam Chair.

The first bill is regarding the hotel tax. HB5782
Again, this is a product of what we did last year, and actually the House actually passed it last year; it died on the Senate floor before the end of the session. But the -- the change of this year's bill as proposed is that rather than last year's bill which wound up giving one-third of the -- it's a three percent increase on the hotel tax with one percent going to the host community and two percent going to the regional planning organization, this -- this particular bill would call for an even division between the towns, the host towns, the regions, and the regional tourism districts.

That was a complaint that we heard last year that over the years we've stripped the money that should be going to our tourism industry from the hotel tax that's already in place. If we're going to increase it, perhaps we should be offering some of that money back to the tourism districts to help boost their efforts.

The second bill is regarding regional property HB6100

tax revenue sharing. One of the significant accomplishments of the MORE Commission last year was the resulting legislation that created eight economic development districts in the state to conform with federal economic development grant programs which up until that point and up until now we have left on the table. I've often used this -- this factoid, but -- with folks that I've talked to. But I think it's Guam and the Virgin Islands actually get more money from the Federal Economic Development Department than the state of Connecticut, and that's only because we have not gone to the trouble, for policy reasons, to not endorse and allow our regions to form these districts and apply for federal money.

That has changed. The governor, I think to her credit, Governor Rell last year changed that policy to allow our regions to do that, come together, form a plan and apply for federal money. And all this bill would do is require that as the regions put together their comprehensive economic development strategy, their -- their ongoing plan for regional economic development, that they include at some level some form or revenue sharing for new development that occurs within the region subject to that plan.

HB5580

The last bill is an attempt to tackle something that we've been trying to do for -- and we're talking about for as long as I've been here, but I think we may have a way of doing it this time. And that is to create a statewide mill rate for motor vehicle taxes. The idea has always been that we have a somewhat anachronistic method by which we tax motor vehicles, and essentially it's based upon the value of the vehicle times the mill rate of whatever community you happen to be in.

every assessor, as you know, every assessor comes to us and complains about the fact that they have to employ people in our towns just to do motor vehicle personal property tax collection. And not that my assessor was saying this, but, I mean, towns could save some money in terms of personnel as well if they were able to eliminate a lot of the staffing that's required just to collect this tax.

REP. AMAN: Okay.

REP. SHARKEY: Hopefully I answered you.

REP. AMAN: I'm sure our conversations will be continued.

REP. SHARKEY: I look forward to it, Representative.

REP. GENTILE: Thank you. Yes, Representative Reed.

REP. REED: Thank you, Madam Chair. Good afternoon, Mr. Majority Leader.

REP. SHARKEY: Good afternoon, Representative.

REP. REED: How are you?

REP. SHARKEY: Good.

REP. REED: Working on the MORE Commission, I think several of us still remember, and it was really, really exciting to finally see that we were, you know, making some progress, incrementally, little steps, but. But I wanted to just go back -- and, you know, I agree with Representative Aman, this is a discussion that's evolving and -- and with the new governor and the direction that's coming out of the administration that's going to have a huge impact. But the eight economic development

HB6100

districts, they are in the process of being planned in real ways now, and --

REP. SHARKEY: Well, actually, there -- it has been implemented. And the Department of Economic and Community Development over the summer actually proposed actual designations of what these regions would be. And it was met with a lot of static and frustration from a lot of the communities around the state who didn't necessarily identify with those particular geographic boundaries. Indeed, he ultimately backed off with the idea that the regions will kind of self-identify.

But we also already have regions, I think five regions already have adopted this CED, this Comprehensive Economic Development strategy, which is the study that's developed among the towns and the regions around -- about their economic development futures. And that is the first step towards qualifying for the federal monies that I referred to.

Once the stage is completed, then the governor signs off on the plan and then it's submitted to the federal government as -- as -- I think by my count we have four or five regions in this state that have already completed their sets. Northeastern Connecticut, Greater Hartford, Greater New Haven, the Valley and Fairfield County have all created their own sets, so we're well on our way towards establishing these eight districts as we speak.

REP. REED: And I know during all the -- the MORE, various MORE committee meetings, you know, there was some concern of how many layers we have with RPOs and COGs. And so that seems to be a hurdle that needs to be still dealt with in getting something that's really operational or functional, and that people really feel like

they're stakeholders in that they identify and with the region. So is it going to be -- are we talking about a combination of sort of self-actualized districts and mandated, or --

REP. SHARKEY: Yeah, the districts themselves, the only thing that's mandated is the number of districts that will be -- that are going to be in the state. They will be self-identified and the -- the -- what the commissioner of DECD, the former commissioner did was agreed with the regions that provided that there will only be eight, the towns -- the CEDS has to be updated on an annual basis. So as towns decide which region they want to identify with, they can do so, they can join up with whatever region they identify with as time goes on, with the understanding that ultimately they have to be part of one of the eight. And if they're not part of one of those, then they don't qualify for the federal money that's potentially on the table, so that there is a financial incentive for them to do that.

I think the other beauty of establishing and using these economic development districts as the model is that it works, then, for the governor's proposal, which is to reduce the 15 planning regions we have in the state to a more manageable number. Well, the economic development districts are already there. It makes perfect sense. Economic development would therefore be done on a regional basis. Tourism districts could be on those same boundaries, to get to the point that you're making which is that we have a lot of regional entities, they all overlap and their boundaries are all different. It would be better if we could have a consistent set of boundaries, and it seems to me that the economic development districts are the way to go.

