NEW HAVEN REVENUE COMMISSION

FINAL REPORT

TO THE

BOARD OF ALDERMEN

February 4, 1985
February 4, 1985

Board of Aldermen
City of New Haven
Hall of Records
200 Orange Street
New Haven, CT 06510

Dear Honorable Board Members:

Enclosed please find the final report of the Revenue Commission.

By submitting this report tonight, the Revenue Commission dissolves itself. However, there are several minor addenda which will follow forthwith.

The commissioners look forward to meeting with Board of Aldermen members to discuss the legislative initiatives advanced within the enclosed report.

Sincerely,

Jack Millet, Chairman
Anne Schmalz, Vice-Chairwoman
Richard Wolff, Secretary
Charles H. Allen, III
Luisa DeLauro
Jonathan J. Einhorn
J. Michael Eisner
Barbara Ellinghaus
Anthony Gambardella
Steven G. Mednick
NEW HAVEN REVENUE COMMISSION

FINAL REPORT

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NEW HAVEN REVENUE COMMISSION

FINAL REPORT

PART ONE

Over the life of the Revenue Commission, a few basic elements relating to the generation of income for the city have become clear.

First, New Haven taxpayers are burdened with a subsidization of tax exempt entities which are of only partial benefit to the city. New Haven is indeed fortunate to have Yale University, Yale-New Haven Hospital, the Hospital of St. Raphael and the Southern Connecticut State University woven into its corporate fabric. However, city property taxpayers clearly pay for the privilege. The land under those institutions will never be used for private, revenue-producing development while the city will always be required to provide municipal services to them as it does all citizens. Moreover, city residents form a relatively small percentage of the consumers of the products of these tax exempt entities, but they are not compensated for their subsidy of them by users of those same institutions who live outside the city.

The four largest exempt institutions have recognized this imbalance and have worked with the City of New Haven to obtain State relief through the enactment of the payment in lieu of taxes program (PILOT). The State of Connecticut, Yale University, Yale-New Haven Hospital and the Hospital of St. Raphael have worked together to
develop PILOT to compensate the city in two major areas: tax loss on state property and tax loss on property owned by the major tax exempt institutions. These payments are far lower than their private, profit-making or residential counterparts are required to make but an important factor here is that these entities have: 1) recognized the fiscal imbalance between themselves and the city; and, 2) have taken action to begin to redress the revenue loss. However, that action falls short of what is needed to correct the imbalance.

Second, the magnitude of New Haven's lost revenue potential is virtually unknown because assessment procedures are seriously incomplete. Not only do we have incomplete information on the value of tax-exempt institutions' real and personal property and the State of Connecticut's real and personal property (except to say they are more than likely grossly undervalued), we have no idea what the values are of the exempted personal property of the Southern New England Telephone Company and similarly exempted community antenna, cable, telegraph, railroad express and railroad car companies. If the rationale for the PILOT program is to offset the revenue loss of tax exemptions to the city's tax base, then not knowing the extent of that revenue loss is absurd.

Third, there are immediate and long-range strategies the Board of Aldermen can adopt to help alleviate the imbalance and fill in the information gaps in the present system.
Fourth, the efforts of a citizen group like the Revenue
Commission ought to be made permanent.

As a result of our deliberations, the commission recommends that:

I. An aggressive lobbying effort be undertaken by the City of New
Haven in Hartford that is aimed at achieving certain goals:

A. Reform existing state laws.

1. Seek a systematic reform of tax exemptions specifically
   as they affect the revenue-raising capacity and tax
   base of municipalities such as New Haven and support
   the recommendation of the Connecticut Bipartisan
   Commission on State Tax Revenue and Related Fiscal
   Policy and the efforts of the Connecticut Conference on
   Municipalities to review all property tax exemption
   statutes and to recommend changes to the 1986 General
   Assembly.

2. Amend existing PILOT legislation to establish the joint
   responsibility of BOTH the State of Connecticut and
   Colleges, Universities and Hospitals to fund Payments
   in Lieu of Taxes, for example by means of the following
   two steps:

   a) Require that PILOT be set at 50 per cent of
      the "actual revenue lost" because of the tax
      exemptions now granted to Colleges,
      Universities and Hospitals. This proposal
assumes that the "actual revenue lost" will be calculated in full accordance with Conn. Gen. Stat. 12-109 as developed further in item III C below.

b) Set the responsibility of the State of Connecticut to provide at least 60 per cent of PILOT requirements; whatever the State of Connecticut did not provide would be the responsibility of the tax-exempts but only to a maximum of 40 per cent of PILOT requirements. [Thus, if the State provided 100 per cent of PILOT, the tax-exempt institutions would not have to pay anything.]

The point here is to encourage legislation to investigate alternative ways to secure this joint responsibility.

B. Enact new state laws.

1. Adopt enabling legislation to allow municipalities to charge for certain services delivered by the municipalities to tax exempt institutions (e.g. fire protection, and sidewalk and street repairs).

2. To tax all inventories.

3. To tax intangible personal property.
4. Adopt enabling legislation allowing municipalities the right to revoke certain categories of exemptions. The commission notes that such legislation was passed in New York State.

II Existing laws be enforced:

A. Attach payment-in-lieu-of-taxes requirements to land disposition agreements and planned development districts where they involve tax exemptions.

B. Place assessments of challenged properties on the taxable grand list aggressively (even though such action might be appealed).

Some examples where tax-exempt properties/institutions appear to be generating income for non-tax-exempt activities that do not appear to be directly related to tax-exempt purposes are: 1) the Yale University Computer Center which generates revenues by leasing computer time to a variety of private groups and individuals; 2) the hospitals' operation of gift shops; 3) the operation of the Yale golf course; and 4) the general use of tax-exempt facilities for income-generating commercial operations.

Additionally, the telephone companies' satellite, unregulated businesses should be examined to determine if they fall within existing state exemption categories.
C. Take an aggressive posture vis-à-vis tax exempts by way of proper assessments, reporting requirements and use determination, including monitoring existing PILOTS (requiring beneficiaries to file reports annually with the city on forms provided by the assessor).

III Local ordinances be developed:

A. Establish a permanent revenue-type commission or oversight body to provide a continuous monitoring of existing and potential revenues with the same type of representative composition as the current commission. Its duties would include:

- monitoring the revenue consequences of development projects granted tax relief throughout the span of such relief. The purpose would be to learn whether the initially promised revenue benefits ever materialize;
- gathering information about new revenue-raising methods used in other cities and presenting them regularly to the Board of Aldermen for their consideration;
- providing commentaries on the revenue implications of ordinances and other aldermanic actions whenever asked by the Board of Aldermen to do so;
- producing an annual State of the City's Revenue report which analyzes the performance of any new revenue measures recently adopted as well as alerting Aldermen to significant trends in city revenue flows, both actual and potential.
B. Establish a standardized requirement of PILOT agreements as
conditions of Planned Development District and other zoning
designations.

