



General Assembly

January Session, 2007

Bill No. 7431

LCO No. 6603

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:

REP. CAFERO, 142nd Dist.

SEN. DELUCA, 32nd Dist.

**AN ACT CONCERNING PROPERTY TAX RELIEF AND
ACCOUNTABILITY IN EDUCATION.**

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

1 Section 1. (NEW) (*Effective from passage, and applicable to fiscal years*
2 *commencing on and after July 1, 2008*) (a) For purposes of this section:

3 (1) "Debt payments" means payments of: (A) Principal, interest or
4 mandatory sinking fund payments with respect to bonds, notes,
5 temporary notes or bond anticipation notes, grant account loan
6 obligations, interim funding obligations, project obligations or project
7 loan obligations, as defined in section 22a-475 of the general statutes,
8 or other obligations of the municipality constituting debt in accordance
9 with municipal reporting standards described in section 7-394a of the
10 general statutes, which obligations constitute general obligations or are
11 secured by a pledge of the full faith and credit of the municipality, but
12 not including pension deficit funding bonds, as defined in section 7-
13 374c of the general statutes; or (B) obligations of the municipality with
14 respect to bond insurance policies obtained in connection with the

15 issuance of the debt obligations described in subparagraph (A) of this
16 subdivision, or with respect to letters of credit, lines of credit or other
17 credit facilities, reimbursement agreements, remarketing agreements,
18 standby bond purchase agreements, interest rate swap agreements or
19 any other agreements obtained or entered into pursuant to the
20 provisions of section 7-370b of the general statutes, in connection with
21 the issuance of such debt obligations.

22 (2) "Grand list" means the grand list, as described in sections 12-55
23 and 7-328 of the general statutes, of all property in a municipality that
24 is subject to taxation under chapter 203 of the general statutes,
25 modified as follows: (A) The total net assessment of all motor vehicles
26 shall be subtracted from such grand list; (B) the total of any
27 exemptions used for the purpose of reflecting a phase-in, pursuant to
28 section 12-62c of the general statutes, shall be added to such grand list;
29 and (C) any modifications to the assessment of real or personal
30 property other than motor vehicles, or to any exemption for which the
31 owner of such property is eligible, as approved by the board of
32 assessment appeals of the municipality, shall be added to or subtracted
33 from such grand list, as the case may be. Notwithstanding the
34 provisions of this subdivision, the grand list for any assessment year in
35 which the provisions of section 12-62n of the general statutes, are
36 applicable, shall be determined without regard to the rate of
37 assessment for apartment property and residential property, as
38 defined in said section.

39 (3) "Grand list growth" means the amount by which the grand list in
40 any assessment year, except an assessment year with respect to which
41 a revaluation pursuant to section 12-62 of the general statutes, is
42 effective, exceeds the grand list for the preceding assessment year,
43 expressed as a percentage.

44 (4) "Grand list growth increase" means a municipality's grand list
45 growth as computed pursuant to subparagraph (B) of subdivision (1)
46 of subsection (b) of this section.

47 (5) "Legal voter" means any person who is an elector of a
48 municipality and any citizen of the United States of the age of eighteen
49 years or more who, jointly or severally, is liable to the municipality for
50 taxes assessed against such voter on an assessment of not less than one
51 thousand dollars on the last-completed grand list of such municipality.

52 (6) "Legislative body" means (A) the board of selectmen in a town
53 that does not have a charter, special act or home rule ordinance
54 relating to its government, (B) the council, board of aldermen,
55 representative town meeting, board of selectmen or other elected
56 legislative body described in a charter, special act or home rule
57 ordinance relating to government in a city, consolidated town and city,
58 consolidated town and borough or a town having a charter, special act,
59 consolidation ordinance or home rule ordinance relating to its
60 government, (C) the board of burgesses or other elected legislative
61 body in a borough, or (D) the district committee or other elected
62 legislative body in a district, as defined in section 7-324 of the general
63 statutes, or other municipal corporation.

64 (7) "Municipality" means any town, city, borough, consolidated
65 town and city and consolidated town and borough, each district as
66 defined in section 7-324 of the general statutes, and any other
67 municipal corporation having the power to levy a tax on property
68 pursuant to chapter 204 of the general statutes.

