



General Assembly

February Session, 2008

Raised Bill No. 526

LCO No. 2008

Referred to Committee on Planning and Development

Introduced by:
(PD)

AN ACT CONCERNING STATE PAYMENT FOR LOCAL EDUCATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 10-262h of the general statutes is
2 amended by adding subdivision (8) as follows (*Effective July 1, 2002*):

3 (NEW) (8) Notwithstanding the provisions of subdivision (6) of this
4 section, on and after July 1, 2003, the state shall be responsible for the
5 full cost of education provided by state and local school districts
6 except for the costs of (A) adult education under sections 10-67, 10-69
7 to 10-71a, inclusive, and 10-73a to 10-73c, inclusive, and (B) debt
8 services.

9 Sec. 2. Section 10-76g of the general statutes is amended by adding
10 subsection (d) as follows (*Effective July 1, 2002*):

11 (NEW) (d) Notwithstanding the provisions of subsection (a) to (c),
12 inclusive, of this section, on and after July 1, 2003, the state shall pay
13 the full cost of special education and related services provided by local
14 and regional school boards for children requiring special education.

15 Sec. 3. (NEW) (*Effective July 1, 2002*) (a) For assessment years

16 commencing on and after October 2, 2002, each municipality shall set
17 two separate mill rates as follows (1) a general government mill rate to
18 be used for taxation for the expenses of government, except (A)
19 expenses for education for which the state is responsible under
20 subdivision (8) of subsection (a) of section 10-262h of the general
21 statutes, as amended by this act, and (B) expenses for special education
22 for which the state is responsible under subsection (d) of section 10-76g
23 of the general statutes, as amended by this act, and (2) an education
24 mill rate of five mills.

25 (b) Revenues collected by the municipality with respect to the
26 education mill rate shall be sent to the State Treasurer quarterly and
27 deposited in the Education Equalization Fund established under
28 section 5 of this act.

29 (c) The provisions of this section shall supercede the provisions of
30 any special act, charter or home rule ordinance concerning mill rates.

31 Sec. 4. Section 12-130 of the general statutes is repealed and the
32 following is substituted in lieu thereof (*Effective July 1, 2002*):

33 (a) When any community, authorized to raise money by taxation,
34 lays a tax, it shall appoint a collector thereof; and the selectmen of
35 towns, and the committees of other communities, except as otherwise
36 specially provided by law, shall make out and sign rate bills containing
37 the proportion which each individual is to pay according to the
38 assessment list; and any judge of the Superior Court or any justice of
39 the peace, on their application or that of their successors in office, shall
40 issue a warrant for the collection of any sums due on such rate bills.
41 Each collector shall mail or hand to each individual from whom taxes
42 are due a bill for the amount of taxes for which such individual is
43 liable and shall attach thereto a statement of the year and amount of all
44 back taxes for which such individual is liable. In addition, the collector
45 shall include with such bill, using one of the following methods (1)
46 attachment, (2) enclosure, or (3) printed matter upon the face of the
47 bill, a statement of state aid to municipalities which shall be in the

48 following form:

49 The (fiscal year) budget for the (city or town) estimates that
50 Dollars will be received from the state of Connecticut for various state
51 financed programs. Without this assistance your (fiscal year) property
52 tax would be (herein insert the amount computed in accordance with
53 subsection (b) of this section) mills.

54 Failure to send out any such bill or statement shall not invalidate
55 the tax.

56 (b) The mill rate to be inserted in the statement of state aid to
57 municipalities required by subsection (a) of this section shall be
58 computed on the total estimated revenues required to fund the
59 estimated expenditures of the municipality exclusive of assistance
60 received or anticipated from the state. For municipal assessment years
61 commencing on and after October 1, 2002, the computations shall
62 specify two mill rates, one for general government expenditures and
63 one for educational expenditures.

64 Sec. 5. (NEW) (*Effective July 1, 2002*) There is established and created
65 a fund to be known as the "Educational Equalization Fund". The fund
66 may contain any moneys required by law to be deposited in the fund
67 and shall be held by the State Treasurer separate and apart from all
68 other moneys, funds and accounts. Investment earnings credited to the
69 assets of said fund shall become part of the assets of said fund. Any
70 balance remaining in said fund at the end of any fiscal year shall be
71 carried forward in said fund for the fiscal year next succeeding. The
72 fund shall be used to provide grants under section 6 of this act.

