

**Richard Jacob**

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**Submitted to the Finance Committee Concerning**

**S.B. 873 (Raised), AN ACT MITIGATING ADVERSE TAX CONSEQUENCES RESULTING FROM EMPLOYEES WORKING REMOTELY DURING COVID-19, AND CONCERNING THE REMOVAL OF LIENS ON THE PROPERTY OF PUBLIC ASSISTANCE BENEFICIARIES AND A THREE-TIERED GRANTS IN LIEU OF TAXES PROGRAM.**

Dear Senator Fonfara, Representative Scanlon, and Members of the Finance Committee, thank you for this opportunity to comment on behalf of Yale University on SB 873, a bill that would, among other provisions, create three tiers of grants under Connecticut's Payment in Lieu of Taxes Program. I am Richard Jacob, Yale's Associate Vice President for Federal and State Relations. I wish to express Yale's strong support for the tiered grants proposed in SB 873.

Yale commends the Committee for taking up this legislation, which is particularly important for Yale's hometown of New Haven. The university is an economic anchor for New Haven, as well as the state, as Yale currently pays \$675 million annually in salaries and benefits to its employees who live in New Haven. Last year the university spent over \$30 million in its voluntary payment to the City, property taxes, permit fees, and contributions to New Haven Promise, New Haven Works, and other programs that help to improve quality of life and economic opportunity in New Haven. The Connecticut Conference of Independent Colleges estimates that through the economic activity it stimulates, Yale generates a total of \$6.2 billion annually to the state economy.

The PILOT program is a vital source of aid to cities and towns in Connecticut. It addresses the structural financial challenges in many cities and towns, which are reflected in the fact that 76 municipalities in Connecticut have property tax rates above 30 mills, 12 have rates above 40 mills, and 5 have rates over 50 mills.<sup>1</sup> The PILOT program serves to diversify the revenue sources for towns and cities, enabling them to receive a share of statewide revenue sources that are more diverse than local sources, which consist predominantly of property taxes. It also acknowledges the public good that non-profit entities create not just locally but across the state.

The tiered grant proposal in SB 873 would put a priority on grants to cities and towns with the least ability to raise revenue when there are insufficient appropriations to fund the PILOT grants fully. This approach would significantly reduce operating deficits in the state's larger cities, enabling city leaders, together with their community partners, to focus their efforts on strategic programs and investments to grow existing companies, create new businesses, and develop more vibrant and inclusive local economies.

It is equally important that the General Assembly allocate enough resources to fund the PILOT program fully. The tiered program will be effective in focusing resources when appropriations are insufficient, but the best solution is to allocate enough resources to provide the full statutory grant to every city and town that qualifies for a grant.

Thank you for this opportunity to express Yale University's strong support for SB 873.

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<sup>1</sup> <https://portal.ct.gov/OPM/IGPP-MAIN/Publications/Mill-Rates>