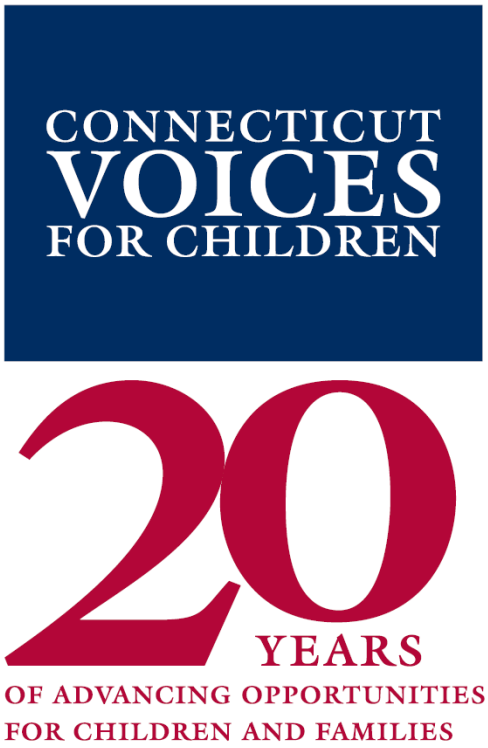

Equal Funding for Equal Effort:
A Model to Reform Property Tax Funding for Local Education in Connecticut

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Executive Summary

Thriving communities are made possible by good schools, roads, and other public systems. To support these building blocks of local economies, Connecticut's cities and towns need a stable revenue source that generates needed resources without placing an unfair load onto taxpayers. Currently, the property tax does the opposite. Connecticut's property tax system makes residents in poor communities pay more, stifles economic development, and exacerbates racial inequalities. At the same time, because local school funding is so dependent on local property taxes, disparities in property wealth lead to disparities in opportunities for children.

We explore a partial solution to this problem: a system in which communities that tax themselves equally for education receive equal per-pupil funding for education. Our model would cut taxes for 2.7 million residents in 117 cities and towns while maintaining local control and education funding levels.

Our model is based on an adjusted statewide property tax system, implemented in the following way:

- Cities and towns maintain total autonomy over the amount of money they decide to spend on education.
- Every year, the legislature sets a base tax rate on homesteads, which are primary dwellings owned and occupied by residents, as well as a non-residential tax rate.
- The state calculates each town's homestead mill rate according to each town's per-pupil spending. The more a town spends per pupil (adjusted for indicators of need), the higher its homestead mill rate. All towns pay the same non-residential tax rate.
- Local assessor's offices collect the tax and remit it to the state.

The adjusted statewide property tax has the following advantages and implementation challenges:

- Advantages:
    - Gives 2.7 million residents an average tax break of about $400 per person.
    - Fully funds the Payment in Lieu of Taxes (PILOT) program, alleviating inequities in communities where concentrations of government, university, and hospital property have eroded the tax base.
    - Reduces disparities in property tax rates and thus reduce incentives for business to relocate from communities with the highest property tax rates to nearby communities with lower ones.
    - Consistent with tradition of local control, communities willing to tax themselves more to spend more on education are allowed to do so.
    - Consistent with tradition of taxing property to fund education.
- Challenges:
    - Any property tax demands a larger tax responsibility from poorer families than from wealthier ones and should be accompanied by a circuit breaker to protect low-income individuals in wealthy towns.
    - The General Assembly must guarantee that statewide tax collections are not diverted from local education funding.

Contents

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Introduction

Thriving communities are made possible by good schools, roads, and other public systems. To support these building blocks of local economies, Connecticut's cities and towns need a stable revenue source that generates needed resources without placing an unfair tax load onto taxpayers.

Currently, the property tax does the opposite. Because there are such great disparities in property wealth across the state, communities must levy vastly different tax rates to provide adequate services. As a result, communities with the least resources and greatest needs must often levy the highest tax rates. These high taxes discourage business investment and place an unfair tax responsibility on families struggling to make ends meet.

As the 2015 State Tax Panel report illustrates, a growing awareness has emerged that the state's property tax system is inequitable, regressive, and a drag on economic competitiveness.[1] Despite this, few reform proposals have introduced specific property tax models and explained how they would impact Connecticut towns. We explore the consequences on our state of an effective reform implemented in nearby Vermont: if communities spend the same amount on education per pupil, then they should be taxed at the same rate to do so.

Chapter 1 reviews Connecticut's current property tax system. Chapter 2 explains the problems with this system. Chapter 3 explains Vermont's system and discusses our results modeling such a system's consequences for Connecticut. Chapter 4 explains potential challenges to implement the model.

Chapter 1. How does Connecticut's Property Tax System Work?

Every city and town in Connecticut taxes property. The property tax is the primary source of revenue for the state's municipalities, accounting for 98.7 percent of towns' locally raised revenue in 2013.[2] The tax is almost wholly administered by local officials, but state laws specify the types of property localities can tax, the methods local officials must use to assess property, and the exemptions cities and towns can or must provide.

Each year, every town's assessor's office catalogues the taxable property in their town's Gross Grand List.[3] After assessors determine their Gross Grand Lists, they apply exemptions to the taxable property to calculate the Net Grand List, which usually must be submitted to the town by January 31st.[4] The exemptions available depend on the type of property and the characteristics of the property owner. Three examples of state-mandated relief measures include:

1. *Full property tax exemption for certain properties.* This includes properties owned by governments, hospitals, universities, nonprofits, and religious organizations. According to the Connecticut General Assembly's Office of Fiscal Analysis, this exemption cost local governments in FY 2017 more than $730 million in foregone revenue.[5] Cities with a disproportionate amount of

fully exempt properties bear the brunt of these costs—Hartford and New Haven alone lost more than $300 million combined in FY 17 revenue due to tax-exempt property.[6]

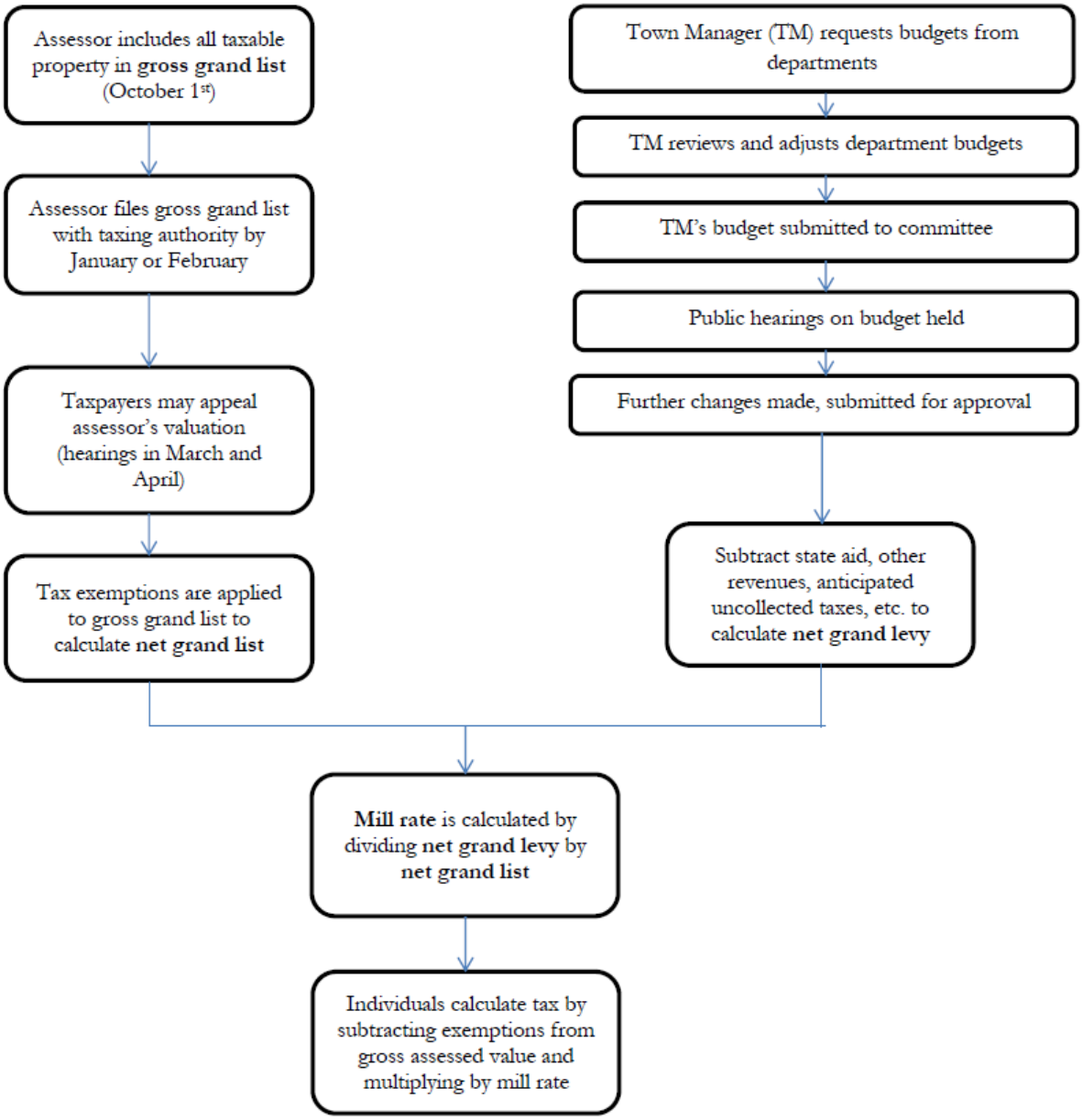
2. *Income tax credit for property tax paid.* Taxpayers making up to $116,500 may credit up to $200 of their property taxes paid against their income tax bill.[7] From 2006 to 2011, the credit limit was $500.[8] The Office of Fiscal Analysis estimated that this cost the state $105.2 million in FY 2017.[9]
3. *Elderly and disabled circuit breaker.* Elderly or totally disabled homeowners may reduce their property tax liabilities by up to $1,250 for married homeowners and $1,000 for unmarried ones. The allowable reduction decreases as homeowners' incomes increase, phasing out completely at $28,900 per year for married homeowners and $23,600 for unmarried ones.[10] The state allocated about $19.2 million to reimburse for this program in FY 2017.[11]

The state partially reimburses municipalities for tax revenue lost to the presence of exempt state, university, and hospital property through its Payment in Lieu of Taxes (PILOT) program. For state-owned property, the statutory reimbursement rate is between 45 and 100 percent of revenue lost, with rates depending on the type of property.[12] For tax-exempt private college and hospital property, the statutory reimbursement rate is 77 percent.[13] However, the actual reimbursement provided by the state to municipalities has consistently been less than these statutory rates.