The workforce councils I think have also been suggested as that. But statutorily we got these EDDs in place. And that, in my mind, may be the better -- the better approach.

REP. REED: Thank you. Thank you for all the work you've done on this over many, many years. And, you know, this is seizing opportunity out of crisis, and it's -- it's so clear now, when I go back to my district, this is something that we talked about actually. You came to the district before I was even elected to talk about regionalization, and we had to explain it. And now it's just top of mind stuff. People really, really are understanding it and understanding that we can't sustain the 169 competing entities that we keep going forward with.

REP. SHARKEY: Thank you. And I thank you for your leadership on this too, Representative Reed. I -- I think that as we all face and see downsizing and efficiencies in our own lives with jobs that we have, the corporate world, the private sector doing these things, we recognize what the state has to do from an efficiency standpoint.

If -- you know, I think the average property taxpayer gets the fact that there's an inherent inefficiency in the tax bill that they get every year, and why is it that we have to pay the kind of taxes that we do, property taxes that we do every year, why aren't we adopting those same efficiencies at the local level.

My own mayor introduced his budget a couple of weeks ago and had a -- had an open house the other night, and the questions that he was -- that he was being asked were not why are my

taxes so high, but many of the questions he was asked were why are we not regionalizing more.

REP. REED: Yeah.

REP. SHARKEY: And I think that is the sea change that we've seen in the last ten years in terms of the taxpayers' attitudes on this subject.

REP. REED: Thank you. Thank you, Madam Chair.

REP. GENTILE: Thank you. Representative Grogins.

REP. GROGINS: Yes, Majority Leader Sharkey, I just want to also commend you and echo what's already been said about your tremendous leadership on the issues.

REP. SHARKEY: I think I've been to both your districts actually.

REP. GROGINS: Yeah, absolutely. Yes, you came to my district. In fact --

REP. SHARKEY: And I think we were talking about concerns. It's a road show.

REP. GROGINS: -- my mayor was here earlier talking about, a) the tremendous disparity with regard to property taxes which Bridgeport suffers from significantly, and has been helped by these regionalism efforts. And he supports them. And I support very much continued and expansion of regionalism. And I just commend you on your efforts and support all of these bills. So, thank you.

REP. SHARKEY: Thank you. Thanks, Representative. Thank you for your leadership as well.

REP. GENTILE: Thank you. Are there any other

DIANE VULCANO: And I want to thank you, Representative Grogins, because you work very hard for us, and we do appreciate it. And we'll come when we can to support you.

REP. GROGINS: Thank you.

REP. GENTILE: Thank you. Rick Dunne? Good afternoon, Rick.

RICK DUNNE: Good afternoon. Representative Gentile, members of the committee, thank you for your time. My name is Rick Dunne. I'm the executive director of the Valley Council of Governments located in Naugatuck Valley. We represent about 85,00 people.

REP. GENTILE: The herd of the state of Connecticut, correct?

RICK DUNNE: A herd of the state, yes. I couldn't have said it better.

Those people are governed directly by the chief elected officials who make up the board of the Valley Council of Governments. I am -- I'm pleased to be here to testify on their behalf in support of Senate Bill 495. The Council of Governments format is -- provides significant advantages in accomplishing our goals moving toward regionalization. Senator Fasano earlier talked about the obstacles to achieving regionalization. The real issue is there are too many options being gored in that process and nobody wants to give up their own little piece of the world.

HB5928
SB496
HB6100
HB5782
HB5332
HB6414

I will tell you that as a director of a Council of Governments, we favor regional consolidation. We favor a reduction of the number of regions. But it's the vehicle that's

important. And the Council of Government's vehicle is the only one that is controlled and run by elected officials.

Now, there are a number of bills in front of us this year. The House Bill 5 -- 5928, Senate Bill 496, House Bill 6100, House Bill 5782 regarding the hotel tax which I'll talk in a little more detail here about, and 5332 which provides some relief if we succeed at this process, what they contemplate and what other bills like 6414 which I believe you're going to hear Friday, contemplate, is revenue sharing with communities. You're going to focus a stream of revenue from the sales tax, from the hotel tax into -- into the communities to achieve regional savings.

In my opinion, you cannot do that unless the body, the entity that you're dealing with are elected officials. People who stand at election and responsible to the voters for their performance, for what they do with their tax dollars.

The other versions of regional organizations, whether they're EDDs as the majority leader suggested, or other forms of regional planning organizations, do not have a mandatory requirement that the chief elected officials function as the board and make the decisions of what to do with tax dollars. I think that insurance is critical to confidence in the system and success.

There are -- there are a few principles that I -- that I just want to touch on that we would like to see reflected in all of the regional bills that come out this year.

First is that regional taxation and

consolidation must be voluntary. Municipalities will join together. Regions will consolidate if the incentives are there, and as the evidence accrues, that taxpayers benefit from these -- from these efforts. But the reordering of regions, the reorganization of regions must be locally driven. The ECD found that out with the EDD process.

Now, in the Naugatuck Valley, we -- we have had a CEDS for -- I think we're on our fifth renewal, sixth renewal. So we've -- we've run the CEDS process as a consortium of multiple planning regions, 17 towns involved in that process. That is something that does not lend itself well to being forced into a region. It doesn't -- it doesn't really match up with anything that exists.

