



General Assembly

February Session, 2004

Raised Bill No. 346

LCO No. 1562

01562_____ED_

Referred to Committee on Education

Introduced by:
(ED)

**AN ACT CONCERNING EDUCATION COST SHARING GRANTS AND
THE FUNDING OF THE GRANTS.**

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

1 Section 1. Subdivision (9) of section 10-262f of the general statutes,
2 as amended by section 24 of public act 03-6 of the June 30 special
3 session, is repealed and the following is substituted in lieu thereof
4 (*Effective July 1, 2004*):

5 (9) "Foundation" means (A) for the fiscal year ending June 30, 1990,
6 three thousand nine hundred eighteen dollars, (B) for the fiscal year
7 ending June 30, 1991, four thousand one hundred ninety-two dollars,
8 (C) for the fiscal year ending June 30, 1992, four thousand four
9 hundred eighty-six dollars, (D) for the fiscal years ending June 30,
10 1993, June 30, 1994, and June 30, 1995, four thousand eight hundred
11 dollars, (E) for the fiscal years ending June 30, 1996, June 30, 1997, and
12 June 30, 1998, five thousand seven hundred eleven dollars, (F) for the
13 fiscal year ending June 30, 1999, five thousand seven hundred seventy-
14 five dollars, [and] (G) for the fiscal years ending June 30, 2000, to June
15 30, [2005] 2004, inclusive, five thousand eight hundred ninety-one
16 dollars, (H) for the fiscal years ending June 30, 2005, and June 30, 2006,

17 six thousand four hundred seven dollars, and (I) for the 2007-2008
18 biennium, and each biennium thereafter, the amount for the first year
19 of the biennium shall be the amount for the prior fiscal year increased
20 by (i) multiplying the amount for the prior fiscal year by the
21 percentage increase, if any, in the consumer price index for urban
22 consumers for the calendar year average that commenced thirty
23 months prior to the beginning of the first fiscal year of the biennium,
24 and (ii) by increasing the amount obtained pursuant to subclause (i) of
25 this subparagraph by the percentage increase, if any, in the consumer
26 price index for urban consumers for the calendar year average that
27 commenced eighteen months prior to the beginning of the first fiscal
28 year of the biennium, the amount for the second year of the biennium
29 shall be the same as the amount for the first year of the biennium.

30 Sec. 2. Subdivision (6) of subsection (a) of section 10-262h of the
31 general statutes, as amended by section 23 of public act 03-6 of the June
32 30 special session, is repealed and the following is substituted in lieu
33 thereof (*Effective July 1, 2004*):

34 (6) For the fiscal year ending June 30, 1996, and each fiscal year
35 thereafter, a grant in an amount equal to the amount of its target aid as
36 described in subdivision (32) of section 10-262f, as amended, except
37 that such amount shall be capped in accordance with the following:
38 (A) For the fiscal years ending June 30, 1996, June 30, 1997, June 30,
39 1998, and June 30, 1999, for each town, the maximum percentage
40 increase over its previous year's base revenue shall be the product of
41 five per cent and the ratio of the wealth of the town ranked one
42 hundred fifty-third when all towns are ranked in descending order to
43 each town's wealth, provided no town shall receive an increase greater
44 than five per cent. (B) For the fiscal years ending June 30, 2000, [June
45 30, 2001, June 30, 2002, June 30, 2003, June 30, 2004, and June 30, 2005]
46 to June 30, 2004, inclusive, for each town, the maximum percentage
47 increase over its previous year's base revenue shall be the product of
48 six per cent and the ratio of the wealth of the town ranked one
49 hundred fifty-third when all towns are ranked in descending order to