As each town assessor's office calculates their town's Net Grand List, town governments undergo their budget-making process. Towns subtract state aid, anticipated taxes to collect, and other potential revenue sources from their budget's expenditures to calculate their Net Grand Levy—the amount of money that the town must raise in property taxes to pay for its expenditures. The town then calculates its mill rate, which represents the tax rate for property, by dividing its net grand levy by its net grand list. The mill rate is usually expressed as tax levied per $1,000 of the property's value–for example, a property tax rate of 6 mills would mean that residents are charged $6 per $1,000 of the property's assessed value. Individual property owners calculate how much they owe by subtracting exemptions from their property's gross assessed value and multiplying by the mill rate.

Figure 1 illustrates the property tax system process for a given year. For a brief description of how Connecticut's property tax system defines property and calculates property values, see Appendix B.

Figure 1. Connecticut's Property Tax System.



Source: Connecticut Voices for Children

Chapter 2. Why is Connecticut's Property Tax System Flawed?

Connecticut's locally based property tax system suffers from four major flaws.

1. The Current Local Property Tax System Stifles Economic Development

Cities are our engines of economic growth, providing jobs and amenities to residents and to surrounding communities. However, these communities also feature some of Connecticut's highest property tax rates. In Fiscal Year (FY) 2014, Bridgeport taxed 3.55 percent of the market value of its property, more than twice Fairfield's rate and nearly four times Darien's.[14] These large disparities in property taxes discourage economic development in dense urban cores at a time when Connecticut's cities are growing fewer jobs compared to other states.[15]

Cities' high property tax rates are partially a result of high concentrations of exempt government- and nonprofit-owned property that have eroded their tax base. In places such as Hartford, New Haven, and New London, non-prison tax-exempt property constitute 45 percent or more of a town's total property wealth.[16] Since Connecticut municipalities rely heavily on the property tax, this loss of taxable property wealth translates into millions of dollars of lost revenue.[17]

The program in place to alleviate this problem, PILOT, has never been fully funded. As of June 2016, the state reimburses only 30 percent of the revenue towns lose in property taxes due to tax-exempt private colleges and hospitals, less than half of what the law requires, and about 22 percent for most state-owned land.[18] To compensate for receiving less state aid than state statute promises, these communities must raise more property taxes to fund their schools, police, and fire protection. These higher property tax rates make it more difficult to raise a family or start a business.

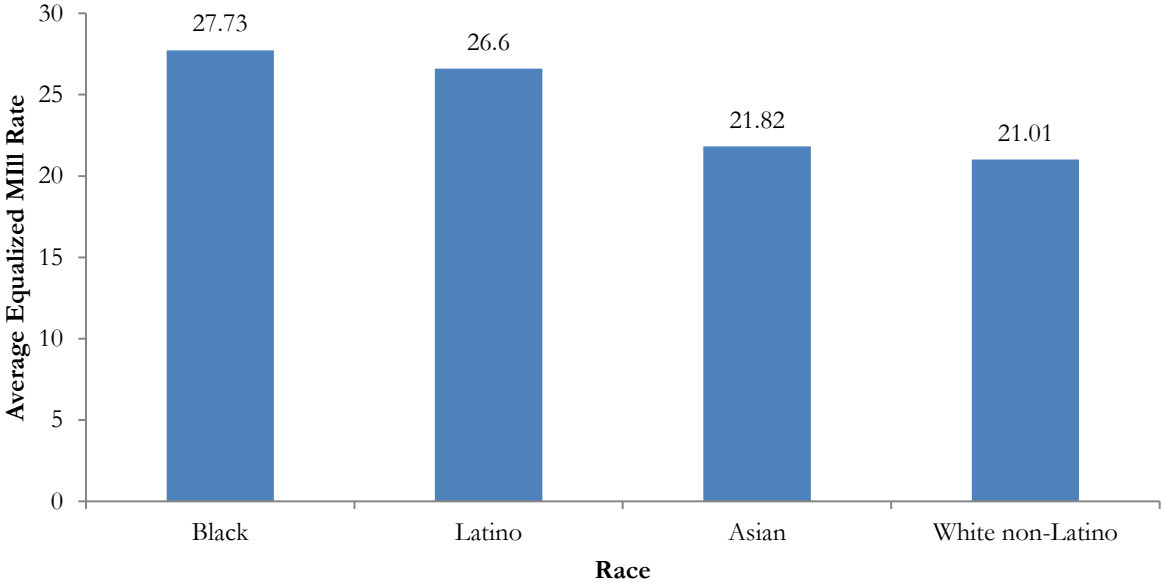
2. The Current Local Property Tax System Penalizes Poor Families

Because poor people tend to live in poor municipalities, which tend to have higher mill rates, Connecticut residents who make less money pay a greater share of their income in property taxes.[19] Although households making approximately $20,000 per year pay about 12.5 percent of their income in property taxes, those making on average more than $100,000 per year pay less than 2 percent of their income in property taxes.[20]

3. The Current Local Property Tax System Exacerbates Racial Inequities

In the United States, decades of discriminatory lending and zoning policies, as well as white flight and racial prejudice, have excluded people of color from wealthy communities that usually have lower mill rates.[21] As a result, Connecticut's residents of color tend to live in towns with higher mill rates than those that whites live in. This means that on average, black, Latino, and Asian residents pay a higher tax rate on their homes and cars than white residents do. As Figure 2 below illustrates, in FY 2014 black residents paid on average nearly 2.8 percent of their property value in property taxes while white residents paid 2.1 percent.

Figure 2. Racial Disparities in Connecticut's Property Tax System.



Source: Connecticut Data Collaborative and OPM, Municipal Fiscal Indicators. Average equalized mill rate is the mean of all towns' equalized mill rates weighted by the population of each race in each town. Equalized mill rate is property tax levy expressed as percentage of market value. For example, a town with an equalized mill rate of 10 mills would tax 1 percent (10/1000) of the aggregate market value of its property.

4. The Current Local Property Tax System Contributes to Educational Inequities

Connecticut's property tax system is closely linked to its education finance system. Fifty-seven percent of Connecticut's education funding comes from local revenue, and property taxes provide nearly all of a town's local revenue.[22] This reliance on local revenue drives vast disparities in education funding and tax effort between municipalities. Because towns' aggregate property values vary so widely, wealthier towns can raise more money per pupil than less affluent ones, even while imposing a lower tax rate on their residents. Since education funding affects educational and life outcomes, this difference in taxing capacity results in differences in opportunity for Connecticut's children based solely on where they are born.[23] This, combined with residential segregation by race, perpetuates racial inequities in educational opportunity.

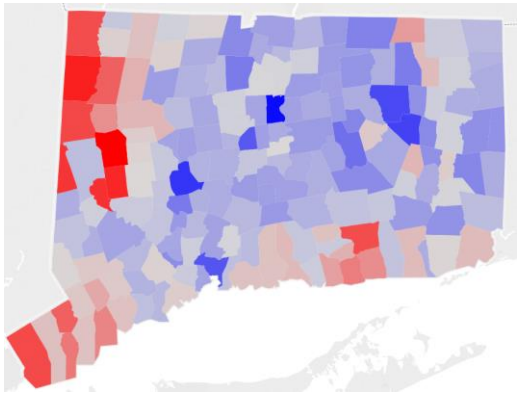
In FY 2014, Greenwich spent $20,747 per pupil.[24] Even though only 3.2 percent of its education funding came from the state, Greenwich had to levy a property tax of just 10.675 mills to pay for its share along with its other municipal services.[25] During the same year, Bridgeport spent $13,883 per pupil—yet even though the state paid for 70 percent of Bridgeport's education funding, the city still had to levy 41.855 mills (on residents with many fewer assets) to pay for its share of education, as well as for the other services it provides.[26] In other words, a $200,000 house or $10,000 car costs residents more in property taxes in Bridgeport than in Greenwich, yet in Greenwich, those lower taxes also generate residents more school funding for their children.

Connecticut's attempts to address this problem have proven inadequate. In its 1977 *Horton v. Meskill* decision, the Connecticut Supreme Court recognized that an education finance system reliant on local property taxes "without regard to the disparity in the financial ability of the towns to finance an educational program and with no significant equalizing state support" was unconstitutional.[27] The legislature responded to the *Horton* decision by establishing the precursor to today's Education Cost Sharing (ECS) formula, the General Assembly's effort to provide "significant equalizing state support."[28] Yet as currently implemented, the ECS formula does not guarantee equitable school funding. In 2013, the General Assembly stopped allocating towns' grants based on the formula.[29] Now towns receive "block grants" that are not explicitly tied to how much they need and wealthy communities are "held harmless," meaning that the amount of money they receive one year cannot be less than the amount they received the previous year.[30] Even if the state followed and fully funded the current ECS formula, it would not sufficiently address the state's educational inequities. This is because the formula is not based on the cost of educating students and does not increase funding levels for some groups of students whose needs require additional support, such as English Language Learners and students with disabilities. That said, if it were reformed, the ECS formula could guarantee equitable and adequate funding—many states use such a policy, called a foundation aid formula.

Inequalities in education funding are due both to inequities in how Connecticut raises money for education (through property taxes) and how it distributes state education funding. In the next section we discuss the tax benefits of addressing education funding disparities caused by how Connecticut raises money for education.

Chapter 3. A Statewide Education Property Tax: A Model for Reform

A statewide education property tax could help address some of these flaws by making the method by which Connecticut raises money for education fairer. Since education constitutes municipalities' greatest expenditure—on average, 62 cents of every dollar raised by property taxes goes toward local education—making local education funding fairer is a promising way to provide tax relief to Connecticut residents.[31]



See how our model would affect your town by visiting our interactive web page.