So, again, I come back to the Council of Governments. These are political subdivisions, representations of political subdivisions that come together for the purposes of delivering services for providing information, for constructing critical infrastructure.

The second principle is that we need to provide dependable revenue for regional service delivery and administration. Connecticut must implement these revenue sharing policies in order to provide revenue sources at the regional level to be shared among towns and governed by these CEO led COGs.

Third, Councils of Government should be the only regional formulation eligible to receive these funds. Again, I go back to the -- the concept of revenue sharing has to have some -- some responsibility at this -- at the expenditure level, that the people who are doing it stand for election, and that they --

they are responsible to the taxpayers.

These fundamental principles I think will -- will be -- it'll provide critical guidance in developing the information, and developing the various bills that would -- would come forward.

I want to talk about the hotel tax, 5782 for a minute. This one provides some significant concern. First, the focus of the dollars to economic development districts, I understand the reason for it, I understand it's -- it's clean and it's -- it's simple. But EDDs are made up of all kinds of volunteers, all kinds of appointees. Giving them the control over the dollars is not really a responsible process. The -- and the EDDs traditionally don't function as -- as organizations that expend money. They help their towns, their municipal members apply for projects to EDA. But -- but EDDs don't really function as organizations per se.

Let's see. The last thing that I'll touch on -- sorry to take so much time with -- with you, but the last thing I'll touch on is this concept of winners and losers. And if you do revenue sharing, and you promise money back to the municipality based upon the activity that goes on in that community, they're going to pursue more of that activity. It's going to mimic all of the bad aspects of the property tax. If you get sales tax, if you get hotel tax because something resides in your town, you're just going to chase more of that development, exactly what we do with the property taxes and economic development now. It actually prevents regional cooperation because it puts adjoining communities in direct competition for economic development dollars.

Speaker
line 53

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March 2, 2011

Good morning Senator Cassano, Representative Gentile and members of the Planning and Development Committee. I am here to testify in support of SB 130, An Act Concerning Land Value Taxation, as well as in support of the various regionalism and smart growth initiatives raised by the Committee and proposed by the Governor..

SB 130 would allow municipalities to institute Land Valuation Taxation, thus permitting them to tax vacant parcels at a higher rate than structures. Land Value Taxation separates the tax on real property into two components: land values and building values. Under this system the tax rate is increased on the land and decreased on the buildings. This approach provides an incentive to develop densely and compactly while discouraging sprawl.

HB5162
HB6100
SB496

Land Value taxation supports the objectives of Smart Growth and can encourage development and discourage blight. This approach should increase property value in the core cities as well as discourage uncontrolled development; it has been successful in

other states. Adoption of this proposal would also assist municipalities in increasing revenue while providing incentives for economic development and disincentives for leaving parcels undeveloped.

I am delighted that the Planning and Development Committee and the Governor have raised a number of enlightened proposals that support regionalism.

HB No. 5782 AN ACT CONCERNING THE HOTEL TAX would increase the hotel tax by three per cent and distribute these funds by returning one per cent to the municipality in which the hotel is located; one per cent to the economic development district of that municipality ; and one per cent to the tourism district of that municipality. The governor's budget, similarly, includes an additional 1% tax on hotels which would be returned to the town of origin and provides additional measures to boost the municipal and regional tax base. These proposals would allow towns to recoup revenue from those who use municipal services but who do not reside in the municipality.

HB 6100, AN ACT CONCERNING REGIONAL PROPERTY TAX REVENUE SHARING, would promote regional economic development by establishing a shared commitment to economic growth rather than competition between towns within a region. This legislation would require regional economic development districts to include in any updated comprehensive economic development strategy a provision for regional property tax revenue sharing for new developments. This should encourage economic efficiency

and cost effectiveness. The Governor's budget also provides new incentives for voluntary regional planning consolidation, and I am confident that the governor and the General Assembly will succeed in finding to find regional solutions to our municipal funding problems.

SB 496, AN ACT CONCERNING A MUNICIPAL TAX REVENUE SHARING SYSTEM, would create a system of shared property tax revenue that would pool a portion of municipal property taxes generated by new commercial, industrial or research development . This concept is based on the Minnesota Tax-Base Sharing Plan. Municipalities in the Minneapolis-St. Paul region share property tax revenue in order to reduce the fiscal disparity between cities and their surrounding suburbs. The disparity arises from the fact that cities usually have little or no undeveloped land with which to attract new, taxable development, while their outlying suburbs and rural areas have significant parcels of undeveloped land. Municipalities within the region would contribute a percentage of the growth in their commercial and industrial tax base to an areawide pool. Each municipality then receives a portion of the pool based on its population and relative fiscal capacity. This system would be beneficial for the economic stability of our state. In Minnesota the system in effect for more than three decades has produced many benefits, including reducing counterproductive winner-take-all competition for economic development initiatives among neighboring communities.

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Testimony of the **Valley Council of Governments**
to the **Planning & Development Committee**

March 2, 2011

Madam Chair, Mr. Chairman & Members of the Committee,

My name is Rick Dunne and I am the Executive Director of the Valley Council of Governments (VCOG). We are located in the Lower Naugatuck Valley and represent the interests of the 85,000 Connecticut residents who are governed by the Chief-Elected Officials our four member municipalities. On behalf of their constituents, these Mayors and First Selectmen direct a wide range of activities including Transportation Planning and Design, Transit Operation, Brownfields Redevelopment and regional e-government services.