C. Strengthen the assessor’s office through budgetary
commitment to equip it to:

1. require and publish the assessment of real property
owned by tax exempts;

2. require the reporting of value of personal property
owned by institutions and utilities as well as
corporations;

3. enforce state legislation, including specifically,
Connecticut General Statues, Section 12-109:

"All property exempted from taxation except public
highways, streets and bridges, shall be listed,
valued and assessed annually by the assessor of
each municipality and such valuation shall be
added by the assessor to the grand list in such
manner as to be separate from the valuation of
property not exempted from taxation." (Emphasis
added).

4. require departmental reporting of efforts made to
assess new personal property in the private sector
(e.g. computers, collections, etc.);

5. require all local tax exempt institutions to file Form
990, Return of the Organization Exempt from Income Tax,
and Form 990T for federal unrelated business income tax
with the assessor and city-town clerk.
D. Encourage the establishment of a permanent, private foundation composed of representatives of public and private interests to solicit and control funds from non-profit organizations and other contributors for the benefit of the City of New Haven.

E. Authorize through legislative action the performance of a cost of services study to determine municipal services user fees.

F. Review and regularly update the fees and fines schedule in city ordinances.

G. Require existing city departments to aggressively review their roles and decisions in a revenue-effective way:

1. Redevelopment Agency - accurate land use inventory and subsequent prompt disposition of city land with a view to revenue enhancement from land that is vacant or underutilized;

2. Public Works - accurate costing of services to enable judgments to be made about subcontracting certain tasks to private vendors;

3. Department of Education - negotiation with colleges and universities for them to make tuition payments for children living in their tax-exempt housing and attending city public schools;
4. Parks Department - accurate costing of facilities and services to be reflected in realistic rentals and fees (e.g. portable stage, athletic leagues, etc.).

IV Future areas of revenue investigation in the realm of public-private relationships:

A. Initiate city efforts to negotiate to mitigate the effects of businesses operating on university or hospital property that compete with local businesses that pay taxes (e.g., film societies, travel ventures, computer sales, weight loss clinics, pharmacies, etc.).

B. Increase public/private cooperation in social service delivery, public education, economic development and other areas.

C. Analyze the necessity and/or advisability of continuing the city's tax abatement and tax deferral programs.
NEW HAVEN REVENUE COMMISSION

FINAL REPORT

PART TWO

SUMMARY OF REPORTS DONE FOR THE REVENUE COMMISSION

BY STEPHEN A. WARECK

Property taxes are the largest source of revenue for Connecticut's municipalities, providing 67% of their income in 1983-84 (54% in New Haven).

Cities and towns derive their taxing power from the State and may only tax that which the State permits. The only taxes the State allows are property taxes, real estate transfer taxes and a teletrack admissions tax, which latter two account for negligible revenue for New Haven.

Because the State and the Courts have carved out such a hodgepodge of ambiguous exemptions over the centuries, the property tax in effect has become largely a tax on real estate, and increasingly a tax on homeowners. Residential real estate taxes now account for 39% of New Haven's property taxes.

In 1979 New Haven ranked as the 7th poorest city in the nation, based on the percentage of persons living below the poverty level. It ranked 165th (out of 169) in per capita income of all municipalities in the state in 1980. Yet in 1982-83 New Haven had the highest equalized mill rate of all Connecticut's 169 municipalities.
Why does a poor, "persistently distressed" city pay such high taxes, and still strain to provide vital municipal services? Part of the answer is that New Haven is not a poor city, but rather a city of large, untaxed wealth with a great many poor people, (23.2% below the poverty level in 1979). And that untaxed wealth is centered in large institutions -- governmental, private, educational, and medical -- which primarily benefit a population located outside of our municipal borders. Institutions which erode the tax base and consume, but do not fully pay for, municipal services (with almost the sole exception of federally-mandated water pollution services).

In 1973 (the latest year for which data is available) the percentage of exempt real property to taxable property statewide was 21.04%. Even though it is not a statistically valid comparison because of a decade's difference, it is still an indication of the problem to note that in New Haven in 1983 the percentage of exempt real property to taxable property was 59.4%, costing the City a minimum of $37 million. Even more disquieting is the fact that exempt real property is growing at a much faster rate than all taxable property. In the five years from 1978 to 1983, New Haven's Gross Grand List (including personal property and motor vehicles) increased merely 3.71% while the value of exempt real property increased 15.82%. The picture becomes even more bleak when you consider that more than half of the 3.71 increase in the Grand List was due to the higher value of motor vehicles whose prices had sharply escalated during the period.
It should be emphasized that the exempt property in these computations is solely exempt real property. And the value of the exempt real property is probably grossly understated. For instance, the value of exempt hospital property in 1983 as shown by the assessor is $63.5 million. Yet the latest Tax Exempt Returns filed by Yale-New Haven Hospital and the Hospital of St. Raphael indicate an assessed book value of $78.6 million with an assessed market value (unstated by Yale-New Haven) of probably double that amount. The City shows the assessed value of Yale University's exempt land and buildings in 1983 as $193 million. But Yale's 1983 Financial Report indicates an assessed value for land, real estate improvements and buildings of $287 million, with some of the value based on 1978 estimates.

When it comes to exempt personal property, its value is an even greater unknown, and more elusive to establish. The assessor has no valuation at all of telephone and cable TV companies personal property (telephones, computers, wires, cables, office equipment, vehicles, etc.), although in 1980 SNETCO alone valued its total (New Haven and elsewhere) personal property at more than $1.3 billion after depreciation. Section 11-109 C.G.S. apparently requires

"All property exempt from taxation except public highway, streets and bridges, shall be listed, valued and assessed annually by the assessor of each municipality and such valuation shall be added by the assessor to the grand list in such manner as to be separate from the valuation of property not exempted from taxation."
However, SNETCO contends Section 12-109 does not apply to it because it pays a gross receipts tax to the State of Connecticut in lieu of personal property taxes to municipalities. Because of these "in lieu" payments, SNETCO claims its personal property is not exempt. Similarly, Yale University does not file a Quadriennial Report with the assessor under Section 12-81 (7) C.G.S. because it claims its exemption is governed by 12-81(8). Even if this is so, Section 12-109 apparently requires such valuation. However, Yale's 1983 Financial Report shows equipment with an assessed value of $63.6 million (based on cost) which would, if taxed, result in $4.6 million in revenue. This does not include Yale's art and museum collections. Their Connecticut Tax Exempt Returns in 1973 show the hospital's own tangible personal property in the amount of $24.867 million (assessment based on book value) which would, if taxed, generate $1.8 million in revenue. These tax loss estimates are based on tangible personal property only, because intangibles such as stocks, bonds and bank accounts are also exempt.

How did these exemptions arise? Historically, they date back to ancient Greece and Rome whose governments furnished aid for the poor and infirm. After the collapse of the Roman Empire charitable functions were assumed by the Church as the richest and most powerful surviving institution. Arguing that the work of God was superior to the work of man, and that it was performing a public service that would otherwise have to be performed by the State at State expense, the Church resisted all civil taxation. Indeed as early as the 8th
century and long before the secular state, the Church gained the right of direct taxation. By the 13th century Church wealth exceeded royal wealth in England, and the religious houses owned one third of the land of the realm.

Expanding government services and increased military expeditions burdened royal revenues beyond their capacity to pay. Casting about for new income, the English Kings began to tax and confiscate church property, culminating in wholesale confiscation by Henry VIII in the mid 16th century, including the seizure of colleges and hospitals.