A statewide property tax is neither necessary nor sufficient for fixing our education or property tax systems. Michigan presents a cautionary tale: although they instituted a statewide education property tax, their system remains neither adequate nor equitable.[32] On the other hand, New Jersey does not have a statewide education property tax but has a very equitable and adequate education funding system.[33] It is plausible that other approaches to

alleviating funding disparities, such as allowing municipalities to levy local sales or income taxes, may be more effective. Furthermore, no matter how Connecticut reforms how it raises money for education, fully achieving equity will also require addressing both distribution (how Connecticut distributes the money it raises) and adequacy (whether the amount of money it raises is enough to educate children sufficiently). There exists a vast literature on state education funding formulas and definitions of adequacy, but exploring this literature is outside the scope of this report. That said, a statewide education property tax is worth considering for two reasons:

1. **It is universal**. A statewide tax would draw upon the entire state's wealth to fund education instead of relying on towns to pay from tax bases mismatched to their needs. As the Federal Reserve of Boston found, in FY 2011, 78 of Connecticut's cities and towns did not have enough property wealth to pay for adequate services.[34] A statewide property tax increases efficiency by allocating some communities' excess capacity to towns that cannot afford adequate public services without a high property tax rate.
2. **It taxes property.** Taxing property has several advantages over taxing other kinds of wealth, such as income or sales. Unlike income, property values remain relatively constant over time, providing a stable revenue base. Unlike a sales tax, a property tax is relatively difficult to avoid—one cannot hide one's house from the assessor's office.

Here, we explore one particularly successful education property tax system: Vermont's. We predict that if Connecticut implemented a Vermont-style education property tax system and funded PILOT at statutory levels, it would **cut taxes for up to 2.7 million (76 percent) of Connecticut residents while maintaining education funding levels and local control**.

The Vermont System: Equal Effort Means Equal Funding

Vermont's present education funding system rests on a simple idea: communities that spend the same amount on education per pupil should have to tax themselves at the same rate to do so. This appeals to the basic ethic that similarly situated people ought to be treated similarly. It is also very different from Connecticut's education finance system. As discussed previously, Greenwich can spend $20,747 per pupil at a tax rate of 10.675 mills while Bridgeport taxes itself at nearly four times Greenwich's rate to spend $13,883 per pupil.

Vermont's system stems from the 1997 Vermont Supreme Court ruling in *Brigham v. State*, which held that Vermont's local-property-tax-based system of funding education, and the great inequities it caused, were unconstitutional.[35] The resulting system, originally passed by the legislature three months after *Brigham* and modified in 2003, has two basic components:[36]

1. A statewide education tax on homesteads, which are primary dwellings owned and occupied by residents.[37] This tax is set at a base rate and varies according to a town's per-pupil spending, taking into account students who may need additional resources, including Free and Reduced Price Lunch-eligible students and English Language Learners. The more a town spends per pupil (adjusting for need), the greater its homestead tax.
2. A statewide nonresidential education property tax. This tax is levied at a uniform rate regardless of a town's per-pupil spending.[38]

If a household makes less than $137,500 per year and if education property taxes exceed a certain percentage of its income, the difference is applied as a credit to the property tax bill, reducing the amount due.[39] The percentage of income that education property taxes must exceed depends on a town's per-pupil spending. Homeowners and renters making less than $47,000 per year can claim additional credits that take into account municipal and education property taxes.[40]

This system is an especially attractive implementation of a statewide education property tax for Connecticut for four reasons:

1. **It has been successful next door.** Vermont's system has been relatively successful at creating an adequately funded educational system. A study completed for the Vermont legislature found that per-pupil expenditures were just weakly associated with property wealth.[41]
2. **It is consistent with Connecticut's tradition of local control.** In a Vermont-like system, Connecticut municipalities would have total control over their per-pupil education spending. If they want to be taxed at a higher rate to spend more on education, they can; if they want to be taxed at a lower rate to spend less on education, they can.
3. **It is consistent with Connecticut's tradition of taxing property to fund education.** Property taxes are not perfect—among other flaws, they are regressive, require the state to estimate the market value of the property, and do not increase as quickly as income does. Yet if state lawmakers would like to continue funding local education through property taxes, a statewide property tax allows them to do so.
4. **It treats equally communities that spend equally.** Currently, towns that spend the same amount on education per pupil can do so by levying greatly different tax rates. The Vermont system fixes that.

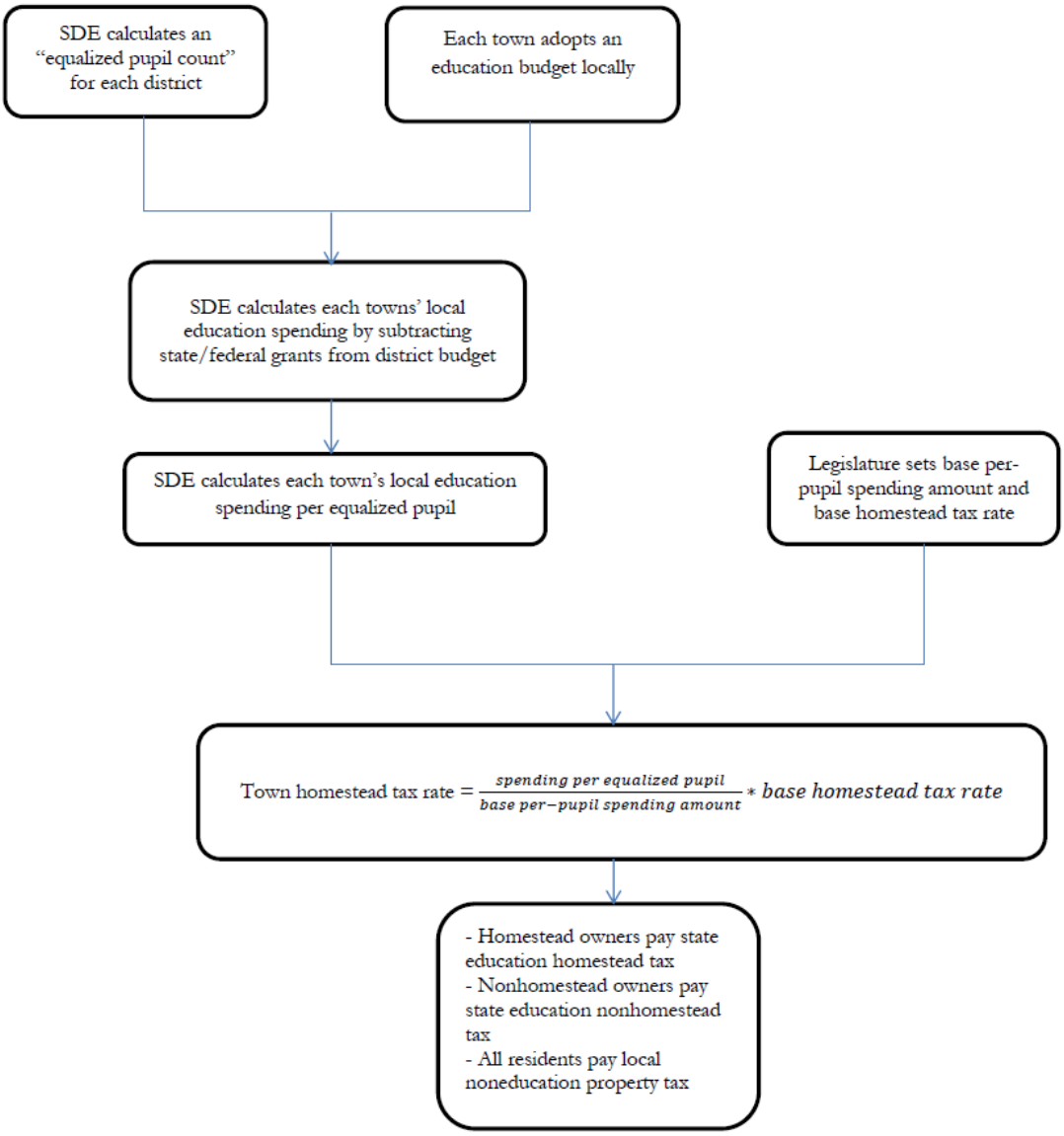
We predict the effects of a Vermont-like system in Connecticut by modeling an education homestead tax and a nonresidential education property tax of 15.35 mills, the level used by Vermont in 2015. Since we are assessing the impact on school funding, we will examine individual income-based relief in a future brief. We evaluate the system's impact if it raised two levels of funding:

1. Local education funding and statutory PILOT levels: the statewide property tax would raise enough money to pay for districts' local education expenditures and PILOT at its statutory levels.
2. Local education funding and full PILOT reimbursement: the statewide property tax would raise enough money to pay for districts' local education expenditures, raise all PILOT reimbursement rates to 100 percent, and fully fund the new PILOT.

When modeling each of these scenarios, we make two assumptions:

1. State education aid to districts is held constant: the amount of money towns receive from state education grants such as ECS does not change; ECS and other state education grant programs continue to be funded by their current revenue source (i.e., not by statewide property tax revenues).
2. Local education spending is held constant: statewide property tax revenue wholly replaces towns' local education spending, giving towns exactly as much as they currently spend from their coffers on education. (In this system, towns may set how much they spend on education. We keep current spending levels constant for simplicity.)

Figure 3. Model of Vermont-style State Education Homestead Property Tax



Source: Connecticut Voices for Children.