Today I am before you to testify to our strong support for:
S.B. 495, "An Act Concerning the Provision of Services by Regional Councils of Governments"

We are impressed and encouraged by the abundance of proposed bills that would allow and incent regional approaches to solving the state's fiscal difficulties and her attendant operational shortfalls. We are delighted that Governor Malloy has endorsed the regional approach as evidenced by his proposed budget that recommends additional incentives for regions to consolidate into larger, more efficient entities.

It is our strong belief that in order to save money, improve efficiency, expedite project delivery and create a favorable climate for business growth Connecticut must empower municipal CEOs to deliver services better than the way we're doing it now. That is why the state must adopt the Council of Governments structure as its regional partner in service delivery.

We also wish to lend our support to significant elements of a number of other bills being heard today, including: **H.B. 5928, "An Act Authorizing Regional Assets Investments"; S.B. 496 "An Act Concerning a Municipal Tax Revenue Sharing System; H.B. 6100, "An Act Concerning Regional Property Tax Revenue Sharing"; H.B. 5782, "An Act Concerning the Hotel Tax;** and while we are supportive of the concept underlying **H.B. 5332, "An Act Requiring Municipalities That Regionalize To Provide Property Tax Relief"**, we would recommend amendment of that proposal to extend its benefits to all municipal taxpayers. In the case of these last five bills, we differ from the proposed language in the detailed context and recommend amending all of them to reflect consistent language that adheres to the following principles: HB6414

- *Regional Taxation & Consolidation Must Be Voluntary* – Municipalities will join together and regions will consolidate as the benefit to taxpayers becomes evident. Re-ordering of regions must be locally-driven.
- *Provide Dependable Revenue for Regional Service Delivery & Administration-* Connecticut must implement revenue-sharing policies in order to provide revenue

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Connecticut Chapter
645 Farmington Ave.
Hartford, Connecticut 06105

Martin Mador, Legislative Chair

Planning and Development Committee
March 2, 2011

Testimony In Favor of
SB 495 AAC the Provision of Services by Regional Councils of Government
SB 64 AAC Alternatives to Property Tax
HB 5782 AAC the Hotel Tax
HB 6100 AAC Regional Property Tax Revenue Sharing
HB 5332 AA Requiring Municipalities That Regionalize to Provide Property Tax Relief
HB 5928 AA Authorizing Regional Assets Investments
HB 6412 AAC the Small Town Economic Assistance Program
SB 64 AAC Alternatives to Property Tax
SB 894 AAC the Consolidation of non Educational Services
SB 507 AAC Municipal Liability for Activities on Recreational Facilities

I am Martin Mador, 130 Highland Ave., Hamden, CT 06518. I am the volunteer Legislative Chair for the Sierra Club-Connecticut Chapter, a director of Rivers Alliance and the Quinnipiac River Watershed Assn, and serve on the 1000 Friends Advisory Board. I hold a Masters of Environmental Management degree from the Yale School of Forestry and Environmental Studies.

SB 507

Restoration of municipal liability protection for no-fee use of open space is a very high priority. Towns and political subdivisions of the state such as MDC have closed open space in the past for fear of liability, and may do so in the future. We sincerely thank the Democratic and Republican members of the Waterbury delegation for introducing SB 507, and ask that the committee consider this bill in conjunction with others heard previously.

When I testified on HB5780-Interlocal Agreements on Feb. 18, I said:

> The Sierra Club recognizes that atomization of Connecticut government into 169 independent children of the state, while useful in giving people a strong sense of home and place, causes a torrent of significant environmental and economic problems. It is our position that fostering municipal cooperation and regional governance is a necessary step for the well-being and future viability of our state, as well as our high environmental quality of life.

SB496

More specifically, we need:
-COGs recognized as the appropriate and preferable path to regionalism
-incentives for RPAs and CEOs to convert to the COG format
-financial incentives for towns to work with their COG

-state funding delivered to the towns through their COG
-service delivery through the COGs
-enabling legislation as necessary to accomplish all of this

I refer you again to the position paper I co-authored, *Regions as Partners,* Dec. 20, 2010.

The bills I will comment on today are mostly enabling bills. For the most part, they are good, necessary, legislation. Now what about the incentives? The flow of funding through the COGs? The re-positioning of delivery of local and state services?

SB 495 enables COGs to become providers of regional services. It appropriately authorizes COGs, as opposed to RPOs, and implements appropriately the recommendations we made in *Regions as Partners.*

SB 496 copies a tax-sharing system which has worked well in Minnesota, which, by the way, has counties. It would significantly reduce municipal competition to grow grand lists, which would then free towns from making environmentally destructive land use decisions. However, we suggest such cooperative systems should be implemented through the COGs.

HB 5782 implements the hotel tax sharing proposal which came from the MORE Commission Subcommittee on Revenue Streams and Economic Development. I was privileged to participate on that subcommittee. The bill as written, however, would favor some towns at the expense of others.

We suggest amending it so that **all** revenue collected be sent through the COG in which the hotel is located for distribution to member towns, as the COG governing mayors see fit. As an incentive to RPAs and CEOs to convert, funds would go to the state if there were no COG in place.

