



PRESS RELEASE

**For Immediate Release
March 4, 2013**

Contact: Betsy Gara
Connecticut Council of Small Towns (COST)
Tel: 860-841-7350/E-Mail: bgara@ctcost.org

TOWN LEADERS URGE LAWMAKERS TO REJECT CAR TAX PROPOSALS

Town leaders from small towns across the state have joined together to oppose the elimination of the property tax on certain motor vehicles.

According to the Office of Fiscal Analysis, the elimination of the car tax will result in a revenue loss to towns ranging from \$550 to \$600 million - a drop of 15.5%. This amount is pushed even higher when you factor in the supplemental motor vehicle list.

"Given the state's ongoing budget challenges, we appreciate Governor Malloy's efforts to keep towns whole in his proposed budget. However, eliminating the car tax will shift more of the burden onto the backs of homeowners, rental property owners and businesses or leave towns with massive holes in their budgets," said COST President Dick Smith, First Selectman, Town of Deep River.

"Connecticut towns and cities have struggled to control costs and property tax levels despite years of flat funding of municipal aid and increasing costs associated with the delivery of critical services. Exempting numerous cars from the property tax will impose an untenable burden on our towns and cities," said Smith.

Some lawmakers are also considering a proposal to create a statewide mill rate for motor vehicles. The Connecticut Council of Small Towns (COST) opposes the creation of a statewide mill rate which would require towns to send local tax dollars to the state and gamble that a fair portion of those dollars would come back to the towns.

"Unfortunately, separate, non-lapsing accounts have a tendency to lapse, particularly when the state is looking to address budget deficits. Towns need to retain control over how local property taxes are spent," said Betsy Gara, Executive Director for COST.

COST does support provisions in the Governor's proposed budget which double funding for the Town Aid Road program and restore funding for the Local Bridge program - programs that COST has long championed.

“Supporting investment in local infrastructure is vital to Connecticut’s small towns. Well-maintained roads and bridges provide small towns with a strong foundation for supporting economic development and protecting public safety,” Smith said. “The proposed budget also expands the Local Capital Improvement Program (LoCIP) and continues strong investment in clean water projects – programs that are the vital to our communities.”

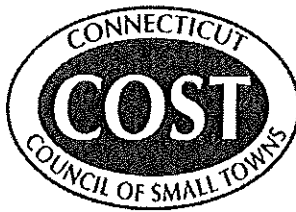
“Although we appreciate Governor Malloy’s efforts to maintain state aid to municipalities, we are nervous about how shifting funds from certain municipal grants to others will affect various local programs,” said Smith.

“If funds are not approved in the bond package to offset cuts to municipal aid programs, such as the elimination of the State Property PILOT and the Pequot Mohegan grant, towns will be left with big holes in their budgets,” Smith added.

“Cutting state aid to towns and cities would simply fuel increases in property taxes and compromise the ability of towns to deliver critical services,” Smith said.

“Recognizing the daunting fiscal challenges facing the state, COST is committed to working with Governor Dannel P. Malloy and state lawmakers to find balanced solutions that will preserve the ability of towns to provide critical services without forcing property tax increases,” Smith said.

COST is an advocacy organization committed to giving small towns a strong voice in the legislative process. Its members are Connecticut towns with populations of less than 30,000. COST champions the major policy needs and concerns of Connecticut’s suburban and rural towns. More information is available at www.ctcost.org



Town Leader Oppose Car Tax Proposals

Excerpts from Testimony

"Eliminating a local revenue raising tool during these difficult economic times makes no sense. It provides little, if any, relief to taxpayers and imposes an added burden on homeowners and businesses which are also struggling. In addition, assessors must still spend time and money in assessing the value of motor vehicles and will realize little savings from exempting these motor vehicles."

Betsy Gara, Executive Director, COST

"In Connecticut, the main recourse that towns have to fund the necessary services they provide is a heavy reliance on the property tax. Over 82% of Bethany's revenue comes from the property tax; ten years ago that number was 73%. Of course, we will continue to look for ways to control expenses; however, a \$1 million dollar loss of revenue puts tremendous pressure on town real estate and property taxes."