To illustrate, Wolcott, a suburban and primarily residential community, would see its property taxes decrease by 18 percent. Our model would calculate these changes in the following manner:

1. Connecticut calculates an "equalized pupil count" for each district, which weights students eligible for Free or Reduced Price Lunch as 1.3 students.
    a. Example: Wolcott enrolled 2,483 students during the 2013-2014 school year. 501 of those students qualified for Free or Reduced Price Lunch. Thus, Wolcott's equalized pupil count for the 2013-2014 school year is (2,483 + 501 x 0.3) = 2,633.3 students.
2. The Legislature determines a base per-pupil expenditure amount and a base homestead mill rate. We use a base per-pupil amount of $11,525 per pupil since that is the ECS foundation amount. Funding local education and PILOT at statutory levels with this base per-pupil amount would require a base homestead mill rate of 14.01 mills.
3. Wolcott adopts an education budget locally. It decides to spend $18,383,228 from local revenues on education for the 2013-2014 school year.
4. Connecticut calculates Wolcott's education spending per equalized pupil by dividing Wolcott's education funding from local revenues by its equalized pupil count.
    a. Example: $18,383,228 from local revenues ÷ 2,633.3 equalized pupils = $6,981.07 per equalized pupil.
5. Connecticut determines Wolcott's homestead tax rate by calculating the ratio of its equalized per pupil spending to the state's base per-pupil amount.
    a. Example: Wolcott's homestead tax rate would be ($6,981.08 ÷ $11,525) x 14.01 mills = 8.49 mills.
6. Since Wolcott decided to spend $18,383,228 on education from local revenues, it would receive that much from the state. Additionally, since the model funds PILOT at statutory levels, Wolcott would receive the $2,154 in PILOT money it is owed.
    a. Example: Since Wolcott's FY 2014 property tax levy was $32,715,206, Wolcott could lower its *local* property tax levy to $32,715,206 - $18,383,228 - $2,154 = $14,329,824.
7. According to OPM, Wolcott contains $999,743,210 worth of residential property and $259,254,494 worth of nonresidential property after exemptions. Thus, its state residential education property tax levy would be (8.49/1000) x $999,743,210 = $8,487,819.8529 and its state nonresidential education property tax levy would be (15.35/1000) x $259,254,494 = $3,979,556.4829. Overall, Wolcott's predicted total property tax levy would be $14,329,824 + $8,487,819.8529 + $3,979,556.4829 = $26,797,200.3358.
8. Wolcott's predicted equalized mill rate would be its predicted total property tax levy divided by its equalized net grand list—that is, $26,797,200.3358/ $1,846,423,677 = 14.51 mills. Compared to its FY 2014 equalized mill rate of $32,715,206 / $1,846,423,677 = 17.72 mills, this represents an 18 percent cut in the total property tax levy.

For more details on these calculations, see Appendix D.

Statutory PILOT Reimbursement

We include PILOT funding in our model to help alleviate disparities in opportunity due to disparate property wealth. Fully funding PILOT would also ensure that all residents benefitting from services provided by tax-exempt institutions—for example, by visiting a hospital in New Haven or sending their children to a university in Hartford—would pay for those services. A Vermont-style statewide education property tax to fund both local education expenditures and PILOT at statutory levels would require a state education homestead tax rate set at 14.01 mills, assuming the same base per-pupil funding. We also assume that current funding sources for PILOT remain, and the statewide property tax would be used to fund the difference between current PILOT funding levels and what is necessary to reach statutory rates.

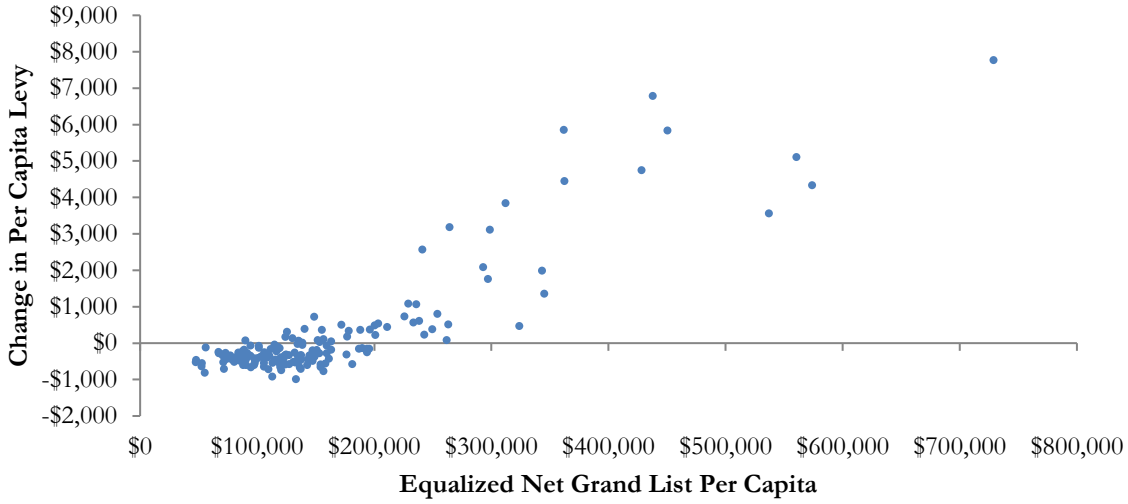
Table 1
Effects of Vermont-style Education Property Tax and Statutory PILOT Reimbursement

	Towns Where Property Taxes Increase	Towns Where Property Taxes Decrease
Number of Communities	51	118
Share of Total Population	24.0%	76.0%
Average change in property taxes per capita	+$1,579.31	-$405.95

Source: Connecticut Voices for Children analysis.

Of the towns where property taxes would increase, nearly half would see increases of less than $500 per capita. Overall, the distribution of tax increases would be much more skewed than the distribution of tax decreases. That is, although most property tax decreases would be clustered around the mean, property tax increases would have a much larger range. In a dozen towns including Darien, Greenwich, and Salisbury, taxes would increase by more than $3,000 per capita.

Figure 4. Property Tax Increases Would Be Skewed Under a Vermont-Like Model.



Source: Connecticut Voices for Children analysis.

By reducing property tax disparities, this model would move towards equalizing property tax burdens for business in the state, reducing businesses' incentive to relocate from a community with a high property tax rate to a nearby one with a lower property tax rate. In Fiscal Year 2014, actual property tax levies in Connecticut towns ranged from 0.72 percent of total property market value to 3.92 percent of total property market value, a difference of 3.2 percent.[42] In a Vermont-like system, we predict that these levies would range from 0.88 percent to 3.32 percent of total property market value, a difference of 2.44 percent—reflecting the different education funding levels decided upon in each community.

Funding PILOT at statutory levels with a Vermont-style education property tax would offer a larger tax cut to property-poor towns than to property-wealthy ones.

Table 2
Percent Change in Taxes by Property Wealth for Vermont-style Education Property Tax and Statutory PILOT Reimbursement

Net Grand List Per Capita Percentile	Change in Taxes Per Capita	Percentage Change in Taxes
Lowest 20 percent (Ex. Bridgeport, Torrington)	-$440	-22.6
Second 20 percent (Ex. Prospect, Granby)	-$386	-16.5
Middle 20 percent (Ex. Cheshire, Durham)	-$396	-14.2
Fourth 20 percent (Ex. Milford, Trumbull)	-$186	-5.9
Highest 20 percent (Ex. Greenwich, Westport)	+$1,794	+42.6

Source: Connecticut Voices for Children analysis.

PILOT Reimbursement at 100 percent for all types of exempt property

State law does not require that Connecticut *completely* reimburse towns for property tax revenue lost due to tax-exempt property. Rather, as mentioned previously, the reimbursement rate depends on the property type and ranges from 45 to 100 percent. If Connecticut implemented a Vermont-style statewide property tax to pay for local education funding, raised all PILOT reimbursement rates to 100 percent, and fully funded the new PILOT, the base homestead tax rate would be set at 14.90 mills. As before, we assume that current funding sources for PILOT remain, and the statewide property tax would be used to fund the difference between current PILOT funding levels and what is necessary to reimburse all property types at 100 percent.

Table 3
Effects of Vermont-style Education Property Tax and 100% PILOT Reimbursement

	Towns Where Property Taxes Increase	Towns Where Property Taxes Decrease
Number of Communities	52	117
Share of Total Population	24.1%	75.9%
Average change in property taxes per capita	+$1,723.08	-$398.75

Source: Connecticut Voices for Children analysis.

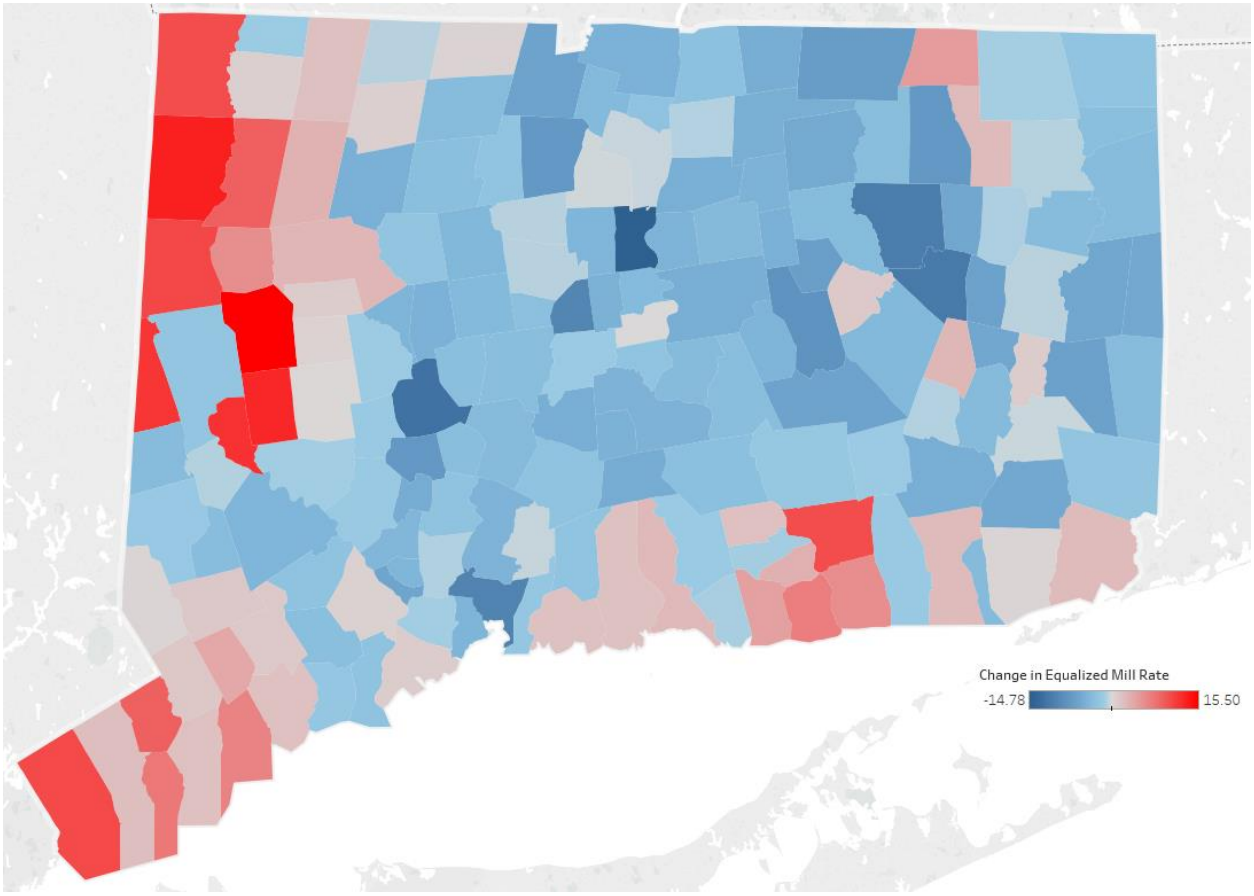
Funding PILOT to 100 percent reimbursement levels would decrease taxes for the poorest fifth of towns more than any other model we examined but at the cost of helping the other 80 percent of towns less.