73 Sec. 6. (NEW) (*Effective July 1, 2002*) (a) Not more than seven days
74 after the adoption of the budget, each local board of education shall
75 send a copy of the budget to the Commissioner of Education. Not more
76 than thirty days after receipt of the budget, the commissioner shall
77 certify to the Comptroller the amount of the grant due to the town for
78 the fiscal year under section 6 of this act. The commissioner may adjust

79 the amount to be paid based on considerations of state-wide
80 educational policy.

81 (b) For the fiscal year ending June 30, 2004, and for each fiscal year
82 thereafter, each town shall be paid a grant equal to the amount the
83 town is entitled to receive under the provisions of section 10-262h of
84 the general statutes, as amended by this act, and section 10-76g of the
85 general statutes, as amended by this act, as calculated using the data of
86 record as of the December first prior to the fiscal year such grant is to
87 be paid, adjusted for the difference between the final entitlement for
88 the prior fiscal year and the preliminary entitlement for such fiscal
89 year as calculated using the data of record as of the December first
90 prior to the fiscal year when such grant was paid.

91 (c) The amount due each town pursuant to the provisions of
92 subsection (b) of this section shall be paid by the Comptroller, upon
93 certification of the Commissioner of Education, to the treasurer of each
94 town entitled to such aid in installments during the fiscal year as
95 follows: Twenty-five per cent of the grant on July first, twenty-five per
96 cent of the grant on October first, twenty-five per cent on January first
97 and the balance of the grant on April first. The balance of the grant due
98 towns under the provision of this subsection shall be paid on March
99 first rather than April first to any town which has not adopted the
100 uniform fiscal year and which would not otherwise receive such final
101 payment within the fiscal year of such town.

102 (d) All aid distributed to a town pursuant to the provisions of this
103 section shall be expended for educational purposes only and shall be
104 expended upon the authorization of the local or regional board of
105 education. If a town receives an increase in funds pursuant to this
106 section over the amount it received for the prior fiscal year such
107 increase shall not be used to supplant local funding for educational
108 purposes.

109 Sec. 7. Section 12-19a of the general statutes is repealed and the
110 following is substituted in lieu thereof (*Effective July 1, 2003*):

111 (a) On or before January first, annually, the Secretary of the Office of
112 Policy and Management shall determine the amount due, as a state
113 grant in lieu of taxes, to each town in this state wherein state-owned
114 real property, reservation land held in trust by the state for an Indian
115 tribe or a municipally owned airport, except that which was acquired
116 and used for highways and bridges, but not excepting property
117 acquired and used for highway administration or maintenance
118 purposes, is located. The grant payable to any town under the
119 provisions of this section in the state fiscal year commencing July 1,
120 1999, and each fiscal year thereafter, shall be equal to the total of (1) (A)
121 one hundred per cent of the property taxes which would have been
122 paid with respect to any facility designated by the Commissioner of
123 Correction, on or before August first of each year, to be a correctional
124 facility administered under the auspices of the Department of
125 Correction or a juvenile detention center under direction of the
126 Department of Children and Families that was used for incarcerative
127 purposes during the preceding fiscal year. If a list containing the name
128 and location of such designated facilities and information concerning
129 their use for purposes of incarceration during the preceding fiscal year
130 is not available from the Secretary of the State on the first day of
131 August of any year, said commissioner shall, on said first day of
132 August, certify to the Secretary of the Office of Policy and
133 Management a list containing such information, (B) one hundred per
134 cent of the property taxes which would have been paid with respect to
135 that portion of the John Dempsey Hospital located at The University of
136 Connecticut Health Center in Farmington that is used as a permanent
137 medical ward for prisoners under the custody of the Department of
138 Correction. Nothing in this section shall be construed as designating
139 any portion of The University of Connecticut Health Center John
140 Dempsey Hospital as a correctional facility, and (C) in the state fiscal
141 year commencing July 1, 2001, and each fiscal year thereafter, one
142 hundred per cent of the property taxes which would have been paid
143 on any land designated within the 1983 Settlement boundary and
144 taken into trust by the federal government for the Mashantucket

