



General Assembly

January Session, 2021

Substitute Bill No. 6655



AN ACT CONCERNING MUNICIPAL TAXATION AND INCENTIVIZING REGIONALIZATION.

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

- 1 Section 1. (NEW) (*Effective July 1, 2022*) (a) As used in this section:
- 2 (1) "Debt payment" means the payment of principal and interest on
3 bonds, notes or certificates of indebtedness, excluding revenue bonds,
4 issued by a municipality;
- 5 (2) "Legislative body" means (A) the board of selectmen in a town that
6 does not have a charter, special act or home rule ordinance relating to
7 its government, (B) the council, board of aldermen, representative town
8 meeting, board of selectmen or other elected legislative body described
9 in a charter, special act or home rule ordinance relating to government
10 in a city, consolidated town and city, consolidated town and borough or
11 a town having a charter, special act, consolidation ordinance or home
12 rule ordinance relating to its government, (C) the board of burgesses or
13 other elected legislative body in a borough, or (D) the district committee
14 or other elected legislative body in a district or other municipal
15 corporation;
- 16 (3) "Municipality" means any town, city, borough, consolidated town
17 and city, consolidated town and borough, district as defined in section
18 7-324 of the general statutes and any other municipal corporation

19 having the power to levy a tax on property pursuant to chapter 204 of
20 the general statutes;

21 (4) "Total tax levied" means the total amount of property taxes a
22 municipality levies under chapter 204 of the general statutes with
23 respect to all real property, personal property and motor vehicles; and

24 (5) "Voter" means any person who is (A) an elector of a municipality,
25 or (B) a citizen of the United States of the age of eighteen years or more
26 who, jointly or severally, (i) is liable to the municipality for taxes against
27 such person on an assessment of not less than one thousand dollars on
28 the last-completed grand list of such municipality, or (ii) would be so
29 liable if not entitled to an exemption under subdivision (17), (19), (22),
30 (23), (25) or (26) of section 12-81 of the general statutes.

31 (b) (1) For each fiscal year commencing on or after July 1, 2022, the
32 total tax levied by a municipality shall not exceed two and one-half per
33 cent of the net grand list of such municipality.

34 (2) Any municipality in which the total tax levied exceeds the limit
35 set forth in subdivision (1) of this subsection shall be subject to the
36 provisions of subsection (c) of this section.

37 (c) (1) Any municipality in which the total tax levied exceeds the limit
38 allowed under subsection (b) of this section shall reduce such levy for
39 each successive fiscal year by not less than fifteen per cent of the total
40 tax levy for the preceding fiscal year, until such levy does not exceed the
41 limit allowed under said subsection, except that no municipality shall
42 be required to reduce the total tax levied to below the limit allowed
43 under said subsection. The municipality may adjust any reductions
44 under this subsection in accordance with the provisions of subdivisions
45 (2) and (3) of this subsection.

46 (2) Notwithstanding the provisions of any municipal charter, special
47 act or home rule ordinance, the legislative body of any municipality
48 subject to the provisions of subdivision (1) of this subsection may, by a
49 two-thirds vote of the members present and voting, hold a referendum

50 to seek voter approval of the levy of additional taxes by a specified
51 amount in excess of the amount allowed under subdivision (1) of this
52 subsection. Such referendum shall be by a "yes" or "no" vote on paper
53 ballots or on the voting machines of the municipality. The question
54 submitted to the voters shall be: "Shall the ____ (insert name of the
55 taxing entity) be allowed to levy an additional \$____ (insert the amount)
56 in real and personal property taxes for the fiscal year commencing July
57 1, ____ (insert the year)?".

58 (3) If the amount specified in such question is not greater than one-
59 half of the reduction required pursuant to subdivision (1) of this
60 subsection, the proposal shall be deemed approved if a majority of the
61 voters casting votes thereon cast "yes" votes. If the amount specified in
62 such question is greater than one-half of the reduction required
63 pursuant to subdivision (1) of this subsection, the proposal shall be
64 deemed approved if two-thirds of the voters casting votes thereon cast
65 "yes" votes. In no event shall the amount specified be greater than the
66 reduction required pursuant to subdivision (1) of this subsection.