Table 4
Percent Change in Taxes by Property Wealth for Vermont-style Education Property Tax and 100% PILOT Reimbursement

Net Grand List Per Capita Percentile	Change in Taxes Per Capita	Percentage Change in Taxes
Lowest 20 percent (Ex. Bridgeport, Torrington)	-$565	-29.1
Second 20 percent (Ex. Prospect, Granby)	-$388	-16.6
Middle 20 percent (Ex. Cheshire, Durham)	-$354	-12.7
Fourth 20 percent (Ex. Milford, Trumbull)	-$132	-4.2
Highest 20 percent (Ex. Greenwich, Westport)	+$1,990	+47.2

Source: Connecticut Voices for Children analysis.

Figure 5. How property taxes would change by town under statutory PILOT reimbursement model.



Source: Connecticut Voices for Children analysis. Blue indicates a tax cut; red indicates a tax increase. The darker the color, the greater the change, so dark blue indicates a large cut and dark red indicates a large increase.

Towns where property taxes would decrease: Andover, Ansonia, Ashford, Avon, Barkhamsted, Beacon Falls, Berlin, Bethany, Bethel, Bloomfield, Bolton, Bozrah, Bridgeport, Bristol, Brookfield, Brooklyn, Burlington, Canterbury, Canton, Chaplin, Cheshire, Clinton, Colchester, Coventry, Cromwell, Danbury, Deep River, Derby, Durham, East Granby, East Haddam, East Hampton, East Hartford, East Haven, East Lyme, East Windsor, Ellington, Enfield, Farmington, Glastonbury, Granby, Griswold, Haddam, Hamden, Hampton, Hartford, Harwinton, Hebron, Killingly, Killingworth, Lebanon, Ledyard, Manchester, Mansfield, Marlborough, Meriden, Middlebury, Middlefield, Middletown, Monroe, Montville, Naugatuck, New Britain, New Fairfield, New Hartford, New Haven, New London, New Milford, Newington, Newtown, North Branford, North Canaan, North Haven, North Stonington, Norwich, Orange, Oxford, Plainfield, Plainville, Plymouth, Pomfret, Portland, Preston, Prospect, Putnam, Salem, Scotland, Seymour, Simsbury, Somers, South Windsor, Southbury, Southington, Sprague, Stafford, Sterling, Stratford, Suffield, Thomaston, Thompson, Tolland, Torrington, Trumbull, Vernon, Voluntown, Wallingford, Waterbury, Watertown, West Hartford, West Haven, Wethersfield, Willington, Windham, Windsor, Windsor Locks, Wolcott, Woodbridge, Woodstock.

Towns where property taxes would increase: Bethlehem, Branford, Bridgewater, Canaan, Chester, Colebrook, Columbia, Cornwall, Darien, Eastford, Easton, Essex, Fairfield, Franklin, Goshen, Greenwich, Groton, Guilford, Hartland, Kent, Lisbon, Litchfield, Lyme, Madison, Milford, Morris, New Canaan, Norfolk, Norwalk, Old Lyme, Old Saybrook, Redding, Ridgefield, Rocky Hill, Roxbury, Salisbury, Sharon, Shelton, Sherman, Stamford, Stonington, Union, Warren, Washington, Waterford, Westbrook, Weston, Westport, Wilton, Winchester, Woodbury.

For more detailed town-by-town information, view Appendix C or our interactive web page.

Chapter 4. Implementation Challenges, Recommendations

There exist potential challenges to implementing a Vermont-style education property tax system in Connecticut effectively:

1. **A statewide education property tax does not answer all of the important questions.** A comprehensive solution to education funding in Connecticut must address (1) not just how education funding is *raised* but also how it is *distributed*; (2) how the state should calculate the *true cost* of education in Connecticut (not just for students without additional needs but also for students living in poverty, students with disabilities, and English Language Learners); (3) what *share* of education costs the State should bear; and (4) how including *choice schools* in a unitary funding formula would affect local school districts. Underscoring the fact that property tax reform is not enough to guarantee equity in education funding, the Education Law Center has identified Vermont's system as one where students in rich communities receive more funding than those in poor communities.[43]
2. **The property tax is still regressive.** Even with a Vermont-like property tax system, the property tax demands a larger tax responsibility from poorer families than from wealthier ones. Any comprehensive solution to Connecticut's property tax system ought to include a circuit breaker ensuring that working families are not overloaded by an education property tax. This is particularly important given that, in the words of Professors John Anderson and Michael Bell, Connecticut's property tax credit programs "[do] little to reduce effective property tax rates in Connecticut."[44] The State Tax Panel recommended replacing Connecticut's more than 100 property tax exemptions with a single circuit breaker.[45] Anderson and Bell's paper explore the advantages and disadvantages of this proposal.[46]
3. **The General Assembly must guarantee that statewide tax collections are not diverted from local education funding.** As PILOT, ECS, and the December 2016 cuts to municipal aid demonstrate, the state does not always give all of the funds it promises to distribute.[47] A Vermont-style system will work only if the General Assembly commits to using all funds it raises for local education for that purpose.

Despite these potential challenges, Connecticut lawmakers should seriously consider a Vermont-style system for its several advantages:

1. **It would cut taxes for 2.7 million Connecticut residents.** More money in residents' pockets would stimulate our economy and make Connecticut more livable for families and business.
2. **It would make our education finance system fairer.** Towns that spend the same amount on education per pupil would be taxed at the same rate to do so.
3. **It would reduce disparities in property tax rates between towns.** As a result, this system would reduce businesses' incentive to choose one type of community over another.
4. **It is consistent with Connecticut's traditions of local control and taxing property to fund education.** This makes it more politically viable in the Land of Steady Habits, where towns are accustomed to funding education at levels they decide by taxing property.

Appendix A. Glossary of Property Tax Terms

Adjusted Tax Levy: The amount of money a municipality wants to raise from property taxes minus any lawful adjustments.

Appraised Value: An assessor's estimate of the market value of a property.

Assessed Value: Seventy percent of the appraised value.

Commercial Property: As defined by OPM, property used for the sale of goods or services, including any improvements on the lot, such as storage buildings. Included in the definition of real property.

Equalized Mill Rate: Expression of property tax rates in terms of market value. Equal to Adjusted Tax Levy divided by the Equalized Net Grand List.

Equalized Net Grand List: OPM's estimate of the market value of all taxable property in a municipality.

Gross Grand List: The assessed value of all taxable property before applying exemptions as of October 1 each year.

Homestead: Primary dwelling owned and occupied by a resident.

Industrial Property: Property used for manufacturing. Included in the definition of real property.

Mill Rate: The tax rate on property. One mill is equal to $1 of tax per $1,000 of property value.

Net Grand List: The assessed value of all taxable property minus any exemptions as of October 1.

Non-Residential: In the context of the Vermont education property tax, any property that is not a homestead.

Personal Property: Primarily business-owned property. Includes factory machinery, wires, and furniture in stores.[48] State law exempts property owned by governments, nonprofit organizations, or religious organizations, as well as common items found in households, such as "fuel and provisions," musical instruments, and watches and jewelry.[49]

Residential: As defined by OPM, property used for human habitation with up to four units. Included in the definition of real property. (If a property has more than four living units, it is considered an apartment.)[50]

Real Property: Residential, commercial, and industrial property, as well as apartments, vacant land, and public utilities.[51]

Appendix B. Defining Property and Determining Value

Defining Property

The first step is in the property tax process is defining what property can be taxed. These definitions are laid out in state law, which defines three components of property:[52]

- Real property: this includes residential, commercial, and industrial properties; public utilities; vacant land; and apartments.
- Personal property: despite its name, this primarily is business personal property, including computers, store furniture, and factory machinery. The law exempts household furniture and jewelry, among other household items.
- Motor vehicles: passenger cars, commercial trailers, and other motor vehicles.

Determining Value

No less than once every five years, each municipality assesses the value of its taxable and non-taxable real property. (Personal property and motor vehicles are reassessed every year.) State law mandates that all property must be assessed at 70 percent of its value.[53] This "assessed value" is the property value that local governments tax.

Appendix C: Model Predictions

The following two tables detail our model's predictions for how mill rates would change in each town under the property tax systems explored in section 4. State Fiscal Year 2014 data is used in analysis. Visit our interactive web page to see how changing certain variables, such as the base per-pupil cost or PILOT funding level, can produce different levels of relief.

Column definitions:

- Municipality: Name of city or town.
- Equalized Mill Rate: Municipality's mill rate in State Fiscal Year 2014 expressed as a percentage of market value. An Equalized Mill Rate of 10 mills would mean that a municipality taxes 1 percent (10/1000) of the market value of its property.
- Predicted Equalized Mill Rate: Our prediction of the town's equalized mill rate in a Vermont-like system.
- Predicted Change in Equalized Mill Rate: Predicted Equalized Mill Rate minus Current Equalized Mill Rate.
- Predicted Change in Per Capita Levy: The difference in property tax levy per person under the current system and our predicted per-person levy. A negative number indicates a decrease in property tax levy per capita; a positive number indicates an increase. Includes state levy on homestead and non-residential property.

