CONNECTICUT CITIZENS' ASSEMBLY

A Collaboration of

UCONN POLITICAL SCIENCE

Yale ISPS

Glossary of Terms and Definitions

A living resource for assembly participants

Why this Guide Exists

The Connecticut Citizens' Assembly is bringing together residents from across the state to examine one of Connecticut's most important public policy issues: property taxes.

Few people arrive at the Assembly as experts in municipal finance: and that's exactly as intended.

This guide is designed to provide a common foundation of knowledge so participants can confidently engage in discussions, ask informed questions, and evaluate potential policy solutions.

You are not expected to memorize everything in this guide. Think of it as a reference you can return to throughout the Assembly.

Whenever a new term comes up during presentations or discussions, chances are you'll find it here.

ALICE Household

An ALICE Household represents an Asset Limited, Income Constrained, Employed family or individual. Coined by United Way, these households earn above the Federal Poverty Level but not enough to afford a bare-bones budget of basic necessities like housing, childcare, food, transportation, and health care.

Breaking Down the Acronym

- Asset Limited: These households have minimal to no savings or emergency funds, making them highly vulnerable to unexpected expenses.
- Income Constrained: Earnings fall short of the real cost of living in their specific geographic area.
- Employed: They are working individuals, often holding multiple jobs or working in essential roles like childcare, retail, and caregiving, yet their wages fail to keep up with inflation.

Why ALICE Matters

Traditional poverty metrics, such as the Federal Poverty Level (FPL), often paint an incomplete picture of financial hardship. Because ALICE households earn just above this cutoff, they typically do not qualify for public assistance programs like SNAP (food stamps) or subsidized housing.

Despite being employed, they live paycheck to paycheck and are often just one emergency away "from financial ruin: forced to make impossible choices between essential items like paying rent or filling a prescription.

Collective Bargaining

A process of negotiations between employers and a group of employees (typically represented by a labor union) to determine the terms and conditions of employment.

Connecticut Municipal Employees Retirement System (CMERS)

An optional, state-run system that provides retirement, disability, survivor and other benefits to all eligible members as well as their beneficiaries.

Excess Cost Grant

Plain Language Definition

State grant to assist in paying for special education expenses for students with extraordinary needs that require high-cost, and often more intensive, services.

Education Cost Sharing (ECS)

Plain Language Definition

ECS is Connecticut's largest state funded grant supporting public schools.

It helps communities pay for educating students.

Why It Matters

Education is usually the largest expense in municipal budgets: 70% - 80%.

The amount of ECS funding a town receives can influence local property taxes.

How the Formula Works

The ECS formula considers several factors, including:
- Number of students
- Student needs
- Community wealth
- Income
- Equalized Grand List

No single factor determines funding.

Fiscal Guardrails

State laws designed to limit government spending, borrowing, and debt accumulation.

Connecticut's fiscal guardrails include:
- Spending Cap
- Volatility Cap
- Bonding Limits
- Budget Reserve ("Rainy Day") requirements

Supporters argue they promote fiscal stability.

Critics argue they may limit investments in education, municipalities, infrastructure, and public services.

Grand List

Plain Language Definition

The Grand List is the official list of all taxable property located within a city or town.

It includes:
- Homes
- Apartment buildings
- Businesses
- Factories
- Motor vehicles
- Certain business equipment

Think of it as the municipality's inventory of taxable property.

Why It Matters

Property taxes are calculated from the Grand List.

A community with a larger Grand List can often raise the same amount of money with a lower mill rate than a town with a smaller Grand List.

Changes in the Grand List affect nearly every discussion about municipal finances.

Example

Imagine two towns each need $50 million to operate.

- Town A has: Grand List = $4 billion
- Town B has: Grand List = $2 billion
- Town B generally needs a higher mill rate because it has less taxable property available to generate revenue.

Has the Grand List grown because new property was added, or because existing property values increased?

Not necessarily.

If the Grand List grows, municipalities can sometimes lower the mill rate while collecting the same amount of revenue.

Mandates (State Mandates)

Requirements imposed by state law that municipalities must carry out.

Examples include:
- Special education requirements
- Election administration
- Public safety requirements
- Environmental regulations

Some mandates are funded, while others require municipalities to absorb costs.

Mill Rate

Plain Language Definition

The mill rate is the amount of tax charged for every $1,000 of assessed property value.

One mill equals: $1 tax for every $1,000 assessed.

Why It Matters

The mill rate determines how much property tax homeowners and businesses pay.

Even small changes in the mill rate can significantly affect tax bills.

Formula

Property Tax = (Assessed Value ÷ 1,000) × Mill Rate

Step-by-Step Example
- Market Value = $400,000
- Assessment (70%) = $280,000
- Mill Rate = 32.50
- 280 × 32.50 = Annual Tax $9,100

What can cause the mill rate to increase?

Possible answers include:
- Spending increased
- Grand List decreased
- State aid changed
- Debt payments increased

Common Misconception

"Higher property values always mean higher taxes."

Not always.

If everyone's property values rise by roughly the same amount during a revaluation, the municipality can lower the mill rate.

Why People Debate It

Supporters say the formula directs more aid where it is most needed.

