

SENATOR STILLMAN, SECRETARY BARNES, MEMBERS OF THE EDUCATION COST SHARING TASK  
FORCE

Thank you for coming to Bridgeport, my hometown where the mil rate is around 40 mils. The reason I mention our mil rate is because Bridgeport is a property tax basis poor town and I wanted to make sure the this task force and the public were aware of the significance of property tax basis poor town as it relates to the history of the Education Cost Sharing formula. Unlike any other State in the nation, the Connecticut State Constitution places the burden of public education on the State of Connecticut, itself, not on the cities and town. This has been the basis of a series of civil rights cases starting with Horton v. Meskill , Schiff vs. O'Neil and most recently in Coalition for Justice in Educational Funding v Rell where the Supreme Court has demanded that the legislature create an ECS (Education Cost Sharing) formula to equalize the disparity in property tax assessments and ancillary educational opportunities for all the citizens of the State so that students from property tax basis poor needy towns have the same opportunity as those from property tax basis rich towns that can afford to devote more toward education. In other words, through the legislative process, the State has shifted its duty to provide free public education by a mandate to all towns making local school districts provide free public education, but then the State theoretically through the ECS grants, buys out of its Constitutional obligation by appropriating ESC grants to local school districts to subsidize local education. However the needy towns never receive their just due, not because of corruption of their officials but because of corruption of the system which keeps any urban legislators away

from the proverbial ECS pie as it is being cut up. Let me explain what really happens. When I was up in the General Assembly urban legislators are a minority compared with their suburban and rural counterparts, and leadership always seemed to manipulate in ways so a majority of legislators will vote for the tax and appropriation package and politically reward friends and punish their enemies. Generally, towns with powerful legislators get more than their fair share so that at the end of the day cities with the poorest property tax base cities like Bridgeport or Waterbury that rank the highest effective taxes that need the most to offset their high mil rates end up with proportionally less of the ECS pie. No current Bridgeport legislator sits at this ESC task force table or will probably be heard complaining like me basically because I have nothing to lose or gain personally by being here. I do it because it the right thing and I hope I will convince you to do the same. In all fairness to the sitting Bridgeport legislative delegation, the system makes it very difficult for an urban legislator to vote against the ECS package because it does not grant enough or complain about the system because there is always something in the package for them, just not their fair share as the Court conceived. It is politically very difficult for urban legislators to confront their leaders when they depend upon leadership for the committee appointments and passage of pet bills and their leaders' good will to take care of so many urban needs. It is particularly disheartening because from 1996 to 2006 the disparity between the rich and poor of this nation grew wider than in all prior 230 years of American history. As the disparity between the rich and poor grew wider under Republican administrations as the educational success gap grew wider, the ECS formula became more and more of a politically manipulated formula protected by the spending cap. What I find particularly appalling is after taking the state money, towns and cities are allowed to

discriminate against poorer state residents by not opening up education to all state residents- public choice for parents. Recently, Norwalk charged a drug addicted mother from Bridgeport of stealing municipal services by choosing to send her child to a more convenient school district to enable her child to have a better the life than her own. Instead of giving her a medal for caring for her child, we sent her behind steel bars in jail. It is too bad her attorney did not pursue the challenge to the statute because I don't understand how can you steal or take from a town benefits funded by ECS grants from state taxpayers to remedy the conditions of poorer families like this Defendant? However, the criminal charge got wrapped into a drug charge plea bargain so society could sweep the urban discrimination under the carpet. In a another case, the Town of Westport another property tax rich community has taken all the ECS grant it richly does not deserve from taxpayers around the state and then sued a Shelton parent ,who paid their fair share of taxes to the state because a parent from a poorer community dared to use a better ranking school district. Personally, I think it's embarrassing and appalling that Connecticut tolerates discrimination based upon where you live. Sometimes Connecticut is no better than the Old Southern Dixie before the Civil Rights movement was prejudice was so pervasive, nobody thought it was wrong just like racial or sexual orientation discrimination was once overlooked. Discrimination of where you live may be the civil rights frontier of the future.