Derrylyn Gorski, First Selectman, Bethany

"The car tax is a significant portion of our tax base. In Deep River, there are 4,775 registered motor vehicles in town with a net total assessed value of \$33 million. By exempting certain motor vehicles from the property tax, SB-843 would result in a loss of revenue to the Town of Deep River of almost \$900,000. This will force an increase in our mil rate of 1 $\frac{3}{4}$ and shift more of the property tax burden onto homeowners, rental property owners and businesses."

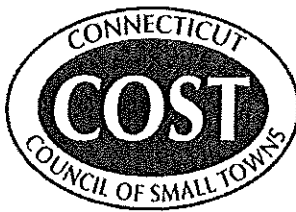
Dick Smith, First Selectman, Deep River

"If passed, The Town of Durham would lose between 1.8 and 2.1 million dollars in revenue. This amount is approximately 30% of my municipal budget. Taking the car values off our grand list would shift a burden to the real estate tax. The real estate portion of our grand list took a big hit in the last revaluation leaving us little choice but to raise the mil rate. The elimination of the car tax will directly result in a reduction of town services or an increase in property tax."

Laura Francis, First Selectman, Town of Durham

"Approximately seventy one percent of the vehicles in East Granby would qualify under the Governor's proposal and their owners would not pay any property tax on those vehicles. This would reduce East Granby's revenue by an estimated \$1,300,000 which is over 8% of the \$16,000,000 that the Town raises through the Property Tax."

James M. Hayden, First Selectman, Town of East Granby



"Although we are making significant efforts to reduce costs, revenues have been flat or decreasing, putting us in the position of having to look for additional cuts or increase property taxes. Therefore, we are very concerned about the provisions in SB-843, An Act Concerning Revenue Items to Implement the Governor's Budget, which would eliminate the property tax on certain motor vehicles, resulting in a significant revenue loss to our town."

Kathy Eagen, Town Manager, Farmington

"By exempting motor vehicles with an assessed value of \$20,000 from the property tax, SB-843 would impose an untenable burden on our homeowners and local businesses. There is no way that we can make sufficient cuts in our local budgets to offset the loss of this revenue."

Michael Criss, First Selectman, Harwinton

"Based on the actual October 1, 2012 Motor Vehicle Grand List figures, and with the current mill rate of 33.55, the Town of Hebron would lose \$1,854,376 in revenue, requiring an increase in the mil rate of 2.58 mils. There would be increases to all Personal Property accounts and unless they have a registered motor vehicle there would be no offset. The same would be true for commercial and industrial real estate accounts."

Andrew J. Tierney, Town Manager, Hebron

"Eliminating the property tax on certain motor vehicles will cost the Town of Litchfield approximately \$1.5 million dollars. Without this revenue, our town will be left with a massive hole in its budget – a hole that will have to be plugged by increasing mil rates on homeowners and businesses or cutting critical services."

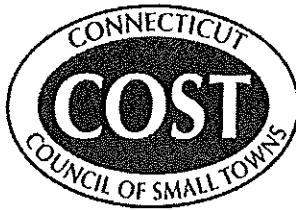
Leo Paul, First Selectman, Litchfield

"This proposal would be severely injurious to municipalities. In Lyme, such a measure would carve almost 28 million dollars out of our grand list. Further, there is no prospect of recovering this loss other than by increasing the tax burden on real estate. The unintended consequence here is that many homeowners, particularly the elderly, could bear a disproportionate share of this redirected levy necessitated to compensate for the loss of motor vehicle generated revenue."

Ralph Eno, First Selectman, Town of Lyme

"Given the ongoing budgetary pressures on municipalities, lawmakers should reject provisions in SB-843 which would eliminate the property tax on motor vehicles with an assessed value of less than \$20,000. New Canaan stands to lose about \$2 million in tax revenue under this proposal. The proposed elimination of the car tax would be very problematic for New Canaan and other small towns. We would have to make up for the revenue loss by increasing property taxes on homes and businesses which would hurt middle-class and elderly residents."

