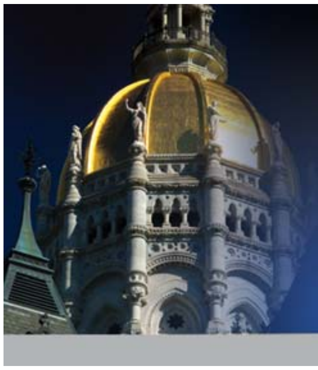

CONNECTICUT CONFERENCE OF MUNICIPALITIES

THE VOICE OF LOCAL GOVERNMENT

CCM 2013 Testimony

900 CHAPEL STREET, 9th FLOOR, NEW HAVEN, CT 06510-2807 PHONE (203) 498-3000 FAX (203) 562-6314

Your source for local government management information www.ccm-ct.org

ENERGY & TECHNOLOGY COMMITTEE

March 5, 2013

Good Morning,

My name is **Lisa Pellegrini,** I am the **First Selectman of the Town of Somers**. I am here on behalf of the Connecticut Conference of Municipalities (CCM). CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population.

I greatly appreciate the opportunity to discuss two bills of importance to CCM and the Town of Somers.

SB 203 **An Act Concerning Property Tax Exemptions for Renewable Energy Sources**

SB 949 **An Act Establishing Commercial and Industrial Property Tax Exemptions for Clean Energy Projects.**

While we appreciate the intent of SB 203, the proposal has far reaching consequences, as it would add yet another item to the ever-increasing list of state-mandated property tax exemptions by exempting property taxes for any renewable energy project located at commercial and industrial properties. The more prudent method would be to allow municipalities the option to exempt such facilities, as proposed in SB 949.

Current law provides property tax exemptions for homeowners and farms that install solar technology. The state-imposed obligations and state-imposed revenue due to property tax exemption losses force all municipalities to increase their property tax rates. *A list of exemptions is enclosed.*

Do not misunderstand; CCM is a proponent of renewable energy. However the host community should be afforded the opportunity to decide whether a commercial or industrial property -- regardless of whether it is a five acre or a hundred acre generation facility -- should be exempt from local property taxes.

Personally, I have spearheaded the installation of two large solar projects, one on our elementary school and another our Department of Works building, as well have expanded a solar project on our fire house.

A broad, statewide property tax exemption has far reaching consequences. For instance, Somers has a five a acre private solar photovoltaic installation being installed by a private developer on approximately 40 acres of private land. In discussions with the developer, it is valued at approximately $15,000,000.

~ OVER ~

They have received substantial funding (over 50%) from both the federal and state government to build this system and will receive very generous tax credits for up to 30 years. In addition, while the system will generate enough power for over 600 homes, the company will be the only beneficially that will enjoy the benefits of power generated of the facility. No power will be net metered to any municipal buildings. No power will go to residential homes specifically located in Somers. The town will not see any new job creation and the residents will not see a reduction in their electric bill.

The estimated loss of revenue to our town -- if the installation is exempted from property taxes -- would be $2.5 million over nineteen years. This would be coupled with the proposed budget loss from PILOT and Pequot funds which are estimated at $2,953,305 for Somers, along with an additional $1.8 million loss from the motor vehicle tax. Somers annual budget is $6.9 million, including the Board of Education budget it is approximately $29 million, with property tax collection at an average of $135,000 per year.

In these difficult budget times, towns and cities are required to do more with less. To freely give tax exemptions without looking into long term effects, will only increase the tax burden on the home owners in communities and jeopardize local services.

Therefore, **we urge you to <u>oppose</u> Senate Bill 203**.

Thank you for your time and consideration of this matter.

★ ★ ★ ★ ★

If you have any questions, please contact Mike Muszynski, Legislative Associate at (mmuszynski@ccm-ct.org) or via phone (203) 500-7556.

STATE MANDATED PROPERTY TAX EXEMPTIONS

Every year there are many well-intentioned proposals to reduce the property tax burden of one group or another. Everybody wants out of the property tax – but peeling off one group after another is not reform. Again, these would only serve to shift the burden of those taxes to the remaining property owners of a given municipality.

Currently, there are close to two-dozen opportunities for property tax abatement at municipal option and **77 mandated ones** (see below).