This Task Force has a Constitutional duty to come up with a simple and just solution to the ECS goals in distribution. There is a simple solution you and the Task Force should consider, especially when state governments struggle with scarce resources. Someday some smart lawyer in one of those civil and criminal cases brought by municipalities is going to assert a defense that you can't steal or take what is rightfully yours when it comes to towns that accept

ECS funding. Justice dictates if a town or city accepts the ECS grant from state taxpayers then they have a duty to provide free public education to any student in the state. Of course it may be possible for a town or city to decline the grant, that is, unless the Supreme Court decides that ECS grants are a Constitutional mandate. Under an assumption that the discretionary grant can be declined, OPM should send out public directive every year that if any town or city take the state ECS grant they run the risk that the town may have to provide any citizen of the state access to their school system, regardless of where the student actually lives in the state. Of course a property tax basis rich town like Greenwich with low mill rates in the teens might not accept the measly ECS grant they are sometimes provided for political reasons, but towns like Bridgeport that rely on the ECS funding would probably accept the grant and have to open their school doors to any state resident including children of special needs where suburban kids like to bring their children because they feel welcomed. Here is what this task force needs to consider in order being proactive. In the event that a Town or City wants to turn down its ECS grant, OPM should also include in its memo a deadline when the town must notify OPM that it will decline any ECS grant and the legislature or executive branch should figure out what happens to the declining town's allocated share. If a town turns down the ECS grant should the fund go back to the General Fund or be re-appropriated to needy towns.

There is also another proposal I would suggest. I watched this Task Force on CT-N and many members on the panel seem to lament that there are no other alternative sources of revenue for Towns and Cities besides property taxes on homeowners to address the educational disparity that exists. Ironically, I have the "Silver Bullet" that creates the solution. I am sure you have heard that before, but nobody lived, breathed and studied the problem for

20 years like I did when I was involved as a State Representative from Bridgeport. Attached to my testimony is a Proposed Bill, I hope you take the time to read it and think about like I did.

The way it works is like this. In every Congressional District, OPM determines the "needy" town with the highest mil rates and all the other "host" towns in the district may discretionarily enter into a Agreement with the needy community to be able to impose on non-residential property, which is a fancy way of saying selected classes of commercial property, a higher mil rate up to, but no more than what is imposed by the needy town (so by definition it cannot be said to be an unfair tax) as long as OPM determines that is fair to the needy community and a portion goes to non-profits or quasi governmental entities which approved by both town's legislative bodies like community block grants. The school districts can receive benefits both through the municipalities and through PTA, non -profits or quasi -governmental entities. There is a safe harbor provision where OPM approval is automatic. For example Bridgeport mil rate is around 40 and Trumbull's around 25. Someday the First Selectman of Trumbull might be faced with having to increase taxes for 1 mil worth, but instead of imposing that on homeowners and voters, he or she could enter into an agreement with Bridgeport to impose just 8 mils more on just retail property in Trumbull which amount to a mil rate of 33 mils which is still below Bridgeport's 40 and most of which would come from the large Westfield Mall passed onto to shoppers. From that 8 mils, 50% or 4 mils worth of the Trumbull Shopping Center on Bridgeport's borders might go to reduce the 40 mils in the needy town including business plus Bridgeport would hold in trust an additional 25% of the tax collected for block grants approved by both towns legislative bodies or 2 mils might go for programs for education, charter schools, grants for after school programs, this Agricultural -aquaculture program and

other non-profit, charitable and good deeds. The remaining additional 25% tax on retail property would be kept by Trumbull which for 8 mils would be 2 mils worth of the amount collected. If assuming the grand list is equally residential and non-residential then this amount would be sufficient to avoid that tax increase on homeowners. All residents are the beneficiary of this arrangement. Of course if a town wants to try it for one grand list and it doesn't work, you don't have to enter into the deal the following year. This bill is just enabling. All you have to do is think big, think outside that box and dare to try a new enabling approach. You don't have to be Albert Einstein to know that if you keep doing the same old process that doesn't work, the result doesn't work. Here is the opportunity to change the paradigm to equalize education and commercial mil rates, give town a chance to help their homeowners and do some public good.

