



General Assembly

January Session, 2007

Raised Bill No. 7404

LCO No. 6103

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING PAYMENTS IN LIEU OF TAXES.

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

1 Section 1. Section 12-19a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007, and*
3 *applicable to grants in lieu of taxes otherwise due for assessment years*
4 *commencing on and after October 1, 2007*):

5 (a) On or before January first, annually, the Secretary of the Office of
6 Policy and Management shall determine the amount due, as a state
7 grant in lieu of taxes, to each town in this state wherein state-owned
8 real property, reservation land held in trust by the state for an Indian
9 tribe or a municipally owned airport, except that which was acquired
10 and used for highways and bridges, but not excepting property
11 acquired and used for highway administration or maintenance
12 purposes, is located. The grant payable to any town under the
13 provisions of this section in the state fiscal year commencing July 1,
14 1999, and each fiscal year thereafter, shall be equal to the total of (1) (A)
15 one hundred per cent of the property taxes which would have been
16 paid with respect to any facility designated by the Commissioner of
17 Correction, on or before August first of each year, to be a correctional

18 facility administered under the auspices of the Department of
19 Correction or a juvenile detention center under direction of the
20 Department of Children and Families that was used for incarcerative
21 purposes during the preceding fiscal year. If a list containing the name
22 and location of such designated facilities and information concerning
23 their use for purposes of incarceration during the preceding fiscal year
24 is not available from the Secretary of the State on the first day of
25 August of any year, said commissioner shall, on said first day of
26 August, certify to the Secretary of the Office of Policy and
27 Management a list containing such information, (B) one hundred per
28 cent of the property taxes which would have been paid with respect to
29 that portion of the John Dempsey Hospital located at The University of
30 Connecticut Health Center in Farmington that is used as a permanent
31 medical ward for prisoners under the custody of the Department of
32 Correction. Nothing in this section shall be construed as designating
33 any portion of The University of Connecticut Health Center John
34 Dempsey Hospital as a correctional facility, and (C) in the state fiscal
35 year commencing July 1, 2001, and each fiscal year thereafter, one
36 hundred per cent of the property taxes which would have been paid
37 on any land designated within the 1983 Settlement boundary and
38 taken into trust by the federal government for the Mashantucket
39 Pequot Tribal Nation on or after June 8, 1999, (2) subject to the
40 provisions of subsection (c) of this section, [~~sixty-five~~] one hundred per
41 cent of the property taxes which would have been paid with respect to
42 the buildings and grounds comprising Connecticut Valley Hospital in
43 Middletown. Such grant shall commence with the fiscal year beginning
44 July 1, 2000, and continuing each year thereafter, (3) notwithstanding
45 the provisions of subsections (b) and (c) of this section, with respect to
46 any town in which more than fifty per cent of the property is state-
47 owned real property, one hundred per cent of the property taxes
48 which would have been paid with respect to such state-owned
49 property. Such grant shall commence with the fiscal year beginning
50 July 1, 1997, and continuing each year thereafter, (4) subject to the
51 provisions of subsection (c) of this section, [~~forty-five~~] one hundred per

52 cent of the property taxes which would have been paid with respect to
53 all other state-owned real property, and (5) [forty-five] one hundred
54 per cent of the property taxes which would have been paid with
55 respect to all municipally owned airports; except for the exemption
56 applicable to such property, on the assessment list in such town for the
57 assessment date two years prior to the commencement of the state
58 fiscal year in which such grant is payable. The grant provided
59 pursuant to this section for any municipally owned airport shall be
60 paid to any municipality in which the airport is located, except that the
61 grant applicable to Sikorsky Airport shall be paid half to the town of
62 Stratford and half to the city of Bridgeport. [For the fiscal year ending
63 June 30, 2000, and in each fiscal year thereafter, the amount of the
64 grant payable to each municipality in accordance with this section
65 shall be reduced proportionately in the event that the total of such
66 grants in such year exceeds the amount appropriated for the purposes
67 of this section with respect to such year.]

68 (b) As used in this section "total tax levied" means the total real
69 property tax levy in such town for the fiscal year preceding the fiscal
70 year in which a grant in lieu of taxes under this section is made,
71 reduced by the Secretary of the Office of Policy and Management in an
72 amount equal to all reimbursements certified as payable to such town
73 by the secretary for real property exemptions and credits on the
74 taxable grand list or rate bill of such town for the assessment year that
75 corresponds to that for which the assessed valuation of the state-
76 owned land and buildings has been provided. For purposes of this
77 section and section 12-19b, any real property which is owned by the
78 John Dempsey Hospital Finance Corporation established pursuant to
79 the provisions of sections 10a-250 to 10a-263, inclusive, or by one or
80 more subsidiary corporations established pursuant to subdivision (13)
81 of section 10a-254 and which is free from taxation pursuant to the
82 provisions of subdivision (13) of section 10a-259 shall be deemed to be
83 state-owned real property. As used in this section and section 12-19b,
84 "town" includes borough.