69 (8) "Total tax levied" means the total amount of property taxes a
70 municipality levies under chapter 204 of the general statutes with
71 respect to all real property, personal property and motor vehicles.

72 (b) (1) (A) In the fiscal year commencing July 1, 2008, any increase in
73 the total tax levied by a municipality shall be limited to a percentage
74 increase above the total tax levied by the municipality in the preceding
75 fiscal year, calculated by adding three per cent and the grand list
76 growth increase determined under subparagraph (B) of this
77 subdivision. In addition to the total tax levy determined by application
78 of said percentage increase, a municipality may further increase the

79 levy by the additional amount, if any, approved in accordance with
80 subdivision (3) of this subsection or subsection (c) of this section.

81 (B) In any assessment year, except an assessment year in which a
82 revaluation is effective, a municipality's grand list growth increase
83 shall be the municipality's grand list growth, minus one and one-half
84 per cent. A municipality's grand list growth increase in the assessment
85 year in which a revaluation is effective shall be determined as follows:
86 The municipality's grand list growth increase for each assessment year
87 subsequent to the assessment year in which the municipality's
88 preceding revaluation became effective shall be totaled, and the sum
89 shall be divided by the number of such assessment years, and one and
90 one-half per cent shall be subtracted from such calculation. In no event
91 shall the grand list growth increase for a municipality be less than zero
92 in any assessment year.

93 (2) For each fiscal year commencing on and after July 1, 2009, any
94 increase in the total tax levied by a municipality shall be limited to a
95 percentage increase, above the total amount of the property tax the
96 municipality could have levied in the preceding fiscal year, excluding
97 any addition to such amount approved pursuant to subsection (e) of
98 this section, calculated by adding three per cent and the grand list
99 growth increase determined under this section. In addition to the total
100 tax levy determined by application of said percentage increase, a
101 municipality may further increase the levy by the additional amount, if
102 any, approved in accordance with subdivision (3) of this subsection, or
103 subsection (c) of this section.

104 (3) There shall be an automatic increase to the total tax levy
105 determined under the provisions of subdivisions (1) and (2) of this
106 subsection for a municipality that is a member of a regional school
107 district, if such municipality's proportionate share of the regional
108 school district's budget for a fiscal year, as approved by a referendum
109 held pursuant to section 10-51 of the general statutes, as amended by
110 this act, is greater than the following: The municipality's proportionate

111 share of the regional school district's budget for the year prior to the
112 year with respect to which such referendum is so approved, increased
113 by the per cent of the municipality's allowable total tax levy for the
114 fiscal year in which the results of such referendum will cause an
115 increase in the municipality's share of the regional school district's
116 budget, as determined pursuant to this subsection, excluding any
117 increases approved in accordance with subsection (c) of this section,
118 plus the amount of such municipality's funding pursuant to section 10-
119 262i of the general statutes, as amended by this act, for said fiscal year
120 that is in excess of the amount of funding so distributed to the
121 municipality for the prior fiscal year. The automatic increase applicable
122 to such municipality's tax levy for the fiscal year in which the
123 provisions of this subdivision are applicable shall be equal to the
124 following: The municipality's proportionate share of the regional
125 school district's budget for such fiscal year, minus the municipality's
126 proportionate share of the regional school district's budget for the
127 prior year multiplied by the per cent increase in the municipality's
128 total tax levy that is otherwise allowed under this section, excluding
129 any increases approved in accordance with subsection (c) of this
130 section, plus the amount of such municipality's funding for such fiscal
131 year pursuant to said section 10-262i that is in excess of the amount of
132 funding so distributed to the municipality for such prior year.

133 (c) (1) For any fiscal year, a municipality may exceed the limitation
134 on the amount of the property tax levy determined under subsection
135 (b) of this section, by such additional amount as shall be approved by a
136 two-thirds vote of the legislative body of the municipality, and shall be
137 subsequently approved by a majority of those legal voters voting at
138 referendum on a proposal with respect to exceeding such limitation.