145 Pequot Tribal Nation on or after June 8, 1999, (2) subject to the
146 provisions of subsection (c) of this section, sixty-five per cent of the
147 property taxes which would have been paid with respect to the
148 buildings and grounds comprising Connecticut Valley Hospital in
149 Middletown. Such grant shall commence with the fiscal year beginning
150 July 1, 2000, and continuing each year thereafter, (3) notwithstanding
151 the provisions of subsections (b) and (c) of this section, with respect to
152 any town in which more than fifty per cent of the property is state-
153 owned real property, one hundred per cent of the property taxes
154 which would have been paid with respect to such state-owned
155 property. Such grant shall commence with the fiscal year beginning
156 July 1, 1997, and continuing each year thereafter, (4) subject to the
157 provisions of subsection (c) of this section, [forty-five] one hundred per
158 cent of the property taxes which would have been paid with respect to
159 all other state-owned real property, and (5) [forty-five] one hundred
160 per cent of the property taxes which would have been paid with
161 respect to all municipally owned airports; except for the exemption
162 applicable to such property, on the assessment list in such town for the
163 assessment date two years prior to the commencement of the state
164 fiscal year in which such grant is payable. The grant provided
165 pursuant to this section for any municipally owned airport shall be
166 paid to any municipality in which the airport is located, except that the
167 grant applicable to Sikorsky Airport shall be paid half to the town of
168 Stratford and half to the city of Bridgeport. [For the fiscal year ending
169 June 30, 2000, and in each fiscal year thereafter, the amount of the
170 grant payable to each municipality in accordance with this section
171 shall be reduced proportionately in the event that the total of such
172 grants in such year exceeds the amount appropriated for the purposes
173 of this section with respect to such year.]

174 (b) As used in this section "total tax levied" means the total real
175 property tax levy in such town for the fiscal year preceding the fiscal
176 year in which a grant in lieu of taxes under this section is made,
177 reduced by the Secretary of the Office of Policy and Management in an
178 amount equal to all reimbursements certified as payable to such town

179 by the secretary for real property exemptions and credits on the
180 taxable grand list or rate bill of such town for the assessment year that
181 corresponds to that for which the assessed valuation of the state-
182 owned land and buildings has been provided. For purposes of this
183 section and section 12-19b, as amended, any real property which is
184 owned by the John Dempsey Hospital Finance Corporation established
185 pursuant to the provisions of sections 10a-250 to 10a-263, inclusive, or
186 by one or more subsidiary corporations established pursuant to
187 subdivision (13) of section 10a-254 and which is free from taxation
188 pursuant to the provisions of subdivision (13) of section 10a-259 shall
189 be deemed to be state-owned real property. As used in this section and
190 section 12-19b, as amended, "town" includes borough.

191 (c) In the fiscal year ending June 30, 1991, and in each fiscal year
192 thereafter, the portion of the grant payable to any town as determined
193 in accordance with subdivisions (2) and (4) of subsection (a) of this
194 section, shall not be greater than the following percentage of total tax
195 levied by such town on real property in the preceding calendar year as
196 follows: (1) In the fiscal year ending June 30, 1991, ten per cent, (2) in
197 the fiscal year ending June 30, 1992, twelve per cent, (3) in the fiscal
198 year ending June 30, 1993, fourteen per cent, (4) in the fiscal year
199 ending June 30, 1994, twenty-seven per cent, (5) in the fiscal year
200 ending June 30, 1995, thirty-five per cent, (6) in the fiscal year ending
201 June 30, 1996, forty-two per cent, (7) in the fiscal year ending June 30,
202 1997, forty-nine per cent, (8) in the fiscal year ending June 30, 1998,
203 fifty-six per cent, (9) in the fiscal year ending June 30, 1999, sixty-three
204 per cent, (10) in the fiscal year ending June 30, 2000, seventy per cent,
205 (11) in the fiscal year ending June 30, 2001, seventy-seven per cent, (12)
206 in the fiscal year ending June 30, 2002, eighty-four per cent, (13) in the
207 fiscal year ending June 30, 2003, ninety-two per cent, and (14) in the
208 fiscal year ending June 30, 2004, and in each fiscal year thereafter, one
209 hundred per cent.

210 (d) In the fiscal year commencing July 1, 1999, and in each fiscal
211 year thereafter, the Commissioner of Transportation shall pay from the

212 Bradley International Airport Enterprise Fund to the State
213 Comptroller, on or before September fifteenth, the portion of the state
214 grant in lieu of taxes payable under the provisions of this section at the
215 rate of twenty per cent of the property taxes which would have been
216 paid to the towns of East Granby, Suffield, Windsor and Windsor
217 Locks for real property located at Bradley International Airport. Such
218 payment shall be credited to the appropriation from the General Fund
219 for reimbursements to towns for loss of taxes on state property.

220 (e) Notwithstanding the provisions of this section in effect prior to
221 January 1, 1997, any grant in lieu of taxes on state-owned real property
222 made to any town in excess of seven and one-half per cent of the total
223 tax levied on real property by such town is validated.

