



General Assembly

February Session, 2000

Raised Bill No. 530

LCO No. 2086

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***An Act Concerning The Assessment Of The Personal Property
Of Certain Public Service Companies.***

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

1 Section 1. Section 12-63 of the general statutes, as amended by
2 section 1 of public act 99-290, is repealed and the following is
3 substituted in lieu thereof:

4 (a) [The] Except as otherwise provided in this section the, present
5 true and actual value of land classified as farm land pursuant to
6 section 12-107c, as forest land pursuant to section 12-107d, or as open
7 space land pursuant to section 12-107e shall be based upon its current
8 use without regard to neighborhood land use of a more intensive
9 nature, provided in no event shall the present true and actual value of
10 open space land be less than it would be if such open space land
11 comprised a part of a tract or tracts of land classified as farm land
12 pursuant to section 12-107c. The present true and actual value of all
13 other property shall be deemed by all assessors and boards of
14 assessment appeals to be the fair market value thereof and not its value
15 at a forced or auction sale.

16 (b) (1) For the purposes of this subsection, (A) "electronic data
17 processing equipment" means computers, printers, peripheral
18 computer equipment, bundled software and any computer-based
19 equipment acting as a computer, as defined in Section 168 of the
20 Internal Revenue Code of 1986, or any subsequent corresponding
21 internal revenue code of the United States, as from time to time
22 amended; (B) "leased personal property" means tangible personal
23 property which is the subject of a written or oral lease or loan on the
24 assessment date, or any such property which has been so leased or
25 loaned by the then current owner of such property for three or more of
26 the twelve months preceding such assessment date; and (C) "original
27 selling price" means the price at which tangible personal property is
28 most frequently sold in the year that it was manufactured.

29 (2) Any municipality may, by ordinance, adopt the provisions of
30 this subsection to be applicable for the assessment year commencing
31 October first of the assessment year in which a revaluation of all real
32 property required pursuant to section 12-62 is performed in such
33 municipality, and for each assessment year thereafter. If so adopted,
34 the present true and actual value of tangible personal property, other
35 than motor vehicles, shall be determined in accordance with the
36 provisions of this subsection. If such property is purchased, its true
37 and actual value shall be established in relation to the cost of its
38 acquisition, including transportation and installation, and shall reflect
39 depreciation in accordance with the schedules set forth in subdivisions
40 (3) to (6), inclusive, of this subsection. If such property is developed
41 and produced by the owner of such property for a purpose other than
42 wholesale or retail sale or lease, its true and actual value shall be
43 established in relation to its cost of development, production and
44 installation and shall reflect depreciation in accordance with the
45 schedules provided in subdivisions (3) to (6), inclusive, of this
46 subsection. The provisions of this subsection shall not apply to
47 property owned by a public service company, as defined in section 16-
48 1.

49 (3) The following schedule of depreciation shall be applicable with
50 respect to electronic data processing equipment:

51 (A) Group I: Computer and peripheral hardware, including, but not
52 limited to, personal computers, workstations, terminals, storage
53 devices, printers, scanners, computer peripherals and networking
54 equipment:

T1	Assessment Year	Depreciated Value
T2	Following Acquisition	As Percentage of
T3		Acquisition Cost Basis
T4	First year	Seventy per cent
T5	Second year	Forty per cent
T6	Third year	Twenty per cent
T7	Fourth year	Ten per cent

55 (B) Group II: Other hardware, including, but not limited to, mini-
56 frame and main-frame systems with an acquisition cost of more than
57 twenty-five thousand dollars.

T8	Assessment Year	Depreciated Value
T9	Following Acquisition	As Percentage of
T10		Acquisition Cost Basis
T11	First year	Ninety per cent
T12	Second year	Sixty per cent
T13	Third year	Forty per cent
T14	Fourth year	Twenty per cent
T15	Fifth year and thereafter	Ten per cent

58 (4) The following schedule of depreciation shall be applicable with
59 respect to copiers, facsimile machines, medical testing equipment, and
60 any similar type of equipment that is not specifically defined as
61 electronic data processing equipment, but is considered by the assessor
62 to be technologically advanced:

T16	Assessment Year	Depreciated Value
T17	Following Acquisition	As Percentage of
T18		Acquisition Cost Basis
T19	First year	Ninety-five per cent
T20	Second year	Eighty per cent
T21	Third year	Sixty per cent
T22	Fourth year	Forty per cent
T23	Fifth year and thereafter	Twenty per cent

63 (5) The following schedule of depreciation shall be applicable with
64 respect to machinery and equipment used in the manufacturing
65 process:

T24	Assessment Year	Depreciated Value
T25	Following Acquisition	As Percentage of
T26		Acquisition Cost Basis
T27	First year	Ninety per cent
T28	Second year	Eighty per cent
T29	Third year	Seventy per cent
T30	Fourth year	Sixty per cent
T31	Fifth year	Fifty per cent
T32	Sixth year	Forty per cent
T33	Seventh year	Thirty per cent
T34	Eighth year and thereafter	Twenty per cent

66 (6) The following schedule of depreciation shall be applicable with
67 respect to all tangible personal property other than that described in
68 subdivisions (3) to (5), inclusive, of this subsection:

T35	Assessment Year	Depreciated Value
T36	Following Acquisition	As Percentage of
T37		Acquisition Cost Basis

T38	First year	Ninety-five per cent
T39	Second year	Ninety per cent
T40	Third year	Eighty per cent
T41	Fourth year	Seventy per cent
T42	Fifth year	Sixty per cent
T43	Sixth year	Fifty per cent
T44	Seventh year	Forty per cent
T45	Eighth year and thereafter	Thirty per cent

69 (7) The present true and actual value of leased personal property
70 shall be determined in accordance with the provisions of this
71 subdivision. Such value for any assessment year shall be established in
72 relation to the original selling price for self-manufactured property or
73 acquisition cost for acquired property and shall reflect depreciation in
74 accordance with the schedules provided in subdivisions (3) to (6),
75 inclusive, of this subsection. If the assessor is unable to determine the
76 original selling price of leased personal property, the present true and
77 actual value thereof shall be its current selling price.

78 (8) With respect to any personal property which is prohibited by
79 law from being sold, the present true and actual value of such property
80 shall be established with respect to such property's original
81 manufactured cost increased by a ratio the numerator of which is the
82 total proceeds from the manufacturer's salable equipment sold and the
83 denominator of which is the total cost of the manufacturer's salable
84 equipment sold. Such value shall then be depreciated in accordance
85 with the appropriate schedule in this subsection.

86 (9) The schedules of depreciation set forth in subdivisions (3) to (6),
87 inclusive, of this subsection shall not be used with respect to
88 videotapes, horses or other taxable livestock or electric cogenerating
89 equipment.

90 (10) If the assessor determines that the value of any item of personal
91 property produced by the application of the schedules set forth in this
92 subsection do not accurately reflect the present true and actual value of

93 such item, the assessor shall adjust such value to reflect the present
94 true and actual value of such item.

95 (11) Nothing in this subsection shall prevent any taxpayer from
96 appealing any assessment made pursuant to this subsection if such
97 assessment does not accurately reflect the present true and actual
98 value of any item of such taxpayer's personal property.

99 (c) (1) The provisions of this subsection shall be applicable to each
100 gas company or electric distribution company as defined in section 16-
101 1. The true and actual value of the personal property of any gas
102 company or electric distribution company shall be established in
103 relation to such property's original cost and shall reflect the
104 depreciation lives and salvage rates approved by the Department of
105 Public Utility Control, provided the total amount of depreciation
106 allowed shall not exceed eighty per cent. The original cost of such
107 property shall include the costs of materials, labor, installation,
108 overhead and interest during construction. If the original cost is not
109 available a reasonable estimate may be used. The depreciated cost of
110 such property as reported on the declaration required by section 12-42
111 or section 12-43 shall be the portion of the property owner's total
112 depreciated cost of such property allocated to the municipality from
113 the total cost appearing on the most recent annual report filed with the
114 Department of Public Utility Control, in accordance with section 16-27.
115 The provisions of section 12-53 shall be applicable with respect to the
116 personal property of any gas company or electric distribution
117 company except that the assessor shall not use a methodology other
118 than the one set forth in this subsection to determine the value of such
119 property.

120 (2) The provisions of this subsection shall be applicable, on and after
121 October 1, 2001, to the personal property of each electric distribution
122 company and shall be applicable, on and after October 1, 2002, to the
123 personal property of each gas company. Notwithstanding the
124 provisions of section 12-53, data obtained in an audit of property the

125 valuation of which is established pursuant to this subsection, shall not
126 be used to increase the value of any property herein described for a
127 year prior to that which is the subject of such audit.

128 Sec. 2. (NEW) Notwithstanding the provisions of section 16-19 of the
129 general statutes, a gas company or electric distribution company
130 whose property value is established in accordance with this section
131 may apply to the Department of Public Utility Control for the limited
132 purpose of adjusting rates to reflect changes to revenue requirements
133 for municipal property tax assessments and associated expenses due to
134 a change in state law affecting such assessments.

135 Sec. 3. This act shall take effect from its passage.

Statement of Purpose:

To provide a uniform method for the valuation of the personal property of certain public service companies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]