139 (2) The notice of each such referendum shall be given by publication
140 of a notice signed by the clerk of the municipality in a newspaper
141 published in such municipality or having a circulation therein, such
142 publication to be at least five days previous to holding the referendum,
143 including the day that notice is given and any Sunday and any legal

144 holiday which may intervene between such publication and the day of
145 holding such referendum, but not including the day of holding such
146 referendum. The clerk of the municipality shall record a copy of such
147 notice.

148 (3) The referendum on such proposal shall be by a "Yes" and "No"
149 vote on paper ballots or on the voting machines of the municipality.
150 The question submitted to the voters shall be: "Shall the ____ (state the
151 name of the taxing entity) be allowed to levy an additional \$____ (state
152 the amount) in real and personal property taxes for the purposes of
153 ____ (state the intended purpose(s) for which the moneys from this
154 levy will be used) for the fiscal year beginning July first, ____ (state
155 year)?" Each legal voter shall vote "Yes" if in favor of the proposal or
156 "No" if not in favor thereof. If, upon the official determination of the
157 result of such vote, a majority of all the votes so cast are in approval of
158 such proposal, such proposal shall take effect forthwith.

159 (d) A municipality may appropriate moneys for a purpose stated in
160 a question that is not approved in a referendum required pursuant to
161 this section or section 10-51 of the general statutes, as amended by this
162 act, provided such appropriation does not cause the levy limit in
163 subsection (b) of this section to be exceeded.

164 (e) Notwithstanding the provisions of this section, the amount of a
165 municipality's property tax levy in any fiscal year may exceed the limit
166 specified in subsection (b) of this section, under the following
167 conditions:

168 (1) The municipality experiences an emergency situation, including,
169 but not limited to, a natural disaster, fire or other emergency, the
170 funding of expenditures with respect to which causes or will cause
171 such levy to exceed the limit specified in subsection (b) of this section,
172 and provided such additional levy is approved by (A) not less than
173 two-thirds of the legislative body of the municipality, and (B) by the
174 Secretary of the Office of Policy and Management; or

175 (2) The amount levied by the municipality in excess of the limit
176 specified in subsection (b) of this section is required for payment of
177 debt payments due in the fiscal year in excess of the amount required
178 for such payments in the fiscal year ending June 30, 2008.

179 Sec. 2. (*Effective from passage*) (a) There is established a Municipal
180 Best Practices Research Advisory Group to study and make
181 recommendations aimed at improving the quality and cost-
182 effectiveness of municipal service delivery.

183 (b) The advisory group shall:

184 (1) Research and review municipal best practices in this state and
185 nationally in areas including, but not limited to, municipal financial
186 management, financial reporting, budgetary practices, debt
187 management, pension and benefits management, risk management
188 and information technology; and

189 (2) Develop a statement of best practices and make findings and
190 recommendations to increase municipal operational efficiency and
191 effectiveness, including, but not limited to, (A) service consolidation,
192 (B) elimination of specified state mandates, (C) methods for soliciting
193 citizen and taxpayer input concerning municipal service needs and
194 priorities and satisfaction with such services, (D) methods of
195 increasing accountability to the public concerning municipal
196 performance, cost-effectiveness and implementation of best practices,
197 including establishment of key performance measures, (E) a system of
198 incentives or penalties for poor performance on such key performance
199 measures, and (F) options to assist municipalities in mitigating and
200 addressing unfunded pension liabilities, employee health insurance
201 and energy costs. Such recommendations shall have a targeted
202 implementation date of July 1, 2009.

203 (c) The advisory group shall consist of the following members:

204 (1) The State Treasurer, or the State Treasurer's designee;

205 (2) The State Comptroller, or the State Comptroller's designee;

206 (3) The Secretary of the Office of Policy and Management, or the
207 secretary's designee;

208 (4) Five members appointed by the Governor, four of whom shall
209 have experience in municipal government, business, applicable
210 professional organizations or other relevant areas of municipal finance,
211 and one of whom shall serve as a citizen representative; and

212 (5) Two bargaining unit representatives, one each appointed by the
213 speaker of the House of Representatives and the president pro tempore
214 of the Senate.