HB 6100 provides for revenue sharing within an Economic Development District. This would provide yet another opportunity to reduce municipal competition. I believe only one EDD has been established, with two in development. The EDDs have federal involvement, so have a rationale beyond state-directed regionalism, but we advise that COGs are the best place to do this.

HB 5332 would provide a mechanism to show the both the public and town officials the economic value of municipal cooperation. This would be valuable in itself. However, we are troubled by the $10M floor. Given the relatively few such agreements existing, this would exclude most towns. The bill provides for tax credits for only one group of taxpayers. We are concerned about this limitation, and about how the language of the bill could actually be implemented. As an alternative, perhaps every tax bill should itemize the savings to that taxpayer specifically resulting from the interlocal agreements. Because the savings will reduce the municipal budget, the savings to the taxpayer are essentially built-in. We point out that the bill certainly promotes the value of municipal cooperation, but does not go to decreasing reliance on property taxes.

HB 5928, which would finally authorize regional asset sharing, is an important step in a move towards regionalization. However, it includes CEOs as well as COGs. We must incentivize

Testimony to the

Planning & Development Committee

made by

Brian H. Sear, Canterbury First Selectman

February 3, 2011

Thank you for this opportunity to discuss the concept of regionalism and its benefits to our State. Today I am here to address the following bills:

- Proposed S.B. No. 496 AN ACT CONCERNING A MUNICIPAL TAX REVENUE SHARING SYSTEM.
- Proposed H.B. No. 5782 AN ACT CONCERNING THE HOTEL TAX.
- Proposed H.B. No. 6100 AN ACT CONCERNING REGIONAL PROPERTY TAX REVENUE SHARING.
- H.B. No. 5332 (COMM) AN ACT REQUIRING MUNICIPALITIES THAT REGIONALIZE TO PROVIDE PROPERTY TAX RELIEF.
- Proposed S.B. No. 495 AN ACT CONCERNING THE PROVISION OF SERVICES BY REGIONAL COUNCILS OF GOVERNMENT.
- Proposed S.B. No. 894 AN ACT CONCERNING THE CONSOLIDATION OF NON EDUCATIONAL SERVICES.
- Proposed H.B. No. 5928 AN ACT AUTHORIZING REGIONAL ASSETS INVESTMENTS.
- H.B. No. 6412 (RAISED) AN ACT CONCERNING THE SMALL TOWN ECONOMIC ASSISTANCE PROGRAM.

"Regionalism" is being widely discussed as a solution to a host of perceived problems in our State. I think it's important to define this term before we figure out its usefulness, and prior to enacting legislation to promote or protect its use.

If by "regionalism" you mean Towns (or entities within Towns) working together to define and then implement sharing services to increase efficiencies and save taxpayer dollars, then this has been going on (and continues) for quite some time. First Selectmen and Town Managers are under extreme scrutiny in the preparation and implementation of their budgets. Canterbury's General government budget alone has 129 line items, each of which is proposed, confirmed and then tracked over the course of the fiscal year. This pressure and transparency is a key motivator for Towns to constantly find ways to get "more with less." In Canterbury's case this has resulted in us sharing (regionalizing) with other Towns the following: Animal Control, Building Inspector, Fire Marshall, Engineering, Property Revaluation, and even catch basin cleaning. Some of this is done on a town to town basis and others through our council of governments. We are currently researching other areas of possible sharing. I'm constantly in touch with other Selectmen in the area to discuss possible sharing opportunities.

Does this mean all Town services should be shared? And with whom? What is the point at which "regionalizing" becomes harmful, more costly and inefficient? What is the ideal "span of control" of shared services?

My own personal litmus test is that services that do not define the character of an individual Town lend themselves best to "regionalizing", while those that are unique should be kept within the smallest entity. Those services listed above have saved taxpayer money and increased efficiency without detracting from our Town's identity. I believe others services such as senior services, recreation, zoning and assessment could have a detrimental effect on the Town. Ongoing discussion of this question is extremely fruitful.

I hope that you will include direct experience from Town leaders in achieving a consensus of what is meant when we use the term "regionalism", and consider the fact that many of those initiatives that seem new are actually presently in place and don't need to be re-invented, just encouraged. With all due respect, I tend to think the Towns know best what is best to regionalize at a given time, and with whom.

Thank you for this opportunity to comment. I would be pleased to address any questions committee members may have on this subject.

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STATE OF CONNECTICUT
HOUSE OF REPRESENTATIVES

J. BRENDAN SHARKEY
HOUSE MAJORITY LEADER

Testimony for HB 5782 – AAC the Hotel Tax, HB 6100 – AAC Regional Property Tax Revenue Sharing, & HB 5580 – AAC A Statewide Mill Rate For Motor Vehicles

Planning and Development Committee Public Hearing
March 2, 2011

Representative Gentile, Senator Cassano, Senator Fasano, Representative Aman and members of the Planning and Development Committee, it's good to be back with you, albeit in a slightly different context!

I want to thank you for raising and hearing the bills that Senator Looney and I introduced this year to further our efforts to promote property tax relief through Regionalism and Smart Growth. Our current economic climate and historic state budget deficits provide us with a tremendous opportunity to change the inefficient way we run local government in the State of Connecticut. We also have a newly-elected governor who comes to us as a former CEO of a major city and who truly understands the need for these changes, and has recommended some of them in his own budget proposals. Finally, we have leadership in this committee and throughout the legislature from both sides of the aisle who, after several years of cooperative discussion, have reached common ground on many of these initiatives and are anxious to see them implemented. Taken together, it's clear that the time to act is now.

