

Special Taxing Districts Created Through the Statutory Process

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Issue

You asked about the different types of statutorily authorized special taxing districts and how they are created. This report updates OLR Report [2011-R-0347](#).

Summary

The statutes authorize two types of local districts that can provide public services and levy property taxes to pay for them— special taxing districts and special services districts (SSD). They specify their powers and duties, governance structure, and the process for creating and dissolving them. The property taxes both levy are in addition to those levied by their respective municipalities.

The residents of an area within a town can form a special taxing district to perform a number of services, including providing police and fire protection, maintaining roads, operating recreational facilities, providing street lighting, collecting garbage, controlling flooding and soil erosion, providing water services, regulating land uses, and enforcing the building code ([CGS §§ 7-324](#) to [7-329](#)).

Special Act vs. Statutory Districts

A special taxing district created by a special act of the legislature is different from a special taxing district that was formed under the statutory procedure. Special taxing districts created by special act can exercise any powers granted in that act (i.e., their charter). Those established under the statutory process have only the powers specified in statute. Many of the state's special taxing districts were originally created by special acts of the legislature (i.e., special act districts). But since the mid-1900s, most special taxing districts have been established locally, pursuant to the statutory process (i.e., statutory districts).

Municipalities can also create SSDs on behalf of the property owners of an area ([CGS §§ 7-339m to 7-339t](#)). SSDs, also referred to as business improvement districts, have been most commonly used by larger cities to provide special services desired by specific areas, such as merchants desiring extra street cleaning, lighting, or trash pickup in a downtown shopping district.

The statutes specify the specific process for creating both types of districts.

Special Taxing Districts

Special taxing districts established under the statutory process can perform any or all of the functions enumerated in [CGS § 7-326](#). The permitted functions are to:

1. extinguish fires;
2. light streets;
3. plant and care for shade and ornamental trees;
4. construct and maintain roads, sidewalks, crosswalks, drains, and sewers;
5. appoint and employ watchmen or police officers;
6. acquire, construct, maintain, and regulate the use of recreational facilities;
7. plan, lay out, acquire, construct, reconstruct, repair, maintain, supervise, and manage a flood prevention, climate resilience, and erosion control system;
8. plan, lay out, acquire, construct, maintain, operate, and regulate the use of a community water system;
9. collect garbage, ashes, and all other refuse matter in any portion of the district and provide for its disposal;
10. implement tick control measures;
11. install highway sound barriers;
12. maintain water quality in lakes that are located solely in one town in this state;
13. establish a zoning commission and a zoning board of appeals or a planning commission, or both, which shall be dissolved when the town's planning or zoning commission adopts subdivision or zoning regulations;

14. adopt building regulations, which are superseded when the town adopts building regulations; and
15. provide ferry service.

The statutes specify that a district can contract with a town, city, borough, or other district to carry out any of the district's purposes.

Connecticut's special taxing districts can be categorized into four groups: (1) fire districts; (2) utility districts (i.e., water, sewer, lighting); (3) improvement association districts (i.e., condos and private developments); and (4) beach and lake association districts. In general, fire and utility districts perform public services for public purposes. Improvement and beach association districts, on the other hand, tend to provide public services for private, exclusive purposes. In many cases, the services provided by these districts are specifically designed to protect the privacy or exclusivity of the area (e.g., placing privacy signs and fences, restricting parking, and providing security) (*Independent Special Taxing Districts in Connecticut*, Connecticut Advisory Commission on Intergovernmental Relations (ACIR), December 1988).

District Formation

The special taxing district formation process is triggered when 15 or more voters submit a petition to the town's selectmen specifying the proposed district's boundary. Within 30 days of receiving the petition, the selectmen must call a meeting of the voters residing in the proposed district. The selectmen must give public notice of the meeting at least 14 days before the meeting date in a newspaper serving the town.

Up to 24 hours before the meeting, 200 eligible voters who reside in the proposed district or at least 10% of its total eligible voters may petition the selectmen for a referendum on the district's formation. The selectmen, though, may call for a referendum on their own authority. In either case, they must hold the referendum between 7 and 14 days after receiving the petition or the date they decided to call for one.

If two-thirds of the voters approve the district at the meeting or referendum, the voters can name the district, and, by majority vote, elect the district's officers, which the law specifies. Within seven days of the district's approval, the district clerk must record the district's existence on the town's land records and file a report with the

town clerk. The district officially exists as a governmental body only when it submits this report to the town clerk ([CGS §§ 7-325 & 7-327](#)).

Special Services Districts

SSDs are the other type of special taxing district Connecticut's statutes authorize. Under [CGS § 7-339m](#) et seq., a municipality can form an SSD to promote the economic and general welfare of its citizens and property owners. Among other things, an SSD can:

1. acquire and convey real and personal property;
2. provide any service that a municipality can provide, other than education;
3. recommend to the municipality's legislative body that it impose a separate tax on property in the district to support its operations;
4. borrow money backed by district revenues; and
5. build, own, maintain, and operate public improvements.

District Formation

Although the statutes suggest that municipal officials start the formation process, the initiative usually comes from property owners who desire extra public services and are willing to pay for them through extra property taxes. The process formally begins when a municipality adopts an ordinance establishing the district. The ordinance takes effect only if the affected property owners vote within 60 days to approve it ([CGS § 7-339p](#)).

The voting process varies depending on how the district is configured. The law allows four configurations, depending on whether the ordinance divides the district into sub districts or separates property into different classes. (The law allows these variations so that the district may tax property owners in proportion to the benefits they receive from the district ([CGS § 7-339r](#))).

Table 1 shows the four configurations and how property owners within each configuration must be organized for voting. In each configuration, a district is formed if:

1. a majority of the taxpayers within each grouping approves it in a referendum and
2. the assessed value of their property exceeds at least half of the assessed value of all property within their grouping.

Districts with the most groupings tend to be those consisting of sub districts and separate property classes. In this case, the district must be approved by each group if the ordinance allows the tax rate to vary by sub district for property in the same class ([CGS § 7-339p](#)).

Table 1: SSD Voting Requirements

<i>District Type</i>	<i>Property Classification</i>	
	<i>No Classification</i>	<i>Classification</i>
Undivided district	<ul style="list-style-type: none"> • Majority of property taxpayers approves district and • Total assessed value of their property exceeds half of the total assessed value of all taxable property in the district 	Within each property class: <ul style="list-style-type: none"> • Majority of property taxpayers approves district and • Total assessed value of all their property exceeds half of the total assessed value of all taxable property in the group
Subdivided district	Within each sub district: <ul style="list-style-type: none"> • Majority of property taxpayers approves district and • Total assessed value of all their property exceeds half of the total assessed value of all taxable property in the sub district 	Within each sub district: <ul style="list-style-type: none"> • Majority of property taxpayers in each property class approves district and • Total assessed value of their property exceeds half of the total assessed value of all taxable property in the property class

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