50 each town's wealth, provided no town shall receive an increase greater
51 than six per cent. (C) No such cap shall be used for the fiscal year
52 ending June 30, [2006] 2005, or any fiscal year thereafter. (D) For the
53 fiscal year ending June 30, 1996, for each town, the maximum
54 percentage reduction from its previous year's base revenue shall be
55 equal to the product of three per cent and the ratio of each town's
56 wealth to the wealth of the town ranked seventeenth when all towns
57 are ranked in descending order, provided no town's grant shall be
58 reduced by more than three per cent. (E) For the fiscal years ending
59 June 30, 1997, June 30, 1998, and June 30, 1999, for each town, the
60 maximum percentage reduction from its previous year's base revenue
61 shall be equal to the product of five per cent and the ratio of each
62 town's wealth to the wealth of the town ranked seventeenth when all
63 towns are ranked in descending order, provided no town's grant shall
64 be reduced by more than five per cent. (F) For the fiscal year ending
65 June 30, 2000, and each fiscal year thereafter, no town's grant shall be
66 less than the grant it received for the prior fiscal year. (G) For each
67 fiscal year through the fiscal year ending June 30, 2003, in addition to
68 the amount determined pursuant to this subdivision, a town shall be
69 eligible for a density supplement if the density of the town is greater
70 than the average density of all towns in the state. [The density
71 supplement shall be determined by multiplying the density aid ratio of
72 the town by the foundation level and the town's total need students for
73 the prior fiscal year provided, for the fiscal year ending June 30, 2000,
74 and each fiscal year thereafter, no town's density supplement shall be
75 less than the density supplement such town received for the prior
76 fiscal year.] (H) For the fiscal year ending June 30, 1997, the grant
77 determined in accordance with this subdivision for a town ranked one
78 to forty-two when all towns are ranked in descending order according
79 to town wealth shall be further reduced by one and two-hundredths of
80 a per cent and such grant for all other towns shall be further reduced
81 by fifty-six-hundredths of a per cent. (I) For the fiscal year ending June
82 30, 1998, and each fiscal year thereafter, no town whose school district
83 is a priority school district shall receive a grant pursuant to this

84 subdivision in an amount that is less than the amount received under
85 such grant for the prior fiscal year. (J) For the fiscal year ending June
86 30, 2000, and each fiscal year through the fiscal year ending June 30,
87 2003, no town whose school district is a priority school district shall
88 receive a grant pursuant to this subdivision that provides an amount of
89 aid per resident student that is less than the amount of aid per resident
90 student provided under the grant received for the prior fiscal year. (K)
91 For the fiscal year ending June 30, 1998, and each fiscal year thereafter,
92 no town whose school district is a priority school district shall receive a
93 grant pursuant to this subdivision in an amount that is less than
94 seventy per cent of the sum of (i) the product of a town's base aid ratio,
95 the foundation level and the town's total need students for the fiscal
96 year prior to the year in which the grant is to be paid, (ii) the product
97 of a town's supplemental aid ratio, the foundation level and the sum of
98 the portion of its total need students count described in subparagraphs
99 (B) and (C) of subdivision (25) of section 10-262f, as amended, for the
100 fiscal year prior to the fiscal year in which the grant is to be paid, and
101 the adjustments to its resident student count described in subdivision
102 (22) of said section 10-262f, as amended, relative to length of school
103 year and summer school sessions, and (iii) the town's regional bonus.
104 (L) For the fiscal year ending June 30, 2000, and each fiscal year
105 thereafter, no town whose school district is a transitional school district
106 shall receive a grant pursuant to this subdivision in an amount that is
107 less than forty per cent of the sum of (i) the product of a town's base
108 aid ratio, the foundation level and the town's total need students for
109 the fiscal year prior to the fiscal year in which the grant is to be paid,
110 (ii) the product of a town's supplemental aid ratio, the foundation level
111 and the sum of the portion of its total need students count described in
112 subparagraphs (B) and (C) of subdivision (25) of section 10-262f, as
113 amended, for the fiscal year prior to the fiscal year in which the grant
114 is to be paid, and the adjustments to its resident student count
115 described in subdivision (22) of said section 10-262f, as amended,
116 relative to length of school year and summer school sessions, and (iii)
117 the town's regional bonus. (M) For the fiscal year ending June 30, 2002,