PILOT Funded at Statutory Levels

Municipality	Equalized Mill Rate (FY 2014)	Predicted Equalized Mill Rate	Predicted Change in Equalized Mill Rate	Predicted Change in Per Capita Levy
Andover	22.24	15.66	-6.59	-$722.88
Ansonia	27.52	23.25	-4.28	-$287.88
Ashford	23.30	16.25	-7.05	-$667.99
Avon	19.75	18.92	-0.83	-$162.27
Barkhamsted	18.81	14.82	-3.99	-$522.63
Beacon Falls	23.37	18.16	-5.22	-$552.22
Berlin	20.13	18.39	-1.73	-$258.85
Bethany	22.59	19.25	-3.34	-$491.59
Bethel	21.96	18.49	-3.47	-$473.43
Bethlehem	15.63	16.13	0.50	$76.59
Bloomfield	25.36	25.12	-0.24	-$32.27
Bolton	24.28	19.49	-4.80	-$594.99
Bozrah	18.39	17.48	-0.91	-$107.13
Branford	17.77	19.65	1.88	$334.81
Bridgeport	35.48	33.23	-2.24	-$125.83
Bridgewater	12.93	25.22	12.29	$3,837.54
Bristol	23.67	19.80	-3.87	-$345.49
Brookfield	17.29	16.42	-0.88	-$164.17
Brooklyn	16.85	13.29	-3.56	-$317.31
Burlington	20.55	16.48	-4.07	-$539.73
Canaan	15.04	17.67	2.63	$534.72
Canterbury	17.40	16.66	-0.74	-$69.83
Canton	19.86	17.29	-2.57	-$382.79
Chaplin	23.60	17.38	-6.23	-$606.49
Cheshire	20.04	16.37	-3.67	-$497.53
Chester	16.48	18.79	2.31	$358.74
Clinton	17.80	16.66	-1.14	-$186.50
Colchester	21.10	14.92	-6.19	-$654.71
Colebrook	21.28	21.51	0.23	$37.15
Columbia	18.63	19.91	1.28	$159.33
Cornwall	11.24	23.50	12.25	$4,439.79
Coventry	20.56	16.92	-3.64	-$396.80
Cromwell	21.60	18.98	-2.62	-$332.94
Danbury	18.71	16.74	-1.96	-$228.44
Darien	9.35	16.89	7.53	$4,324.58
Deep River	18.21	16.79	-1.42	-$208.98
Derby	27.57	21.53	-6.04	-$446.55
Durham	23.87	18.64	-5.24	-$718.88

Municipality	Equalized Mill Rate (FY 2014)	Predicted Equalized Mill Rate	Predicted Change in Equalized Mill Rate	Predicted Change in Per Capita Levy
East Granby	20.79	16.94	-3.84	-$592.86
East Haddam	18.21	16.20	-2.01	-$265.47
East Hampton	19.40	16.02	-3.38	-$408.34
East Hartford	29.82	25.32	-4.49	-$346.72
East Haven	23.54	21.40	-2.14	-$190.03
East Lyme	16.27	14.41	-1.86	-$285.35
East Windsor	20.93	20.02	-0.91	-$105.94
Eastford	16.26	18.68	2.42	$303.95
Easton	20.81	21.73	0.91	$221.85
Ellington	20.29	15.42	-4.87	-$552.06
Enfield	20.37	17.32	-3.05	-$278.67
Essex	14.27	17.48	3.21	$724.57
Fairfield	15.91	17.83	1.92	$505.21
Farmington	16.82	16.00	-0.83	-$160.73
Franklin	16.61	19.36	2.75	$386.34
Glastonbury	24.56	19.58	-4.98	-$779.32
Goshen	13.48	16.60	3.13	$794.29
Granby	24.26	18.05	-6.21	-$748.10
Greenwich	7.20	17.86	10.65	$7,766.26
Griswold	19.00	12.49	-6.51	-$523.57
Groton	14.72	14.99	0.28	$37.43
Guilford	16.95	18.80	1.85	$362.83
Haddam	22.14	18.99	-3.15	-$452.46
Hamden	28.57	24.13	-4.44	-$398.39
Hampton	20.40	19.07	-1.33	-$135.13
Hartford	36.13	21.35	-14.78	-$816.17
Hartland	16.58	17.00	0.42	$56.92
Harwinton	18.14	15.69	-2.45	-$337.01
Hebron	24.93	16.77	-8.16	-$921.83
Kent	13.77	24.38	10.61	$2,559.17
Killingly	19.03	15.41	-3.62	-$336.52
Killingworth	18.04	16.42	-1.62	-$242.81
Lebanon	19.25	15.28	-3.97	-$458.28
Ledyard	20.90	15.15	-5.74	-$562.12
Lisbon	12.66	13.66	1.00	$130.27
Litchfield	17.72	20.59	2.87	$493.91
Lyme	11.84	22.25	10.41	$3,110.97
Madison	16.15	18.68	2.53	$603.55

Municipality	Equalized Mill Rate (FY 2014)	Predicted Equalized Mill Rate	Predicted Change in Equalized Mill Rate	Predicted Change in Per Capita Levy
Manchester	25.07	21.29	-3.77	-$355.55
Mansfield	20.52	10.01	-10.51	-$554.00
Marlborough	21.43	16.87	-4.56	-$581.38
Meriden	26.69	21.74	-4.95	-$350.25
Middlebury	20.09	18.28	-1.80	-$318.05
Middlefield	24.68	19.96	-4.72	-$579.92
Middletown	23.04	18.48	-4.56	-$447.01
Milford	17.72	18.67	0.95	$168.25
Monroe	21.85	19.15	-2.70	-$435.88
Montville	20.37	15.40	-4.97	-$449.91
Morris	16.11	17.17	1.06	$212.51
Naugatuck	31.26	23.79	-7.46	-$531.42
New Britain	30.94	21.16	-9.78	-$469.34
New Canaan	10.65	19.76	9.10	$5,103.56
New Fairfield	18.78	15.18	-3.60	-$569.72
New Hartford	19.09	15.83	-3.26	-$449.28
New Haven	26.32	16.28	-10.04	-$719.28
New London	23.58	19.92	-3.67	-$246.14
New Milford	18.46	16.19	-2.27	-$331.38
Newington	23.37	18.70	-4.67	-$555.54
Newtown	23.03	18.73	-4.30	-$662.44
Norfolk	16.52	21.22	4.69	$1,074.35
North Branford	20.49	17.93	-2.56	-$318.88
North Canaan	17.84	15.29	-2.55	-$349.96
North Haven	20.80	20.33	-0.47	-$75.51
North Stonington	17.55	15.16	-2.39	-$345.66
Norwalk	16.99	18.90	1.91	$358.64
Norwich	22.45	18.73	-3.72	-$271.91
Old Lyme	13.76	19.66	5.90	$1,754.28
Old Saybrook	12.63	19.72	7.09	$2,078.77
Orange	21.32	19.99	-1.33	-$258.19
Oxford	17.02	15.21	-1.81	-$288.79
Plainfield	19.89	14.05	-5.84	-$461.31
Plainville	22.24	19.17	-3.07	-$325.37
Plymouth	26.03	21.36	-4.67	-$403.82
Pomfret	20.15	19.33	-0.82	-$83.04
Portland	22.24	18.51	-3.73	-$443.36

Municipality	Equalized Mill Rate (FY 2014)	Predicted Equalized Mill Rate	Predicted Change in Equalized Mill Rate	Predicted Change in Per Capita Levy
Preston	16.75	16.34	-0.41	-$47.45
Prospect	18.94	15.54	-3.40	-$417.02
Putnam	12.00	8.79	-3.21	-$268.81
Redding	19.70	21.22	1.52	$378.69
Ridgefield	17.63	17.90	0.28	$72.57
Rocky Hill	20.75	20.78	0.04	$4.90
Roxbury	9.24	22.18	12.94	$5,830.42
Salem	22.22	20.62	-1.60	-$187.09
Salisbury	7.67	18.74	11.07	$4,741.89
Scotland	25.64	18.86	-6.78	-$613.83
Seymour	24.20	20.08	-4.12	-$414.48
Sharon	10.10	26.27	16.17	$5,851.74
Shelton	15.48	16.11	0.63	$98.20
Sherman	13.27	25.28	12.01	$3,176.15
Simsbury	26.09	18.63	-7.46	-$993.35
Somers	17.38	12.24	-5.14	-$504.77
South Windsor	24.47	19.54	-4.94	-$674.08
Southbury	18.43	17.13	-1.30	-$196.70
Southington	19.43	16.10	-3.33	-$401.60
Sprague	21.09	15.27	-5.82	-$458.00
Stafford	24.14	17.23	-6.91	-$608.50
Stamford	16.53	18.60	2.07	$436.43
Sterling	22.06	16.33	-5.73	-$486.72
Stonington	13.89	16.28	2.39	$478.76
Stratford	24.05	21.28	-2.77	-$342.61
Suffield	18.51	13.82	-4.69	-$577.81
Thomaston	23.81	19.43	-4.38	-$427.71
Thompson	16.78	14.17	-2.60	-$227.40
Tolland	22.01	16.51	-5.50	-$658.30
Torrington	27.17	22.34	-4.83	-$412.05
Trumbull	20.85	17.65	-3.20	-$580.65
Union	19.02	23.85	4.83	$718.80
Vernon	25.89	21.30	-4.59	-$379.18
Voluntown	18.05	14.42	-3.63	-$375.36
Wallingford	18.30	15.61	-2.69	-$362.00
Warren	9.68	15.47	5.79	$1,986.21
Washington	9.64	25.11	15.47	$6,776.80
Waterbury	39.17	26.99	-12.18	-$641.51
Waterford	16.80	19.19	2.39	$558.57