In an economy where local officials are struggling to sustain critical services – amidst growing deficits, evaporating revenues, and layoffs – this bill would negatively impact hometown budgets. Towns and cities have already suffered significant cuts in state aid over the last several years and the State is currently grappling with a huge deficits. This is not the time for enacting any new unfunded mandates, no matter what the reason.

The following property is exempt from taxation per Connecticut General Statutes (C.G.S. §12-81):

1. Property of the United States
2. State property, reservation land held in trust by the state for an Indian tribe.
3. County Property (repealed).
4. Municipal Property.
5. Property held by trustees for public purposes.
6. Property of volunteer fire companies and property devoted to public use.
7. Property used for scientific, educational, literary, historical or charitable purposes.
8. College property.
9. Personal property loaned to tax-exempt educational institutions
10. Property belonging to agricultural or horticultural societies.
11. Property held for cemetery use.
12. Personal property of religious organizations devoted to religious or charitable use.
13. Houses of religious worship.
14. Property of religious organizations used for certain purposes.
15. Houses used by officiating clergymen as dwellings.
16. Hospitals and sanatoriums.
17. Blind persons.
18. Property of veterans' organizations.
    a. Property of bona fide war veterans' organization.
    b. Property of the Grand Army the Republic.
19. Veteran's exemptions.
20. Servicemen and veterans having disability ratings.
21. Disabled veterans with severe disability.
    a. Disabilities.
    b. Exemptions hereunder additional to others. Surviving spouse's rights.
    c. Municipal option to allow total exemption for residence with respect to which veteran has received assistance for special housing under Title 38 of the United States Code.
22. Surviving spouse or minor child of serviceman or veteran.
23. Serviceman's surviving spouse receiving federal benefits.
24. Surviving spouse and minor child of veteran receiving compensation from Veteran's Administration.
25. Surviving parent of deceased serviceman or veteran.
26. Parents of veterans.
27. Property of Grand Army Posts.
28. Property of United States Army instructors.
29. Property of the American National Red Cross.
30. Fuel and provisions.
31. Household furniture.
32. Private libraries.
33. Musical instruments.
34. Watches and jewelry.
35. Wearing apparel.

36. Commercial fishing apparatus.
37. Mechanic’s tools.
38. Farming tools.
39. Farm produce.
40. Sheep, goats, and swine.
41. Dairy and beef cattle and oxen.
42. Poultry.
43. Cash.
44. Nursery products.
45. Property of units of Connecticut National Guard.
46. Watercraft owned by non-residents (repealed).
47. Carriages, wagons, and bicycles.
48. Airport improvements.
49. Nonprofit camps or recreational facilities for charitable purposes.
50. Exemption of manufacturers’ inventories.
51. Water pollution control structures and equipment exempt.
52. Structures and equipment for air pollution control.
53. Motor vehicle of servicemen.
54. Wholesale and retail business inventory.
55. Property of totally disabled persons.
56. Solar energy systems.
57. Class I renewable energy sources and hydropower facilities.
58. Property leased to a charitable, religious, or nonprofit organization.
59. Manufacturing facility in a distressed municipality, targeted investment community, or enterprise zone.
60. Machinery and equipment in a manufacturing facility in a distressed municipality, targeted investment community, or enterprise zone.
61. Vessels used primarily for commercial fishing.
62. Passive solar energy systems.
63. Solar energy electricity generating and cogeneration systems.
64. Vessels.
65. Vanpool vehicles.
66. Motor vehicles leased to state agencies.
67. Beach property belonging to or held in trust for cities.
68. Any livestock used in farming or any horse or pony assessed at less than $1000.
69. Property of the Metropolitan Transportation Authority.
70. Manufacturing and equipment acquired as part of a technological upgrading of a manufacturing process in a distressed municipality or targeted investment community.
71. Any motor vehicle owned by a member of an indigenous Indian tribe or their spouse, and garaged on the reservation of the tribe (PA 89-368)
72. New machinery and equipment, applicable only in the five full assessment years following acquisition.
73. Temporary devices or structures for seasonal production, storage, or protection of plants or plant material.
74. Certain vehicles used to transport freight for hire.
75. Certain health care institutions.
76. New machinery and equipment for biotechnology, after assessment year 2011.
77. Real Property of any Regional Council or Agency