



House of Representatives

General Assembly

File No. 643

February Session, 2000

Substitute House Bill No. 5886

House of Representatives, April 19, 2000

The Committee on Planning and Development reported through REP. DAVIS of the 50th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

An Act Concerning Periodic Revaluation Of Property And Determination Of Municipal Grand Lists For Purposes Of Certain Property Tax Exemptions.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-62 of the general statutes, as amended by
2 section 18 of public act 99-189, is amended by adding subsections (j)
3 and (k) as follows:

4 (NEW) (j) (1) As used in this subsection: (A) "Coefficient of
5 dispersion" means the average absolute deviation of sales to
6 assessment ratios from the median sales to assessment ratio for
7 residential property or nonresidential property expressed as a per cent
8 of such measure and (B) "median assessment to sales ratio" means the
9 middle ratio when ratios are arrayed in ascending or descending
10 order.

11 (2) Notwithstanding the provisions of this section, a municipality

12 may be exempt from performing its next scheduled revaluation if (A)
13 the total median assessment to sales ratio has not deviated more than
14 six per cent from the ratio specified in section 12-62a, and (B) the
15 coefficient of dispersion is equal to or less than (i) fifteen per cent for
16 residential property, or (ii) twenty per cent in the case of all other
17 property classes. Calculations pursuant to this section shall be based
18 on sales during the most recent twelve-month period for which sales
19 data is available.

20 (3) A municipality may submit a claim for an exemption from a
21 revaluation in accordance with subsection (k) of this section.

22 (NEW) (k) (1) Any municipality that is exempt from a revaluation in
23 accordance with subsection (j) of this section and that intends to claim
24 such an exemption shall state such intent in writing to the Secretary of
25 the Office of Policy and Management not later than April first of the
26 calendar year preceding the assessment date for the scheduled
27 revaluation. The statement of intent shall include such supporting
28 information as required to demonstrate compliance with the standards
29 described in subsection (j) of this section, including information
30 concerning real estate sales in the twelve months prior to the request
31 and statistical analyses of such sales.

32 (2) Not more than thirty days after receipt of the statement of intent
33 of a municipality under subdivision (1) of this subsection, the Secretary
34 of the Office of Policy and Management may reject the exemption if the
35 municipality has not established eligibility under the standards
36 provided in subsection (j) of this section.

37 (3) Any municipality that submitted a claim and is exempt from
38 revaluation under subsection (j) of this section shall submit to the
39 Secretary of the Office of Policy and Management, by April first of the
40 calendar year following the scheduled revaluation from which it is
41 exempt, documentation of compliance with the standards described in
42 subsection (j) of this section, including information concerning real

43 estate sales in the twelve months prior to the submission and statistical
44 analyses of those sales. Not more than thirty days after receipt of such
45 documentation, the secretary shall determine if the municipality
46 continues to be in compliance with such standards. If the secretary
47 determines that the municipality is not in compliance, the secretary
48 may order the municipality to perform a revaluation for October first
49 of the following year.

50 Sec. 2. Section 12-62g of the general statutes is repealed and the
51 following is substituted in lieu thereof:

52 In conjunction with each municipal revaluation of property in
53 accordance with section 12-62, each municipality shall increase (1) the
54 amount of the exemption granted pursuant to subdivisions (19), (20),
55 (21), (22), (23), (24), (25) and (26) of section 12-81 and (2) the amount of
56 the exemption that each municipality may allow pursuant to section
57 12-81f, for such year and for each subsequent assessment year by
58 multiplying the amount of exemption in said subsection by a
59 multiplier determined by dividing the net taxable grand list for such
60 year of revaluation by the net taxable grand list of the last year prior to
61 such revaluation.

Statement of Legislative Commissioners:

In Subdiv. (3) of Subsec. (j), "submit a claim" replaced "apply" and in Subdiv. (3) of Subsec. (k) "submitted a claim and" was inserted after "that" for accuracy.

PD Committee Vote: Yea 16 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Minimal Cost, Precludes Cost

Affected Agencies: Office of Policy and Management

Municipal Impact: Cost Savings, Precludes Minimal Grand List Reduction

Explanation

State Impact:

There is a minimal cost to the Office of Policy and Management as a result of Section 1 of the bill to review applications by municipalities for exemption from the revaluation schedule and can be handled within existing budgetary resources.

Section 2 of the bill precludes a minimal cost to the state to reimburse municipalities for veterans' property tax exemptions by precluding big increases in the exemptions attributable solely to the addition of a large tax-exempt property, such as an Indian casino.

Municipal Impact:

There will be a cost savings to municipalities as a result of Section 1 of the bill enabling an exemption from the revaluation schedule.

The estimated cost for the scheduled revaluation is between \$15 and \$25 per parcel and will vary among various municipalities depending

on how property diverse the municipality is and what portion of the Grand List is residential.

Section 2 of the bill affects municipalities by precluding big increases in the exemptions attributable solely to the addition of a large tax-exempt property, such as an Indian casino.

OLR Amended Bill Analysis

sHB 5886

AN ACT CONCERNING PERIODIC REVALUATION OF PROPERTY AND DETERMINATION OF MUNICIPAL GRAND LISTS FOR PURPOSES OF CERTAIN PROPERTY TAX EXEMPTIONS.

SUMMARY:

The law requires towns to tax real property at 70% of fair market value and to reassess property every four years. This bill allows the Office of Policy and Management (OPM) to exempt a municipality from conducting its next scheduled revaluation if the municipality can show that the relationship of sales prices to assessments has remained relatively stable since its last revaluation, both overall and within specific classes of property. Municipalities seeking exemptions must apply to OPM in writing by April 1 of the year before the scheduled revaluation year.

The bill also requires municipalities to increase veterans' property tax exemptions after revaluation in proportion to increases in their net taxable grand lists instead of in proportion to increases in their total grand lists, as they must currently do. It thus precludes big increases in the exemptions attributable solely to the addition of a large tax-exempt property to a town's grand list.

EFFECTIVE DATE: October 1, 2000

CRITERIA FOR EXEMPTION FROM SCHEDULED REVALUATION

To qualify for an exemption from the quadrennial revaluation requirement, a town must meet two criteria. First, its average ratio of assessments to sale prices must, taken as whole, fall within the range of 64% to 76%. Second, the average percentage deviation of sale-price-to-assessment ratios from the median sale-price-to-assessment ratio must be not more than 15% for residential property and 20% for nonresidential property. Calculations must be based on the most

recent 12 months of available sales data.

EXEMPTION PROCEDURE

A municipality seeking an exemption must apply to OPM in writing by April 1 of the year before the revaluation year. The application must include supporting data to demonstrate that it qualifies. The supporting data must include information on real estate sales in the preceding 12 months and statistical analyses of those sales.

OPM must reject the application within 30 days after receiving it if it determines the municipality has not met the eligibility standards.

By April 1 of the year following the revaluation year, the municipality must submit documentation that it continues to meet the exemption criteria, based on documented real estate sales in the preceding 12 months and statistical analyses of those sales. OPM must determine whether the town remains eligible for the exemption within 30 days after receiving the documentation. If the OPM secretary determines the town does not meet the standards, he may order it to perform a revaluation for October 1 of the following year.

BACKGROUND

Legislative History

The House referred the original bill (File 463) to the Planning and Development Committee on April 10. The committee added the provision allowing OPM to grant a town that meets the specified statistical criteria an exemption from the quadrennial revaluation requirement.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Report
Yea 39 Nay 0

Planning and Development Committee

Joint Favorable Substitute

Yea 16 Nay 0