



**Center for the Study of Economics – [www.urbantools.org](http://www.urbantools.org)  
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Summary: the Mayor’s Office of New Haven, Connecticut asked the Center for the Study of Economics to examine the assessment roll of the city to determine if Land Value Taxation could be usefully enacted in a revenue-neutral (to the city) application. To illustrate the impact, we used the full value, not phase-in values. To present a rational illustration, the Center also allocated a certain percentage of land value to condominiums, which – in an option permitted by the state – does not ascribe land values on the assessment rolls.

We found that except for vacant land, most land uses and classes would benefit from a land value tax, especially rental properties, industrial and commercial properties. Our findings, using the data provided, could not distinguish between abandoned/blighted properties and absentee-owned properties.

The Center believes that LVT may be a viable option for New Haven. We can make a more assertive conclusion one way or another if the issues raised are addressed in either a meeting with the Assessor, or with the provision of “deeper” data, such as blighted property inventories, etc.

Therefore, the Center asked that the parameters of the study be extended.

New Haven, Connecticut: Is a Land Value Tax Worth Supporting?

March, 2008

The Center for the Study of Economics (CSE) is a 501 (c) 3 non-profit educational foundation. We were established in 1980 as the sister organization of the Henry George Foundation of America (HGFA) a 501 (c) 4 established in 1926. Our mission is to research land value taxation, to assist governments in implementation and to study the effect of land based property taxation where used. We suggest implementation where appropriate but do not support political candidates or become involved in the electoral process.

The Center also gathers and disseminates articles, studies and monographs on the subject of land based taxation<sup>1</sup>. The Center believes that taxation of labor and capital in urban areas is one the driving forces to the contraction and decay of our cities.

CSE researches the taxation of land values as it effects the jurisdictions as a whole, and parcel by parcel. We measure and analyze revenue streams and the outcomes of tax shifting. We are not assessors or planners. When we see a problem with the accuracy of real property values, we recommend changes when values are unlike within class and jurisdictions. We have implemented our program when values are consistently inaccurate across the board, usually a situation requiring equalization, but not a mass reappraisal.

The city of New Haven Connecticut has a storied history that rises and falls with analog swells in the history of American economics: fishing, whaling, seaport, college town, industrial hub, and finally post-industrial obsolescence.

In that time, the population and the wealth of that city rose to the heights and then shriveled. From a high of 164,000 in 1950, the 2005 population has declined to 125,000, a decline of 32.5%. Worse, the population's poverty has grown, with 24.4% of the population currently under the poverty level, compared to 7.6% of the state. As ominous are homeownership rates: for a state and county average of around 69.5%<sup>1</sup>, New Haven city has a rate of 29.6%<sup>2</sup>.

Income clearly lags in New Haven as well: the surrounding county has an annual median household income of \$52,591 but the city of New Haven itself is only \$29,604.

Clearly, New Haven, situated in the middle of one of the richest states in the US, standing athwart one of the most connected transportation corridors on the East Coast, is suffering. Why?

### **One Cause: Too high taxes on labor and capital**

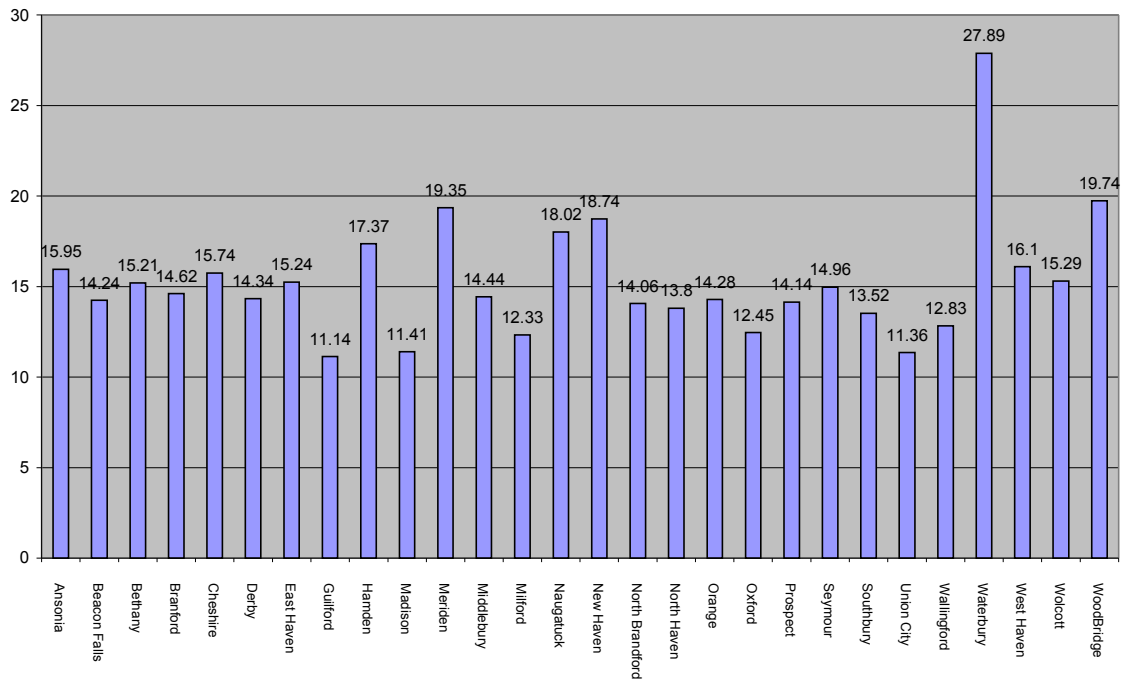
Ironically, the surrounding towns: Milford, Branford, Ansonia etc. - synonymous with comfortable homes and wealth - have low property tax rates compared with relatively poor New Haven. Indeed, New Haven, a city filled with people who have little income has the 12th highest effective property tax rate in Connecticut (See Appendix 1). If it were not for struggling towns such as Meriden and Waterbury, New Haven would have the highest rate in the immediate area:

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<sup>1</sup> <http://www.freddiemac.com/corporate/about/pdf/Connecticut.pdf>

<sup>2</sup> <http://www.chfa.org/mainPages/NewHaven.pdf>

Equalized Mill Rates FY06 New Haven County



Relocation experts, businesses searching for locations and others who study locational benefits to choose optimal sites, often cite high tax rates, perceived danger from crime, bad schools and declining services as reasons to choose one town over another. Homeowners often make the same choices and investigations, albeit with less sophistication.

