



# TOWN OF STONINGTON

SELECTMAN'S OFFICE  
DANIELLE CHESEBROUGH  
FIRST SELECTMAN

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## Testimony in Support of HB 5172

March 24, 2021

Dear Senator Osten, Representative Walker & all the Distinguished Members of the Appropriations Committee:

Thank you for raising H.B. 5172 An Act Concerning Payments In Lieu of Taxes to Municipalities for Manufacturing Machinery & Equipment.

This exemption was first enacted in 1990 via Public Act 90-279 The Manufacturing Assistance Act of 1990. The intent of this exemption was to incentivize manufacturers to invest in newly acquired machinery and equipment by exempting them from local property taxes. During this time, the State reimbursed municipalities for the lost revenue, protecting local budgets.

This program has grown and evolved significantly over the years. The exemption used to be for only the first five years, but in 2006 it was expanded to fully exempt the property in perpetuity. This was a huge expansion to the program.

In 2011, the State passed Public Act 11-61 which **eliminated** the reimbursement to municipalities therefore creating an unfunded State mandate. It has become an increasing burden on municipalities as the manufacturing sector has grown.

For the 2020 Grand List, Stonington exempted a total of **\$12,533,159** in manufacturing machinery & equipment which will equate to a total loss of **\$298,916** in tax dollars. That loss will have to be absorbed by all the remaining taxpayers in town. Stonington has averaged over \$200,000 in **annual** revenue loss due to this exemption.

In these times, when more and more aid to municipalities is being cut and budgets are increasingly strained by the COVID-19 pandemic and other economic factors, every bit of revenue is needed and important. Reinstating the reimbursement for this program is critical for municipal budgets across the state.

Again, I thank the Committee for raising this bill and I hope it passes out of committee.

Sincerely,

Danielle Chesebrough  
Stonington First Selectwoman