67 (d) (1) In any municipality in which the total tax levied results in a
68 percentage that is less than or equal to the limit allowed under
69 subsection (b) of this section, the total tax levied for any fiscal year shall
70 not exceed an amount equal to one hundred two and one-half per cent
71 of the maximum levy limit for the preceding fiscal year, except that any
72 municipality may increase the total tax levied (A) in accordance with the
73 provisions of subdivision (2) of this subsection, and (B) for the then-
74 current fiscal year, by an amount equal to the tax rate for the preceding
75 fiscal year multiplied by the amount of increase in the assessed
76 valuation of any real or personal property over the assessed valuation
77 during the preceding fiscal year, which real or personal property (i) shall
78 become subject to the tax under chapter 204 of the general statutes for
79 the first time or taxed as a separate parcel for the first time, during the
80 then-current fiscal year, or (ii) has had an increase in its assessed
81 valuation over the preceding fiscal year, provided such increase in
82 assessed valuation is not due to revaluation of the entire municipality.

83 (2) Notwithstanding the provisions of any municipal charter, special
84 act or home rule ordinance, the legislative body of any municipality
85 may, by a two-thirds vote of the members present and voting, hold a
86 referendum to seek voter approval to levy additional taxes on real and
87 personal property by a specified amount in excess of the limit allowed
88 under subdivision (1) of this subsection. Such vote shall be by a "yes" or
89 "no" vote on paper ballots or on the voting machines of the municipality.
90 The question submitted to the voters shall be: "Shall the ____ (insert
91 name of the taxing entity) be allowed to levy an additional \$____ (insert
92 the amount) in real and personal property taxes for the purposes of ____
93 (insert the intended purpose or purposes for which the moneys from the
94 levy will be used) for the fiscal year commencing July 1, ____ (insert the
95 year)?" The proposal shall be deemed approved if a majority of the
96 voters casting votes thereon cast "yes" votes.

97 (e) Notwithstanding the provisions of any municipal charter, special
98 act or home rule ordinance, if a majority of the legislative body of any
99 municipality shall so require or on application of at least fifty voters,
100 such legislative body shall call a meeting, in accordance with the
101 provisions of section 7-7 of the general statutes, to submit a question to
102 voters whether to require the municipality to reduce the taxes levied by
103 a specified amount below the limit allowed under subdivision (1) of
104 subsection (d) of this section. Such vote shall be by a "yes" or "no" vote
105 on paper ballots or on the voting machines of the municipality. The
106 question submitted to the voters shall be: "Shall the ____ (insert name of
107 the taxing entity) be required to reduce the amount of real and personal
108 property taxes to be assessed for the fiscal year commencing July 1, ____
109 (insert the year) by an amount equal to \$____ (insert the amount)?" The
110 proposal shall be deemed approved if a majority of the voters casting
111 votes thereon cast "yes" votes and the tax levy shall be decreased
112 accordingly.

113 (f) (1) Notwithstanding the provisions of any municipal charter,
114 special act or home rule ordinance, the legislative body of any
115 municipality may, by a two-thirds vote of the members present and

116 voting, place a question on the ballot:

117 (A) At any regular or special state or municipal election held before
118 the setting of the annual tax rate, for voter approval to levy additional
119 taxes on real and personal property by a specified amount in excess of
120 the limit allowed under subsection (b) or subdivision (1) of subsection
121 (d) of this section for capital outlay expenditures, provided such
122 expenditures may only be authorized under this subdivision for a
123 municipal purpose for which the municipality would be authorized to
124 borrow money under the provisions of title 7 of the general statutes.
125 Such vote shall be by a "yes" or "no" vote on paper ballots or on the
126 voting machines of the municipality. The question submitted to the
127 voters shall be: "Shall the ____ (insert name of the taxing entity) be
128 allowed to levy an additional \$____ (insert the amount) in real and
129 personal property taxes for the purposes of ____ (insert the intended
130 purpose or purposes for which the moneys from the levy will be used)
131 for the fiscal year commencing July 1, ____ (insert the year)?" The
132 proposal shall be deemed approved if a majority of the voters casting
133 votes thereon cast "yes" votes;

134 (B) At any regular or special state or municipal election, for voter
135 approval to levy additional taxes on real and personal property in excess
136 of the limit allowed under subsection (b) or subdivision (1) of subsection
137 (d) of this section for debt payments that are outstanding as of July 1,
138 2022. Such vote shall be by a "yes" or "no" vote on paper ballots or on the
139 voting machines of the municipality. The question submitted to the
140 voters shall be: "Shall ____ (insert the municipality) be allowed to
141 exempt from ____'s (insert municipality) levy limit the total amounts
142 required to pay for bonded indebtedness incurred prior to July 1, 2022?".
143 The proposal shall be deemed approved if a majority of the voters
144 casting votes thereon cast "yes" votes; and

145 (C) At any regular or special state or municipal election, for voter
146 approval to levy additional taxes on real and personal property in excess
147 of the limit allowed under subsection (b) or subdivision (1) of subsection
148 (d) of this section for debt payments incurred on or after July 1, 2022.