Others argue the formula has become too complicated or has not kept pace with rising education costs.

Motor Vehicle Property Tax

Motor vehicles are subject to a local property tax under Connecticut state law, whether registered or not.

Starting with the 2024 Grand List, ALL motor vehicles, registered and unregistered, will be valued using the MSRP (Manufacturers Suggested Retail Price). Vehicles will be assessed on a declining percentage of the MSRP, starting in year 1 at 90% of the MSRP and declining to 20% in years 15 to 19, but no lower than 500. There are no adjustments for condition, high mileage or salvage or rebuilt titles.

Motor vehicles are assessed at 70% of the depreciated value, which is determined by applying a standardized depreciation schedule to the Manufacturer Suggested Retail Price (MSRP) of the vehicle. Vehicles which have active registrations appear on bills are due in July next following the October 1st assessment date. Vehicles registered after October 1st appear on the Supplemental Grand List and are taxed from the month they registered to September 30th. These bills are due the following January.

To Calculate a Motor Vehicle Tax Bill

Motor Vehicle tax bills are calculated by applying a standardized depreciation percentage to the MSRP to arrive at a depreciated value. The depreciated value is multiplied by the statewide 70% assessment ratio to arrive at a taxable assessment. The mill rate is then applied to the taxable assessment to calculate the dollar amount of the tax bill.

MSRP X DEPRECIATION % X 70% X MILL RATE = TAX BILL

EXAMPLE: Calculate the tax bill for a 2024 model year vehicle with an MSRP of $35,000 using the 2024 Grand List motor vehicle mill rate of 32.46

35,000 X 90% = 31,500 DEPRECIATED VALUE

31,500 X 70% = 22,050 TAXABLE ASSESSMENT

22,050 X .03246 = $715.74 2024 GRAND LIST TAX BILL

AGE OF VEHICLE	DEPRECIATION %	
	State	Municipal
Up to year 1	85%	90%*
Year 2	80%	85%
Year 3	75%	80%
Year 4	70%	75%
Year 5	65%	70%
Year 6	60%	65%
Year 7	55%	60%
Year 8	50%	55%
Year 9	45%	50%
Year 10	40%	45%
Year 11	35%	40%
Year 12	30%	35%
Year 13	25%	30%
Year 14	20%	25%
Years 15 to 19	15%	20%
Years 20 and Beyond	Not Less Than $500	

*Third column represents the municipal option: any municipality may, by vote of its legislative body, elect to apply the modified schedule.

Office of Policy and Management (OPM)

Connecticut's primary state budget agency.

OPM administers numerous municipal grants and financial programs.

Pension Liability

The estimated future cost of pension benefits promised to retired public employees.

PILOT (Payment In Lieu of Taxes)

Payments made by the State of Connecticut to municipalities to help offset property tax revenue lost because certain properties are exempt from taxation.

Examples include:

- State-owned property
- Colleges and universities
- Hospitals

Progressive vs. Regressive Taxes

Progressive

A tax in which higher-income individuals generally pay a larger percentage of their income.

Examples include many income tax systems.

Regressive

A tax that tends to take a larger percentage of income from lower-income households than higher-income households.

Many economists consider the property tax to have regressive characteristics under certain circumstances because property value does not always reflect a homeowner's current income or ability to pay.

Revaluation

The periodic process of updating property values to reflect current market conditions.

Connecticut municipalities perform revaluations every five years, by law.

How Connecticut Property Taxes Work

Market Value

- Assessment (70%)
- Assessed Value
- Mill Rate Applied
- Tax Bill
- Municipality Collects Revenue

Where Municipal Revenue Comes From

- Property Taxes
- State Aid
- Federal Grants
- Fees
- Permits
- Investment Income

Where Municipal Dollars Go

- Education

- Public Safety
- Public Works
- Infrastructure
- Debt Service
- Parks
- Libraries
- General Government Expenses - Healthcare, Salaries, Pensions, etc.

Spending Cap

A legal limit on how quickly state spending may grow from year to year.

Connecticut's spending cap is one component of the state's fiscal guardrails.

Why CT Relies So Much on Property Taxes

- Connecticut municipalities have fewer revnue options than cities in many other states.
- Unlike many states, Connecticut municipalities generally do not levy local income or general sales taxes.
- As a result, property taxes are the primary source of local revenue for most communities.

State Aid

Financial assistance provided by Connecticut to municipalities.

Examples include:

- ECS – Education Cost Sharing
- PILOT – Payment In Lieu of Taxes
- TAR - Town Aid Road
- LoCIP - Local Capital Improvement Program that distributes formula-based funds to municipalities for eligible local capital improvement projects.
- Special Education grants

Tax-exempt Property

Property that is not subject to local property taxation.

Examples include:

- State property
- Federal property
- Colleges and Universities
- Healthcare Facilities
- Certain nonprofit organizations
- Houses of worship

Did You Know?

Nearly every community in Connecticut has a different mill rate because each municipality has different:

- Property values
- Budgets
- State aid
- Service demands
- Taxable property

Volatility Cap

A Connecticut fiscal guardrail requiring certain unpredictable state revenues above a specified threshold to be directed to reserve funds or debt reduction rather than ongoing spending.