High tax rates on real property are as bad as taxation on wages, sales, or other activity, at least in one aspect: the tax on buildings. Taxation of buildings is essentially a direct tax on investment, work, and capital. When those things are taxed, it is axiomatic that less of that commodity is produced.

It is not within the scope of this survey to explain why this is so, but no reputable economist – much less a prospective homeowner or business person – would place their dollars in a situation where one government can take more than another government (New Haven vs. Guilford, say).

This fact on the ground is a main reason why local governments everywhere resort to bribery (tax abatements and incentives) or threats (the classic *Kelo v. New London*) to encourage outside entities to locate inside city limits.

## Create a “User Fee” for land and reduce taxes?

The land value tax (LVT) has recently been mooted as a sensible way to reduce this economic drag on towns – what the economists call “deadweight loss<sup>3</sup>” – on New Haven. This vacuum of development has been filled to some degree by Yale University, but as the city well knows, that means land and buildings removed from the tax rolls.

What is LVT? Land Value Taxation (also known as split-rate real property taxation, and two-tiered real property taxation) is a type of real property taxation. Whereas the typical real property tax taxes both land and the improvements on the land at the same rate, land value taxation taxes land at a higher rate while simultaneously reducing, or even eliminating, the tax on improvements.

For example, Clairton in Allegheny County, Pennsylvania has a tax rate of 103 mills on land and 4.32 mills on buildings rather than 29.5 mills on both (City and School District combined).

Land value taxation (LVT), or site value taxation, is a tax that charges landholders a portion of the unimproved value of a site or parcel of land. Land, in the broadest sense as defined by economists is not simply the ground under one's feet. Land also encompasses air, sea, natural resources, the broadcast radio spectrum and all other items of value not created by humanity.

For the purposes of this report, LVT is very much like our Wikipedia entry:

*“Land value taxation (LVT), or site value taxation, is a tax that charges landholders a portion of the unimproved value of a site or parcel of land.*

*LVT is a special form of property tax. There are three species of property: land, improvements to land (immovable man-made things) and personal property (movable things).*

*LVT is an ad valorem tax where only the value of land is taxed, ignoring improvements to the land (e.g., houses, factories, ...) and personal property (e.g., cars, furnishings, ...). This is different from other property taxes which generally tend to fall on real estate--the combination of land and improvements to land.*

Taxing land values can be a major tool for strengthening urban economies, reducing taxes for productive taxpayers and complementing planning solutions. Conversely, a tax on land values may serve as a particular revenue source or funding tool for a perceived social or fiscal need.

For the former, the city of Pittsburgh still serves as a prime example of what land value tax (LVT) should achieve, with optimum systems of a good assessment and a wide base of tax incidence on land<sup>4</sup>. This is the case in that city in the 1920s and 1930s. The latter application of LVT - after the heyday of municipal property taxation - is conceded by

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<sup>3</sup> In economics, a deadweight loss is a loss of economic efficiency that can occur when equilibrium for a good or service is not optimal. When the “product” is New Haven, deadweight loss may be the “excess burden of taxation”.

most authorities to still have been a success<sup>3</sup> even in the face of bad assessments and diluted tax incidence on land<sup>1</sup>.

Today, the city of Harrisburg and its long-time Mayor Stephen Reed credit LVT with being a major tool in the fiscal and demographic turnaround of a city with few apparent resources in human capital or geographic location. The City of Harrisburg taxes land at six times the rate of buildings.

For the latter, LVT can serve as an unobtrusive revenue measure for central business district<sup>4</sup> or as a funding mechanism for a particular capital project, such as a highway interchange for the construction of a railway system. For example, the Pittsburgh Downtown Improvement District funds itself by a tax of .0412%.<sup>4</sup>

The ethical, economic and smart way to fund city revenues can be tied into the direct effect of city services: land values. When a city like Greenwich provides gold-plated schools, parks and infrastructure, land values increase. Other creators of land value are geographic location. New Haven has advantages that few cities share: a deep-water port, national highway and rail networks, which all converge at Long Island Sound.

These natural site values and government-created land values should be considered a revenue resource that can pay for many - and likely most - city functions. This resource can pay for the reduction in taxes on what New Haven wants: thriving neighborhoods and business at no revenue loss to the city. This is one reason why the National Association of Homebuilders recently recommended LVT as a solution to providing good housing at affordable cost<sup>5</sup>.

## LVT Outcomes

If LVT were to be implemented in New Haven, it must first be studied. Usually, the Center for the Study of Economics examines the big picture of the data. If interest is raised, the Center then performs “drill down” studies that predict revenue outcomes on a parcel by parcel basis, with appropriate tables and mapping.

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<sup>4</sup> [1 http://s3.amazonaws.com/hgfa/m/pdfs/willi.004.pdf](http://s3.amazonaws.com/hgfa/m/pdfs/willi.004.pdf)

[2 http://www.lincolnst.edu/subcenters/valuation\\_taxation/dl/oates\\_schwab.pdf](http://www.lincolnst.edu/subcenters/valuation_taxation/dl/oates_schwab.pdf)

[3 http://www.buec.udel.edu/craige/nta\\_lvt.htm](http://www.buec.udel.edu/craige/nta_lvt.htm)

[4 http://legistar.city.pittsburgh.pa.us/attachments/4301.DOC](http://legistar.city.pittsburgh.pa.us/attachments/4301.DOC)

<sup>5</sup> <http://www.nahb.org/generic.aspx?sectionID=1292&genericContentID=91006>

pp 149-154 of this massive report.

Since legislation that could permit New Haven to use the land value tax as an alternative to the traditional property tax has not yet passed the Governor's desk (see Appendix 2, past legislation), this information could be used to help the New Haven Mayor's Office ask for permissive option legislation.

These are the outcomes of LVT if implemented with the Grand List provided by the Mayor's Office. This is an executive summary.

