

March 12, 2024

Esteemed Chairs Kavros Degraw and Rahman,
Members of the Planning and Development Committee:

The Western Connecticut Council of Governments (WestCOG) appreciates the opportunity to comment on Raised Bill 5478, *An Act Concerning the Land Value Taxation Pilot Program and Eligible Community Investment Fund Projects*. WestCOG **supports** providing local flexibility to create and set financial incentives, including in property tax rates, that produce desired outcomes.

Land value taxation enables municipalities to tax land at a higher rate than buildings, thereby providing a financial incentive for property owners to replace low-intensity land uses, such as surface parking, with higher and better uses, such as residential and commercial space.

Bill 5478 would expand an existing, voluntary pilot program for land value taxation from three to five municipalities. However, the bill would not change a missed opportunity in current law, which is that a municipality may only apply land value taxation townwide.

While land value taxation can make sense for a compact, heavily urbanized municipality, it may not work for a geographically large municipality that wishes to intensify development in some areas (e.g., in an urban core) but not in others. In such a municipality, land value taxation applied townwide would provide the same incentive to densify and build up in, say, a town center as it would in rural areas that, for instance, may function as drinking water supply watershed areas for the town and that serve its residents and businesses.

The lack of authority under current law to specify where land value taxation applies within a municipality makes the program less appealing to municipalities that have and wish to preserve diversity in their built and natural environments. Some municipalities in Connecticut already differentiate mill rates by district (e.g., downtown vs. outlying areas); however, none have the statutory authority to apply different mill rates to land and buildings within a district – which could nudge more intense land uses to where they are best suited and desired.

To address this, WestCOG suggests that Bill 5478 be amended to **enable municipalities participating in the pilot program to determine whether to apply land value taxation, and to set the land and building mill rates, on a district basis (rather than solely townwide)**.

Thank you for your consideration.



Francis R. Pickering
Executive Director