The bills before you today are not new ideas. They are adaptations of concepts that came from the Speaker's Commission on Municipal Opportunities and Regional Efficiencies (MORE) last year. Because of the short session in 2010, there was not enough time to fully flesh out these ideas for action by the legislature last year. This year, the Speaker is primarily focused on budget matters and job creation, and it appears unlikely that we'll have the time to re-constitute the MORE Commission for 2011. But if I may be so bold, I would suggest here that the Planning and Development Committee become the *de facto* MORE Commission for 2011, and take ownership of these and other concepts to promote "municipal opportunities and regional efficiencies" as its own initiative. In the end, this work has to be done in a bi-partisan fashion in P&D anyway – why do we need a special commission to duplicate that work?

Specifically, HB 5782 – **AAC the Hotel Tax,** is substantially the same proposal which was unanimously adopted by the MORE Commission in 2010. It proposes a 3% increase in the Hotel and Lodging Tax statewide, but instead of allocating that revenue 1/3 to the host community and 2/3 to the regional planning agencies, this bill would distribute the revenue equally to the host community, the regional planning agency and the regional tourism districts.

Legislative Office Building, Suite 4100, Hartford, CT 06106-1591 Phone: (860) 240-8500 Fax: (860) 240-0206

HB 6100 – **AAC Regional Property Tax Revenue Sharing**, expands on a tremendous accomplishment of the MORE Commission from last year – the establishment of eight economic development districts (EDD'S) in the state to maximize federal economic development monies while forging a regional view of economic development instead of unproductive competition among individual towns. HB 6100 simply requires that as those eight regions update their Comprehensive Economic Development Strategies (CEDS), that they must incorporate some form of regional property tax sharing from new development within the region. The scope and implementation of that revenue sharing would be entirely up to the member communities to formulate for themselves, but by giving every town a stake in the positive development of their neighbors in the region, the concept furthers the dual goal of regional cooperation and diversification of revenue streams for all our towns.

Finally, House Bill 5580 – **AAC A Statewide Mill Rate For Motor Vehicles**, a proposal that you have seen fit to raise as a committee bill, takes a huge stride in correcting a number of anachronistic aspects of our property tax system. Whereas we currently allow our towns to tax automobiles as personal property at whatever mill rate the town has adopted for real estate, this bill would phase in a standardized mill rate for motor vehicles statewide. Once fully implemented, it would eliminate the unfair burden placed on urban residents where mill rates are typically higher, and, in all likelihood, increase collections in those urban communities because there would be no incentive to register vehicles in towns with lower mill rates. Because the introduction of a standardized mill rate initially creates winners and losers among towns depending on whether their current mill rates are above or below the statewide rate, this concept has failed to gain support in the past. My proposal – and now the committee's – would be phase in the rate over five years, and compensate those "losing" towns on a declining basis during the phase-in.

The funds to compensate those "losing" towns over the phase-in period would be generated by a wholesale change in the way we currently tax "antique" vehicles in our state. Our current system allows anyone with a car older than twenty years to receive an assessment of $500, regardless of the car's actual worth. This means that the owner of a classic vehicle worth tens of thousands of dollars is assessed at the same rate as someone with a car worth$500. And while we used to apply severe restrictions on how many miles the car with an "antique" designation could be driven in a year, we have long since abandoned those standards so that anyone with an older, expensive car can literally drive away with a huge tax break at the expense of the rest of the taxpaying public. We're still waiting for OFA to cost out the revenue to be collected from this basic change, but I am confident it will provide sufficient revenue to create the phase-in compensation fund while also closing a loophole that has cost our towns and cities major revenue over the years.

In closing, I would suggest that these bills, as well as others you will be hearing later this week, can be and should be developed as a package that augments the proposals offered by the governor as part of his biennial budget. For example, the governor's budget has already proposed a consolidation of our state's 15 regional planning organizations. The governor has also proposed his own version of a hotel tax increase of 3% with a distribution formula not unlike that which is in HB 5782. Why not incorporate the governor's consolidation proposal into the eight existing EDD 's, and use the hotel tax revenue as a carrot to help fund those eight regional agencies? Further, why not call for the consolidation of our

TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

PLANNING AND DEVELOPMENT COMMITTEE

March 2, 2011

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local governments - your partners in governing Connecticut. Our members represent over 90% of Connecticut's population. We appreciate the opportunity to testify on the following bill of interest to towns and cities:

H.B. 6100, "An Act Concerning Regional Property Tax Revenue"

CCM supports this bill.

H.B. 6100 would require regional economic development districts to include in updated comprehensive strategies, regional property tax revenue sharing provisions.

CCM urges the Committee to include regional tax revenue sharing provisions for expansion of existing developments.

CCM urges the Committee to JFS this bill.

##

If you have any questions, please contact Jim Finley (jfinley@ccm-ct.org) or Ron Thomas rthomas@ccm-ct.org at (203) 498-3000.

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Line 33

MAYOR ROBERT G. VIENS
TESTIMONY BEFORE
PLANNING AND DEVELOPMENT COMMITTEE
MARCH 2, 2011
H.B. 6100 – AN ACT CONCERNING REGIONAL PROPERTY TAX REVENUE SHARING

Good Morning Chairman Cassano and Chairman Gentile and members of the Planning and Development Committee. I am Bob Viens, Mayor of the Town of Putnam and Chairman of the Northeastern Connecticut Council of Governments (NECCOG). I am here today before your committee to testify in support of H.B. 6100, an act concerning regional property tax revenue sharing.

