

HARTFORD SMALL BUSINESS ALLIANCE

Tax Relief Presentation

Prepared by

Michael D. O'Connell, Esq.

Gregory W. Picuch, Esq.

O'Connell, Flaherty & Attmore, LLC

280 Trumbull Street

THE PROBLEM

- Bar/Tavern: 33.6% increase
- General Retail: 34.8% increase
- Convenience Store: 47.1% increase
- Manufacturing: 33.2% increase
- Hardware Stores: 39.3% increase
- Mixed-Use Properties: 56.0% increase
- Privately Owned Off-Street Parking: 43.7% increase

THE PROBLEM

- Utility/Telephone: 23.3% DECREASE
- Hotel: 9.1% DECREASE
- All Office & Parking Garages: 2.3% DECREASE
 - High-Rise Office: 5.6% DECREASE
- Top Forty Taxpayers: 6.5% DECREASE
- Top Ten Taxpayers: 7.0% DECREASE

THE SOLUTION

- Unfortunately, a one-year moratorium does not have enough support in the General Assembly
- The Mayor and Hartford City Council have voted to “phase in” the revaluation over 5 years
- The Hartford Small Business Alliance has worked diligently with the Chamber of Commerce to find a solution that is supported by the entire business community

THE PROPOSAL

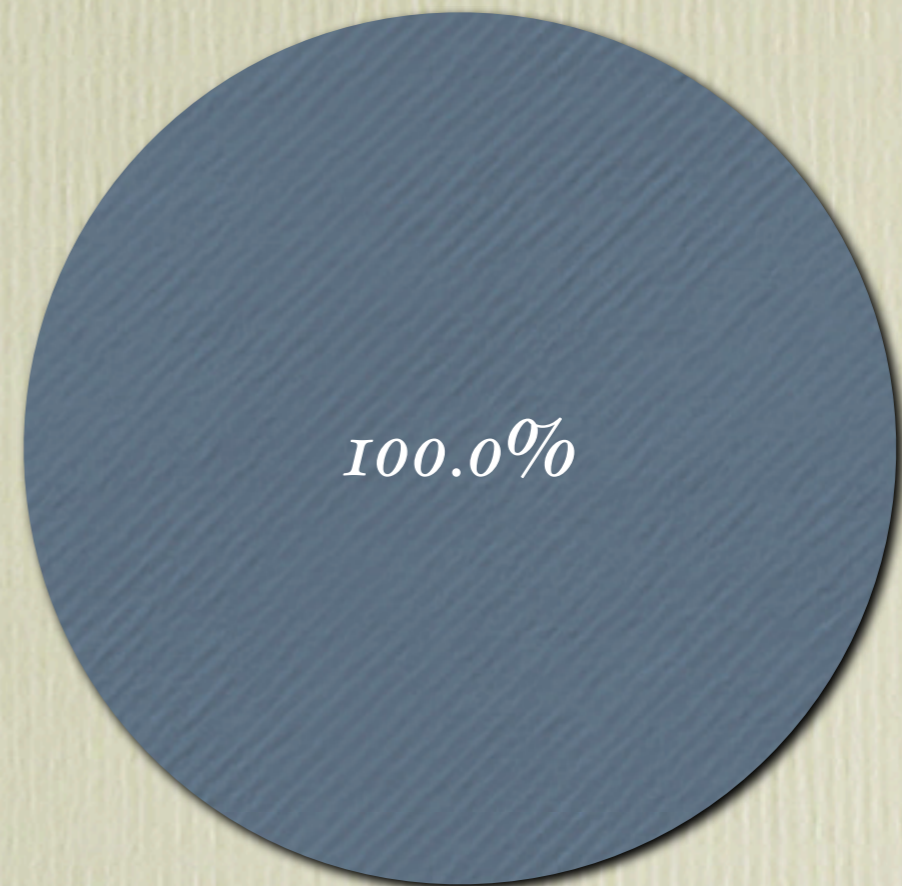
- All 1472 affected small business properties are included in the HSBA's plan.
- Approximately \$6.2 Million in direct tax relief to Hartford small business owners
 - \$4,100,000 from the City of Hartford
 - \$2,100,000 from a tax equalization formula that is contributed to by *all* Hartford businesses
- Independent and Transparent Study Committee
- Continued phase-out of the 15% surcharge

WHO BENEFITS?

The Proposed Compromise Plan

- All 41 of 41 total affected property types are helped
- All 1,472 small businesses properties are assisted
- 92.5% of businesses will see tax increases under 12%
 - 99.8% under 15%
- Approximately \$6,200,000 of relief

- Aided Properties
- Excluded Properties



expressed as percentage of the overall assessment

EFFECT OF THE PLAN

- Bar/Tavern: increase was 33.6%, now only 7.1%
- General Retail: was 34.8%, now only 8.0%
- Convenience Store: was 47.1%, now only 10.2%
- Manufacturing: was 33.2%, now only 9.1%
- Hardware Stores: was 39.3%, now only 10.8%
- Mixed-Use Properties: was 56.0%, now only 10.5%

PITFALLS OF THE PHASE-IN

- Legal Problems. Both members of the legislature and the Big Business community say the plan is illegal. It may be challenged in court and not implemented.
- Implementation of the 2006 Revaluation. The Phase-In leads to the implementation of the flawed 2006 revaluation. Worse, the impact of the Phase-In of the revaluation gets worse year after year.
- Increase in the Mill Rate. The Phase-In will result in the mill rate raising from 58.5 to 63.3.

PITFALLS OF THE PHASE-IN

- No Additional Benefit. Though, on average, the Phase-In is about the same in year one, it does not adequately protect *all* small businesses. In year one, **1 in 4** small business will see tax increases over 12%. **1 in 10** will have tax increases over 20%. Just wait for year two!
- Hardest Hit Properties Get Less Aid. The HSBA plan directs tax relief to those properties that are hardest hit. Even properties with 250% tax increases are capped below 15%. The HSBA plan truly is an “all for one and one for all” approach.