The burden of caring for the poor and sick, and educating the young devolved again upon the State, principally upon the municipalities which levied taxes to raise the necessary funds. To help ease that burden, the Crown granted tax exemptions to hospitals and colleges as well as making grants of money.

The English colonists carried this tradition to the New World. In colonial Connecticut schools and churches were supported by taxation. In 1701, the colonial General Court granted 10 ministers permission to found a collegiate school which became Yale University. It was supported in part by public and private funds, including grants by the Town of New Haven. In 1745, the colonial government conferred a charter on Yale which gave Yale a limited tax exemption on its real property. Also exempted was the property of the Yale president, faculty, students and servants. In 1818, the Connecticut Constitution confirmed that charter. In 1834, the Charter was amended, revoking the personal exemptions of the faculty, students, servants and the president, and revising the real property exemption to provide that
the University shall not hold untaxed real estate "affording an annual income of more than $6,000." That proviso has been interpreted by the courts in the ensuing years to mean that real "unproductive" property used for education shall be exempt, but "productive" realty which produces income shall not be exempt after the first $6,000 in annual income has been reached in the aggregate. Thus, once Yale receives $6,000 in aggregate income from any piece or pieces of "productive" real property, any additional "productive" property is subject to full taxation, even if it provides only $1 in income. And, in fact, Yale is New Haven's third largest taxpayer. The precise meaning of the word "income" is not clear, since the courts have variously used the words "revenues," "income," and "net income." The courts have also stated that its charter does not authorize Yale to conduct any commercial dealings with its exemption.

This 1834 Charter amendment is contained in the current exemption statute as Section 12-81(8) C.G.S. Yale maintains, in testimony before the Revenue Commission, that the taxability of its property is governed by its Charter as confirmed by the Constitutions and by 12-81(8) C.G.S.

Our current exemption law, Section 12-81 C.G.S. lists 66 categories of exemptions including state, municipal, federal, hospital, educational, religious, and scientific property. Some of these exemptions date back to an act passed in 1822, which is the forerunner of our current law.
The most enduring argument in favor of exemptions for institutions is that they provide services that government would otherwise have to provide itself at its own expense. A second argument is the favorable economic impact of these institutions, and a third is that they contribute so much to New Haven's quality of life. However, it has been pointed out that the favorable economic impact and quality of life contributions have very little to do with institutional tax exemptions.

Ranged against these arguments in opposition to exemptions is that they raise the tax rates by eroding the tax base, driving individuals and business to move to towns with lower tax rates; that exempt institutions consume municipal services for which they don't pay; that they serve a regional statewide, national, and even international constituency but that the subsidy created by the exemptions is borne solely by local, New Haven taxpayers; that the exemptions are imposed by the State on the cities forcing them to finance subsidies over which they have no control; that they are tax expenditures, created one time only centuries ago, which are outside the normal state appropriation process - a process which is constantly open to public scrutiny on an annual or biennial basis; that exemptions spawn more exemptions; that they are regressive, with the richest institutions getting the largest subsidies and the poorest getting the smallest; that they encourage overbuilding beyond community needs; and that exempt institutions have crossed the boundaries of their original missions to establish profitable
services, furnished in tax exempt buildings with tax exempt equipment, in unfair competition with local taxpaying individuals and businesses.

Surveys (largely of universities) performed over the last several decades demonstrate that most exempt institutions probably do not pay taxes, payments in lieu of taxes, or furnish municipal services. But increasingly some do, as impacted municipalities search for ways to make ends meet.

Notable examples are Princeton and Dartmouth. Princeton paid taxes on its playing fields, ice rinks, theatre, football stadium, parking lots, married students, faculty and staff housing and private lake. Princeton also met the full cost of educating school-age children living in University-owned taxable apartments. Dartmouth made payments to Hanover on its dormitories.

Municipalities constantly press state legislature for relief. New York allows, with exceptions, its cities a local option to remove exemptions for a number of charitable purposes. It also allows its cities to impose a service charge on certain exempt properties, again with exceptions. New Hampshire allows its towns to tax college dormitories, dining halls, and kitchens on value in excess of $150,000. Boston, whose situation is much like New Haven's, is constantly proposing ways to extract revenue from exempts. In Connecticut, the Bipartisan Commission on State Tax Revenue and Related Fiscal Policy in 1983 proposed a review and clarification of real and personal property exemption statutes, and that no future
exemptions be legislated unless the State reimbursed the municipalities for 100% of the lost revenue. By contrast, the State Pilots for State Property, and Colleges and Hospitals yielded only approximately 32% and 15% respectively to New Haven of lost revenue from those sources in 1982-83. A bill considered in 1983 by the General Assembly would have enabled municipalities to charge user fees for certain services provided to tax-exempt real property. The Connecticut Conference of Municipalities proposed in November, 1984 that a study commission be established to review all property tax exemption statutes and to recommend changes to the 1986 General Assembly.
NEW HAVEN REVENUE COMMISSION
FINAL REPORT
PART THREE: LOCAL ORDINANCES

ORDINANCE AMENDMENT ESTABLISHING A CITY REVENUE COMMISSION

WHEREAS: the 1983-85 Revenue Commission during its term identified specific areas for potential revenue enhancement for the City and found a need for continuous monitoring of existing and potential revenues; and

WHEREAS: accountability to the public and a specific focus on revenue generation can be assured through the creation of an independent revenue commission.

NOW, THEREFORE, BE IT ORDAINED by the New Haven Board of Aldermen that the New Haven Code of General Ordinances of the City of New Haven be hereby amended as follows:

Add a new section, to be numbered 2-22.2, to read:

"Sec. 2.22.2. Revenue Commission.

There shall be a revenue commission in the City of New Haven, whose general purpose shall be to provide continuous monitoring of existing and potential revenues and to pursue sources of new or increased revenue to the City.

(a) Membership. The commission shall consist of eleven (11) members, appointed by the Mayor, subject to the approval of the Board of Aldermen, in accordance with state and local laws, as follows:

- two (2) non-aldermanic members who served on the 1983-85 revenue commission;
- two (2) representatives of educational, religious or health care institutions in the City of New Haven;
- one (1) representative of a labor organization serving the City of New Haven;
- one (1) alderman/alderwoman to be elected by the Board of Aldermen;
- one (1) member of the Community Labor Alliance;
- and four (4) citizen members. All members shall reside in the City of New Haven.

(b) Term. The aldermanic member shall serve a two-year term coinciding with the aldermanic term of office. Of the remaining ten (10) members, the following five shall be appointed for an initial term of three years:

- one (1) of the prior revenue commission members;
- one (1) of the representatives of the educational, religious or health care institutions;
- the one (1) member of the Community Labor Alliance;
- and two (2) citizen members. The remainder shall be appointed for an initial term of two (2) years. Thereafter, commissioners shall serve for two-year terms; however, in the event of a vacancy in the commission's membership, the successor shall be appointed to serve the unexpired term of the vacating member.

(c) Organization. The commissioners shall elect a chairman, vice-chairman and secretary from their membership. The commission may also organize itself in whatever other manner it deems appropriate. The commission may adopt such rules and regulations as it considers necessary to effectuate the purposes of this ordinance.

