

## 1. Introduction

The [Advisory Commission on Intergovernmental Relations](#) (ACIR) is a 24 member agency of the State of Connecticut created in 1985 to study system issues between the state and local governments and to recommend solutions as appropriate. The membership is designed to represent the state legislative and executive branches, municipalities and other local interests, and the general public. The role of the ACIR, as specified in [Section 2-79a](#) of the Connecticut General Statutes, is to:

- serve as a forum for consultation between state and local officials
- conduct research on intergovernmental issues • encourage and coordinate studies of intergovernmental issues by universities and others
- initiate policy development and make recommendations to all levels of government

The following recommendations regarding the property tax were developed by ACIR as part of its Local Government of the Future (LGF) initiative. LGF is predicated on a reinventing how the state-regional local relationship works to enhance the delivery of services in a qualitative manner.

Reforming the property tax was chosen by ACIR because it acts as a barrier to the goals of LGF which in turn impact every town, school district, business and individual in our state. The property tax causes great inequities to individuals, municipalities, results in the fragmentation of services.....In developing it's recommendations for the property tax ACIR examined previous work done by the General Assembly, academia and non-profits. Our goal with this report was not to create another report as was done previously. Rather, we are presenting an achievable blueprint for reform that can begin in 2023.

The resulting recommendations are each detailed in the report and represent a consensus of ACIR's membership. Despite the merit of any individual recommendation contained in this report, there must be priorities. ACIR puts forth the following as priorities for action in the collective belief that they will (1) result in significant impact and (2) are achievable in 2023.

**Priority Recommendations:** *(five should be the limit and should be ones that are achievable in 2023)*

- 1.
- 2.
- 3.
- 4
- 5.

In addition to the five Priority Recommendations, ACIR has identified \_\_\_\_ potentially actionable recommendations for future consideration.

ACIR is prepared to assist the Governor and the General Assembly in the development of statutory language and to serve as a sounding board related to any of the proposals either as presented in this report or as may evolve from the work of the legislative process.

**2. Property Tax Background** (optional)

**3. Priority Recommendations** (the following has more than five, but it can frame the discussion)

- A. **Close the Needs-Capacity Gap for Municipalities** - Phase in, with a hold-harmless provision, a restructuring of municipal state-aid and provide additional new aid consistent with the 2015 recommendations from the New England Public Policy Center to utilize state-aid as a primary means to address fiscal disparities across communities and ensure that all localities have the resources needed to provide high-quality public services.
- B. **Flexible School Governance Is Essential to the Function, Sustainability and Excellence of Public Education** (Legislative Action Required)
  - i. **Provide districts with a wider array of governance options**
  - ii. **Enable regional school districts that have diminished enrollments resulting in decreased opportunities for students and disproportionately high tuition rates to initiate a comprehensive study regarding options to dissolve or reconstitute**
  - iii. **Enabling legislation be adopted granting voters in towns belonging to regional school districts the statutory authority to establish regional finance boards by a region-wide majority vote.**
  - iv. **Amend the school building project grant process** adding new requirements that such projects include “efforts made by such board to collaborate with other local or regional boards of education to reduce under-enrollment in the schools under the jurisdiction of such board and documentation that the application meets evidence-based practices on a school's size, enrollment and academic program, and documentation of the existing condition of the building that is the subject of a renovation, alteration or extension application”
- C. **Fully fund Special Education.** Such a change would provide immediate and significant local tax relief and would remove one of the largest unknown costs from each school district's budget. More importantly, it would render local discussion of the cost of Special Education moot and place the focus where it belongs -- on the needs of Special Education students.
- D. **Correct the current deficiencies in the ECS formula to resolve the Cost-Capacity Gap.** The 2021 New England Public Policy Center study on the cost-capacity gap suggests ways to correct the current deficiencies in ECS.
- E. **Bifurcation of Local Taxing Authority** - Municipal bodies and boards of education would each set their own mill rates and levy their own property taxes. This is the standard in all but a few states nationwide, and this change will create greater visibility into the costs of providing local education, and enable greater flexibility to local boards in implementing their own efficiency measures.

F. **Diversification of Local Revenue Sources** - Exclusive reliance on property taxes for local revenue is regressive for all taxpayers and untenable for major cities whose property tax base cannot sustain reasonable service delivery costs. While local sales and income taxes would provide more progressively in our tax system, they may not impact the overall tax burden.

- Increasing the basis for service fees beyond the cost of providing the service;
- Abolishing local taxing districts that encourage inefficiencies; and
- Enabling greater use of regional tax strategies for specified economic development purposes (e.g. Regional Asset Districts, etc)

G. **Commit to regional and collaborative solutions for the delivery and coordination of state and local services.**

- The nine regional councils of governments and the six regional education service centers are the foundation for regional and shared services. They must be harnessed for the delivery of services by both the state and its cities and towns.
- Review and modify statutes that are an impediment to the creation of regional, cooperative and inventive regional and shared approaches for the delivery of educational services, including special education.
- Connecticut's economic development approach must be changed to one where recruitment and expansion are done on a shared and/or regional basis with consideration of both costs and revenues as well as regional impact, rather than the current town specific approach.

#### **4. Other Recommendations:**