I have to admit to you that as a municipal official, I never thought I would be testifying to a legislative committee about the advantages of regional property tax sharing. However, we at the local level have to change our mindset about the ways we look at economic development, including the way our local taxes are structured. As local officials we can no longer be constrained by development strategies limited to our towns' borders. However, as a recent OPM report on regional tax-based revenue sharing programs stated: "Connecticut's home rule tradition and reliance on the property tax appear on the surface to be incompatible with regional growth planning."

Despite the constraints we can no longer operate as islands onto ourselves. To do so will continue a formula for failure and that we cannot afford.

Quoting from a recent Western Carolina University report, "Globalization and technological change have dramatically changed the processes of economic development worldwide. As a result, practitioners from all the relevant communities – economic development, workforce development, local government and planning agencies – must recognize the need to move beyond parochial concerns and instead seek more collaborative approaches to

development issues, not only across different stakeholder groups, but also across wider geographic regions."

Other studies have indicated that these dramatic and economic shifts require changes to how we accomplish economic development. As a report called "Crossing the Next Regional Frontier," stated, "Most of rural America is still using a 20th century strategy for a 21st century economy. This is not a recipe for success."

I am happy to report that despite the dire warnings about our ability to fashion an economic development strategy on a regional basis and our previous inability to look beyond our narrow, local jurisdictional to achieve economic improvements for our region, NECCOG has had tremendous success on coming together on regional initiatives. We recently signed a regional contract to provide revaluation services to all towns in the region effectively providing each town with enormous savings due to the economy of scales provided by this contract. We have towns that have joined together to form a regional animal control office. We are working on a regional GIS project.

Many of these initiatives were made possible by funding provided by the State of Connecticut to promote regional cooperation and provision of services. I want to express my thanks to you for taking a leadership stand on incentives for regional cooperation.

Through the State's efforts we are taking strides to maintain and strengthen our economic competitiveness through regional cooperation. Putnam, with the assistance of a $200,000 grant through the Department of Economic and Community Development, has completed a draft final report detailing the feasibility and marketing approach to develop a regional technology park comprising over 200 acres with ten to eleven lots for technology based companies, food processing companies, and build on our regional industrial clusters of plastics and

manufacturing, primarily airplane parts. The report builds upon the federal and state governments' approaches to promote regional clusters as a proven way to create jobs and grow our northeastern Connecticut economy. The state Department of Economic and Community Development is a supportive, working partner on this project.

Regional clusters are a new framework for economic development and I am happy to note that with passage of an act concerning regional economic development last year, we in northeastern Connecticut are ready to embrace the goals stated in that legislation to:

1. Empower regions to prioritize projects requesting state financial assistance
2. Emphasize projects compatible with state responsible growth strategies
3. Concentrate the state's financial programs to support regional priorities
4. Use the regional CEDS process to establish strategies for economic development, housing development, open space preservation, brownfield, redevelopment etc.
5. Leverage available federal funding from USEDA, USEPA, USDA and HUD

At NECCOG and WINCOG we have joined together under the Northeastern Connecticut Economic Partnership to complete a Comprehensive Economic Development Strategy for our 21-town region and are seeking an official Economic Development District designation under the Regional Economic Development Act. The goals and vision of our regional CEDS is to foster a strong and innovative regional economy, strengthen and maintain our economic competitiveness, and strengthen regional economic collaboration. The action plan includes establishing an economic development district and developing the regional technology park in Putnam.

Establishing a regional governance structure for economic development, including a mechanism for regional tax-sharing, is not going to be easy. To establish a regional governance structure is going to require trust among all the participants. In northeastern Connecticut we

have begun to establish that trust with our early successes on regional collaboration on conducting revaluations, animal control and GIS services. I believe leaders in northeast Connecticut acknowledge the need for change. In fact, when I have spoken to my colleagues about the idea of regional economic governance and the possibility of incorporating a regional tax-sharing component into the plan, they have been open to the idea. However, the devil is always going to be in the details of how such a plan is structured.

Quoting again the recent OPM study, "Regional growth planning can be effective within the context of Connecticut's home rule system, if it provides for appropriate incentives for voluntary participation, local control over any shared regional revenue sources and related decision-making, and formal regional bodies that coordinate priority projects, mediate dispute resolution, and provide analysis on opportunity cost determination."

That's why I think the approach taken in H.B. 6100 is the right approach to allow regional economic development districts to include in any updated CEDS plan a provision for regional property tax sharing for new developments within the region. Again, the success of this approach is going to be in the details. I don't believe we should copy the Minnesota model because it is more concerned with alleviating fiscal disparities among their communities.

NECCOG members have demonstrated a commitment to regional collaboration with quite a few success stories. I believe that we are prepared to take the next giant leap and engage in a process to develop a regional economic development structure with regional property tax sharing as a component using the approach detailed in H.B. 6100.

Thank you for this opportunity to testify this morning.

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So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Calendar 636, House Bill Number 6100.

Move to place the item on the Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Moving to calendar page 34, Calendar 638, House Bill Number 6525.