There are caveats to the data, which may be easily resolved with the permission of the city:

1. About 3,514 condominium units have no ascribed or assessed land value. I would strongly suggest that either the land value for each condominium unit be derived from the value of the condominium association's common areas, or land value be taken from the condominium unit building value, where common areas cannot be properly identified and have not been properly parsed. At the suggestion of Ted Gwartney, the City Assessor of Greenwich, I have taken the assessed value of the condo units and split 25% into land value (the usual allocation is between 25% and 30%). There is no legal requirement in Connecticut to value a condominium as "building value" only. It is simply an option that can be changed at any time. Indeed, in a city of poor and working homeowners, ascribing no land value to condominium units permits greater depreciation of the unit under the Federal Tax Code, as land values are not depreciated under law<sup>6</sup>.
2. Transitional or phase-in values were not used. To pursue both LVT and the phase-in schedules, we would need to consult with the City Assessor.
3. A few residential parcels have very high ratios of building value to land value. For example, 40 Austin Street is listed as residential valued at \$2.5 million but it surely is not. Ergo, there are some outliers that skew the total outcomes somewhat.
4. There is no reliable way to discern from the data the state or amount of abandoned buildings. Certainly, there are many vacant commercial properties in sub-standard shape that would likely pay more under LVT. The Center needs to have the capacity to remove blighted/abandoned structures from the residential mix.

That being said, LVT, even under current assessment conditions would not onerously impact the middle and lower income housing stock of New Haven, which is of course the most at-risk sector.

To conclude, it is my opinion that LVT can be pursued as a smart to enhance development and redevelopment inside the city limits of New Haven, Connecticut without blowing a hole in the city budget, giving away preferential tax treatment to some, and using the police power of the state for others. LVT will not be a burden to the working neighborhoods. LVT will present an incentive for the development of the at least 1,590 vacant parcels - not counting commercial parking lots - likely owned by mostly absentee owners.

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<sup>6</sup> <http://www.irs.gov/publications/p946/ch01.html#d0e709>

## Summaries: Application of LVT

Short term means: what if the city of New Haven adopted differential tax rates on land and buildings, following the Pennsylvania model? With a current rate gathered from the Tax Collector's page<sup>7</sup> (NOT the statutory) tax rate of 31.75, we'd follow that model by reducing the tax rate on buildings by 25%. This has been the experience of most of the Pennsylvania cities. A shift greater than 25% causes objections from those property owners that see increased liability. A shift less than 20% has little economic effect on savers OR payers.

*A land tax rate of 52.27788 on land values and a tax rate of 23.8125 on buildings would bring in the same revenue as the old flat tax rate. These mill rates would increase the revenue garnered from land from 27.4% to 45.55%*

These tax rates were picked so as to provide a revenue picture that is lower than the full-value assessments would suggest, but higher than the effective annual tax rate.

What is presented is a range for study. The actual numbers based on the budgetary requirements will be different.

City-wide most parcels would see a tax decrease. Most classes would benefit, as the class revenue outcomes are presented. (see Appendix 3).

### How the Study was Constructed

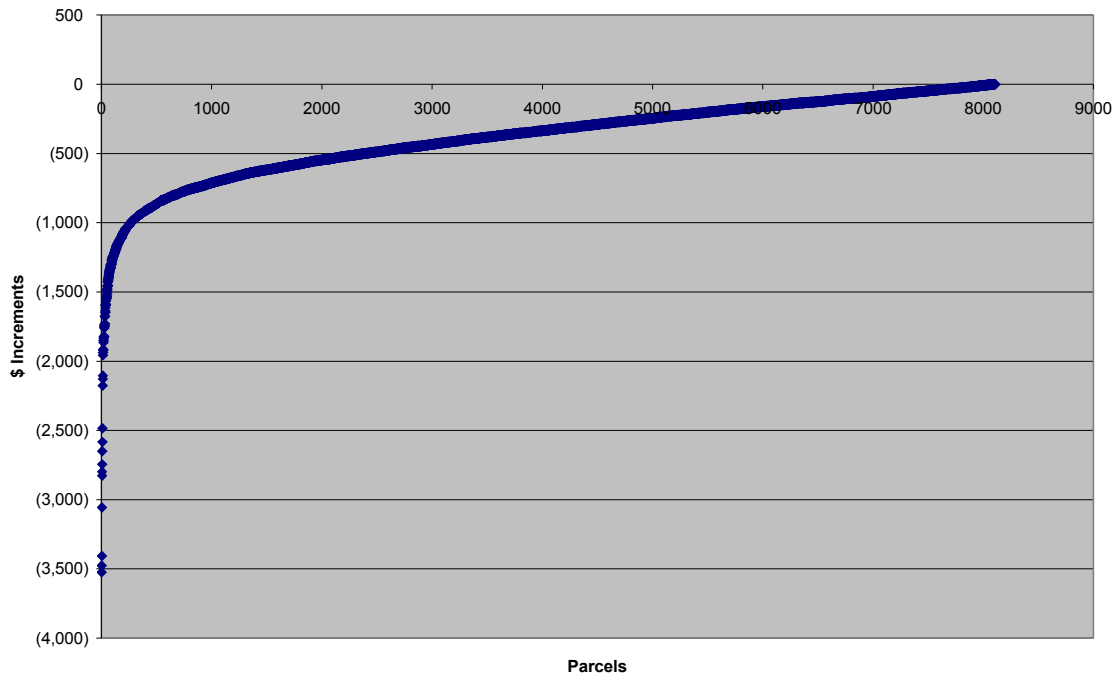
The first order of business is to determine how many properties would save and how many would pay more with two-rate. This is done by determining the building-to-land ratio (B: L) of New Haven. By dividing the assessed value of improvements by the assessed value of land, a ratio of 2.6493:1 is derived. Simply, any parcel with a B: L above 2.6493:1 would save on their property taxes. Conversely, a ratio of less than 2.6493:1 would pay.

