



News Release

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Statewide Property Tax Could Benefit Majority of Towns and Tax Payers

New study offers model that would provide equal funding for equal effort

NEW HAVEN – Connecticut funds education at the local level: where you live determines the tax rate you will pay as well as the total funds available for each student. While Connecticut has long valued local control of its public schools, its reliance on the local property tax to fund education has tied school funding to relative property values, penalizing towns with low property values and saddling low-income communities with higher tax rates. A new report from Connecticut Voices for Children evaluates how a statewide property tax, modeled on the Vermont system, could reduce such disparities and ensure that equivalent tax rates yield equivalent education dollars regardless of town of residence.

Connecticut's property tax system produces vast differences in local tax rates. Municipalities and rural towns with lower property values or lower concentrations of taxable property are forced to charge higher rates to raise comparable amounts of revenue. Consider, for instance, Bridgeport's current property tax rate of 54.37 mills, more than twice neighboring Fairfield's and three times Darien's. The town of New Milford has a property tax rate of 26.77 mills, nearly twice that of neighboring Roxbury. These large disparities in property tax rates discourage economic development and penalize low-income families that live in poorer towns.

The report evaluates how Vermont's adjusted statewide property tax system could be used to reduce these imbalances. It finds that adopting a statewide adjusted property tax would cut taxes for 2.7 million residents in 117 cities and towns while maintaining local control and education funding levels.

"Our model will allow cities and towns to maintain total autonomy over the amount of money they want to spend on education, while at the same time closing the big funding disparities between school districts in the state," says Ray Noonan, Associate Policy Fellow at Connecticut Voices for Children. "In addition, by reducing the disparities in property tax rates, many poor cities and towns will be able to attract new business and residents."

While the report does not address the question of how much the state should spend on education or how it should distribute state funds, the model could be adjusted to accommodate changes to either or both factors. The proposal does include a provision to fully fund the Payment in Lieu of Taxes (PILOT)

program, alleviating inequities in communities where concentrations of government, university, and hospital property have eroded their tax base.

“In order to assure access to a quality public education for every child in our state, we need to question the status quo,” says Ellen Shemitz, Executive Director at Connecticut Voices. “A statewide property tax would allow us to maintain our long tradition of local control, result in lower property taxes for a majority of taxpayers, fully fund the PILOT program, and work in concert with parallel efforts to reform education funding.”

Under the current property tax system, Connecticut residents who make less money pay a greater share of their income in property taxes. Households making approximately \$20,000 per year pay about 12.5 percent of their income in property taxes, while those making more than \$100,000 per year pay less than 2 percent of their income in property taxes on average. So too, black, Latino, and Asian residents pay a higher tax rate on their homes and cars on average than whites residents. In 2014, black residents paid an average of nearly 2.8 percent of their property value in property taxes while white residents paid an average of 2.1 percent. The proposed statewide property tax would narrow these income and racial disparities in property tax rates.

The report is available for download at ctvoices.org/proptax. An interactive model on how local mill rates would change under this model is available at:

https://public.tableau.com/profile/connecticut.voices.for.children#!/vizhome/PropertyTax_0/Dashboard

About Connecticut Voices for Children:

Connecticut Voices for Children is a research-based policy think tank based in New Haven, Connecticut. Our Mission is to promote the well-being of all of Connecticut's young people and their families by advocating for strategic public investments and wise public policies. To achieve these objectives, Connecticut Voices for Children produces high quality research and analysis, promotes citizen education, advocates for policy change at the state and local level and works to develop the next generation of leaders.