



Keith Chapman
Town Manager

TOWN OF NEWINGTON

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NEWINGTON, CONNECTICUT 06111

OFFICE OF THE TOWN MANAGER

March 24, 2021

Senator Catherine Osten, Co-Chairman,
Representative Toni Walker, Co-Chairman,
Members of the Appropriations Committee,

Please accept this written testimony in support of **HB 5172, AN ACT CONCERNING PAYMENTS IN LIEU OF TAXES TO MUNICIPALITIES FOR MANUFACTURING & EQUIPMENT.**

The Manufacturing Machinery & Equipment Exemption was enacted in 1990 under Public Act 90-279 as part of the Manufacturing Assistance Act of 1990. The purpose of that program, was to assist manufacturers in the state by providing incentives for them to invest in new machinery and equipment which would then be exempt from local business personal property taxes for the first five years. At that time, the State guaranteed full reimbursement to Connecticut municipalities for the lost revenue.

In 2006, Public Act 06-83 expanded this exemption program from five years to fully exempt in perpetuity. Then under Public Act 11-61, the State eliminated the reimbursement to municipalities, therefore creating yet another unfunded State mandate.

Specifically, for the Town of Newington, since 2011, we have lost over **\$25,395,832** in taxable revenue with the State's defaulting of the reimbursement for this program. This tax revenue has been unfairly redistributed to other taxpayers.

While we totally support efforts to assist state manufacturers and making the State a more competitive place to conduct business, this responsibility should not be placed on the backs of local taxpayers as it is unreasonable to expect them to subsidize State manufacturers.

As manufacturing has grown and expanded in Connecticut, this exemption has become a burden on municipalities that do not have the ability to offset the revenue loss, resulting in mill rate increases. HB 5172 would reinstate the reimbursement for all 169 Connecticut municipalities however it lacks an effective date, or Grand List date, in which the State would begin the reimbursement.

Respectfully,

Keith Chapman
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