

**LAND VALUE TAX: THREE SIMULATED OUTCOMES**  
**HARTFORD, NEW LONDON, AND NEW HAVEN**  
**CENTRAL BUSINESS DISTRICTS**

The *Center for the Study of Economics (CSE)* has prepared prospective outcomes for the **Central Business Districts (CBDs)** of those cities within Connecticut who have expressed interest in a land value tax either in the past or recently. The data CSE utilized for this Ad Hoc Report was drawn from the Certified Grand Lists obtained from each city over the past two years.

*Promoting Growth, Stabilizing the Tax Base, and Incentivizing Return of Commercial Uses to CBDs*

**HARTFORD**

The definition of the Hartford CBD is “Downtown” per Hartford Planning Department’s GIS. *CSE* applied a revenue neutral scenario to the city using the 2012 Grand List, and included downtown nonresidential properties. There are approximately 261 parcels that are listed as nonresidential. As a group, these uses are substantial savers in tax incidence, when vacant and surface parking lots were removed from calculations. (165 parcels):

Prop Type	Current Tax	LVT tax	LVT \$DIFF	Number of Records
Comm/Ind	40,523,528	34,250,703	-6,272,825	165

CSE’s ad hoc study showed that vacant and surface parking lots assume the greater tax levy.

Prop Type	Current Tax	LVT Tax	LVT \$DIFF	Number of Records
Parking/Vacant	2,471,354	10,123,271	7,651,916	96

Implementation of *LVT*, gradually phased in over a period of time, would reward current and past construction. Future construction would enjoy the lowered millage rate on structures and other improvements to land.

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In 2009, when the city of New London was granted permission by the State enact a pilot program for *LVT* At that time, CSE did perform a thorough study of New London’s Special Assessment District (SAD).

**NEW LONDON**

New London’s SAD or CBD parcels are identified by codes CBD-1 and CBD-2; The Grand List utilized by CSE for this ad hoc report was certified for 2010 by the New London City Assessor.

New London’s SAD outcomes were as positive to the 160 built-upon, non-residential parcels in Hartford, considering the lower tax levy of New London when vacant and open land in New London’s SAD (aka elsewhere as CBD) are removed (138 parcels):

PropType	Tax Current	LVT Tax	\$ Difference LVT	Number of Records
Comm/Ind	\$2,339,041	\$2,257,081	-\$81,960	138

The vacant and land used for parking - there are no paid surface lots in the New London’s SAD - tax incidence does appear to support the development goals previously stated to *CSE*:

PropType	Tax Current	LVT Tax	\$ Difference LVT	Number of Records
Grand Total	\$70,191	\$78,020	\$7,829	22

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**NEW HAVEN**

The city of New Haven has a relatively compact CBD, with much of the land no longer on the tax rolls. Using the New Haven 2012 Grand List and the NBHD designation “1400” of Downtown and Wooster Square, the outcome for LVT also appears to be promising for the 601 non-residential parcels listed.

With relatively few vacant lots in New Haven’s CBD on the tax rolls, non-residential parcels see a benefit (322 parcels):

Prop Type	Tax Current	LVT Tax	\$ Difference LVT	Number of Records
Parking/Vacant	\$13,772,262	\$13,548,864	-\$223,398	322

Parcels designated as vacant see a relatively high percentage increase in tax levy, but are few in number, and the dollar amounts relatively low (13 parcels), indicating that land vacancy is an issue outside of the CBD:

Prop Type	Tax Current	LVT Tax	\$ Difference LVT	Number of Records
Parking/Vacant	\$81,528	\$278,140	\$196,612	13

**Conclusion**

*CSE*’s conclusion using easily replicated formulas and simulations indicate that CBDs are net LVT gainers. LVT’s purpose is to remove distortions from market decisions, and encourage capital formation in distressed urban downtowns.