Municipality	Equalized Mill Rate (FY 2014)	Predicted Equalized Mill Rate	Predicted Change in Equalized Mill Rate	Predicted Change in Per Capita Levy
Watertown	19.99	18.50	-1.49	-$166.29
West Hartford	23.72	19.47	-4.25	-$605.97
West Haven	22.55	18.20	-4.35	-$310.61
Westbrook	14.59	19.09	4.50	$1,062.86
Weston	17.68	21.59	3.91	$1,350.49
Westport	11.97	18.59	6.62	$3,557.00
Wethersfield	24.82	21.06	-3.76	-$447.32
Willington	18.67	16.24	-2.43	-$257.39
Wilton	18.12	19.55	1.43	$463.19
Winchester	24.03	24.79	0.76	$68.58
Windham	28.07	16.85	-11.22	-$534.46
Windsor	20.60	20.17	-0.43	-$59.16
Windsor Locks	17.62	14.94	-2.68	-$391.24
Wolcott	17.72	14.51	-3.21	-$354.03
Woodbridge	24.24	23.47	-0.77	-$146.61
Woodbury	19.45	19.59	0.14	$21.61
Woodstock	15.98	14.76	-1.21	-$144.57

PILOT Funded at 100% Reimbursement

Municipality	Equalized Mill Rate (FY 2014)	Predicted Equalized Mill Rate	Predicted Change in Equalized Mill Rate	Predicted Change in Per Capita Levy
Andover	22.24	15.98	-6.27	-$687.88
Ansonia	27.52	23.22	-4.30	-$289.61
Ashford	23.30	16.60	-6.70	-$635.10
Avon	19.75	19.47	-0.29	-$55.93
Barkhamsted	18.81	15.20	-3.61	-$472.20
Beacon Falls	23.37	18.38	-4.99	-$528.35
Berlin	20.13	18.80	-1.32	-$197.96
Bethany	22.59	19.81	-2.78	-$409.33
Bethel	21.96	18.87	-3.09	-$422.24
Bethlehem	15.63	16.76	1.13	$171.61
Bloomfield	25.36	25.37	0.02	$2.29
Bolton	24.28	19.86	-4.43	-$549.46
Bozrah	18.39	17.97	-0.42	-$49.76
Branford	17.77	20.20	2.43	$433.33
Bridgeport	35.48	31.95	-3.53	-$198.02
Bridgewater	12.93	26.43	13.51	$4,216.13
Bristol	23.67	19.89	-3.78	-$336.69
Brookfield	17.29	16.89	-0.40	-$75.38
Brooklyn	16.85	13.64	-3.21	-$286.38
Burlington	20.55	16.87	-3.69	-$488.50
Canaan	15.04	17.32	2.28	$463.32
Canterbury	17.40	17.23	-0.17	-$15.77
Canton	19.86	17.75	-2.11	-$314.21
Chaplin	23.60	17.32	-6.29	-$612.21
Cheshire	20.04	16.68	-3.37	-$455.93
Chester	16.48	19.39	2.91	$451.17
Clinton	17.80	17.10	-0.70	-$114.10
Colchester	21.10	15.07	-6.03	-$638.26
Colebrook	21.28	22.09	0.81	$131.68
Columbia	18.63	20.75	2.12	$262.93
Cornwall	11.24	24.40	13.16	$4,766.78
Coventry	20.56	17.29	-3.27	-$356.20
Cromwell	21.60	19.32	-2.28	-$289.87
Danbury	18.71	16.29	-2.42	-$281.21
Darien	9.35	17.67	8.32	$4,774.49
Deep River	18.21	17.36	-0.85	-$125.61
Derby	27.57	21.02	-6.55	-$483.88
Durham	23.87	19.13	-4.74	-$651.38

East Granby	20.79	17.39	-3.39	-$523.45
East Haddam	18.21	16.66	-1.54	-$204.17
East Hampton	19.40	16.31	-3.09	-$373.47
East Hartford	29.82	24.79	-5.02	-$387.49
East Haven	23.54	21.36	-2.17	-$193.04
East Lyme	16.27	14.42	-1.86	-$284.63
East Windsor	20.93	20.11	-0.82	-$95.12
Eastford	16.26	19.31	3.05	$383.29
Easton	20.81	22.47	1.66	$403.33
Ellington	20.29	15.76	-4.53	-$513.38
Enfield	20.37	17.46	-2.91	-$266.20
Essex	14.27	18.09	3.81	$861.85
Fairfield	15.91	18.33	2.41	$635.37
Farmington	16.82	14.89	-1.93	-$374.35
Franklin	16.61	19.77	3.16	$443.59
Glastonbury	24.56	20.09	-4.47	-$699.84
Goshen	13.48	17.16	3.69	$936.15
Granby	24.26	18.43	-5.83	-$702.41
Greenwich	7.20	18.62	11.42	$8,324.18
Griswold	19.00	12.57	-6.42	-$516.70
Groton	14.72	14.80	0.08	$11.27
Guilford	16.95	19.53	2.58	$506.42
Haddam	22.14	19.44	-2.70	-$387.19
Hamden	28.57	23.79	-4.78	-$428.95
Hampton	20.40	19.38	-1.03	-$103.99
Hartford	36.13	13.88	-22.24	-$1,228.68
Hartland	16.58	16.92	0.34	$46.19
Harwinton	18.14	16.11	-2.03	-$279.04
Hebron	24.93	17.19	-7.74	-$874.85
Kent	13.77	25.23	11.46	$2,764.77
Killingly	19.03	15.30	-3.72	-$346.32
Killingworth	18.04	16.83	-1.21	-$181.35
Lebanon	19.25	15.69	-3.56	-$410.29
Ledyard	20.90	15.47	-5.42	-$531.10
Lisbon	12.66	14.01	1.35	$176.02
Litchfield	17.72	21.16	3.44	$592.49
Lyme	11.84	23.26	11.42	$3,411.80
Madison	16.15	19.11	2.96	$705.03
Manchester	25.07	21.11	-3.96	-$373.41
Mansfield	20.52	-2.80	-23.32	-$1,229.70
Marlborough	21.43	17.22	-4.21	-$535.91

Meriden	26.69	21.47	-5.22	-$369.30
Middlebury	20.09	18.74	-1.34	-$236.91
Middlefield	24.68	20.54	-4.13	-$507.81
Middletown	23.04	16.87	-6.18	-$605.08
Milford	17.72	19.00	1.28	$226.00
Monroe	21.85	19.70	-2.15	-$346.63
Montville	20.37	15.67	-4.70	-$425.58
Morris	16.11	17.73	1.61	$324.38
Naugatuck	31.26	23.95	-7.31	-$520.12
New Britain	30.94	17.85	-13.09	-$628.31
New Canaan	10.65	20.69	10.04	$5,626.62
New Fairfield	18.78	15.73	-3.05	-$482.28
New Hartford	19.09	16.31	-2.78	-$382.69
New Haven	26.32	11.06	-15.26	-$1,092.95
New London	23.58	17.82	-5.76	-$387.02
New Milford	18.46	16.50	-1.96	-$285.30
Newington	23.37	18.51	-4.87	-$579.05
Newtown	23.03	19.24	-3.78	-$582.89
Norfolk	16.52	21.35	4.83	$1,106.09
North Branford	20.49	18.33	-2.16	-$269.46
North Canaan	17.84	15.51	-2.34	-$320.29
North Haven	20.80	20.59	-0.21	-$33.35
North Stonington	17.55	15.55	-2.01	-$290.45
Norwalk	16.99	19.21	2.22	$417.31
Norwich	22.45	17.87	-4.58	-$334.57
Old Lyme	13.76	20.48	6.72	$1,998.24
Old Saybrook	12.63	20.42	7.79	$2,284.78
Orange	21.32	20.41	-0.91	-$176.41
Oxford	17.02	15.37	-1.65	-$263.02
Plainfield	19.89	14.09	-5.80	-$457.92
Plainville	22.24	19.45	-2.79	-$295.55
Plymouth	26.03	21.66	-4.37	-$377.77
Pomfret	20.15	19.80	-0.35	-$35.55
Portland	22.24	18.86	-3.38	-$402.06
Preston	16.75	16.94	0.19	$22.31
Prospect	18.94	15.93	-3.01	-$369.23
Putnam	12.00	8.68	-3.31	-$277.89
Redding	19.70	21.87	2.17	$540.92
Ridgefield	17.63	18.52	0.89	$233.99

Rocky Hill	20.75	20.41	-0.33	-$46.28
Roxbury	9.24	23.32	14.08	$6,343.80
Salem	22.22	21.14	-1.08	-$126.53
Salisbury	7.67	19.51	11.84	$5,072.43
Scotland	25.64	19.08	-6.56	-$594.33
Seymour	24.20	20.40	-3.80	-$381.94
Sharon	10.10	27.49	17.39	$6,291.62
Shelton	15.48	16.51	1.03	$161.27
Sherman	13.27	26.53	13.27	$3,508.39
Simsbury	26.09	19.08	-7.00	-$932.72
Somers	17.38	12.65	-4.73	-$464.54
South Windsor	24.47	19.98	-4.50	-$614.08
Southbury	18.43	17.41	-1.02	-$153.70
Southington	19.43	16.42	-3.01	-$362.99
Sprague	21.09	15.43	-5.65	-$444.98
Stafford	24.14	17.33	-6.80	-$599.16
Stamford	16.53	18.82	2.29	$483.49
Sterling	22.06	16.59	-5.47	-$464.45
Stonington	13.89	16.78	2.89	$579.58
Stratford	24.05	21.47	-2.58	-$319.02
Suffield	18.51	14.25	-4.26	-$524.44
Thomaston	23.81	19.67	-4.14	-$404.69
Thompson	16.78	14.47	-2.31	-$201.65
Tolland	22.01	16.86	-5.15	-$616.96
Torrington	27.17	22.42	-4.75	-$404.76
Trumbull	20.85	18.09	-2.76	-$500.57
Union	19.02	24.23	5.21	$775.40
Vernon	25.89	21.26	-4.63	-$382.24
Voluntown	18.05	14.96	-3.09	-$319.23
Wallingford	18.30	15.97	-2.32	-$313.31
Warren	9.68	15.92	6.23	$2,139.64
Washington	9.64	26.22	16.58	$7,261.63
Waterbury	39.17	24.53	-14.64	-$771.37
Waterford	16.80	19.40	2.60	$606.73
Watertown	19.99	18.87	-1.12	-$125.31
West Hartford	23.72	19.74	-3.98	-$567.79
West Haven	22.55	17.98	-4.57	-$326.27
Westbrook	14.59	19.75	5.16	$1,218.96
Weston	17.68	22.59	4.92	$1,697.44
Westport	11.97	19.22	7.25	$3,893.53
Wethersfield	24.82	21.37	-3.45	-$410.66

Willington	18.67	16.49	-2.18	-$230.98
Wilton	18.12	20.22	2.10	$681.12
Winchester	24.03	25.19	1.16	$104.34
Windham	28.07	9.90	-18.17	-$865.67
Windsor	20.60	20.58	-0.01	-$1.44
Windsor Locks	17.62	15.22	-2.40	-$350.71
Wolcott	17.72	14.80	-2.92	-$322.05
Woodbridge	24.24	24.14	-0.10	-$18.31
Woodbury	19.45	20.26	0.81	$124.60
Woodstock	15.98	15.24	-0.74	-$88.28

Appendix D: Data Sources, Technical Notes, and Limitations

Data Sources

No state agency records how much each town spends from its own property tax levy on education. This number is necessary to model a statewide property tax, since the amount of money that towns spend on education is the amount that a statewide property tax must raise.