224 Sec. 8. Section 12-20a of the general statutes, as amended by section
225 60 of public act 01-6 of the June special session and section 113 of
226 public act 01-9 of the June special session, is repealed and the following
227 is substituted in lieu thereof (*Effective July 1, 2003*):

228 (a) On or before January first, annually, the Secretary of the Office of
229 Policy and Management shall determine the amount due to each
230 municipality in the state, in accordance with this section, as a state
231 grant in lieu of taxes with respect to real property owned by any
232 private nonprofit institution of higher education or any nonprofit
233 general hospital facility or free standing chronic disease hospital or an
234 urgent care facility that operates for at least twelve hours a day and
235 that had been the location of a nonprofit general hospital for at least a
236 portion of calendar year 1996 to receive payments in lieu of taxes for
237 such property, exclusive of any such facility operated by the federal
238 government or the state of Connecticut or any subdivision thereof. As
239 used in this section "private nonprofit institution of higher education"
240 means any such institution engaged primarily in education beyond the
241 high school level, the property of which is exempt from property tax
242 under any of the subdivisions of section 12-81, as amended; "nonprofit
243 general hospital facility" means any such facility which is used

244 primarily for the purpose of general medical care and treatment,
245 exclusive of any hospital facility used primarily for the care and
246 treatment of special types of disease or physical or mental conditions;
247 and "free standing chronic disease hospital" means a facility which
248 provides for the care and treatment of chronic diseases, excluding any
249 such facility having an ownership affiliation with and operated in the
250 same location as a chronic and convalescent nursing home.

251 (b) The grant payable to any municipality under the provisions of
252 this section in the state fiscal year commencing July 1, 1999, and in
253 each fiscal year thereafter, shall be equal to [seventy-seven] one
254 hundred per cent of the property taxes which, except for any
255 exemption applicable to any such institution of higher education or
256 general hospital facility under the provisions of section 12-81, as
257 amended, would have been paid with respect to such exempt real
258 property on the assessment list in such municipality for the assessment
259 date two years prior to the commencement of the state fiscal year in
260 which such grant is payable. [The amount of the grant payable to each
261 municipality in any year in accordance with this section shall be
262 reduced proportionately in the event that the total of such grants in
263 such year exceeds the amount appropriated for the purposes of this
264 section with respect to such year.]

265 (c) As used in this section and section 12-20b the word
266 "municipality" means any town, consolidated town and city,
267 consolidated town and borough, borough, district, as defined in
268 section 7-324, and any city not consolidated with a town.

269 Sec. 9. Subsection (a) of section 12-700 of the general statutes is
270 repealed and the following is substituted in lieu thereof (*Effective*
271 *October 1, 2002, and applicable to income years commencing on or after*
272 *January 1, 2003*):

273 (a) There is hereby imposed on the Connecticut taxable income of
274 each resident of this state a tax:

275 (1) At the rate of four and one-half per cent of such Connecticut
276 taxable income for taxable years commencing on or after January 1,
277 1992, and prior to January 1, 1996.

278 (2) For taxable years commencing on or after January 1, 1996, but
279 prior to January 1, 1997, in accordance with the following schedule:

280 (A) For any person who files a return under the federal income tax
281 for such taxable year as an unmarried individual or as a married
282 individual filing separately:

| T1 | Connecticut Taxable Income | Rate of Tax |
|----|-------------------------------|------------------------------|
| T2 | Not over \$2,250 | 3.0% |
| T3 | Over \$2,250 | \$67.50, plus 4.5% of the |
| T4 | | excess over \$2,250 |

283 (B) For any person who files a return under the federal income tax
284 for such taxable year as a head of household, as defined in Section 2(b)
285 of the Internal Revenue Code:

| T5 | Connecticut Taxable Income | Rate of Tax |
|----|----------------------------|----------------------------|
| T6 | Not over \$3,500 | 3.0% |
| T7 | Over \$3,500 | \$105.00, plus 4.5% of the |
| T8 | | excess over \$3,500 |

286 (C) For any husband and wife who file a return under the federal
287 income tax for such taxable year as married individuals filing jointly or
288 a person who files a return under the federal income tax as a surviving

289 spouse, as defined in Section 2(a) of the Internal Revenue Code:

| T9 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|----------------------------|
| T10 | Not over \$4,500 | 3.0% |
| T11 | Over \$4,500 | \$135.00, plus 4.5% of the |
| T12 | | excess over \$4,500 |

290 (D) For trusts or estates, the rate of tax shall be 4.5% of their
291 Connecticut taxable income.