(d) Employees. The commission may use the office of the controller to carry out certain staff functions, including but not limited to its annual report, as from time to time necessity may direct. The commission shall also have access to the Office of the Assessor and any other city department which shall provide assistance as required by the commission to carry out its duties.

continued...
(e) Duties. The commission shall perform all duties necessary to effectuate this ordinance, including the following:

1. To monitor the revenue consequences of development projects granted tax relief throughout the span of such relief to determine whether the initially promised revenue benefits ever materialize.

2. To gather information about new revenue raising methods used in other cities and presenting them semi-annually to the board of aldermen for their consideration.

3. To provide commentary on the revenue implications of ordinances and other aldermanic actions whenever asked by the board of aldermen to do so.

4. To produce an annual report, entitled "Current and Projected Revenue Flows and Revenue-Problems in New Haven", which analyzes the performance of any new revenue measures recently adopted as well as alerting the aldermen and public to significant trends in city revenue flows, both actual and potential. Prior to submission of the annual report each year, the commission shall hold a public hearing to gather citizen input.

5. To monitor the short-term and long-term revenue trends in the city budget."

Except as amended hereby, the Code of General Ordinances of the City of New Haven shall remain in full force and effect.
ORDINANCE AMENDMENT TO THE ZONING ORDINANCES OF THE CITY OF NEW HAVEN INSTITUTING PAYMENT-IN-LIEU-OF-TAXES REQUIREMENT FOR ALL PLANNED DEVELOPMENT DISTRICTS INVOLVING REMOVAL OF PROPERTY FROM THE CITY'S TAX ROLLS OR TAX EXEMPT PROPERTY.

WHEREAS: a large proportion of New Haven's land is tax-exempt, creating an undue burden on tax-paying property owners in the city; and

WHEREAS: no more land should be removed from the tax rolls without the owner making a payment-in-lieu-of-taxes to the city nor should special zoning privileges be granted by the city to tax-exempt entities without a payment-in-lieu-of-taxes agreement.

NOW, THEREFORE, BE IT ORDAINED BY THE NEW HAVEN BOARD OF ALDERMEN THAT THE ZONING ORDINANCES OF THE CITY OF NEW HAVEN BE AMENDED AS FOLLOWS:

To Section 65, Planned Developments, subsection A, add a number 5 to read:

"5. composed of either taxable property or tax exempt property for which an agreement has been made with the City to make payment-in-lieu-of-taxes equal to the taxable amount which would have been made on said property."

Except as amended hereby, the zoning ordinances of the City of New Haven shall remain in full force and effect.
ORDINANCE AMENDMENT TO THE CODE OF GENERAL ORDINANCES OF THE CITY OF NEW HAVEN PROVIDING FOR PAYMENT IN LIEU OF TAX PROVISIONS IN THE SALE OF CITY PROPERTY TO TAX-EXEMPT ENTITIES.

WHEREAS: a large proportion of New Haven's land is tax-exempt, creating an undue burden on tax-paying property owners in the city; and

WHEREAS: no more land should be removed from the tax rolls without the owner making a payment-in-lieu-of-taxes to the city.

NOW, THEREFORE, BE IT ORDAINED by the New Haven Board of Aldermen that the Code of General Ordinances of the City of New Haven be amended as follows:

Add a new section 21-39 to read:

The City shall, to the extent allowed by state and federal law, require that before any city land is sold to a tax-exempt person, group, agency, organization or entity, a payment-in-lieu-of-taxes agreement be made."
ORDINANCE AMENDMENT REQUIRING ASSESSOR REPORTS ON TAX-EXEMPT PROPERTY

WHEREAS: the value of personal property owned by tax-exempt institutions and utilities is not fully known at this time; and

WHEREAS: commercial activities undertaken by non-profit institutions need to be examined also.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF NEW HAVEN that the Code of General Ordinances of the City of New Haven be amended as follows:

Add to the end of Section 28-1, List of exempt property prepared by assessor, the underlined language which follows:

"Sec. 28-1. List of exempt property prepared by assessor.

The assessor shall annually, on or before the first day of June, present to the mayor, to be by him presented to the board of aldermen, an accurate, detailed statement of all lands and buildings on which local taxes are not assessed, giving locations, descriptions, assessors' valuations, names of owners, and reason for exemptions. Said report shall include the results of an audit by the assessor of tax-exempt commercial activity undertaken by non-profit entities to ensure conformance with local and state tax requirements, and said report shall also contain the valuation of personal property owned by tax-exempt institutions and utilities."
NEW HAVEN REVENUE COMMISSION

FINAL REPORT

PART FOUR

MINORITY REPORT BY COMMISSIONERS

RICHARD D. WOLFF AND ANTHONY GAMBARDELLA

JANUARY, 1985

Our purpose in this minority report is not to criticize or attack the New Haven Revenue Commission. Its deliberations have shown unusual care and thoroughness. Its work with consultant Stephen A. Wareck generated the most comprehensive study of New Haven's financial relations with tax-exempt local institutions ever written. We commend the New Haven Board of Aldermen for establishing this Commission and we are proud of the beginning made by this Commission's work over two long years.

This Commission has taken a major and courageous step - long overdue in New Haven - of telling a basic truth based on its unparalleled investigations. That truth is quite simple: a major cause of New Haven's deep financial difficulties are the three major tax-exempt institutions, chiefly Yale University and secondarily the two hospitals. New Haven, the seventh poorest large city in the US, subsidizes the second richest university in America. New Haven delivers millions of dollars of costly public services free of charge to that university: a kind of reverse Robin Hood arrangement. Simple justice as well as New Haven's urgent revenue needs demand changing this situation now.
Subsidizing the large tax-exempt institutions means extra taxes on New Haven families and businesses. We already suffer the highest property tax rates out of all 169 towns in Connecticut (See Section II of the Wareck report). These taxes hurt family budgets, cripple the city's ability to provide services and discourage businesses from moving to or staying in New Haven. The Commission found that if Yale and the two hospitals paid the same tax rate as everyone else in New Haven, major economic benefits would result: either our mill-rate could drop over 20% per cent without any drop in city services or we could enjoy greatly improved public services without additional taxes for anyone else. We believe that if New Haven gathered the accurate statistics called for in our Commission's Final Report, the economic benefits would be much larger. In any case, the huge tax revenue losses caused by Yale University and the other large tax-exempt institutions call for every New Haven's attention and action.

The New Haven Revenue Commission has shown unusual and exemplary honesty and strength in facing up to Yale University and to the two local hospitals. The Commission steadfastly turned back efforts to prevent, then delay and finally abolish this Commission. When those institutions arrogantly obstructed the Commission's efforts to gather needed information, the Commission would not be intimidated. When those institutions questioned the right of the Commission to study the need and feasibility of obtaining revenue from them, all but one Commissioner (Mr. Michael Eisner) stood fast and persisted in doing the job which the New Haven Board of Aldermen assigned to this Commission.
The purpose of this minority report is to insist that the testimony and materials gathered by this Commission and the superb report prepared by our consultant, Stephen A. Wareck, demonstrate conclusively that New Haven needs to go beyond what the Commission could agree upon in its Final Report. We wish here to indicate two areas that need further emphasis and need further steps to be taken.