85 (c) In the fiscal year ending June 30, 1991, and in each fiscal year
86 thereafter, the portion of the grant payable to any town as determined
87 in accordance with subdivisions (2) and (4) of subsection (a) of this
88 section, shall not be greater than the following percentage of total tax
89 levied by such town on real property in the preceding calendar year as
90 follows: (1) In the fiscal year ending June 30, 1991, ten per cent, (2) in
91 the fiscal year ending June 30, 1992, twelve per cent, (3) in the fiscal
92 year ending June 30, 1993, fourteen per cent, (4) in the fiscal year
93 ending June 30, 1994, twenty-seven per cent, (5) in the fiscal year
94 ending June 30, 1995, thirty-five per cent, (6) in the fiscal year ending
95 June 30, 1996, forty-two per cent, (7) in the fiscal year ending June 30,
96 1997, forty-nine per cent, (8) in the fiscal year ending June 30, 1998,
97 fifty-six per cent, (9) in the fiscal year ending June 30, 1999, sixty-three
98 per cent, (10) in the fiscal year ending June 30, 2000, seventy per cent,
99 (11) in the fiscal year ending June 30, 2001, seventy-seven per cent, (12)
100 in the fiscal year ending June 30, 2002, eighty-four per cent, (13) in the
101 fiscal year ending June 30, 2003, ninety-two per cent, and (14) in the
102 fiscal year ending June 30, 2004, and in each fiscal year thereafter, one
103 hundred per cent.

104 (d) In the fiscal year commencing July 1, 1999, and in each fiscal
105 year thereafter, the Commissioner of Transportation shall pay from the
106 Bradley International Airport Enterprise Fund to the State
107 Comptroller, on or before September fifteenth, the portion of the state
108 grant in lieu of taxes payable under the provisions of this section at the
109 rate of [twenty] one hundred per cent of the property taxes which
110 would have been paid to the towns of East Granby, Suffield, Windsor
111 and Windsor Locks for real property located at Bradley International
112 Airport. Such payment shall be credited to the appropriation from the
113 General Fund for reimbursements to towns for loss of taxes on state
114 property.

115 (e) Notwithstanding the provisions of this section in effect prior to
116 January 1, 1997, any grant in lieu of taxes on state-owned real property
117 made to any town in excess of seven and one-half per cent of the total

118 tax levied on real property by such town is validated.

119 (f) For the fiscal year ending June 30, 2000, and in each fiscal year
120 thereafter, the amount of the grant payable to each municipality in
121 accordance with this section shall be reduced proportionately in the
122 event that the total of such grants in such year exceeds the amount
123 appropriated for the purposes of this section with respect to such year.
124 In any year in which such reduction is made, persons residing in a
125 municipality affected by such reduction shall be allowed an additional
126 credit for taxes paid on the amount of property tax paid during such
127 taxable year, as provided in section 12-704c, as amended by this act.

128 Sec. 2. Section 12-20a of the general statutes is repealed and the
129 following is substituted in lieu thereof (*Effective July 1, 2007, and*
130 *applicable to assessment years commencing on or after October 1, 2007*):

131 (a) On or before January first, annually, the Secretary of the Office of
132 Policy and Management shall determine the amount due to each
133 municipality in the state, in accordance with this section, as a state
134 grant in lieu of taxes with respect to real property owned by any
135 private nonprofit institution of higher learning or any nonprofit
136 general hospital facility or free standing chronic disease hospital or an
137 urgent care facility that operates for at least twelve hours a day and
138 that had been the location of a nonprofit general hospital for at least a
139 portion of calendar year 1996 to receive payments in lieu of taxes for
140 such property, exclusive of any such facility operated by the federal
141 government, except a campus of the United States Department of
142 Veterans Affairs Connecticut Healthcare Systems, or the state of
143 Connecticut or any subdivision thereof. As used in this section "private
144 nonprofit institution of higher learning" means any such institution, as
145 defined in subsection (a) of section 10a-34, or any independent college
146 or university, as defined in section 10a-37, that is engaged primarily in
147 education beyond the high school level, and offers courses of
148 instruction for which college or university-level credit may be given or
149 may be received by transfer, the property of which is exempt from

150 property tax under any of the subdivisions of section 12-81; "nonprofit
151 general hospital facility" means any such facility which is used
152 primarily for the purpose of general medical care and treatment,
153 exclusive of any hospital facility used primarily for the care and
154 treatment of special types of disease or physical or mental conditions;
155 and "free standing chronic disease hospital" means a facility which
156 provides for the care and treatment of chronic diseases, excluding any
157 such facility having an ownership affiliation with and operated in the
158 same location as a chronic and convalescent nursing home.