Of all **residential properties not vacant**, 8,113 saw some reduced tax liability (\$0.01 to and down), while 9,169 saw added liability (\$0.01 and up). If the Center can get data showing abandoned condemned residential units, we would remove them from the "pay more" ledger. Scatter sheets showing savers and then payers are included:

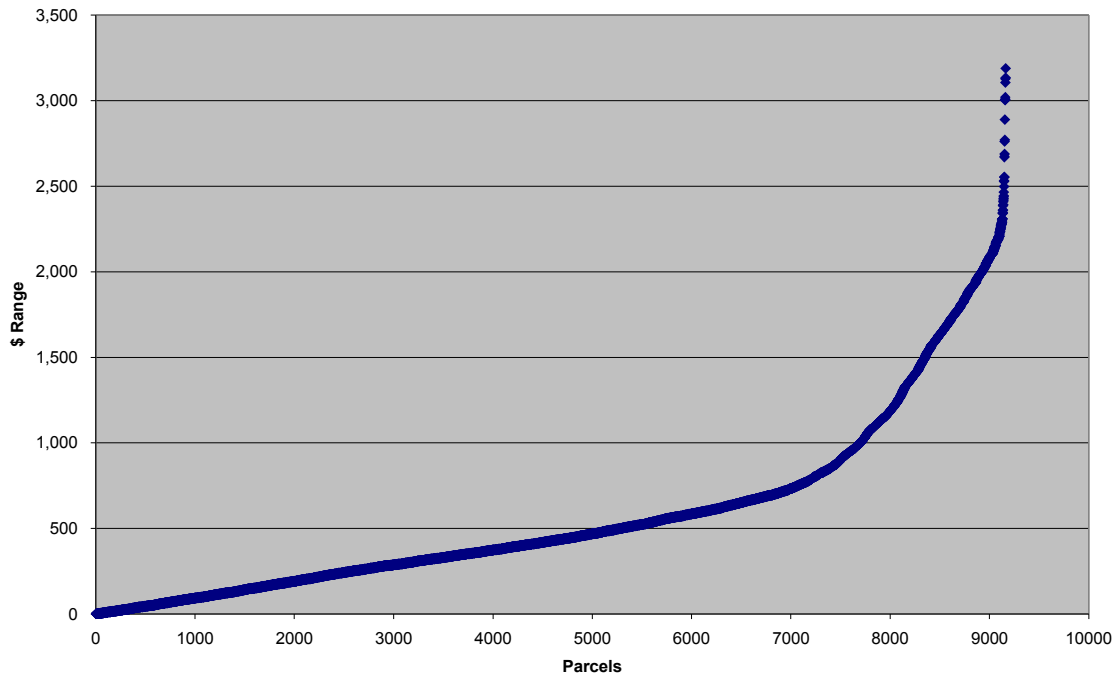
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<sup>7</sup> <http://www.cityofnewhaven.com/TaxCollector/FAQEnglish.asp>

Dollar Ranges: LVT Savers New Haven



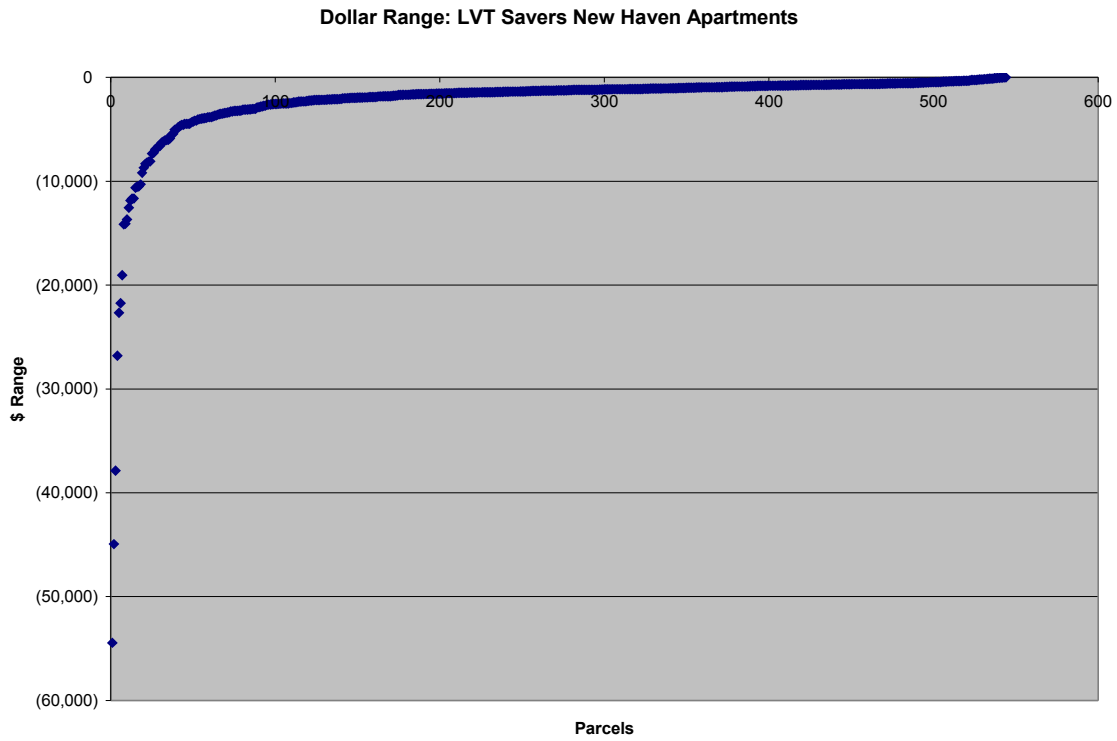
Dollar Range: LVT Pay More New Haven Res



Clearly, the greatest number of savers and payers falls within a range of between \$0 and about \$400 a year both ways (reductions and increases (9,102 parcels out of 17,281)<sup>8</sup>.