215 (d) The Secretary of the Office of Policy and Management shall serve
216 as chairperson of the advisory group and shall convene the initial
217 meeting of the advisory group not later than September 1, 2007.

218 (e) Not later than January 1, 2008, the advisory group shall submit a
219 report of its findings and recommendations to the Governor and the
220 joint standing committees of the General Assembly having cognizance
221 of matters relating to appropriations and the budgets of state agencies
222 and finance, revenue and bonding, in accordance with section 11-4a of
223 the general statutes. The advisory group shall terminate upon
224 submission of the report.

225 Sec. 3. Subdivision (9) of subsection (d) of section 7-473c of the
226 general statutes is repealed and the following is substituted in lieu
227 thereof (*Effective from passage*):

228 (9) In arriving at a decision, the arbitration panel shall give priority
229 to the public interest and the financial capability of the municipal
230 employer, including consideration of other demands on the financial
231 capability of the municipal employer. In assessing the financial
232 capability of the municipality, there shall be an irrebuttable
233 presumption that the municipal employer shall not exceed the
234 property tax limit created pursuant to section 1 of this act, and that a

235 budget reserve of ten per cent or less is not available for payment of
236 the cost of any item subject to arbitration under this chapter. The panel
237 shall further consider the following factors in light of such financial
238 capability: (A) The negotiations between the parties prior to
239 arbitration; (B) the interests and welfare of the employee group; (C)
240 changes in the cost of living; (D) the existing conditions of employment
241 of the employee group and those of similar groups; and (E) the wages,
242 salaries, fringe benefits, and other conditions of employment
243 prevailing in the labor market, including developments in private
244 sector wages and benefits.

245 Sec. 4. Subsection (a) of section 10-51 of the general statutes is
246 repealed and the following is substituted in lieu thereof (*Effective from*
247 *passage*):

248 (a) The fiscal year of a regional school district shall be July first to
249 June thirtieth. Except as otherwise provided in this subsection, not less
250 than two weeks before the annual meeting held pursuant to section 10-
251 47, the board shall hold a public district meeting to present a proposed
252 budget for the next fiscal year. Any person may recommend the
253 inclusion or deletion of expenditures at such time. After the public
254 hearing, the board shall prepare an annual budget for the next fiscal
255 year, make available on request copies thereof and deliver a reasonable
256 number to the town clerk of each of the towns in the district at least
257 five days before the annual meeting. At the annual meeting on the first
258 Monday in May, the board shall present a budget which includes a
259 statement of (1) estimated receipts and expenditures for the next fiscal
260 year, (2) estimated receipts and expenditures for the current fiscal year,
261 (3) estimated surplus or deficit in operating funds at the end of the
262 current fiscal year, (4) bonded or other debt, (5) estimated per pupil
263 expenditure for the current and for the next fiscal year, and (6) such
264 other information as is necessary in the opinion of the board. Persons
265 present and eligible to vote under section 7-6 may accept or reject the
266 proposed budget except as provided below. No person who is eligible
267 to vote in more than one town in the regional school district is eligible

268 to cast more than one vote on any issue considered at a regional school
269 district meeting or referendum held pursuant to this section. Any
270 person who violates this section by fraudulently casting more than one
271 vote or ballot per issue shall be fined not less than three hundred
272 dollars or more than five hundred dollars and shall be imprisoned not
273 less than one year or more than two years and shall be
274 disenfranchised. The regional board of education may, in the call to the
275 meeting, designate that the vote on the motion to adopt the budget
276 shall be by paper ballots at the district meeting held on the budget or
277 by a "yes" or "no" vote on the voting machines in each of the member
278 towns on the day following the district meeting. If submitted to a vote
279 by voting machine, questions may be included on the ballot for
280 persons voting "no" to indicate whether the budget is too high or too
281 low, provided the vote on such questions shall be for advisory
282 purposes only and not binding upon the board. [Two] Any member
283 town, by a majority vote of its legislative body, or two hundred or
284 more persons qualified to vote in any regional district meeting called
285 to adopt a budget may petition the regional board, in writing, at least
286 three days prior to such meeting, requesting that any item or items on
287 the call of such meeting be submitted to the persons qualified to vote
288 in the meeting for a vote by paper ballot or on the voting machines in
289 each of the member towns on the day following the district meeting
290 and in accordance with the appropriate procedures provided in section
291 7-7. If a majority of such persons voting reject the budget, the board
292 shall, within four weeks thereafter and upon notice of not less than one
293 week, call a district meeting to consider the same or an amended
294 budget. Such meetings shall be convened at such intervals until a
295 budget is approved. If the budget is not approved before the beginning
296 of a fiscal year, the disbursing officer for each member town, or the
297 designee of such officer, shall make necessary expenditures to such
298 district in amounts equal to the total of the town's appropriation to the
299 district for the previous year and the town's proportionate share in any
300 increment in debt service over the previous fiscal year, pursuant to
301 section 7-405 until the budget is approved. The town shall receive

