



Written Testimony Submitted to the
House Commerce, Labor and Economic Development Committee
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City of Derby

In Support of HB 2387

Good morning Mr. Chairman, Vice-Chair, Ranking Minority, and members of the committee. Thank you for the opportunity to testify in support of House Bill 2387.

Please consider our written support of HB 2387 on behalf of the City of Derby. The bill addresses an unintended consequence from prior bills passed regarding the phasing down and then elimination of the state food sales tax, and the impact from that on cities who have STAR Bond Districts with grocery components. The reduction and phase-out on food sales tax removes a substantial portion of revenue used to pay down the bonds and will have the negative effect of significantly extending life of the bond repayment beyond what was considered in the overall project economics.

Ultimately, the loss of food sales tax revenue threatens the financial viability and success of existing projects and the economic projections made at the time the bonds were sold. Groceries in the district were part of the revenue pledged by the State to help repay the bonds. We appreciate the one-year budget appropriation done last year by the State to cover the financial gap, but a long-term annual funding mechanism is needed. HB 2387 ensures that annual funding mechanism to help maintain a positive bond rating for impacted STAR bond project bonds.

Derby has a successful STAR bond district that has several grocery components, including a Dillon's Marketplace, Target, and Aldi's. The district in Derby has been financially successful, with the first STAR bond issued in 2017 paying off 15 years early in 2022. Derby has two outstanding STAR bonds that were issued before December 2022 that would have repayment schedules impacted by the elimination of that repayment source. By moving forward with HB 2387 the State helps fulfill the funding source that they pledged to help repay part of the STAR bonds and ensure a growing community like Derby can continue to thrive. We urge you to adopt HB 2387. Thank you for consideration.