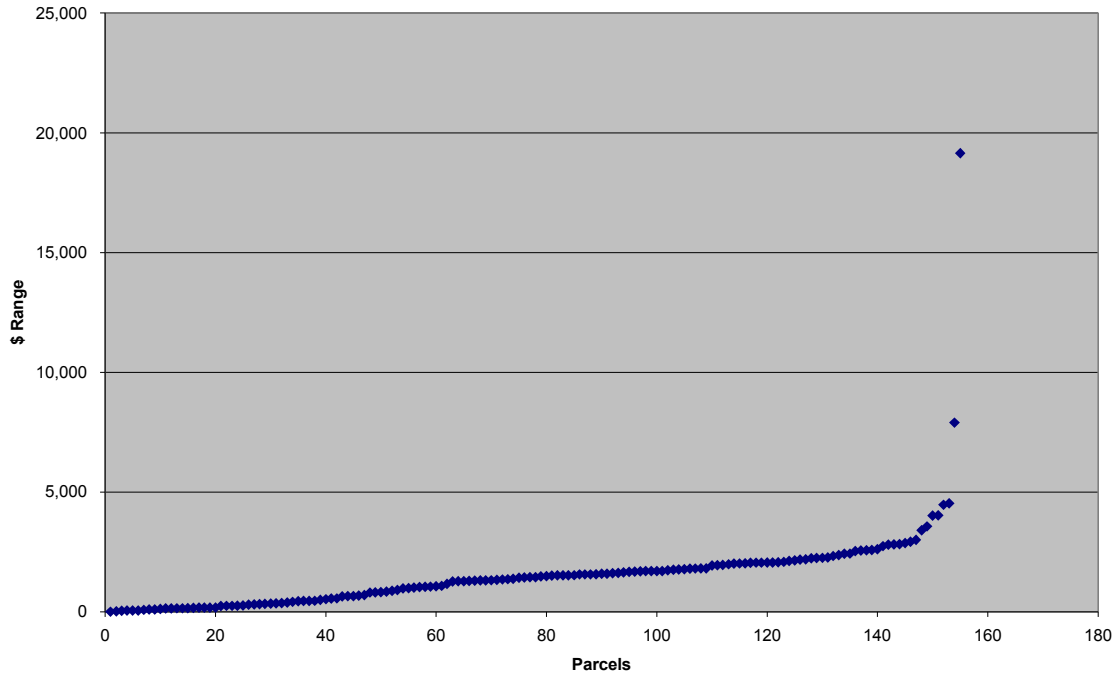
## APARTMENTS

Apartments are clear winners, as we would expect under LVT: 544 parcels (or 78%) save and 155 (or 22% pay).



<sup>8</sup> For clarity's sake, 10 parcels five at each end of the ranges were removed. They are in the spreadsheet.

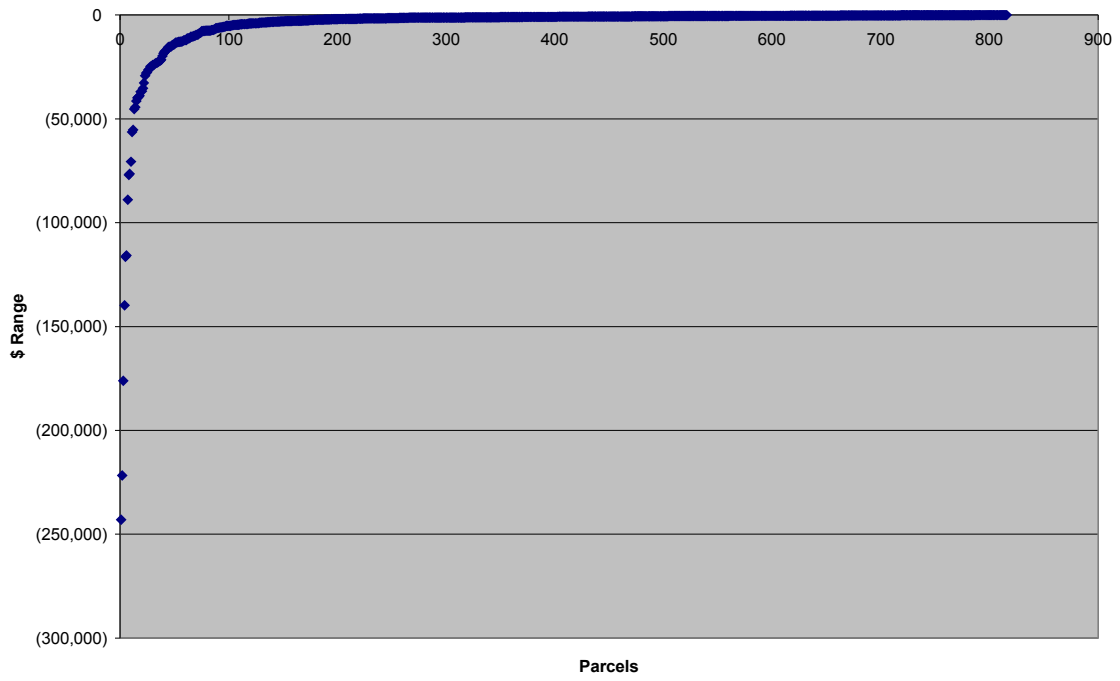
Dollar Range: LVT Pay More New Haven Apartments



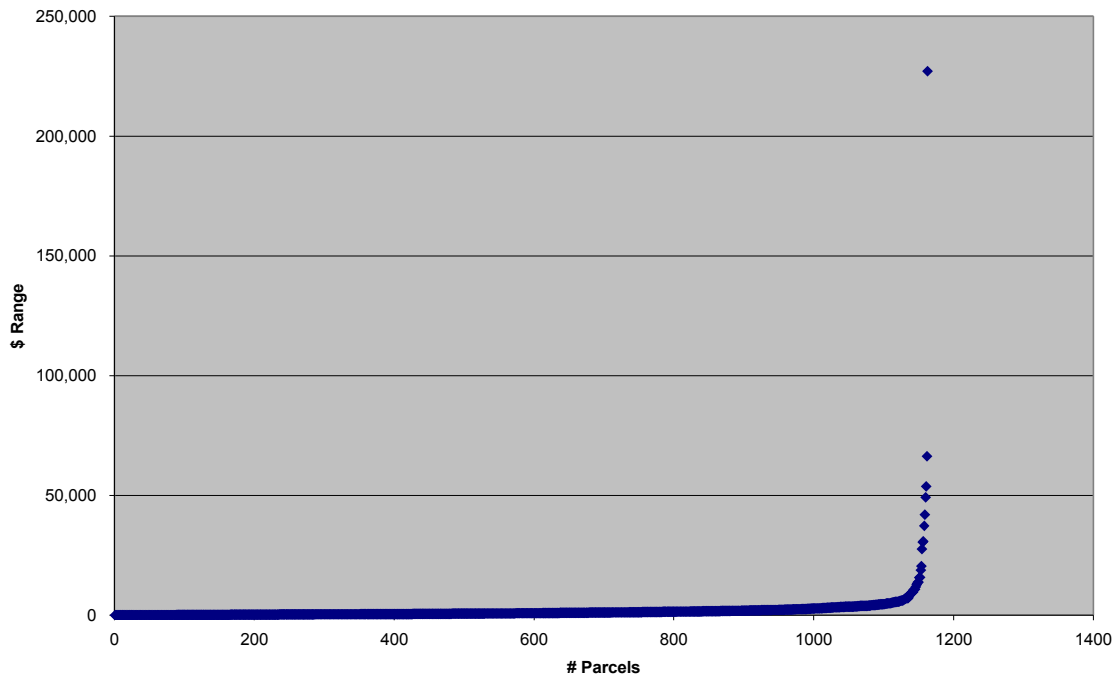
## COMMERCIAL

For commercial properties 816 save, 813 pay, and 350 are vacant. There with no way with the data to determine if they serve as income-producers. The dollar changes with our hypothetical LVT are represented by these graphs:

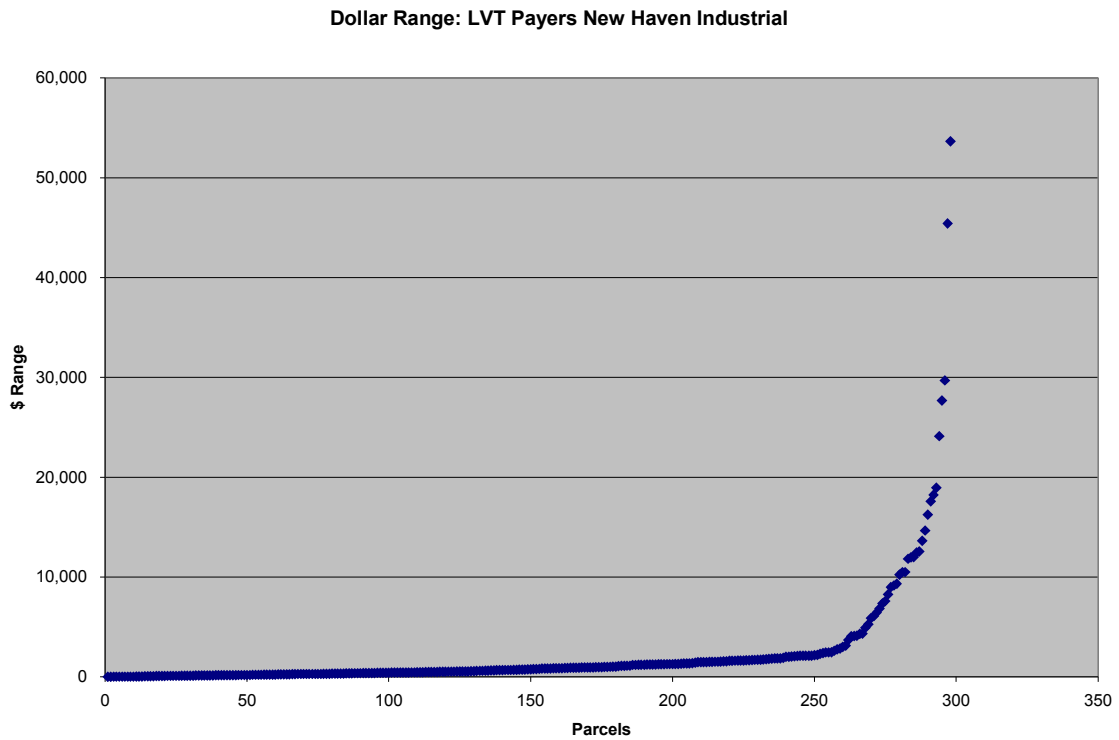
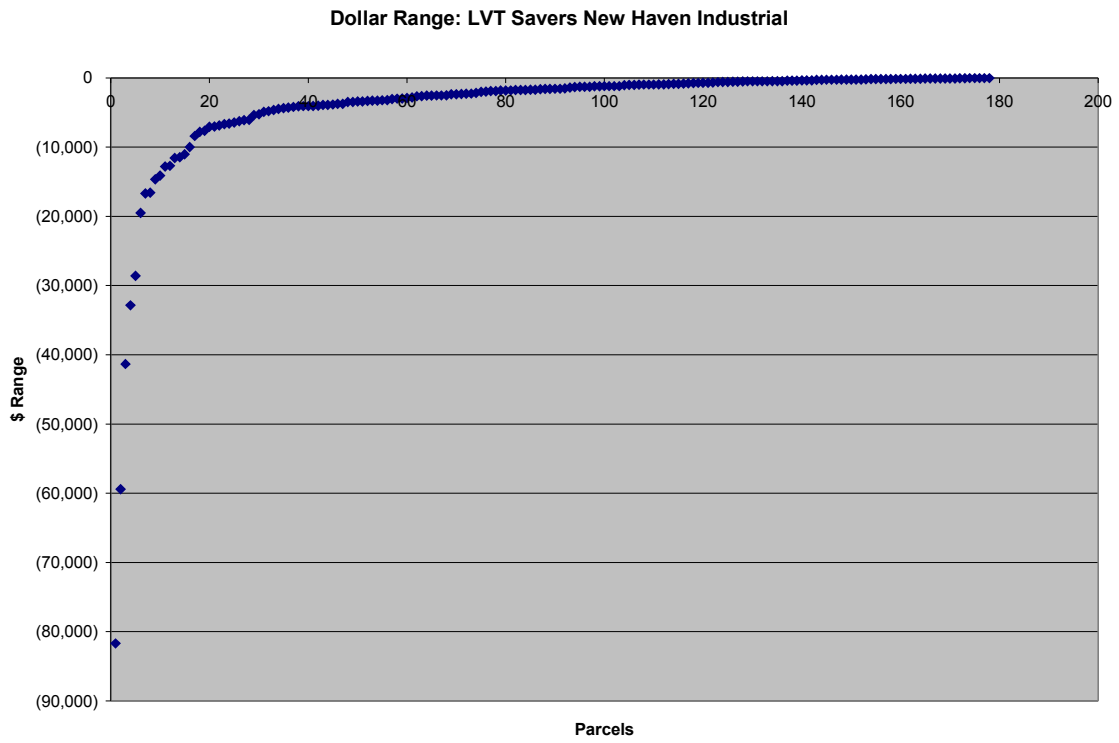
Dollar Range: LVT Savers Commercial New Haven



Dollar Range: LVT Pay More Commercial New Haven



Industrial properties fare similarly: 178 save, 179 Pay and 119 are vacant.