302 credit for such expenditures once the budget is approved for the fiscal
303 year. After the budget is approved, the board shall estimate the share
304 of the net expenses to be paid by each member town in accordance
305 with subsection (b) of this section and notify the treasurer thereof.
306 With respect to adoption of a budget for the period from the
307 organization of the board to the beginning of the first full fiscal year,
308 the board may use the above procedure at any time within such
309 period. If the board needs to submit a supplementary budget, the
310 general procedure specified in this section shall be used.

311 Sec. 5. Subdivision (4) of subsection (c) of section 10-153f of the
312 general statutes is repealed and the following is substituted in lieu
313 thereof (*Effective from passage*):

314 (4) After hearing all the issues, the arbitrators or the single arbitrator
315 shall, within twenty days, render a decision in writing, signed by a
316 majority of the arbitrators or the single arbitrator, which states in detail
317 the nature of the decision and the disposition of the issues by the
318 arbitrators or the single arbitrator. The written decision shall include a
319 narrative explaining the evaluation by the arbitrators or the single
320 arbitrator of the evidence presented for each item upon which a
321 decision was rendered by the arbitrators or the single arbitrator and
322 shall state with particularity the basis for the decision as to each
323 disputed issue and the manner in which the factors enumerated in this
324 subdivision were considered in arriving at such decision, including,
325 where applicable, the specific similar groups and conditions of
326 employment presented for comparison and accepted by the arbitrators
327 or the single arbitrator and the reason for such acceptance. The
328 arbitrators or the single arbitrator shall file one copy of the decision
329 with the commissioner, each town clerk in the school district involved
330 and the board of education and organization which are parties to the
331 dispute. The decision of the arbitrators or the single arbitrator shall be
332 final and binding upon the parties to the dispute unless a rejection is
333 filed in accordance with subdivision (7) of this subsection. The decision
334 of the arbitrators or the single arbitrator shall incorporate those items

335 of agreement the parties have reached prior to its issuance. At any time
336 prior to the issuance of a decision by the arbitrators or the single
337 arbitrator, the parties may jointly file with the arbitrators or the single
338 arbitrator, any stipulations setting forth contract provisions which both
339 parties agree to accept. In arriving at a decision, the arbitrators or the
340 single arbitrator shall give priority to the public interest and the
341 financial capability of the town or towns in the school district,
342 including consideration of other demands on the financial capability of
343 the town or towns in the school district. In assessing the financial
344 capability of the town or towns, there shall be an irrebuttable
345 presumption that the town or towns in the school district shall not
346 exceed the property tax limit created pursuant to section 1 of this act,
347 and that a budget reserve of [five] ten per cent or less is not available
348 for payment of the cost of any item subject to arbitration under this
349 chapter. The arbitrators or the single arbitrator shall further consider,
350 in light of such financial capability, the following factors: (A) The
351 negotiations between the parties prior to arbitration, including the
352 offers and the range of discussion of the issues; (B) the interests and
353 welfare of the employee group; (C) changes in the cost of living
354 averaged over the preceding three years; (D) the existing conditions of
355 employment of the employee group and those of similar groups; and
356 (E) the salaries, fringe benefits, and other conditions of employment
357 prevailing in the state labor market, including the terms of recent
358 contract settlements or awards in collective bargaining for other
359 municipal employee organizations and developments in private sector
360 wages and benefits. The parties shall submit to the arbitrators or the
361 single arbitrator their respective positions on each individual issue in
362 dispute between them in the form of a last best offer. The arbitrators or
363 the single arbitrator shall resolve separately each individual disputed
364 issue by accepting the last best offer thereon of either of the parties,
365 and shall incorporate in a decision each such accepted individual last
366 best offer and an explanation of how the total cost of all offers accepted
367 was considered. The award of the arbitrators or the single arbitrator
368 shall not be subject to rejection by referendum. The parties shall each