To determine how much each town spends from its own property tax levy on education, we base our calculations on the State Department of Education's District Expenditures by Source data and Out-of-District Enrollment data.[54] There are three methods we apply to the three basic categories of towns for which we calculate this figure:

1. Towns with only local school districts: we use the local share of education funds specified in the District Expenditures by Source data.
2. Towns with only Regional School Districts: we apportion a Regional School District's local revenues, as specified in the District Expenditures by Source data, among the district's constituent towns proportionally according to each town's enrollment.
3. Towns with local and Regional School Districts: We calculate towns' contributions to their Regional School District in exactly the same manner as above. We then add each town's contribution to the local share of education funds in its local district as specified in the District Expenditures by Source data.

Tuition payments for magnet schools, vocational-agricultural schools, designated high schools, charter schools, and interdistrict cooperative high schools are included in the District Expenditures by Source data.

Technical Notes

To calculate per-pupil spending for towns that share or consolidate school districts, Vermont calculates an average per-pupil spending weighted by the proportion of students that attend each district. For example, if a town A has 25 percent of its students attending the town district with $10,000 in per-pupil spending and 75 percent of its students attending the consolidated school district with $15,000 in per-pupil spending, then town A's per-pupil spending would be (0.25 x $10,000) + (0.75 x $15,000) = $13,750 per pupil.[55] Translating this model to Connecticut, for towns that participate in Regional School Districts, we calculate an average per-pupil spending weighted by the proportion of students attending the Regional School District.

To calculate a Connecticut equivalent of equalized per-pupil spending, we calculate each district's number of equalized pupils by weighting each student qualifying for Free and Reduced Price Lunch as 1.3 students. This is the same measure of student need used by Connecticut's Education Cost Sharing formula. In an ideal system, other measures of student need, such as English Language Learners, would be included in the equalized pupil count; Vermont includes such students in their

equalized pupil count calculations.[56] We then divide a district's Net Current Expenditures by its equalized per-pupil count.

SDE reports Net Current Expenditures for towns and Regional School Districts, rather than for all districts. To calculate all districts' Net Current Expenditures, we take each town's net current expenditures and subtract its Regional School District's Net Current Expenditures multiplied by the share of its Regional School District's students that are from the town.

After calculating towns' equalized per-pupil spending, we determined the base statewide homestead tax rate that produced an essentially revenue-neutral model by simulating 1,000 different scenarios with different base homestead tax rates. The scenario that produced the most conservative revenue-neutral plan, to two decimal places, was one with a base rate of 10.44 mills. This raises about $3.04 million, compared to a plan with a base rate of 10.43 mills, which would be about $625,000 short of the amount necessary to pay for towns' education contributions. We choose 10.44 mills to raise slightly too much money, rather than too little. So that the plan remains revenue-neutral, the $3.04 million raised could be used to offset other taxes.

Limitations

OPM's Net Grand List data does not differentiate between homesteads and non-homesteads. It contains categories for "residential" and "apartment" properties, but only contains the gross grand list values for these groups, not the net grand list values. Furthermore, OPM's definition of "residential" includes renters as well as property owners, whereas Vermont's definition of homestead includes only homeowners. To approximate aggregate net grand list values for residential and non-residential properties, we use the net assessment and net residential values from OPM's Equalized Net Grand List data. This is not exactly equivalent to the Net Grand List values because, when calculating the Equalized Net Grand List, OPM removes properties for which the state reimburses municipalities. The three classes of properties reimbursed—and thus removed from the Equalized Net Grand List—are Additional Veterans, Totally Disabled, and Economical and Developmental properties.[57] The difference between the Equalized Net Grand List's aggregate net assessment value and the aggregate net grand list value is 0.08 percent.

Appendix E: Michigan-style system

In addition to our Vermont-like models, we modeled a Michigan-like education property tax system. Ultimately, we did not include Michigan's models in the body of the report for three reasons: (1) Michigan's system does not allow towns to set their own per-pupil expenditures, creating a large political obstacle; (2) Michigan's system does not seem equitable or adequate; and (3) our results below found that a Vermont-like model was more progressive. [58] That said, we present our findings modeling a Michigan-style system below.

Before 1994, Michigan had an education finance system similar to Connecticut's–reliant on local property taxes with great disparities in funding between districts, from $3,291 per pupil to $10,749 per pupil.[59] After a series of funding crises in which one district ran out of funds and the Michigan legislature abolished the use of property taxes to fund public education, voters approved Proposition A, which, among other reforms, instituted a statewide property tax.[60] Under Proposition A, the state taxed all property at 6 mills (that is, $6 per $1,000 of assessed property value). It also allowed local school districts to levy an 18-mill education property tax on non-homestead property.[61] The state redistributed revenues to districts according to a formula, essentially no longer allowing districts to set their own per-pupil expenditures.

As with our Vermont model, we predict results when raising enough money to pay for (1) local education funding and statutory PILOT levels and (2) local education funding and 100 percent PILOT reimbursement. When modeling each of these scenarios, we make the same two assumptions we make for the Vermont model: state education aid to districts held constant and local education spending held constant.

Local Education Funding and Statutory PILOT Levels

A flat statewide property tax to pay for both local education funding and fund PILOT at statutory levels would be set at 15.68 mills. This assumes that current funding sources for PILOT remain, and the statewide property tax would be used to fund the difference between current PILOT funding levels and what is necessary to reach statutory rates.

Funding PILOT at statutory rates as well as local education expenditures would extend property tax cut to 62,119 more people than just funding local education alone. Although fewer towns would experience property tax decreases than if Connecticut funded local education alone, the towns that would receive decreases are more populous, causing the total number of people receiving relief to increase.

Table 5 Effects of Flat Statewide Property Tax and PILOT (Statutory Reimbursement)		
	Towns Where Property Taxes Increase	Towns Where Property Taxes Decrease
Number of Communities	51	118
Share of Total Population	32%	68%
Average change in property taxes per capita	+$788.99	-$300.74

Source: Connecticut Voices for Children analysis.

Funding PILOT at statutory levels would also be more progressive than just funding local education alone—the poorest and middle fifth of towns would see larger tax cuts, financed by a larger tax increase on the wealthiest fifth of towns. However, the second 20 percent of towns would experience a slightly smaller tax cut than they would just funding local education alone because these towns are not entitled to as PILOT grants as large as the lowest fifth.

Table 6 Percent Change in Taxes by Property Wealth for Flat Statewide Property Tax and PILOT (Statutory Reimbursement)		
Net Grand List Per Capita Percentile	Change in Taxes Per Capita	Percentage Change in Taxes
Lowest 20 percent (Ex. Bridgeport, Torrington)	-$207	-10.6
Second 20 percent (Ex. Prospect, Granby)	-$155	-6.6
Middle 20 percent (Ex. Cheshire, Durham)	-$286	-10.2
Fourth 20 percent (Ex. Milford, Trumbull)	-$192	-6.1
Highest 20 percent (Ex. Greenwich, Westport)	+$1,001	+23.8

Source: Connecticut Voices for Children analysis.

Local Education Funding and Full PILOT Reimbursement

A flat statewide property tax to pay for local education funding, raise all PILOT reimbursement rates to 100 percent, and fully fund the new PILOT would be set at 16.38 mills. As for the previous model, we assume that current funding sources for PILOT remain, and the statewide property tax would be used to fund the difference between current PILOT funding levels and what is necessary to reimburse all property types at 100 percent.

Using FY 2014 numbers—the latest for which statistics are available—the model predicts that this plan would provide relief to 2.3 million people out of Connecticut's 3.6 million residents.

Table 7 Effects of PILOT (100% Reimbursement)		
	Towns Where Property Taxes Increase	Towns Where Property Taxes Decrease
Number of Communities	57	112
Share of Total Population	36%	64%
Average change in property taxes per capita	+$798.16	-$296.53

Source: Connecticut Voices for Children analysis.

Funding PILOT to 100 percent reimbursement levels would help the poorest fifth of towns more than either of the previous models would, but at the cost of helping the other 80 percent of towns less than would a policy funding local education expenditures with or without PILOT at statutory levels.

Table 8 Percent Change in Taxes by Property Wealth for PILOT (100% Reimbursement)		
Net Grand List Per Capita Percentile	Change in Taxes Per Capita	Percentage Change in Taxes
Lowest 20 percent (Ex. Bridgeport, Torrington)	-$312	-16.1
Second 20 percent (Ex. Prospect, Granby)	-$141	-6.0
Middle 20 percent (Ex. Cheshire, Durham)	-$237	-8.5
Fourth 20 percent (Ex. Milford, Trumbull)	-$141	-4.5
Highest 20 percent (Ex. Greenwich, Westport)	+$1,131	+26.7

Source: Connecticut Voices for Children analysis.

Endnotes

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