1. New Haven Revenues and Tax-exempt Institutions

A. The current tax exemption granted to Yale University must be changed or abolished. Its wealth makes it unquestionably New Haven's "most-able-to-pay" resident. It services a wealthy national and international community as its major function; it is not established to nor does it in fact serve New Haven. We urge the Aldermen to seek ways and means, via resolution, ordinance and legislative lobbying, to obtain from the University the same rate of property taxation (on real and personal property) as is levied on the average New Haven resident's automobile and home. Several of the following proposals also speak to this issue.

B. The Connecticut Legislature has the power to change most aspects of the tax-exemptions now enjoyed by Yale University and the two hospitals. For the Legislature to move requires very strong, clear statements by the Board of Aldermen and others that they want an end to city subsidies of Yale and a reduction of city subsidies to the hospitals. We urge the Board of Aldermen to pass resolutions containing such statements and urging the same upon the Mayor and upon New Haven's Legislative delegation.
C. Basic decency requires that the tax-exempt institutions be required to make reasonable payments to New Haven. It is unfair to put the burden on the existing PILOT program, since that uses Connecticut taxpayers' money to reimburse New Haven - only very slightly - for what the institutions cost us. Since Connecticut's taxes fall chiefly on middle and lower income state residents (because of the extreme regressivity of Connecticut taxes), it is unfair to ask them to pay instead of Yale and the hospitals. Therefore we urge the Aldermen to resolve that more money out of the existing PILOT program is not the way New Haven proposes to correct the unbalanced and unfair financial relationship between itself and the three major tax-exempt institutions.

D. The Commission's studies showed conclusively that the major impact of tax-exempt institutions upon New Haven's revenue structure came from Yale University and the two hospitals. We believe that their huge size and wealth set them apart from other local tax-exempt institutions such as churches, charitable groups, etc. We believe that treating all tax-exempts alike makes no economic sense. Therefore, we urge that the Board of Aldermen henceforth treat these two groups of institutions differently - on the solid basis of their differential economic impacts - and urge the Legislature to do likewise. One way to do this would be to establish a "ceiling" of tax-exempt property, say $3,000,000
for example, in this case, every qualifying institution's first $3 million of property would be exempt, while all property above that would be taxable.

2. New Haven Revenues and the Local Economy

A. The Commission found that no evidence exists to show that New Haven's previous tax-breaks granted to downtown and other developers ever paid off in terms of the eventual revenue benefits to New Haven. It is intolerable for New Haveners to continue to rely on commercial developers' rosy projections instead of hard, independently gathered data to determine when tax-breaks are or are not in the city's revenue interests. Two decades ago, Mayor Lee and the developers he dealt with thought the Mall and related downtown developments would mean a great fiscal future for New Haven. That never came true. The current crisis was the actual result. There is evidence to suggest that the current downtown development may prove equally disastrous for New Haven. A permanent Revenue Commission, fully funded and empowered by the Board of Aldermen to publicly evaluate projects seeking tax-breaks and to regularly monitor those which obtain them, is urgently needed.

B. The Commission's findings (see the attached Wareck report) in regard to the Southern New England Telephone Company showed clearly that this corporation was able to avoid paying property taxes by using old laws enacted before the
company expanded far beyond the telephone business and before the company acquired the enormous properties it now possesses. The Board of Aldermen should move to affirm the immediate need to amend existing state statutes pertaining to SNETCO to enable the city to obtain the sizeable tax revenues SNETCO ought to be paying. In addition, we urge that the Board of Aldermen charge a permanently established Revenue Commission with the task of reviewing all existing tax laws granting New Haven businesses tax exemptions to determine which should be changed or abolished in view of the city's revenue needs.
INTRODUCTION AND SUMMARY

In its Draft Final Report, the Revenue Commission has devoted most of its attention to suggesting ways to obtain tax revenues from the City's tax-exempt institutions. In addition, the Commission has recommended that a permanent Revenue Commission be established.

In my view, it would be more productive for the Board of Aldermen to devote its efforts to doing everything it can to continue the renewed growth of the City which is well underway, and to support the City’s efforts to obtain additional state tax revenues for the City. I also believe that a permanent Revenue Commission would be very costly and may not be needed.

NONPROFIT INSTITUTIONS AND TAX COLLECTION EFFORTS BY THE CITY OF NEW HAVEN

The Draft Final Report of the Revenue Commission is devoted in large part to suggesting ways in which our nonprofit institutions could be taxed, and reforming the City's methods of analyzing and collecting tax data.

* These are my personal views and do not necessarily represent the views of the City's nonprofit institutions although I serve as their representative on the Commission.
First of all, there was no evidence before the Revenue Commission whatsoever that the City is not doing a good job in collecting taxes. Certainly, the City should keep track of the granting of tax abatements, and it should try to collect outstanding parking tickets and other potential sources of revenue which are untapped. But, in the final analysis, the record shows that the City has been doing a pretty good job of levying and collecting taxes.

We also heard extensive testimony from nonprofit institutions, in particular Yale University, Yale-New Haven Hospital and the Hospital of St. Raphael, in regard to their role in the City. These institutions along with our churches, other colleges, and other nonprofit institutions engage in substantial activities which benefit the City. For example: (1) the hospitals provide evidence that they give millions of dollars worth of free care to City residents; (2) Yale University provided evidence that it has been participating in the development which is occurring in the City, has cooperated with the City in providing low interest loans for such development, and pays almost $1 million a year in taxes on nonexempt University property; and (3) these institutions and our other nonprofit institutions collectively employ thousands of people who spend millions of dollars in the City.

The Draft Final Report of the Commission and the report which the Commission received from Mr. Wareck attack little importance to several hundred years of history in regard to the granting of tax exempt status in Connecticut to hospitals, schools, and churches, as well as decisions by our courts enforcing such tax exempt status.
The policy of nontaxation of religious, educational and charitable property is as old as the property tax itself. In the Connecticut colony, the policy of nontaxation was followed, and property devoted to religious, charitable and educational purposes was nontaxable from the beginning of our organized government.

Connecticut's policy of nontaxation is followed, I believe, in every one of the United States. Private charitable institutions are characteristically American. While in most other countries, major social institutions are state run and state funded. In Connecticut and in the United States in general, many of these organizations are privately controlled and voluntarily supported. Both of our hospitals, for example, are private, nonprofit corporations. As the Commission on Private Philanthropy and Public Needs put it, "this vast and varied array [of nongovernmental, noncommercial organizations] is, and has long been widely recognized as part of the very fabric of American life. It reflects a national belief in the philosophy of pluralism and in the profound importance to society of individual initiative."

The religious, charitable and educational organizations of New Haven and Connecticut have provided, and to date continue to provide, a vital part of the economic and social lifefood of our central cities. They should not be seen as part of the problem of the City but as part of the solution of these problems. If private nonprofit institutions are forced to pay taxes, they will be forced to withdraw public services they now render, the net effect being to worsen, not to improve, the fiscal position of the City.
Nearly every one of the Revenue Commission's recommendations would have as its objective directly or indirectly to alter the long-standing policy of nontaxation of religious, charitable and educational property. Even the most drastic alteration of that policy (removal of all tax exemptions by legislation) was not rejected by the Commission initially because it is unwise but because it is politically impractical.* It should be flatly rejected as unwise.