369 pay the fee of the arbitrator selected by or for them and share equally
370 the fee of the third arbitrator or the single arbitrator and all other costs
371 incidental to the arbitration.

372 Sec. 6. Section 10-223e of the general statutes is repealed and the
373 following is substituted in lieu thereof (*Effective from passage*):

374 (a) In conformance with the No Child Left Behind Act, P.L. 107-110,
375 the Commissioner of Education shall prepare a state-wide education
376 accountability plan, consistent with federal law and regulation. Such
377 plan shall: [identify] (1) Identify the schools and districts in need of
378 improvement, (2) require the development and implementation of
379 improvement plans, [and] (3) utilize rewards and consequences, and
380 (4) include benchmarks for academic and behavioral accountability.
381 Such benchmarks shall include standards for state-wide mastery
382 examination scores for all grade levels, grade retention rates, high
383 school graduation rates, college acceptances, dropout rates,
384 attendance, truancy rates, out-of-school suspensions and expulsion
385 rates. Annually, the commissioner shall assess the progress of each
386 school and district in reaching each of the benchmarks.

387 (b) Commencing in September, 2008, the Commissioner of
388 Education shall provide each school district with an annual report
389 concerning each individual student's progress in achieving the
390 benchmarks in subsection (a) of this section. These progress reports
391 will include all previous assessments done for each grade that the
392 student has completed. Annually, beginning in the fiscal year ending
393 June 30, 2009, the district will send these progress reports to each
394 student's legal guardians.

395 [(b)] (c) Public schools identified by the State Board of Education
396 pursuant to section 10-223b of the general statutes, revision of 1958,
397 revised to January 1, 2001, as schools in need of improvement [shall:
398 (1) Continue to be identified as schools in need of improvement, and
399 continue to operate under school improvement plans developed
400 pursuant to said section 10-223b through June 30, 2004; (2) on or before

401 February 1, 2003, be evaluated by the local board of education and
402 determined to be making sufficient or insufficient progress; (3) if found
403 to be making insufficient progress by a local board of education, be
404 subject to a new remediation and organization plan developed by the
405 local board of education; (4) continue to be eligible for available federal
406 or state aid; (5) beginning in February, 2003, be monitored by the
407 Department of Education for adequate yearly progress, as defined in
408 the state accountability plan prepared in accordance with subsection
409 (a) of this section; and (6) be subject to rewards and consequences as
410 defined in said plan] for less than four years, may request assistance
411 from the Commissioner of Education that includes: (1) A consultant
412 team from the Department of Education, (2) assistance with the
413 development of a plan to address achievement gaps and improve
414 student performance, (3) review of school and district curricula, and
415 (4) professional development opportunities for the schools, including
416 workshops for school administrators and teachers.

417 (d) The Commissioner of Education shall require public schools
418 identified by the State Board of Education pursuant to section 10-223b
419 of the general statutes, revision of 1958, revised to January 1, 2001, as
420 schools in need of improvement for four years or more, to conduct a
421 performance appraisal, including an assessment of instructional,
422 financial and operational deficiencies. If the commissioner determines
423 it to be necessary, the commissioner shall require the school to
424 purchase and implement new curricula, provide acceptable
425 professional development opportunities and prepare a plan to
426 encourage extensive parent participation. The commissioner may
427 direct how such school expends its funding and require redirection to
428 critical academic areas. The commissioner may require such school to
429 work with the exclusive bargaining representatives of its teachers and
430 administrators and its board of education to provide financial
431 incentives to high performing teachers, or reassign teachers and
432 principals to different schools.