118 (i) each town whose target aid is capped pursuant to this subdivision
119 shall receive a grant that includes a pro rata share of twenty-five
120 million dollars based on the difference between its target aid and the
121 amount of the grant determined with the cap, and (ii) all towns shall
122 receive a grant that is at least 1.68 per cent greater than the grant they
123 received for the fiscal year ending June 30, 2001. (N) For the fiscal year
124 ending June 30, 2003, (i) each town whose target aid is capped
125 pursuant to this subdivision shall receive a pro rata share of fifty
126 million dollars based on the difference between its target aid and the
127 amount of the grant determined with the cap, and (ii) each town shall
128 receive a grant that is at least 1.2 per cent more than its base revenue,
129 as defined in subdivision (28) of section 10-262f, as amended. (O) For
130 the fiscal year ending June 30, 2003, each town shall receive a grant
131 that is at least equal to the grant it received for the prior fiscal year. (P)
132 For the fiscal year ending June 30, 2004, (i) each town whose target aid
133 is capped pursuant to this subdivision shall receive a grant that
134 includes a pro rata share of fifty million dollars based on the difference
135 between its target aid and the amount of the grant determined with the
136 cap, (ii) each town's grant including the cap supplement shall be
137 reduced by three per cent, (iii) the towns of Bridgeport, Hartford and
138 New Haven shall each receive a grant that is equal to the grant such
139 towns received for the prior fiscal year plus one million dollars, (iv)
140 those towns described in clause (i) of this subparagraph shall receive a
141 grant that includes a pro rata share of three million dollars based on
142 the same pro rata basis as used in said clause (i), (v) towns whose
143 school districts are priority school districts pursuant to subsection (a)
144 of section 10-266p, as amended, or transitional school districts
145 pursuant to section 10-263c or who are eligible for grants under section
146 10-276a or 10-263d for the fiscal years ending June 30, 2002, to June 30,
147 2004, inclusive shall receive grants that are at least equal to the grants
148 they received for the prior fiscal year, (vi) towns not receiving funds
149 under clause (iii) of this subparagraph shall receive a pro rata share of
150 any remaining funds based on their grant determined under this
151 subparagraph. (Q) For the fiscal year ending June 30, 2005, each town

152 shall receive a grant that is at least equal to the grant it received for the
153 prior fiscal year.

154 Sec. 3. Subdivisions (6) and (7) of subsection (a) of section 12-700 of
155 the general statutes, as amended by section 22 of public act 03-2, are
156 repealed and the following is substituted in lieu thereof (*Effective from*
157 *passage, and applicable to taxable years commencing on or after January 1,*
158 *2004*):

159 (6) For taxable years commencing on or after January 1, 2003, and
160 prior to January 1, 2004, in accordance with the following schedule:

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

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$10,000	3.0%
T3	Over \$10,000	\$300.00, plus 5.0% of the
T4		excess over \$10,000

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

T5	Connecticut Taxable Income	Rate of Tax
T6	Not over \$16,000	3.0%
T7	Over \$16,000	\$480.00, plus 5.0% of the
T8		excess over \$16,000

167 (C) For any husband and wife who file a return under the federal

168 income tax for such taxable year as married individuals filing jointly or
169 any person who files a return under the federal income tax for such
170 taxable year as a surviving spouse, as defined in Section 2(a) of the
171 Internal Revenue Code:

T9	Connecticut Taxable Income	Rate of Tax
T10	Not over \$20,000	3.0%
T11	Over \$20,000	\$600.00, plus 5.0% of the
T12		excess over \$20,000

172 (D) For trusts or estates, the rate of tax shall be 5.0% of the
173 Connecticut taxable income.