Madam President, move to place the item on the Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Under matters returned from committee: moving to calendar page 48, Calendar 399, Senate Bill Number 1043.

Madam President, move to place the item on the Consent Calendar.

THE CHAIR:

So ordered.

Mr. Clerk.

THE CLERK:

Immediate roll call's been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber. Immediate roll call's been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

THE CLERK:

Madam President, the items placed…

THE CHAIR:

I would ask the Chamber to be quiet please so we can hear the call of the Calendar for the Consent Calendar.

Thank you.

Please proceed, Mr. Clerk

THE CLERK:

Madam President, the items placed on the first Consent Calendar begin on calendar page 5, Calendar 336, House Bill 5697.

Calendar page 7, Calendar 421, Substitute for House Bill 6126.

Calendar page 8, Calendar 449, Senate Bill 1149.

Calendar page 10, Calendar 470, Substitute for House Bill 5340. Calendar 474, Substitute for House Bill 6274. Calendar 476, House Bill 6635.

Calendar page 12, Calendar 499, Substitute for House Bill 6638. Calendar 500, House Bill 6614. Calendar 508, House Bill 6222.

Calendar page 13, Calendar 511, House Bill 6356. Calendar 512, Substitute for House Bill 6422. Calendar 514, House Bill 6590. Calendar 515, House Bill 6221. Calendar 516, House Bill 6455.

Calendar page 14, Calendar 517, House Bill 6350. Calendar 519, House Bill 5437. Calendar 522, House Bill 6303.

Calendar page 15, Calendar 523, Substitute for House Bill 6499. Calendar 524, House Bill 6490. Calendar 525, House Bill 5780. Calendar 526, House Bill 6513. Calendar 527, Substitute for House Bill 6532.

Calendar page 16, Calendar 528, House Bill 6561. Calendar 529, Substitute for House Bill 6312. Calendar 530, Substitute for House Bill 5032. Calendar 532, House Bill 6338.

Calendar page 17, Calendar 533, Substitute for House Bill 6325. Calendar 534, House Bill 6352.

Calendar 536, House Bill 5300. Calendar 537, House Bill 5482.

calendar page 18, Calendar 543, House Bill 6508. Calendar 544, House Bill 6412. Calendar 546, Substitute for House Bill 6538. Calendar 547, Substitute for House Bill 6440. Calendar 548, Substitute for House Bill 6471.

Calendar page 19, Calendar 550, Substitute for House Bill 5802. Calendar 551, House Bill 6433. Calendar 552, House Bill 6413. Calendar 553, Substitute for House Bill 6227.

Calendar page 20, Calendar 554, Substitute for House Bill 5415. Calendar 557, Substitute for House Bill 6318. Calendar 558, Substitute for House Bill 6565.

Calendar page 21, Calendar 559, Substitute for House Bill 6636.

Calendar page 22, Calendar 563, Substitute for House Bill 6600. Calendar 564, Substitute for House Bill 6598. Calendar 566, House Bill 5585.

Calendar page 23, Calendar 568, Substitute for House Bill 6103. Calendar 570, Substitute for House Bill 6336. Calendar 573, Substitute for House Bill 6434.

Calendar page 24, Calendar 577, Substitute for House Bill 5795.

Calendar page 25, Calendar 581, House Bill 6354.

Calendar page 26, Calendar 596, Substitute for House Bill 6282. Calendar 598, Substitute for House Bill 6629.

Calendar page 27, Calendar 600, House Bill 6314. Calendar 601, Substitute for House Bill 6529. Calendar 602, Substitute for House Bill 6438. Calendar 604, Substitute for House Bill 6639.

Calendar page 28, Calendar 605, Substitute for House Bill 6526. Calendar 608, House Bill 6284.

Calendar page 30, Calendar number 615, Substitute for House Bill 6485. Calendar 616, Substitute for House Bill 6498.

Calendar page 31, Calendar 619, Substitute for House Bill 6634. Calendar 627, Substitute for House Bill 6596.

Calendar page 32, Calendar 629, House Bill 5634. Calendar 630, Substitute for House Bill 6631. Calendar 631, Substitute for House Bill 6357. Calendar 632, House Bill 6642.

Calendar page 33, Calendar 634, Substitute for House Bill 5431. Calendar 636, Substitute for House, correction, House Bill 6100.

Page 34, Calendar 638, Substitute for House Bill 6525.

Calendar page 48, Calendar 399, Substitute for Senate Bill 1043.

Calendar page 49, Calendar 409, Substitute for House Bill 6233. Calendar 412, House Bill 5178. Calendar 422, Substitute for House Bill 6448.

Calendar page 52, Calendar 521, Substitute for House Bill 6113.

Madam President, that completes the item placed on the first Consent Calendar.

THE CHAIR:

Thank you, sir.

We call for another roll call vote. And the machine will be open for Consent Calendar number 1.

THE CLERK:

The Senate is now voting by roll on the Consent Calendar. Will all Senators please return to the Chamber. The Senate is now voting by roll on the Consent Calendar, will all Senators please return to the Chamber.

Senator Cassano, would you vote, please, sir.

Thank you.

Well, all members have voted. All members have voted. The machine will be closed, and Mr. Clerk, will you call the tally?

THE CLERK:

Motion is on option Consent Calendar Number 1.

Total Number Voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar Number 1 has passed.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

We might stand at ease for just a moment as we prepare the next item…

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)