Robert Mallozzi, First Selectman, New Canaan



"If this proposal went into effect during this current fiscal year our mil rate would have gone from 20.18 to 21.00. This is not the time ...to increase the tax burden on our homeowners."

Susan M. Dyer, First Selectman, Town of Norfolk

"Eliminating the property tax on certain motor vehicles will result in a loss of revenue of approximately \$3.5 million per year. This is a sizable portion of our local budget. As a result, our mil rate would increase 2.6 mils – an 8.4% increase in taxes... This will drive up property taxes on homeowners, rental property owners and area businesses, undermining our economy and imposing a difficult financial burden on our homeowners."

Robert E. Lee, Town Manager, Plainville

"In Pomfret, the elimination of this tax will result in a drop in revenues of more than \$600,000. Like many other small towns in Connecticut, we have struggled to control costs and property tax levels despite years of flat funding of municipal aid and increasing costs associated with the delivery of critical services. Exempting certain cars from local property taxes will negatively impact our town and provide very little in the way of tax relief to our residents."

Maureen Nicholson, First Selectman, Pomfret

"This bill will have a disastrous impact, not only on Rocky Hill, but on all Connecticut municipalities. Rocky Hill stands to lose over \$3.7 million in a single tax year or 95.7% of our Motor Vehicle tax revenue: \$3.7 million revenue loss for our small town of 14 square miles and 19,500 hard-working, tax paying citizens - THIS IS SIGNIFICANT."

Barbara Gilbert, Town Manager, Rocky Hill

"Connecticut's small towns and cities are facing another brutal budget year and any cuts in state aid or any loss of local revenue will decimate town budgets. Although I appreciate Governor Malloy's continued commitment to maintaining state aid to municipalities, exempting certain cars from the property tax would simply shift the state's fiscal burden onto the backs of homeowners and businesses or force layoffs of key personnel."

Barbara Henry, First Selectman, Roxbury

"Unfortunately, the Governor's plan puts more financial burden on the middleclass who are already struggling to heat their homes, pay their mortgages and keep up with the rising cost of every day goods and services... Our assessor has estimated this plan will cost the Town of Stafford \$2.3 million in revenue."

Richard Shuck, First Selectman, Town of Stafford



"The Town of Stonington would lose almost \$2 million in revenues if certain motor vehicles were exempt from the property tax - a loss of revenue that will have to be made up by shifting more of the tax burden to our homeowners and businesses or by cuts to critical services... While we understand that Governor Malloy is interested in providing some tax relief to individuals, there are very few individuals who will benefit from the elimination of this tax because they will end up paying more in taxes on their homes or businesses."

Ed Haberek, First Selectman, Town of Stonington

"The Governor's proposal will result in a loss of \$2,372,158 in motor vehicle taxes. An increase in the property tax mill rate of 92 cents per thousand (3.8%) would be required to restore this revenue. That equates to an increase in the tax bill for the median assessed home of \$635...this proposal will cause owners of modest homes and modest cars to pay more of the local tax burden than they do currently."

Gayle Weinstein, First Selectman, Town of Weston

"This action would necessitate approximately a 2 mil tax increase which would be detrimental to the Town of Woodstock. The car tax proposal would result in the Town of Woodstock losing an estimated \$1,100,000 in critical local revenues. This would shift the tax burden to homeowners and businesses in our community."

Allan D. Walker, Jr., First Selectman, Town of Woodstock

"We have extreme reservations regarding the proposed elimination of the Car Tax. Unless this legislation is adjusted to make up for the significant shortfall in revenue to our municipalities, we are strongly against this proposal. Current projections from our 9 WINCOG towns indicate a 2 to 3% mil increase in property taxes will occur if this bill is passed."

Mark N. Paquette
Executive Director, WINCOG