# **Raised Bill No. 5583**

February Session, 2002

LCO No. 1581

Referred to Committee on Planning and Development

Introduced by:

(PD)

## **AN ACT CONCERNING ENABLING AGREEMENTS FOR COMMUNITY REVENUE SHARING.**

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

Section 1. (NEW) (*Effective October 1, 2002*) As used in this section: (a) "region" means the United States Congressional Districts within the State of Connecticut or the Districts as periodically redistricted; (b) "agreement" means an agreement between municipalities and such agreement must address what type of non-residential tax property should be covered by this tax; the Grand List term of participation which may include future Grand List ; allow bonding to be paid by proceeds of this act so long as just the host community may be surety, the terms of collection for unpaid taxes, including assignment of the tax lien related to this act to the need community; priority of property tax liens created by this act in relation to other property tax liens created now or in the future (c) "host community" is a taxing entity located in the same region as the need community with initially a lower mill rate than the need community (d) "need community" is a community which is the most populous community in the region that is or is a community that has on the highest effective tax in the region as prepared by the Secretary of the Office of Policy and Management on a list of municipalities with fiscal disparities prepared pursuant to Public Act 01-158

(b) A need community may enter into an Agreement with a host community to share revenues pursuant to section 7-148bb of the general statutes whereby the host community located in the region may establish a mill rate on certain designated nonresidential type property in an Agreement up to the mill rate of the need municipality providing that the Office of Policy and Management approves an agreement that it determines is fair to the needy community and will reduce property tax in the needy community and provides for grants to grants to regional, municipal, quasi governmental entities or Section 501 (c) organizations of the Internal Revenue Code approved by the legislative body of both the needy community and host

community except any agreement that be deemed approved without requiring the approval of the Office of Policy and Management if the agreement: (1) provide that revenues shared shall be limited to revenues collected from properties subject to the mill rate imposed under this section and include a distribution plan approved by the legislative body of both need community and host community which shall have provisions for grants to regional, municipal, quasi governmental entities or Section 501 (c) organizations of the Internal Revenue Code of 25% of the revenue collected herein unless the agreement is at the level the mill rate of the need community in which case the host communities and need community shall set forth in the Agreement any plan, if any for grant distribution (2) the community that collect the taxes due herein shall provide quarterly reports of taxes owed and collected to the other community and pay to the need community 75% of the revenue collected within 60 days from the date collected, otherwise if collected but not paid, the collecting community shall be treated as a delinquent taxpayer of which 50% shall be allocated to reducing taxes and 25% held by the needy community to administer distribution of the plan for distribution of grants approved by the legislative bodies of both communities and (3) any taxpayer delinquent in paying any tax herein shall be subject to enforced by the community or the beneficiary of the lien sold in proportion to their respective share of taxes owed herein, (3) the taxes imposed herein shall have the priority of property taxes, but be subsequent in priority to the taxes imposed by a mill rate on all residential taxpayers and the portion owed the need community shall have priority over the portion to the host community (4) the Secretary of the Office of Policy and Management may arbitrate any disputes between communities and waive any requirement imposed herein upon request of the need community if the Secretary determines that the agreement is fair and in the best interest to the need community

(c) The nonresidential real property in the host community subject to the tax herein in the host community shall be eligible for the incentives, abatement and benefits of the need community on the list of municipalities with fiscal disparities or the Agreement may provide certain properties to be subject to waiver or abatement of the taxes herein provided both the need community and host community shall approve the benefits or abatement which affect their anticipated respective shares.

(d) Approval between communities may be done by the chief elected official of any community, the legislative body or referendum signed by 10 per cent of residents any community ratifying the terms of any agreement presented to the registrar of voters by April 1 based upon the last grand list.

This act shall take effect as follows:	
Section 1	October 1, 2002



***Statement of Purpose:***

To enable towns and needy municipalities with fiscal disparities to work together to reduce tax burden on their respective homeowners and fairly share in the revenue generated by allowing a host community to impose a mil rate up to the rate of the needy community on certain non-residential property.

*[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.]*