433 (e) If after intervention by the Commissioner of Education pursuant

434 to the provisions of subsections (b), (c) and (d) of this section a school
435 or district does not improve, the commissioner may: (1) Reconstitute
436 the school, including consideration of private entity or other district
437 management, (2) replace school leadership, including boards of
438 education, superintendents, principals and teachers, (3) redirect
439 funding so students can attend school in another district, and (4) take
440 over the school or district.

441 (f) Prior to taking over a school or district, the Commissioner of
442 Education shall seek and receive approval from the Governor and the
443 General Assembly for such action.

444 Sec. 7. Section 10-227 of the general statutes is repealed and the
445 following is substituted in lieu thereof (*Effective from passage*):

446 (a) Each board of education shall cause the superintendent to make
447 returns not later than September first of each year to the Commissioner
448 of Education of the receipts, expenditures and statistics, as prescribed
449 by the commissioner, provided each such board may submit revisions
450 to the returns in such form and with such documentation as required
451 by the commissioner no later than December thirty-first of each year
452 following the September submission. Such reports or returns required
453 shall be made in accordance with the instructions furnished by the
454 commissioner, shall be certified no later than December thirty-first of
455 each year by the independent public accountant selected pursuant to
456 section 7-392 for the purpose of auditing municipal accounts, and shall
457 be subject to Department of Education verification. If the returns and
458 statistics and revisions called for by said commissioner are not sent on
459 or before the days specified in this section or if the returns are not
460 certified as required by the commissioner on or before December
461 thirty-first, each local and regional board of education required by law
462 to make separate returns, whose returns and statistics or revisions are
463 delayed until after those days, shall forfeit of the total sum which is
464 paid for such board of education from the State Treasurer an amount
465 to be determined by the State Board of Education, which amount shall

466 be not less than one thousand dollars nor more than ten thousand
467 dollars. The amount so forfeited shall be withheld from a subsequent
468 grant payment as determined by the commissioner. Notwithstanding
469 the penalty provision of this section, the Commissioner of Education
470 may waive said forfeiture for good cause.

471 (b) The Office of Policy and Management, in consultation with the
472 Department of Education, based on the reports submitted pursuant to
473 subsection (a) of this section, shall study how the school districts are
474 spending their funding, including, but not limited to, the amount
475 being spent on administrative costs. The final study shall be submitted
476 to the Governor and the General Assembly not later than June 30, 2008,
477 and shall include: (1) Ten-year trend data on overall expenditures,
478 including ten-year trend data on administrative costs as a percentage
479 of local school district budgets, (2) ten-year trend data on the total
480 numbers and changes in administrative staff in relationship to direct
481 academic staff, and (3) recommendations for increased efficiencies and
482 effectiveness for local education spending.

483 Sec. 8. Section 10-262i of the general statutes is repealed and the
484 following is substituted in lieu thereof (*Effective from passage*):

485 (a) For the fiscal year ending June 30, 1990, and for each fiscal year
486 thereafter, each town shall be paid a grant equal to the amount the
487 town is entitled to receive under the provisions of section 10-262h, as
488 calculated using the data of record as of the December first prior to the
489 fiscal year such grant is to be paid, adjusted for the difference between
490 the final entitlement for the prior fiscal year and the preliminary
491 entitlement for such fiscal year as calculated using the data of record as
492 of the December first prior to the fiscal year when such grant was paid.

493 (b) The amount due each town pursuant to the provisions of
494 subsection (a) of this section shall be paid by the Comptroller, upon
495 certification of the Commissioner of Education, to the treasurer of each
496 town entitled to such aid in installments during the fiscal year as
497 follows: Twenty-five per cent of the grant in October, twenty-five per

498 cent of the grant in January and the balance of the grant in April. The
499 balance of the grant due towns under the provisions of this subsection
500 shall be paid in March rather than April to any town which has not
501 adopted the uniform fiscal year and which would not otherwise
502 receive such final payment within the fiscal year of such town.