CONDDOMINIUMS

Unfortunately for the purposes of this initial study, land values are readily ascribed to condo properties. The Center understands this is common practice, especially in New England states, but we must assert this is inherently unfair, with or without LVT, for the reasons described above. *We would ask that this matter be followed up in consultation with HGFA Board President, Mr. Gwartney of Greenwich and the New Haven Assessors' Department.*

For the purposes of this study the Center ascribed 25% of condo unit value to land value. Therefore, all units (3,513) save slightly. Given that they are likely newer and better construction; we think it proper, at least at this point in the research process. Alternatively, if we are able to meet or otherwise communicate with the New Haven Assessor, we could clarify our views on land value and condominiums.

#### Conclusions and Recommendations:

1. The City of New Haven should attempt to get the local option for LVT, with no mandate for using it.
2. The New Haven Assessor would be open to discuss ascribing land values to condominiums in the interest of fairness as well as making LVT easier.
3. The appropriate agency should provide CSE an inventory of blighted/abandoned residential properties to fine tune the study.
4. The city could request more study using the phase-in values, for a more “real time” revenue outcome.
5. The city should support a planned seminar on LVT for the CCM conference in 2008.

#### Future uses of LVT

1. Implement further revenue tax increases with land values only, rather than changing the traditional tax structure that currently exists.
2. Structure PILOT programs for the University and other non-profit entities to fall on the assessed value of land. This option will encourage denser construction, with fewer parking lots.
3. Structure BIDS and other improvement districts to be assessed on land value, rather than sales or other measures of business volume. This puts the onus of expense for those who contribute most to the decline of an area needing maintenance (vacant lots).
4. A higher parking tax on commercial flattop lots.

5. Appendix 1: Equalized Tax Rates Millages for Connecticut Municipalities FY06

Municipality	Equalized Mill Rates FY06
GREENWICH	4.72
WASHINGTON	6.38
SALISBURY	6.76
DARIEN	7.05
PUTNAM	7.35
NEW CANAAN	7.51
SHARON	7.74
LYME	7.79
ROXBURY	8.14
OLD SAYBROOK	8.26
WESTPORT	8.57
KENT	8.58
SHERMAN	8.72
WARREN	8.78
BRIDGEWATER	8.99
CORNWALL	9.24
ESSEX	9.25
LISBON	9.56
WESTBROOK	9.71
GROTON	9.75
STONINGTON	9.86
STAMFORD	10.01
GOSHEN	10.21
FAIRFIELD	10.48
SHELTON	10.63
WATERFORD	10.70
WOODSTOCK	10.77
THOMPSON	11.07
GUILFORD	11.14
UNION	11.36
MADISON	11.41
WILTON	11.42
BETHLEHEM	11.56
OLD LYME	11.63
WOODBURY	11.71
KILLINGLY	11.76
REDDING	11.78
DANBURY	11.79
EAST LYME	11.80
BOZRAH	11.85
GRISWOLD	11.97
BROOKFIELD	11.98
RIDGEFIELD	12.02
WATERTOWN	12.10
NORTH CANAAN	12.13
LITCHFIELD	12.21
VOLUNTOWN	12.25
MILFORD	12.33
NEW MILFORD	12.41

OXFORD	12.45
CLINTON	12.50
DEEP RIVER	12.52
POMFRET	12.67
PRESTON	12.77
STERLING	12.77
CHESTER	12.77
PLAINFIELD	12.77
WALLINGFORD	12.83
NORTH STONINGTON	13.09
LEBANON	13.10
WESTON	13.24
NORWALK	13.24
FARMINGTON	13.30
NEW FAIRFIELD	13.30
WINDSOR LOCKS	13.45
SOUTHBURY	13.52
MONROE	13.53
NORFOLK	13.56
EAST HADDAM	13.57
EASTON	13.62
HARWINTON	13.67
BETHEL	13.68
FRANKLIN	13.69
NORTH HAVEN	13.80
TRUMBULL	13.85
AVON	13.89
MORRIS	13.94
NEWTOWN	13.99
KILLINGWORTH	14.03
COLUMBIA	14.03
NORTH BRANFORD	14.06
SOUTHINGTON	14.08
BROOKLYN	14.10
PROSPECT	14.14
SOMERS	14.15
CANAAN	14.19
NORWICH	14.20
BEACON FALLS	14.24
ORANGE	14.28
DERBY	14.34
HARTLAND	14.38
SUFFIELD	14.43
MIDDLEBURY	14.44
CANTERBURY	14.46
MONTVILLE	14.51
BRANFORD	14.62
EASTFORD	14.76
EAST WINDSOR	14.79
WILLINGTON	14.85
SEYMOUR	14.96
MIDDLEFIELD	14.97

BARKHAMSTED	15.02
ROCKY HILL	15.07
EAST HAMPTON	15.14
BETHANY	15.21
EAST HAVEN	15.24
NEW HARTFORD	15.29
WOLCOTT	15.29
LEDYARD	15.35
ANSONIA	15.40
MANSFIELD	15.48
HADDAM	15.49
BERLIN	15.62
COLEBROOK	15.68
NEW LONDON	15.71
CHESHIRE	15.74
SALEM	15.74
SPRAGUE	15.74
ELLINGTON	15.76
EAST GRANBY	15.92
CANTON	15.93
COLCHESTER	15.93
ANDOVER	15.95
BURLINGTON	15.99
NEWINGTON	16.01
WEST HAVEN	16.10
STAFFORD	16.20
MIDDLETOWN	16.23
MARLBOROUGH	16.42
PLAINVILLE	16.43
CROMWELL	16.49
ENFIELD	16.72
WETHERSFIELD	16.88
GLASTONBURY	16.95
BRISTOL	17.00
HAMPTON	17.06
WINDHAM	17.09
DURHAM	17.17
HEBRON	17.18
THOMASTON	17.19
HAMDEN	17.37
WINDSOR	17.66
CHAPLIN	17.74
SCOTLAND	17.83
VERNON	17.90
ASHFORD	17.92
BOLTON	17.93
WINCHESTER	17.94
PORTLAND	17.97
NAUGATUCK	18.02
MANCHESTER	18.14
SOUTH WINDSOR	18.21
COVENTRY	18.25

WEST HARTFORD	18.39
TORRINGTON	18.44
STRATFORD	18.46
GRANBY	18.64
NEW HAVEN	18.74
SIMSBURY	18.74
TOLLAND	19.13
MERIDEN	19.35
PLYMOUTH	19.72
WOODBIDGE	19.74
BRIDGEPORT	19.93
BLOOMFIELD	20.55
EAST HARTFORD	22.23
NEW BRITAIN	23.04
HARTFORD	24.71
WATERBURY	27.89

Appendix 2 support for SB977 2005

**Testimony for house and Senate LVT Bills, 2/23/05**

**Connecticut conference on Municipalities**

CCM also supports Senate Bill 977, authorizing state separate rates of taxation for real estate.

