

2009 SPENDING PLAN: 9-mill increase, 13% increase for homeowners (20-30% on others)
Flat City Budget

Potential Tax Hikes Worry Hartford Business Owners

By JEFFREY B. COHEN, The Hartford Courant, April 26, 2009

Think a 13 percent, \$378 tax increase for the average city homeowner is a lot?
Then talk to Max Kothari.

Last year, he paid \$38,893 in city property taxes on the building that's home to his century-old Star Hardware business. This year, if [Mayor Eddie A. Perez's](#) budget passes, he'll pay \$48,895. That's a 25.7 percent tax hike.

"It's going to hit very hard," said Kothari, adding that his wife couldn't sleep Wednesday night after she learned how much their hardware business pays just in property taxes. "You're going to see, I would say, 10 [percent] to 12 percent of businesses literally go out of business. They will not be able to absorb the property tax increase."

Own a parking spot at your condo building? You'll pay, on average, \$314 in taxes in the new budget, a hike of 29.1 percent. Own a building that houses one of the city's funeral homes? Your taxes could go up, on average, 20.4 percent. A building with a bar or tavern — 21.3 percent. A convenience store — 23.4 percent. An auto supply store — 25.7 percent. A parking garage — 27.3 percent.

Restaurants, general retail, carwashes, parking garages, service stations, supermarkets, health spas, fast food joints, auto dealers, medical offices — all of them face, on average, a higher percentage increase in the taxes on their properties than those faced by homeowners, according to data provided by the city.

Small-business owners have been lamenting since at least 2007 that the city's tax structure leaves them squeezed.

In 2006, a long-delayed property revaluation saw some commercial property values go up and residential property values skyrocket. Left untouched, the revaluation would have resulted in drastically higher property values and crushing taxes for many of the city's homeowners.

The state legislature eventually passed a plan that allowed the city to phase in its revaluation and cap annual tax increases due to the revaluation at 3.5 percent. At the same time, the legislature approved a plan to reduce the longtime 15 percent surcharge on commercial property, supported by larger commercial property owners.

Those two fixes, though, left small-business owners — both those who own their properties and those who rent — displeased. By the time the next year's tax bills were being prepared, it was clear that the small-business owners would be picking up a lot of the slack.

So they rallied, forming the Hartford Small Businesses and Taxpayers Alliance, which advocated for

their cause as the city entered a municipal election. One of their leaders — Paul Mozzicato, co-owner of Mozzicato Bakery & Pastry Shop on Franklin Avenue — even ran for city council. He lost.

And although the council did approve a measure to phase in the annual property taxes on small-business owners, it wasn't enough to spare tax increases this year for some property owners of between 20 percent and 30 percent.

"To lay these kinds of costs on top of people, I think they're going to see record numbers of closures," said Vinnie Carbone, of Carbone's Ristorante. The taxes paid by Carbone, who was another leader of the alliance, could rise by 19 percent, from \$23,269 to an estimated \$27,706.

"Everyone's feeling the effects of this. ... But when you have the city of Hartford imposing these kinds of solutions on top of an already dire situation, you're just going to make things a hell of a lot worse."

The solution, Carbone said, shouldn't be to raise taxes. The city needs to look within first, he said, and go line by line through its own budget to trim waste.

Former city Councilman John O'Connell is already rallying small-business owners to attend Tuesday's public hearing on the budget at Bulkeley High School.

"It's insane," O'Connell said of what he figures is an average 25 percent increase on small-business owners. "I've been in Hartford politics for 30 years, I never saw a 9-mill increase. Given the bad economy and everything else, I'm sure it's going to cause some businesses to fail."

Jerry Collins sat at his Arch Street Tavern bar last week and said his taxes have been going up for years. "It comes out of my bottom line, it comes out of my pocket," Collins said. "You absorb it. Because I'm not going anywhere."

Collins has a few things working for him. He might be isolated, just behind city hall and across from the still-unbuilt Front Street construction site. But he's got the business from the state Capitol and the Connecticut Convention Center that others in the city can't count on.

"Small, small businesses that are right on the edge, it's another nail in their coffin," Collins said of the tax hikes.

The mayor would not grant an interview. But in an e-mail from his spokeswoman, Sarah Barr, Perez said that although "small businesses are going to see a wide range of increases in their taxes in this coming year for a variety of reasons," it's not the city's fault.

"We have done everything we can at the city level to curtail the growth of government," Perez said. "Our workforce has been downsized, we have sold assets and we have streamlined government functions."

Perez pointed a finger at the state for not fully funding its obligations to the city.

"Every year that the state fails to meet its statutory obligations, they are increasing the tax bill of every

small business and homeowner in the city," the mayor said.

A review of data provided by the city shows that many classes of property face increases higher than the 13 percent potentially faced by homeowners.

"It's going to make inner-city businesses that much more uncompetitive in the marketplace than we are today," said Kothari, the hardware store owner. And business owners will only have a few options to deal with the tax — absorb it, cut costs or raise prices. "When I raise the price on making a key from \$1 to \$1.29, the person that pays the price for it is the person that lives in my neighborhood."

And as for the small businesses that rent, it doesn't look good for them, either, Kothari said. "If they pay \$500 or \$600 in rent, you tell them you're raising the rent by 20 percent, they're not going to be able to absorb it," he said.

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