149 Such vote shall be by a "yes" or "no" vote on paper ballots or on the
150 voting machines of the municipality. The question submitted to the
151 voters shall be: "Shall ____ (insert the municipality) be allowed to
152 exempt from ____'s (insert municipality) levy limit the total amounts
153 required to pay for the bonds issued in order to ____ (insert the purpose
154 or purposes for which the moneys from the bonds issued will be used)".
155 The proposal shall be deemed approved if a majority of the voters
156 casting votes thereon cast "yes" votes.

157 (2) The amounts exempted and additional taxes levied under
158 subdivision (1) of this subsection and subsection (h) of this section shall
159 be excluded from the calculation of the total tax levied under subsection
160 (b) of this section or the maximum levy amount under subdivision (1)
161 of subsection (d) of this section.

162 (g) The legislative body of any municipality may direct that the
163 question or questions authorized for a referendum under this section be
164 placed on the ballot at any regular or special state or municipal election
165 or may call a meeting in accordance with the provisions of section 7-7 of
166 the general statutes to submit such question or questions to voters.

167 (h) Notwithstanding the provisions of this section or any municipal
168 charter, special act or home rule ordinance, the legislative body of any
169 municipality may levy additional taxes in excess of the maximum limit
170 under subsection (b) or subdivision (1) of subsection (d) of this section
171 solely for the payment, in whole or in part, of water or sewer debt
172 charges, provided the aggregate amount of water and sewer charges are
173 reduced by the aggregate amount of any such additional taxes levied. In
174 the case of a municipality whose water and sewer service is provided by
175 an independent commission, authority or district that separately bills
176 water and sewer users, the municipality may enter into an agreement
177 with such commission, authority or district to effectuate the purposes of
178 this subsection. The tax collector or the treasurer of the municipality
179 shall immediately pay over the taxes collected pursuant to this
180 subsection, without appropriation by the municipality, to such
181 commission, authority or district, less any amounts agreed upon by the

182 parties for administrative costs incurred in carrying out the agreement.
183 Nothing in this subsection shall be construed to affect the eligibility of
184 such commission, authority or district to receive loans and grants for
185 water pollution control projects or eligible drinking water projects.

186 (i) Notwithstanding the provisions of this section, the legislative body
187 of any municipality may adjust the limit allowed under subsection (b)
188 or subdivision (1) of subsection (d) of this section to counterbalance the
189 effects of extraordinary, nonrecurring events that occurred during the
190 base year that were not within the purview of normal municipal
191 financial practices and would otherwise cause a limit to be set that
192 would be inconsistent with the limits intended under this section,
193 provided notice of any such adjustment is provided to voters, in writing,
194 and explained in detail.

195 Sec. 2. (NEW) (*Effective from passage*) Notwithstanding the provisions
196 of any municipal charter, special act or home rule ordinance, any
197 municipality may impose, by ordinance, a local tax on income, goods,
198 services or other tangible or intangible assets, or any combination
199 thereof, as determined by the legislative body of the municipality to be
200 desirable or necessary to meet the public services and other needs of the
201 municipality. No such tax shall be effective until notice has been
202 provided to the residents of the municipality and the general public
203 about the imposition of such tax, through the posting of information on
204 the municipality's Internet web page and other appropriate means, as
205 determined by the legislative body of the municipality. Such ordinance
206 shall include, but not be limited to, the specific items or amounts on
207 which such tax will be imposed, the rate and effective date of such tax,
208 the rate of interest and penalty imposed on the amount of such tax that
209 is delinquent, the method of collection and remittance of such tax and
210 the provisions for a taxpayer's right of appeal.

211 Sec. 3. (NEW) (*Effective July 1, 2021*) (a) (1) Each municipality that
212 enters into an interlocal agreement, on or after July 1, 2021, with one or
213 more municipalities pursuant to section 7-148cc of the general statutes,
214 for the provision of a service that each such municipality currently

215 provides separately shall be eligible for a grant in the following amounts
216 for each year such municipality remains a party to such agreement and
217 the applicable service is provided on a regional basis:

218 (A) For the provision of education, ten per cent of the amount
219 budgeted for education in the municipality's most recently approved
220 budget;

221 (B) For the provision of police services, fire-fighting services or
222 emergency medical services, five per cent of the amount budgeted in the
223 municipality's most recently approved budget and attributable to the
224 specific service being provided on a regional basis; and

225 (C) For the provision of any other service, two and one-half per cent
226 of the amount budgeted in the municipality's most recently approved
227 budget and attributable to the specific service being provided on a
228 regional basis.