292 (3) For taxable years commencing on or after January 1, 1997, but
293 prior to January 1, 1998, in accordance with the following schedule:

294 (A) For any person who files a return under the federal income tax
295 for such taxable year as an unmarried individual or as a married
296 individual filing separately:

| T13 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|----------------------------|
| T14 | Not over \$6,250 | 3.0% |
| T15 | Over \$6,250 | \$187.50, plus 4.5% of the |
| T16 | | excess over \$6,250 |

297 (B) For any person who files a return under the federal income tax
298 for such taxable year as a head of household, as defined in Section 2(b)
299 of the Internal Revenue Code:

| T17 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|-------------|
| T18 | Not over \$10,000 | 3.0% |

313 for such taxable year as a head of household, as defined in Section 2(b)
314 of the Internal Revenue Code:

| T29 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|---------------------------|
| T30 | Not over \$12,000 | 3.0% |
| T31 | Over \$12,000 | \$360.00 plus 4.5% of the |
| T32 | | excess over \$12,000 |

315 (C) For any husband and wife who file a return under the federal
316 income tax for such taxable year as married individuals filing jointly or
317 any person who files a return under the federal income tax for such
318 taxable year as a surviving spouse, as defined in Section 2(a) of the
319 Internal Revenue Code:

| T33 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|---------------------------|
| T34 | Not over \$15,000 | 3.0% |
| T35 | Over \$15,000 | \$450.00 plus 4.5% of the |
| T36 | | excess over \$15,000 |

320 (D) For trusts or estates, the rate of tax shall be 4.5% of their
321 Connecticut taxable income.

322 (5) For taxable years commencing on or after January 1, 1999, in
323 accordance with the following schedule:

324 (A) For any person who files a return under the federal income tax
325 for such taxable year as an unmarried individual or as a married
326 individual filing separately:

| T37 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|----------------------------|
| T38 | Not over \$10,000 | 3.0% |
| T39 | Over \$10,000 | \$300.00, plus 4.5% of the |
| T40 | | excess over \$10,000 |

327 (B) For any person who files a return under the federal income tax
328 for such taxable year as a head of household, as defined in Section 2(b)
329 of the Internal Revenue Code:

| T41 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|----------------------------|
| T42 | Not over \$16,000 | 3.0% |
| T43 | Over \$16,000 | \$480.00, plus 4.5% of the |
| T44 | | excess over \$16,000 |

330 (C) For any husband and wife who file a return under the federal
331 income tax for such taxable year as married individuals filing jointly or
332 any person who files a return under the federal income tax for such
333 taxable year as a surviving spouse, as defined in Section 2(a) of the
334 Internal Revenue Code:

| T45 | Connecticut Taxable Income | Rate of Tax |
|-----|----------------------------|----------------------------|
| T46 | Not over \$20,000 | 3.0% |
| T47 | Over \$20,000 | \$600.00, plus 4.5% of the |
| T48 | | excess over \$20,000 |

335 (D) For trusts or estates, the rate of tax shall be 4.5% of their
336 Connecticut taxable income.

337 (6) For taxable years commencing on or after January 1, 2003, in

338 accordance with the following schedule:

339 (A) For any person who files a return under the federal income tax
 340 for such taxable year as an unmarried individual or as a married
 341 individual filing separately:

| T49 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
|-----|-----------------------------------|-----------------------------------|
| T50 | <u>Not over \$10,000</u> | <u>4.0%</u> |
| T51 | <u>Over \$10,000</u> | <u>\$300.00, plus 6.0% of the</u> |
| T52 | | <u>excess over \$10,000</u> |

342 (B) For any person who files a return under the federal income tax
 343 for such taxable year as a head of household, as defined in Section 2(b)
 344 of the Internal Revenue Code:

| T53 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
|-----|-----------------------------------|-----------------------------------|
| T54 | <u>Not over \$16,000</u> | <u>4.0%</u> |
| T55 | <u>Over \$16,000</u> | <u>\$480.00, plus 6.0% of the</u> |
| T56 | | <u>excess over \$16,000</u> |

345 (C) For any husband and wife who file a return under the federal
 346 income tax for such taxable year as married individuals filing jointly or
 347 any person who files a return under the federal income tax for such
 348 taxable year as a surviving spouse, as defined in Section 2(a) of the
 349 Internal Revenue Code:

| T57 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
|-----|-----------------------------------|--------------------|
| T58 | <u>Not over \$20,000</u> | <u>4.0%</u> |

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]