Even the reforms in state laws that the Commission seems more seriously to recommend have as their aim the partial elimination of tax exemptions. Requiring "major tax-exempt institutions" to fund increased PILOT payments would simply be taxation under a different name. The Revenue Commission is seriously mistaken if it believes the fiscal problems of cities like New Haven are going to be solved by revenues they can derive, through taxes or payments in lieu of taxes, from tax-exempt institutions.

The Revenue Commission proceeds from its recommendations for "reform" of existing State tax exemption laws to recommendations for ways to undermine and thwart the policy of those laws. For example, it recommends that "PILOT" requirements be attached to planned development districts. This recommendation is legally unsound, as was demonstrated recently when Alderman Einhorn, a member of the Revenue Commission, proposed that a Planned Development District not be approved unless a payment in lieu of taxes be promised by the institutions seeking the District.

* On January 3, 1985, the Commission deleted this comment, but continued to support legislation to permit the City to "revoke" tax exemptions.
The City's lawyer (the corporation counsel), however, promptly issued an opinion indicating that the Einhorn proposal was illegal, and constituted an unlawful tax.

For these reasons, it is my conclusion that rather than devote valuable time and effort to pursuing the idea of taxing our churches, schools, and hospitals, an idea which has failed in the past and which will not succeed in the future, it makes better sense to pursue some ideas which not only might result in significantly increased revenue to the City, but which could win the aid and support of the nonprofit community. With their help, the City would stand an even better chance of achieving such goals.

**INCREASED REVENUES FROM THE STATE**

In 1985, we in Connecticut find ourselves as the only state which forces its towns and cities to rely almost exclusively on the property tax as a means of raising revenue. The time for change is long overdue. Regardless of what measures are taken to increase total state revenues, it seems only fair that a good proportion of these revenues be allocated to the cities based on their population. Such measures would greatly benefit not only a City such as New Haven, but would benefit everyone who uses or City. For example, many people come to New Haven to attend our theaters, to go to our hospitals, to dine in our restaurants, and to shop at our stores. The City services which are vital to these businesses and institutions, such as police, fire, parking, sanitation, etc., are services which benefit not only the people who live in New Haven but the people who come to New Haven
as well. The inability of the cities to maintain themselves harms not only the people who live in the cities, but everyone. It certainly is time to follow every other state and remedy the situation by vigorously lobbying for appropriate changes in state law - not changes in the policy of property tax exemption but changes in the fundamentals of state and local taxes: the kinds of taxes we assess and the reallocation of tax revenues among governmental units.

DEVELOPMENT

Anyone who has come to New Haven in the last year or two should be pleasantly surprised by the amount of new buildings, commercial growth and renewed vitality which the City is showing. Since Mayor DiLieto took office in 1980,

"more than $200 million has been invested downtown in new stores, offices, apartments, restaurants and theaters. Another $36 million has been spent on work under way, and $66 million is committed to projects to begin in the next few months."

The City Administration and the Board of Aldermen should be commended for their efforts in this regard and should be strongly supported in further efforts to continue this growth. Such growth inevitably will produce more revenue for the City. The REvenue COMmission did not devote any attention to the issue of growth and report to the Board of Aldermen in regard to steps which can be taken to foster continued growth and at the same time assure that growth is as beneficial as possible and that negative side effects are identified and minimized.

* New Haven Register, Jan. 2, 1985, p. 1, col. 6
Such a study obviously would include looking at our transportation system including our airport, railroads, highways, bus lines, and airport limousine services, and making appropriate recommendations for improvement.

A PERMANENT REVENUE COMMISSION

I would hope that the Board of Aldermen very carefully study the recommendation to create a permanent Revenue Commission. It would be costly; it could duplicate already-existing efforts and it potentially could become a political creature.

Before creating any new Revenue Commission, it therefore seems to me that the Board of Aldermen should study existing City and Aldermanic boards, commissions and task forces, see if anything additional is necessary, and if so, what in particular is needed. While it is possible that additional task forces should be created to study specific problems or to pursue specific programs, it hardly seems worthwhile to spend City money without taking a very hard look at what exists and what changes, if any, are necessary.

Respectfully submitted,

Michael Eisner

January 4, 1985
NEW HAVEN REVENUE COMMISSION

VIEWS OF ALDERMAN STEVEN G. MEDNICK

Introduction

The Revenue Commission was created by the Board of Aldermen amid an atmosphere of uncertainty and neglect resulting from the Reagan Administration's "New Federalism" and the O'Neill Administration's failure to establish a coherent municipal policy as a viable response.

In 1981 the Reagan Revolution, a national recession and bulging federal deficits shifted national attention from the problems of cities. In the State of Connecticut our government suffered from a paralysis of policy which added to the problems of local government by eliminating the urban block grant, failing to fully fund the education equalization program and making no effort to provide property tax relief. The financial burden of meeting local service demands was further shifted to local government.

In 1985 against a backdrop of economic recovery President Reagan has now introduced a budget that further tears at the fabric of every urban government in our nation by slashing mass transit subsidies and community development block grants and eliminating revenue sharing, the job corps, the school lunch program and the Small Business Administration.
Moreover, Governor O'Neill has not yet demonstrated any inclination to commit the resources of two consecutive budget surpluses to provide much needed property tax relief (or more targeted subsidies for cities like New Haven that have huge concentrations of tax-exempt property and extraordinary service demands).

When my former colleague Stephen Wareck proposed the concept of a Revenue Commission he did so out of a concern that the reduction of services could hamper the economic and social development of New Haven. Alderman Wareck was seeking new sources of revenue for local government. Former Alderman Kenneth Braffman and I further expanded the purview of the Revenue Commission to explore new ways for the tax-exempt and non-profit sectors to participate and contribute to the level and quality of public services in New Haven.

The conditions that existed at the time the Commission was proposed have not changed substantially. There has been an extraordinary burst of development activity fostered by Mayor DiLieto; yet New Haven and cities throughout our State are precariously perched on a powderkeg of social problems that will not go away without concerted federal and state government assistance.
I generally agree with the findings of the majority report. Specifically, I believe the Revenue Commission conducted a thorough and incisive inquiry of a serious problem faced by cities like New Haven --- the disproportionate presence of tax-exempt institutions.

If there is any deficiency in the work of the Revenue Commission I would point to the rhetorical excesses of members who, on the one hand, condemned the tax-exempt institutions for "milking" the City of New Haven of much needed revenues with no attendant benefits accruing to the citizenry or, on the other hand, blindly defended the actions of the tax-exempts as acting selflessly in the interests of the people of New Haven. Obviously, I do not believe that either extreme paints a clear picture. Furthermore, unlike the majority I do not fix blame on the institutions that benefit from the policy of property tax exemptions such as Yale University, Yale-New Haven Hospital and the Hospital of St. Raphael.