It could be a great benefit to our larger municipalities, and we think that it's a proposal well worth your consideration. Thank you.

**Connecticut Home Builders Association**

My name is Bill Ethier. I am the Executive Vice President, General Council of the Home Builders Association of Connecticut.

"Lastly, we would support the remaining three sections of the bill. The land value taxation, we think is a good idea that some communities can use to encourage development, in certain areas."

**Mayor Eddie Perez, Hartford**

"These bills before you will provide municipalities with enabling legislation to employ a land value tax, as an additional tool in our tool belt to manage developments in our city.

Currently, the City of Hartford and other municipalities across the state lose a significant amount of revenue to under-developed land and vacant lots when those lots are paved over and used as parking facilities.

In short, when someone holds a profitable parcel of property rather than developing it, the tax code rewards this activity.

By correcting this problem with a land value tax, the state will create a more equitable system where all businesses pay their fair share of property taxes, not just the ones that have buildings and improvements located on them.

At the same time, by increasing the tax, at the same time, increasing the tax base through a land value tax system, homeowners will also benefit from lower property taxes.

Third, this system will also promote the development of downtown land, by making the current profitable practice of holding land as parking lots obsolete.

In short, it is good for business, it's good for economic development, it's good for homeowners and, therefore, it's good for cities.

By adopting land use tax licenses, such as in Senate Bill 977 and Senate Bill 5892, you would give municipalities the option of dealing with this important issue at the local level.

I hope you will join me in supporting these two pieces of legislation and I thank you, for the opportunity to come before you."

## **REPORT ON BILLS FAVORABLY REPORTED BY COMMITTEE**

**COMMITTEE: Planning and Development Committee**

**File No.:** 5265

**Bill No.:** SB-977

**PH Date:** 2/23/2005

**Action/Date:** 4/1/05

**Reference Change:** To The Floor 4/1/05

### **TITLE OF BILL:**

AN ACT AUTHORIZING SEPARATE RATES OF TAXATION FOR REAL ESTATE.

### **SPONSORS OF BILL:**

Planning & Development Committee

### **REASONS FOR BILL:**

To authorize split rate taxation in municipalities with a population of more than one hundred thousand.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

**Greater Hartford Interfaith Coalition for Equity and Justice and  
Hartford Mayor Eddie Perez**

**NATURE AND SOURCES OF SUPPORT:**

**The Greater Hartford Interfaith Coalition** strongly supports the passage of SB 977. The bill calls for the creation of enabling legislation for urban centers to institute a Land Value Tax.

We would urge the members of the committee to lower the population threshold in order for mid-size communities like New Britain, New London and Norwich to be able to take advantage of this necessary redevelopment tool.

We feel that the Land Value Tax encourages redevelopment and efficient use of urban land. The LVT would begin to penalize land speculation through providing strong incentive for land speculation through providing strong incentive for land speculators to sell or develop, thereby moving re-development initiatives of urban centers forward.

**Mayor Eddie A. Perez – City of Hartford** – SB977 and HB5892, (AAC Authorizing Separate Rates of Taxation For Real Estate & Concerning Community Preservation) will provide municipalities with the enabling legislation to employ a land value tax. The City of Hartford as well as other municipalities across the State lose a great amount of revenue for undeveloped land and vacant lots when such lots are paved over and used as parking facilities. By correcting this problem with a land value tax, the state will create a more equitable system where all businesses pay their fair share of property tax (not only those located in buildings).

Adopting land use tax legislation would allow municipalities the option of dealing with this important issue. I therefore hope you will join with me in support of SB997 and HB5892.

**NATURE AND SOURCES OF OPPOSITION:**

**Eric J. Brown – Associate Counsel – Connecticut Business & Industry Association**

CBIA have always had concerns over the lack of careful analysis of the impact that this approach may have on the property tax system in Connecticut.

CBIA have always opposed classification schemes which place different rates on different types of property. At any rate, if given more evidence of the positive effects that land value taxation could have here, CBIA might be persuaded to support such legislation.

Without serious analysis, however, we cannot support this bill.

Gloria L. Johnson      April 7, 2005

\_\_\_\_\_  
Reported by

\_\_\_\_\_  
Date

Appendix 3

<b>New Haven</b>		
<b>Save</b>	<b>13,168</b>	52.46%
<b>Pay</b>	<b>10,252</b>	40.85%
<b>Vacant</b>	<b>1,679</b>	6.69%
	<b>25,099</b>	100.00%

<b>LVT New Haven</b>						
<b>Land Tax Rate</b>	<b>Bldg Tax Rate</b>	<b>Land Revenue</b>	<b>Bldg Revenue</b>	<b>Total Revenue</b>	<b>% From Land</b>	<b>% From Bldg</b>
3.17000%	3.17500%	49,925,125	132,264,249	182,189,374	27.40%	72.60%
5.27788%	2.38125%	82,991,783	99,198,187	182,189,970	45.55%	54.45%

Use	Tax Now	TaxLVT	\$ Diff	% Diff
Vacant	2,302,923	3,828,205	1,525,282	66.23%
Industrial	11,287,542	11,269,624	-17,918	-0.16%
Condominiums	\$14,290,922	\$13,956,986	-\$333,935	-2.34%
Commercial	\$41,201,190	\$39,843,380	-\$1,357,809	-3.30%
Apartments.	\$17,366,717	\$16,382,266	-\$984,451	-5.67%
Residential	\$95,941,892	\$98,090,846	\$2,148,954	2.24%