503 [(c) All aid distributed to a town pursuant to the provisions of this
504 section shall be expended for educational purposes only and shall be
505 expended upon the authorization of the local or regional board of
506 education. For the fiscal year ending June 30, 1999, and each fiscal year
507 thereafter, if a town receives an increase in funds pursuant to this
508 section over the amount it received for the prior fiscal year such
509 increase shall not be used to supplant local funding for educational
510 purposes. The budgeted appropriation for education in any town
511 receiving an increase in funds pursuant to this section shall be not less
512 than the amount appropriated for education for the prior year plus
513 such increase in funds.

514 (d) Upon a determination by the State Board of Education that a
515 town or kindergarten to grade twelve, inclusive, regional school
516 district failed in any fiscal year to meet the requirements pursuant to
517 subsection (c) of this section, the town or kindergarten to grade twelve,
518 inclusive, regional school district shall forfeit an amount equal to two
519 times the amount of the shortfall. The amount so forfeited shall be
520 withheld by the Department of Education from the grant payable to
521 the town in the second fiscal year immediately following such failure
522 by deducting such amount from the town's equalization aid grant
523 payment pursuant to this section, except that in the case of a
524 kindergarten to grade twelve, inclusive, regional school district, the
525 amount so forfeited shall be withheld by the Department of Education
526 from the grants payable pursuant to this section to the towns which
527 are members of such regional school district. The amounts deducted
528 from such grants to each member town shall be proportional to the
529 number of resident students in each member town. Notwithstanding
530 the provisions of this subsection, the State Board of Education may

531 waive such forfeiture upon agreement with the town or kindergarten
532 to grade twelve, inclusive, regional school district that the town or
533 kindergarten to grade twelve, inclusive, regional school district shall
534 increase its budgeted appropriation during the fiscal year in which the
535 forfeiture would occur by an amount not less than the amount of said
536 forfeiture or for other good cause shown. Any additional funds
537 expended pursuant to such an agreement shall not be included in a
538 district's expenditures for the purpose of establishing any future
539 minimum expenditure requirement.]

540 (c) For the fiscal year ending June 30, 2008, and each fiscal year
541 thereafter, if a town receives an increase in funds pursuant to this
542 section over the amount it received for the prior fiscal year, the amount
543 of such increase that each such town shall spend for educational
544 purposes shall be not less than the amount appropriated for education
545 in the prior year, plus the amount determined by multiplying such
546 town's increase in funds by the percentage resulting from the
547 following: (1) Each town shall be ranked in descending order from one
548 to one hundred sixty-nine according to such town's adjusted equalized
549 net grand list per capita, as defined in section 10-261; (2) based upon
550 such ranking, a percentage of not less than fifteen or more than sixty-
551 five shall be determined for each town on a continuous scale.

552 (d) For the fiscal year ending June 30, 2008, each town shall develop
553 a "Committing to Succeed" implementation plan to improve student
554 achievement. Such plan shall include measures designed to reduce the
555 achievement gap, which may include smaller class sizes, full-day
556 kindergarten, professional development or middle and high school
557 restructuring. In each subsequent year, such plan shall include an
558 assessment of how these measures improved student achievement.
559 Each town shall submit its plan to the Commissioner of Education for
560 approval. Until such plan is approved by the Commissioner of
561 Education, no funding shall be provided pursuant to this section.

562 (e) Any aid distributed to a town pursuant to the provisions of this

563 section for the fiscal year ending June 30, 2008, and each fiscal year
 564 thereafter, that is in excess of the amount of aid so distributed to the
 565 town for the prior fiscal year shall not be a consideration in a town's
 566 ability to pay in arbitration hearings held pursuant to section 10-153f,
 567 as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage, and applicable to fiscal years commencing on and after July 1, 2008</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	7-473c(d)(9)
Sec. 4	<i>from passage</i>	10-51(a)
Sec. 5	<i>from passage</i>	10-153f(c)(4)
Sec. 6	<i>from passage</i>	10-223e
Sec. 7	<i>from passage</i>	10-227
Sec. 8	<i>from passage</i>	10-262i

Statement of Purpose:

To implement the Governor's property tax reform proposal.

[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.]