229 (2) Any municipality eligible to receive a grant under subdivision (1)
230 of this subsection may receive more than one grant under said
231 subdivision. Any grant received under this section shall be in addition
232 to any other grants or funds such municipality is eligible to receive.

233 (b) Each municipality eligible to receive a grant under subsection (a)
234 of this section shall submit an application annually to the Secretary of
235 the Office of Policy and Management, in such form and manner as the
236 secretary prescribes. The application shall include, but not be limited to,
237 a description of the specific service being provided on a regional basis,
238 the other municipality or municipalities that are a party to the
239 agreement entered into under subsection (a) of this section and
240 documentation of the amount budgeted in the municipality's most
241 recently approved budget and attributable to the specific service being
242 provided on a regional basis. The secretary shall review each application
243 to verify the provision of the service claimed in such application and
244 calculate the amount of the grant or grants due to a municipality under
245 this section. Payment of such grants shall be made from the municipal

246 revenue sharing account established under section 4-66l of the general
247 statutes, as amended by this act.

248 (c) Any municipality that terminates or withdraws from an
249 agreement entered into under subsection (a) of this section or otherwise
250 ceases to provide a service on a regional basis shall be ineligible to
251 receive a grant under this section commencing with the fiscal year in
252 which such termination or withdrawal occurred.

253 (d) Any provision of a municipal charter, special act or home rule
254 ordinance that prohibits or limits a municipality from sharing services
255 with other municipalities is hereby repealed, revoked and rescinded.

256 (e) Any collective bargaining unit may enter into an agreement with
257 one or more collective bargaining units to establish a coalition
258 bargaining unit to negotiate with municipalities for the provision of
259 public services on a regional basis, including, but not limited to,
260 education, police services, fire-fighting services and emergency medical
261 services.

262 Sec. 4. Subsection (b) of section 4-66l of the general statutes, as
263 amended by section 6 of public act 21-3, is repealed and the following is
264 substituted in lieu thereof (*Effective July 1, 2021*):

265 (b) There is established an account to be known as the "municipal
266 revenue sharing account" which shall be a separate, nonlapsing account
267 within the General Fund. The account shall contain any moneys
268 required by law to be deposited in the account. The secretary shall set
269 aside and ensure availability of moneys in the account in the following
270 order of priority and shall transfer or disburse such moneys as follows:

271 (1) Ten million dollars for the fiscal year ending June 30, 2016, shall
272 be transferred not later than April fifteenth for the purposes of grants
273 under section 10-262h;

274 (2) For the fiscal year ending June 30, 2018, and each fiscal year
275 thereafter, moneys sufficient to make motor vehicle property tax grants

276 payable to municipalities pursuant to subsection (c) of this section shall
277 be expended not later than August first annually by the secretary;

278 (3) For the fiscal year ending June 30, 2022, and each fiscal year
279 thereafter, moneys sufficient to make the grants payable pursuant to
280 subsection (d) of section 12-18b, as amended by [this act] public act 21-
281 3, shall be expended by the secretary;

282 (4) For the fiscal years ending June 30, 2018, and June 30, 2019,
283 moneys sufficient to make the municipal revenue sharing grants
284 payable to municipalities pursuant to subdivision (2) of subsection (d)
285 of this section shall be expended not later than October thirty-first
286 annually by the secretary;

287 (5) For the fiscal year ending June 30, 2018, and each fiscal year
288 thereafter, seven million dollars shall be expended for the purposes of
289 the regional services grants pursuant to subsection (e) of this section to
290 the regional councils of governments;

291 (6) For the fiscal year ending June 30, 2018, and each fiscal year
292 thereafter, moneys may be expended for the purpose of supplemental
293 motor vehicle property tax grants pursuant to subsection (c) of this
294 section; [and]

295 (7) For the fiscal year ending June 30, 2022, and each fiscal year
296 thereafter, moneys sufficient to make the grants payable to
297 municipalities pursuant to subsection (b) of section 3 of this act; and

298 [(7)] (8) For the fiscal year ending June 30, 2020, and each fiscal year
299 thereafter, moneys in the account remaining shall be expended annually
300 by the secretary for the purposes of the municipal revenue sharing
301 grants established pursuant to subsection (f) of this section. Any such
302 moneys deposited in the account for municipal revenue sharing grants
303 between October first and June thirtieth shall be distributed to
304 municipalities on the following October first and any such moneys
305 deposited in the account between July first and September thirtieth shall
306 be distributed to municipalities on the following January thirty-first.

