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SPECIAL DISTRICTS; TAXATION;

Scope:

Connecticut laws/regulations; Program Description;



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SPECIAL TAXING DISTRICTS

By: Rute Pinho, Associate Analyst

You asked about the different types of special taxing districts and the process for establishing them. You also asked for (1) examples of tax districts established to maintain a lake, pond, or other watercourse and (2) a description of their functions.

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 (SSDs). 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 provide police and fire protection, maintain roads, operate recreational facilities, provide street lighting, collect garbage, control flooding and soil erosion, provide water services, regulate land uses, and enforce the building code ([CGS §§ 7-324 to 7-329](#)).

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 process for creating both types of districts. The process for forming a special taxing district begins with residents specifying its

boundaries and petitioning the town to convene a meeting of voters in the proposed district. The residents may establish the district either at a special meeting called for that purpose or through a referendum. In either case, the district is formed if two-thirds of the people voting approve its petition ([CGS § 7-325](#)).

The process to form an SSD, on the other hand, formally begins when a town adopts an ordinance establishing the district. However, the initiative usually comes from property owners who desire extra public services and are willing to pay for them through extra property taxes. 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.

Lake associations organized as special taxing districts maintain lakes and provide other services to people who own property around the lake. We examined the charters and by-laws of six lake association districts. We can provide copies of these documents at your request. To varying degrees, all of them perform the following functions in their districts:

1. maintain and regulate the lake, beaches, swimming areas, and recreational facilities;
2. construct and maintain roads;
3. provide fire, police, or security protection; and
4. maintain flood or erosion control systems (e.g., dams, ditches, retaining walls, and waterfronts).

Most of the districts also perform a range of other functions. This includes (1) regulating parking, boating, and fishing; (2) lighting streets; (3) collecting garbage; (4) enforcing health regulations; and (5) abating nuisances (e.g., noise, roaming animals, and litter).

SPECIAL TAXING DISTRICTS

Special taxing districts created by special act of the General Assembly can exercise any powers granted in that act. Those established under the statutory process can perform any or all of the functions enumerated in [CGS § 7-326](#), including 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. acquire, construct, reconstruct, repair, maintain, supervise and manage a flood or 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 planning or zoning commission adopts subdivision or zoning regulations;
14. adopt building regulations, which are superseded when the town adopts building regulations;
15. provide ferry service; and
16. contract with a town, city, borough or other district for carrying 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 seven 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 ([CGS § 7-327](#)). Within 30 days of the officers' election, 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](#)).

SPECIAL SERVICES DISTRICTS

SSDs are the other type of special taxing district Connecticut law authorizes. OLR report [2011-R-0325](#) provides a directory of these districts. Under [CGS § 7-339m et seq.](#), a municipality can form a SSD to promote the economic and general welfare of its citizens and property owners. Among other things, the district 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 for up to one year 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 2 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.

Table 2: SSD Voting Requirements

	<i>Property Classification</i>	
<i>District Type</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 	Within each sub district: <ul style="list-style-type: none"> ● Majority of property taxpayers in each property class approves district and

	<ul style="list-style-type: none"> • Total assessed value of all their property exceeds half of the total assessed value of all taxable property in the sub district 	<ul style="list-style-type: none"> • 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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LAKE ASSOCIATION TAX DISTRICTS

We examined the charters and by-laws of six special taxing districts formed to maintain a lake. Table 3 lists each district, the town in which it is located, year in which it was created, and special act number for those districts created by special act. It also summarizes the types of functions the districts perform.

To varying degrees, all six districts:

1. maintain and regulate the lake, beaches, swimming areas, and recreational facilities;
2. construct and maintain roads;
3. provide fire, police, or security protection; and
4. maintain flood or erosion control systems (e.g., dams, ditches, retaining walls, and waterfronts).

The Lake Hayward, Garda, and Williams districts play a role in regulating land use in their districts. This includes establishing building lines, approving building plans and designs, or regulating the types of businesses that may operate within the district.

Most of the districts also perform other functions. The Hayward and Quassett districts, for example, collect garbage and plant shade trees and shrubs. The Amston Lake District regulates boating and the construction and maintenance of docks and rafts on the lake. The Lake Garda and Williams districts enforce health regulations. The Hayward and Amston Lake district are authorized to perform any of the statutory powers conferred on special districts.

			<i>Functions</i>					
<i>District Name</i>	<i>Town</i>	<i>Year Created</i>	<i>Lake, beach, and recreational facility maintenance and regulation</i>	<i>Road maintenance and construction</i>	<i>Public safety services (fire, police, or security)</i>	<i>Flood or erosion control</i>	<i>Land use regulation</i>	<i>Other</i>
Lake Bunggee Tax District	Woodstock	1982	X	X	X	X		Acquire ownership of specified roads, easements, beaches, and swim areas

Property Owners' Association of Lake Hayward	East Haddam	1957 (SA 57-87)	X	X	X	X	X	<ul style="list-style-type: none"> ● Regulate travel and parking on district roads ● Regulate noise and other nuisances ● Garbage removal ● Regulate specified activities (e.g., concerts and celebrations, peddling, hunting, carrying of firearms) ● Promote planting of trees and shrubbery ● Any other statutory powers conferred on special districts
Lake Garda Improvement Association	Farmington	1943 (SA 43-255)	X	X	X	X	X	<ul style="list-style-type: none"> ● Enforce town health regulations ● Regulate fishing
Amston Lake District	Hebron and Lebanon	2002 (SA 02-2)	X	X	X	X		<ul style="list-style-type: none"> ● Protect the health of the lake and its watershed (conduct special studies or projects as needed) ● Communicate with town officials on behalf of district residents regarding the provision of town services ● Inform residents of developments and issues affecting the lake ● Regulate boating ● Regulate parking ● Regulate the construction and maintenance of docks and rafts ● Any other statutory powers conferred on special districts
Lake Williams Beach Association	Lebanon	1953 (SA 53-214)	X	X	X	X	X	<ul style="list-style-type: none"> ● Construct and operate public improvements (e.g. clubhouses, retaining walls, beaches, landscaping, and water supply systems) ● Establish and enforce health regulations

Quassett Lake District	Woodstock	1976	X	X	X	X	<ul style="list-style-type: none"> ● Light streets ● Regulate driveway approaches ● Regulate parking, boating, fishing, swimming, and nuisances ● Plant and care for shade trees ● Construct and operate a community water system ● Garbage collection
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