



House of Representatives

General Assembly

File No. 744

January Session, 2001

Substitute House Bill No. 6923

House of Representatives, May 10, 2001

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 REAL PROPERTY BY MUNICIPALITIES.

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

1 Section 12-62 of the general statutes is amended by adding
2 subsections (k) and (l) as follows:

3 (NEW) (k) (1) As used in this subsection: (A) "Coefficient of
4 dispersion" means the average absolute deviation of sales to
5 assessment ratios from the median sales to assessment ratio in each
6 property class, expressed as a per cent of such measure; (B) "median
7 sales to assessment ratio" means the middle ratio when ratios are
8 arrayed in ascending or descending order; and (C) "property class"
9 means any one of the following major classifications of real property,
10 residential, commercial, industrial or public utility, agricultural and
11 vacant land.

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

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

21 (3) A municipality may apply for an exemption from a revaluation
22 in accordance with subsection (l) of this section.

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

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

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

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

PD *Joint Favorable Subst.*

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

Affected Agencies: Office of Policy and Management

Municipal Impact: Cost Savings

Explanation

State Impact:

There are administrative costs to the Office of Policy and Management (OPM) associated with reviewing applications from municipalities seeking an exemption from their next scheduled revaluation. The costs to OPM are expected to be minimal and can be accommodated within the agency's anticipated resources.

Municipal Impact:

There will be a cost savings to municipalities that receive approval from OPM to forego their next schedule revaluation.

The estimated cost to conduct a revaluation is between \$25 and \$50 per parcel. Costs vary among municipalities based on how property diverse a municipality is and what portion of their grand list is residential.

OLR Bill Analysis

sHB 6923

AN ACT CONCERNING PERIODIC REVALUATION OF REAL PROPERTY BY MUNICIPALITIES.

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 its fair market value has remained relatively stable since its last revaluation, both for all properties and for specific types of property. Municipalities seeking exemptions must apply to OPM in writing by April 1 of the year before the scheduled revaluation year.

EFFECTIVE DATE: October 1, 2001

CRITERIA FOR EXEMPTION FROM SCHEDULED REVALUATION

To qualify for an exemption from the quadrennial revaluation requirement, a town must meet two criteria. First, its median assessment-to-sale-price ratio for all properties must fall within the range of 64% to 76%. This criteria measures the degree to which fair market values have gone up or down since the last revaluation. Second, the average deviation of sale-price-to-assessment ratios from the median must be no more than 15% for residential property and 20% for each major nonresidential property class (commercial, industrial or public utility, and agricultural and vacant).

This criterion measures the degree to which fair market values have changed within specific classes of property. For both criteria, 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 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 323) to the Planning and Development Committee on April 24. That committee deleted the original file and substituted the bill described above. The original file (1) reduced, from one year to 180 days, the time that a business must be delinquent in its personal property taxes before the municipality where it is located or the appropriate district health department can revoke or withhold its operating license or permit and (2) allowed a municipal legislative body to require taxpayers to pay property taxes totaling up to \$500, instead of up to \$100, in a single payment and waive any property tax under \$25, instead of under \$5.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 43 Nay 4

Planning and Development Committee

Joint Favorable Substitute

Yea 15 Nay 0