159 (b) The grant payable to any municipality under the provisions of
160 this section in the state fiscal year commencing July 1, 1999, and in
161 each fiscal year thereafter, shall be equal to [seventy-seven] one
162 hundred per cent of the property taxes which, except for any
163 exemption applicable to any such institution of higher education or
164 general hospital facility under the provisions of section 12-81, would
165 have been paid with respect to such exempt real property on the
166 assessment list in such municipality for the assessment date two years
167 prior to the commencement of the state fiscal year in which such grant
168 is payable. The amount of the grant payable to each municipality in
169 any year in accordance with this section shall be reduced
170 proportionately in the event that the total of such grants in such year
171 exceeds the amount appropriated for the purposes of this section with
172 respect to such year. In any year in which such reduction is made,
173 persons residing in a municipality affected by such reduction shall be
174 allowed an additional credit for taxes paid on the amount of property
175 tax paid during such taxable year, as provided in section 12-704c, as
176 amended by this act.

177 (c) Notwithstanding the provisions of subsection (b) of this section,
178 the amount of the grant payable to any municipality under the
179 provisions of this section with respect to a campus of the United States
180 Department of Veterans Affairs Connecticut Healthcare Systems shall
181 be as follows: (1) For the fiscal year ending June 30, 2007, twenty per
182 cent of the amount payable in accordance with said subsection (b); (2)

183 for the fiscal year ending June 30, 2008, forty per cent of such amount;
184 (3) for the fiscal year ending June 30, 2009, sixty per cent of such
185 amount; (4) for the fiscal year ending June 30, 2010, eighty per cent of
186 such amount; (5) for the fiscal year ending June 30, 2011, and each
187 fiscal year thereafter, one hundred per cent of such amount.

188 (d) As used in this section and section 12-20b, the word
189 "municipality" means any town, consolidated town and city,
190 consolidated town and borough, borough, district, as defined in
191 section 7-324, and any city not consolidated with a town.

192 Sec. 3. Subsection (b) of section 12-704c of the general statutes is
193 repealed and the following is substituted in lieu thereof (*Effective July*
194 *1, 2007, and applicable to taxable years commencing on or after January 1,*
195 *2007*):

196 (b) (1) The credit allowed under this section shall not exceed two
197 hundred fifteen dollars for the taxable year commencing on or after
198 January 1, 1997, and prior to January 1, 1998; for taxable years
199 commencing on or after January 1, 1998, but prior to January 1, 1999,
200 three hundred fifty dollars; for taxable years commencing on or after
201 January 1, 1999, but prior to January 1, 2000, four hundred twenty-five
202 dollars; for taxable years commencing on or after January 1, 2000, but
203 prior to January 1, 2003, five hundred dollars; for taxable years
204 commencing on or after January 1, 2003, three hundred fifty dollars;
205 for taxable years commencing on or after January 1, 2005, but prior to
206 January 1, 2006, three hundred fifty dollars; and for taxable years
207 commencing on or after January 1, 2006, five hundred dollars. In the
208 case of any husband and wife who file a return under the federal
209 income tax for such taxable year as married individuals filing a joint
210 return, the credit allowed, in the aggregate, shall not exceed such
211 amounts for each such taxable year.

212 (2) Notwithstanding the provisions of subdivision (1) of this
213 subsection, in any year in which the municipality in which a taxpayer
214 resides receives less than a one hundred per cent grant in lieu of taxes

215 pursuant to section 12-19a or 12-20a, the amount of the credit allowed
 216 under this section for such taxpayer shall be increased by two hundred
 217 fifty dollars.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007, and applicable to grants in lieu of taxes otherwise due for assessment years commencing on and after October 1, 2007</i>	12-19a
Sec. 2	<i>July 1, 2007, and applicable to assessment years commencing on or after October 1, 2007</i>	12-20a
Sec. 3	<i>July 1, 2007, and applicable to taxable years commencing on or after January 1, 2007</i>	12-704c(b)

Statement of Purpose:

To provide that the state grants to municipalities in lieu of taxes shall be equal to one hundred per cent of the property taxes on certain tax-exempt properties, and to allow a higher credit for property taxes on the income tax returns of residents in municipalities that receive less than one hundred per cent of such grants.

[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.]