Not that I believe those institutions are maximizing their efforts to make this city a better place to live. I also would like to associate myself with the tenor of the remarks of Commissioners Wolff and Gambardella who suggested that the initial attempt to frustrate the Revenue Commission by refusing to cooperate was an example of the petty and arrogant nature sometimes ascribed to these institutions by the public. In fact, their initial intransigence reminded me of the delay of the Paris Peace talks caused by a senseless squabble over the shape of a table. I am pleased that, in the end, the institutions were helpful participants.
The Public/Private P.I.L.O.T. Proposal

The problem is not entirely with the tax-exempt institutions or for that matter with the policy foundations of tax-exemptions for religious, charitable, educational and health care institutions. The problem or, rather, the predicament cities in Connecticut face is a regressive and inelastic state tax structure which overburdens taxpayers in the older central cities like New Haven.

The answer is not a joint "payment in lieu of taxes program" undertaken by the State of Connecticut and specified tax-exempt institutions. Such a scheme is wrought with vexing administrative problems that undermine its credibility as a progressive or productive public policy. In fact, it is hard to view the proposal as anything but punitive in nature.

The State of Connecticut has established tax-exemptions to achieve certain salutary public purposes. While I wholeheartedly accept the proposition that the tax-exemptions should be thoroughly reviewed by the General Assembly (and that municipal government should be given specific
powers to revoke or modify tax-exemptions. I do not support any policy that, in effect, discriminates against any non-profit educational or health institution on the basis of perceived wealth.

Again, it is not the tax-exempt institutions that established policies that reduce local revenues it is the policy of the State of Connecticut. Thus, I believe it is the shared responsibility for all state residents to share the burden of municipalities, such as New Haven, that are saturated with the Universities, hospitals and religious facilities. There must be a state expenditure policy of equitable distribution to

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2The power to revoke or modify tax-exemptions should be specifically limited to municipalities that have a degree of tax-exempt property substantially disproportionate to the remainder of the state. In addition, it would be worthwhile to consider modifying the current P.I.L.O.T. to establish a threshold level as a condition precedent to state funding. For example, a municipality with 30% of its grand list tax-exempt is far more deserving of relief than a municipality with a 10% rate.

3I disagree with the characterization of Yale University as "unquestionably New Haven's 'most-able-to-pay' resident...[which]...services a wealthy national and international community as its major function." On the contrary, while there was evidence before the Revenue Commission that demonstrates that there are abuses of its tax-exempt status, in certain specific respects, there was no evidence which suggests that the University is the "most-able-to-pay" resident of New Haven (I am not even sure what that means). Furthermore, unless I am missing something I always thought that the major function of Yale University is higher education and research. Again, I do believe that the University could always be a better neighbor and resident but I ask those who may care to remember the mission of the University.
accommodate the serious drain on local tax revenues caused by state policies.

The tax system in our State is regressive and unfair. However, it is a system that is supported by the vast majority of citizens who do not live in cities, who may pay far lower property taxes and who work in and benefit from the services provided by tax burdened cities. It is not unfair to ask the State to assume the burden of the policies it establishes. In effect, the tax exemption is just another unfunded mandate disproportionately burdening urban taxpayers.

Finally, a Public/Private P.I.L.O.T. presumes that private institutions could survive the additional financial burden imposed. As a matter of public policy and practicality I question the advisability of over-burdening these institutions in the face of funding cut-backs.

I do, however, believe there is a valid basis for privately negotiated P.I.L.O.T.s established in the give-and-take of negotiations with tax-exempt institutions that may seek to expand their physical plant. Negotiated programs have worked well in Cambridge, Massachusetts and New York City. For example, in a trade-off for zoning relief or the creation of a planned development district an institution may be persuaded to undertake the restoration or maintenance of public facilities such as parks, school yards or athletic facilities.

On the other hand, a government imposed levy on tax-exempts is punitive and antithetical to the public policy of the State of Connecticut.
affecting student aid programs and the threatened repeal of the charitable
deduction.

Federal and State Urban Policy

The focus of the dilemma urban areas face in the pursuit of new sources
of local revenue should not primarily be the tax-exempt institutions but
rather the state and federal governments. I perceive the lack of a
coherent and cognizant state response to the federal urban policy as a much
more serious burden on New Haven taxpayers.

---It is the State that has adopted a regressive system of taxation
that relies on the property tax as the principle revenue raising
mechanism for local government.
---It is the State that adopted the comprehensive system of tax
exemptions which deprives municipalities of property tax revenues.
---It is the State that has failed to fully fund the Payment-in-lieu-
of-Taxes Program.
---It is the State that has failed to fund the education equalization
program.
---It is the State that eliminated the urban block grant program.

The property tax has been characterized by the Connecticut Conference
of Municipalities as "Connecticut's Work-Horse Tax". The tax constitutes
42.7% of all state and local taxes, 12% over the national average and
ranking sixth in the nation. The property tax amounts to $565 per capita,
$203 per capita above the national average and ranking seventh in the
nation.
On the other hand state aid accounts for only 22.3% of the local budget. Forty-five states contribute more to municipalities than the State of Connecticut.

It is, indeed, ironic that a state so wealthy in resources could allow disparities in revenue raising mechanisms that ultimately contribute to the degeneration of basic government services such as public education, public works, police and fire protection.

There are a number of serious problems that have and continue to be ignored by Washington and Hartford:

--The rapid growth of a permanent underclass: the residents of inner city ghettos, black and Hispanic, undereducated, underskilled, without real hope of participating in the future of our nation.
--The decline of serious manufacturing sectors: automobiles, steel, glass and rubber.
--The plight of middle income city dwellers burdened by what Mayor DiLieto has properly characterized as "extortionate" levels of real property taxation: citizens compelled to pay greater proportions of their income on property taxes while sending their children to private and parochial schools as a result of a declining public school system.

The DiLieto Administration has taken great strides in pursuing an aggressive policy of economic development: Shubert Square, renovation of the Chapel Square Mall, the Government Center, Whitney-Grove and Arts Council projects, Brewery Square and Science Park. Those projects present
a progressive mix of private and public dollars focused on revitalizing New Haven as a technological, commercial and retail center. The City of New Haven has also taken steps to expand the uses of the harbor by allowing for the expansion of New Haven Terminal and the Busco Corporation's Long Wharf project.

Mayor DiIieto deserves credit for these initiatives. Taken as a whole they will make a qualitative and enduring contribution to the future of New Haven. We, in government, must continue to nurture these projects and pursue local policies of productive growth to move this City forward to the Twenty-First Century5.

However, the Reagan Administration's "hands off" urban policy and the O'Neill Administration's benign neglect underscore the paramount question facing our citizens for the remainder of this century: the proper role of government.

--One additional policy worth pursuing is an International Trade Policy which has been adopted by many cities throughout our nation.
Policy Roberts recently wrote—"Today we are witnessing a paradox: a government that devotes to a theoretical marketplace most of its responsibilities for the welfare of the people, while wishing to intrude on people's most private decisions". In reality, the Reagan experiment bears no relationship to the reality of life in our cities. If the President has his way and abolishes a program such as the Urban Development Action Grant many of the economic development initiatives taken by this City would not exist.

The present circumstances cry out for a state response—there is no response, only silence and paralysis.