174 (7) For taxable years commencing on or after January 1, 2004, in
175 accordance with the following schedule:

176 (A) For any person who files a return under the federal income tax
177 for such taxable year as an unmarried individual:

T13	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T14	<u>Not over \$10,000</u>	<u>3.0%</u>
T15	<u>Over \$10,000 but not over</u>	<u>\$300.00, plus 5.0% of the</u>
T16	<u>\$531,500</u>	<u>excess over \$10,000</u>
T17	<u>Over \$531,500</u>	<u>\$26,375, plus 6.0% of the</u>
T18		<u>excess over \$531,500</u>

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

T19	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T20	<u>Not over \$16,000</u>	<u>3.0%</u>
T21	<u>Over \$16,000 but not over</u>	<u>\$480.00, plus 5.0% of the</u>
T22	<u>\$792,000</u>	<u>excess over \$16,000</u>
T23	<u>Over \$792,000</u>	<u>\$39,280, plus 6.0% of the</u>
T24		<u>excess over \$792,000</u>

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

T25	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T26	<u>Not over \$20,000</u>	<u>3.0%</u>
T27	<u>Over \$20,000 but not over</u>	<u>\$600.00, plus 5.0% of the</u>
T28	<u>\$1,000,000</u>	<u>excess over \$20,000</u>
T29	<u>Over \$1,000,000</u>	<u>\$49,600, plus 6.0% of the</u>
T30		<u>excess over \$1,000,000</u>

186 (D) For any person who files a return under the federal income tax
 187 for such taxable year as a married individual filing separately:

T31	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T32	<u>Not over \$10,000</u>	<u>3.0%</u>
T33	<u>Over \$10,000 but not over</u>	<u>\$300.00, plus 5.0% of the</u>
T34	<u>\$500,000</u>	<u>excess over \$10,000</u>
T35	<u>Over \$500,000</u>	<u>\$24,800, plus 6.0% of the</u>
T36		<u>excess over \$500,000</u>

188 (E) For trusts or estates, the rate of tax shall be 6.0% of the
189 Connecticut taxable income.

190 [(7)] (8) The provisions of this subsection shall apply to resident
191 trusts and estates and, wherever reference is made in this subsection to
192 residents of this state, such reference shall be construed to include
193 resident trusts and estates, provided any reference to a resident's
194 Connecticut adjusted gross income derived from sources without this
195 state or to a resident's Connecticut adjusted gross income shall be
196 construed, in the case of a resident trust or estate, to mean the resident
197 trust or estate's Connecticut taxable income derived from sources
198 without this state and the resident trust or estate's Connecticut taxable
199 income, respectively.

200 Sec. 4. (*Effective from passage*) The Commissioner of Revenue Services
201 shall adjust the withholding tables issued for purposes of
202 administering the personal income tax imposed under chapter 229 of
203 the general statutes to take account of any changes in such tax made by
204 this act and, on or before June 1, 2004, shall issue new withholding
205 tables applicable to taxable years commencing on or after January 1,
206 2004, provided the tables applicable to the period from the effective
207 date of this act to December 31, 2004, shall provide for the collection of
208 a tax computed in such manner as to result, so far as practicable, in
209 withholding from the employee's wages during such period an
210 amount substantially equivalent to the tax reasonably estimated to be
211 due from the employee under said chapter 229 with respect to the
212 amount of such wages during a twelve-month period and further
213 provided the tables applicable to any period after January 1, 2005, shall
214 be prepared as provided in section 12-705 of the general statutes.

215 Sec. 5. (*Effective from passage*) Notwithstanding the provisions of
216 section 12-722 of the general statutes, any taxpayer required to make
217 an estimated payment in June, 2004, for the tax due under chapter 229
218 of the general statutes shall make such payment in an amount which is
219 adjusted for any change in the rate applicable to the current taxable

220 year, as provided in section 12-700 of the general statutes, as amended
221 by this act.

This act shall take effect as follows:	
Section 1	<i>July 1, 2004</i>
Sec. 2	<i>July 1, 2004</i>
Sec. 3	<i>from passage, and applicable to taxable years commencing on or after January 1, 2004</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>

Statement of Purpose:

To amend the education cost sharing formula by increasing the foundation and linking future biennial increases to the foundation to the consumer price index, removing the cap, making a technical change, and funding the formula by raising revenue through an increase in the income tax on certain levels of income.

[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.]