



Committee Chairs Walker and Osten, Members of the Committee,

My name is Justin Elicker and I am the Mayor of New Haven.

As you all know Payment in Lieu of Taxes, or PILOT, provides funding to municipalities to compensate them for part of the tax revenue that they lose out on either for hosting major tax-exempt colleges and hospitals or state-owned property. It is intended to lessen the financial burden that non-taxable property places on the residents of a municipality.

You also know that PILOT has never been close to full funding, keeping the pressure on cities like New Haven to dramatically increase their taxes and make deep cuts into their basic operating budgets. In years past, New Haven has received between 33 and 38% of their statutory funding amount. Currently, we're receiving about 26%. Every percentage point we move away from full funding has real consequences. It is a child who no longer has access to an after school program, a mother walking to work because the bus system has gotten slower, a person struggling with addiction who can't get the treatment they desperately need. It is a city feeling like its government is leaving them behind when staff layoffs mean their phone calls go unanswered.

For those who think this is a challenge limited to the big cities, it is far from it. Griswold, Ansonia, Mansfield, Vernon, East Hartford, Sprague and towns of all sizes across the state struggle with a lack of PILOT dollars and grand lists that can't make up for it. While programs like MRSA or ECS grants take town need into account, why does PILOT fail to do so?

I grew up in New Canaan, where my parents still live to this day. The household median income of New Canaan is about 5 times that of New Haven. Their per capita taxable property is 7 times that of New Haven, and as such their tax rate is less than half of ours. I recognize that the reality of a property tax-based system is that the poorest residents of our state will pay the highest tax rates. My question, though, is why would we subsidize towns, like New Canaan, which have a substantial enough property tax base to keep their tax rate as some of the lowest in the state? Particularly in light of the consistent underfunding of PILOT, why can't we create a more equitable funding mechanism for the towns most in need?

I am asking the General Assembly to retool the current PILOT formula for both college and hospital and state-owned property to take into account the need of a municipality in the allocation of funds. The financial impact on the city of New Haven's operating budget is nothing compared to the toll this takes on our residents. We have to be honest about that reality, and work together to solve it. While we obviously hope PILOT can be fully funded, we also recognize that is an even greater challenge for the state. While it remains underfunded, however, the residents of New Haven, and the people of Connecticut, cannot afford the state to allocate the limited funds it has blindly and without respect to where the dollars will have the greatest impact. I am committed to working with all of you this session to achieve a more thoughtful, equitable, and effective system of allocating PILOT dollars.