In addition to the legislative proposals of the Revenue Commission the following ideas should be considered by the State of Connecticut:

--Comprehensive state tax reform designed to reduce the property tax burden and more equitably distribute the tax burden across the state.
--An interim measure of property tax relief by distributing the major portion of the state budget surplus to municipalities in need.
--Restoration of the Urban Block Grant program.
--Increased funding levels for the P.I.T.O.T. program.
The Permanent Revenue Commission Proposal.

I also oppose the establishment of a permanent Revenue Commission. I do not suggest that the functions of the proposed Commission are not valid just that there are government entities equipped to handle many of the functions.

For example, the Board of Aldermen, as a legislative body, can conduct the oversight function recommended by the majority. The Board in carrying out the oversight function should require, by ordinance, fiscal and revenue impact statements prior to the adoption of land disposition agreements, tax agreements, planned development districts, ordinances, orders or zoning relief.

Further, the Board of Aldermen should establish a more routinized relationship with the National League of Cities and National Conference of Mayors to obtain the most up-to-date information about national trends and revenue policies of municipal governments. This can be done in two ways: (1) creation of a Committee on Intergovernmental Relations comprised of Aldermen who play an active role in the municipal advocacy organizations; and, (2) expanding Aldermanic computer program capability by hooking up with the programs available to ascertain developments throughout the nation.
My attitude is that the Board of Aldermen have the ability by law to do all that is recommended.

Local Legislative Action.

I would like to associate myself with several of the legislative initiatives offered by my colleague, Alderman Allen. I would like to focus on two in particular.

First, the concept of an annual audit or review of tax-exempt institutions is appealing and should be given the highest priority by the Board of Aldermen. This proposal would provide a means to ensure compliance with the purposes of the state imposed tax exemptions.

The three institutions which the majority report focuses on do many good works for the people of our city. This is not to suggest that they are doing everything they can do or that they are acting in full compliance with the terms of their exemptions. For example, it is not clear to me what function is served by an expanded "club house" facility at the Yale Golf Course or whether the Yale Computer Center contracts work out to the private "for-profit" sector.
Second, efforts should be made by the Boards of Finance and Aldermen to ensure that the Assessor's Office be strengthened through the most effective vehicle possible: the Fiscal Year 1935-36 budget. The track record of the Assessor, Mr. Juda, is quite impressive. Let's give him the full arsenal of weapons needed to reap even greater tax revenues from delinquent taxpayers.

**Conclusion.**

The Revenue Commission has made a great start. The task of implementation now falls to the Executive and Legislative branches of government. We have the ability to expand the revenue capacity of the City of New Haven and contribute to the quality of life in our community.

Respectfully submitted,

Steven G. Mednick

February 4, 1985
ADDENDUM

REVENUE COMMISSION FINAL REPORT

BARBARA T. ELLINGHAUS

In its efforts to seek immediate sources of revenue for New Haven, the Revenue Commission turned toward an examination of the city's relatively large non-profit sector. This sector is one that is under scrutiny across the country as the trend toward increased federal funding of cities has been reversed. If the Commission had heard from business leaders its conclusions may or may not have been different. But without input from this important sector of the city, the Commission has not done its part to improve communication between the city's private and public sectors. I am not qualified therefore to discuss resources of businesses in New Haven which could be used for its benefit, but I do want to expand upon one idea in the commission's report that might be considered by a future revenue-type commission as to how the private and non-profit sectors could work together.

Section IID on page 8 of the Commission's final report suggests: "the establishment of a permanent, private foundation composed of representatives of public and private interests to solicit and control funds from non-profit organizations and other contributors for the benefit of the City of New Haven." Perhaps this Commission is asking the non-profits to contribute more to their city than they have been asked to before. Yale University, more because of size, and other non-profits are city leaders whether they like it or not. If Yale University were a private business it might have left New Haven a long time ago. But it must stay, and it along with other colleges will continue to lose some choice students every year because of fear of crime, low quality of city services, and poor appearance of neighborhoods surrounding campuses. New Haven will lose some taxpaying residents and churches members of their congregations. Non-profits must also literally pay the price of expensive security systems, proof that not contributing to the city is very costly also. If there were some method by which non-profits and New Haven's private businesses could improve this situation by investing funds their own way in the city's future, would they?

Credit is due to the president of Yale University and mayor of New Haven for testing financial waters by encouraging joint City/University ventures. They are miniscule in size, but represent a first step toward cooperation in this area. But the mayor's office is not in a position to do much more than cajole non-profits including Yale. A joint foundation funded by private and non-profit money, and controlled by private and non-profit representatives would be a far more efficient way to improve New Haven's quality of life than PILOT that has to be channeled through state government first. It would be more palatable to foundation members to have control themselves over where funds are used. As well as substantive results this joint effort would have strong positive political results; the foundation's investors would be able to give in a very visible fashion. At the same time they could take a longer term approach than a city or state government could. Most importantly they could focus on projects that would improve their own quality of life, not projects imposed upon them.
Some or all of this proposed foundation's efforts could be moneymaking ventures; there is plenty of room for more profitable real estate and incubator businesses in New Haven. Some ventures would enhance student and faculty education or city services to private employees. Some resources could be expended with a more indirect payback such as improving the city's schools and adolescent recreational facilities, which would in turn lower juvenile crime.

According to Ralph Halsey, former director of Yale University's Community and State Relations, Yale University does not "know more about social services than the man in the moon." Some of the University's own faculty and staff should be rather insulted by this comment, as Yale University has been a supporter of various community activities by providing both finances and advisors and teachers. Should any non-profit or private business feel that it is out of its area of expertise by joining a city foundation, would it not be more appealing to hire a representative itself or encourage one of its leaders to learn than to continue to watch its home city be distressed? Would taking the offensive by joining forces not be more palatable than having to continually fortify its properties and its reputation against its neighbors? "Preventive maintenance," to borrow a term from the health care field, of city programs could be carried out better by a far-sighted public/private foundation than by city government itself. Foundation initiatives would be able to be planned for the future rather than to put out fires.

While setting up a foundation would not be easy, and while every initiative would be criticized by other members of the City's population, it is impossible to believe that such a foundation could not fulfill common needs for common benefit, restoring the value of a city as a community. This alternative should be much more appealing to a non-profit organization or private business than to continually be pushed, prodded, vandalized, and taxed or PILOTed to death or deterioration.
JACK MILLEA, Director of the Office of Legislative Services for four years, is now self-employed as a carpenter-builder. He built the energy self-sufficient house in which he currently resides, 640 Prospect Street. Prior to his service with the city, he was a reporter for the New Haven Register. Telephone: 865-2230.

ANN SCHMALZ, 110 Linden Street, is president of her own business, Horticultural Curators, Ltd., a horticulture installation and maintenance firm. She is the co-president of the League of Women Voters. A New Havener of 20 years, she has four children in the New Haven School system. She is the secretary of the Citizens Park Council and is greenhouse chairman of the Edgerton Garden Center. Telephone: 562-7233.

RICHARD WOLFF, was nominated by the Community Labor Alliance to serve on the Revenue Commission. He is an economist specializing in the Connecticut Regional economy and in the New Haven area, in particular. He is a professor of economics at the University of Massachusetts at Amherst and lives at 678 Orange Street. Telephone: 777-8739.