

March 26, 2026

Esteemed Chairs Fonfara and Horn,  
Members of the Finance, Revenue and Bonding Committee:

The Western Connecticut Council of Governments (WestCOG) appreciates the opportunity to comment on Senate Bill No. 2, *An Act Supporting Local Commerce*. WestCOG strongly supports the bill's proposal to direct a portion of the meals tax to municipalities, which represents a meaningful and overdue step toward diversifying local revenue and strengthening the connection between local economic activity and local fiscal capacity.

Connecticut's municipalities are highly dependent on the property tax as their primary source of locally controlled revenue—more so than municipalities in any other state. This structural reliance creates persistent challenges for affordability, economic competitiveness, and fiscal stability. Unlike their counterparts in many other states, Connecticut municipalities have limited access to revenue sources that grow with economic activity. As a result, even modest increases in service demands or infrastructure costs are often reflected in higher property taxes.

Across the United States, it is common for municipalities to benefit from taxes on prepared meals. In some states, this occurs through local-option meals or similar taxes that are levied and retained at the local level. In others, states share portions of a meals tax or other consumption-based revenues with municipalities through established revenue-sharing frameworks. Taken together, these approaches reflect a broad national pattern: local governments are typically allowed to participate in the revenue generated by restaurant and tourism-related economic activity.

The bill would bring Connecticut into alignment with this practice while also strengthening the connection between local economic activity and local fiscal capacity. By allowing municipalities to share in the revenue generated by the businesses and destinations they support, this approach creates a more balanced and responsive system of public finance. Without municipal access to other revenue sources, the property tax will remain the mechanism for funding nearly all local needs in Connecticut, regardless of its well-documented structural issues. Providing modest local revenue diversification, as this bill would do, will not, on its own, resolve all these issues, but it represents a pragmatic and effective step toward reducing long-term pressure on the property tax.

The bill also directs a substantial portion of the meals tax—approximately \$50 million annually—to the Tourism Fund. Tourism promotion plays an important role in supporting Connecticut's economy, and continued investment in this area is appropriate. At the same time, this level of funding represents a sharp increase relative to recent spending. By contrast, the fiscal challenges facing municipalities—particularly the state's longstanding reliance on the property tax—are well documented and far more substantial in scale. In this context, your Committee may wish to consider whether the proposed distribution 50-50 distribution appropriately reflects relative need and potential impact.

In closing, WestCOG supports the bill's municipal revenue-sharing framework as a positive step toward rebalancing Connecticut's local fiscal structure. Aligning municipal revenue with economic activity is essential if the state is to reduce its exceptional reliance on the property tax and improve long-term affordability.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Francis Pickering". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Francis R. Pickering  
Executive Director