



## Senate

General Assembly

**File No. 148**

February Session, 2002

Substitute Senate Bill No. 74

*Senate, March 26, 2002*

The Committee on Planning and Development reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### **AN ACT CONCERNING PERIODIC REVALUATION OF REAL PROPERTY BY TOWNS.**

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

1 Section 1. Subsection (h) of section 12-62 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (h) (1) Nothing in this section shall be construed as prohibiting a  
5 town from electing to effect a revaluation of real estate earlier than the  
6 year of next revaluation, as designated in subsection (b) of this section.

7 (2) [A] On and after October 1, 2002, a town electing to effect its next  
8 revaluation earlier than required pursuant to subsection (b) of this  
9 section shall effect its next subsequent revaluation [for the assessment  
10 date commencing four years following the effective date of the  
11 revaluation so implemented] in accordance with the schedule set forth  
12 in said subsection (b). The provisions of this section shall not be

13 construed to allow a town implementing a revaluation earlier than  
14 required under subsection (b) of this section to implement the next  
15 subsequent revaluation for the assessment date commencing four  
16 years after the effective date of the revaluation implemented earlier  
17 than required.

18 Sec. 2. Section 12-62 of the general statutes is amended by adding  
19 subsections (k) and (l) as follows (*Effective from passage*):

20 (NEW) (k) (1) As used in this subsection:

21 (A) "Coefficient of dispersion" means the average absolute deviation  
22 of assessment to sales ratios from the median assessment to sales ratio,  
23 expressed as a percentage of the median.

24 (B) "Commercial property" means an improved parcel of land used  
25 for the sale of goods or services including, but not limited to, dining  
26 establishments, motor vehicle services, warehouse and distribution  
27 facilities, retail services, banks, office buildings, multi-purpose  
28 buildings that house more than one occupation, commercial  
29 condominiums for retail or wholesale use, nonresidential living  
30 accommodations, recreation facilities, entertainment facilities, hotels  
31 and motels, and includes the lot or land on which the building is  
32 situated and accessory improvements located on a commercial lot such  
33 as paving and storage buildings.

34 (C) "Industrial property" means an improved parcel of land used for  
35 the production or fabrication of durable and nondurable man-made  
36 goods from raw materials or compounded parts including, but not  
37 limited to, manufacturing and processing facilities, industrial  
38 condominiums and mining and quarrying operations, and includes the  
39 lot or land on which the building is situated and accessory  
40 improvements located on an industrial lot such as paving, storage  
41 buildings and tanks.

42 (D) "Market sale" means a sale for the most probable price in cash,  
43 terms equivalent to cash, or in other precisely revealed terms, for

44 which the real property will sell in a competitive and open market  
45 under all conditions requisite to a fair sale with the buyer and seller  
46 each acting prudently, knowledgeably and assuming the price is not  
47 affected by undue stimulus. It includes the consummation of a sale as  
48 of a specified date and the passing of title from seller to buyer under  
49 conditions whereby: (i) The buyer and seller are typically motivated,  
50 (ii) both parties are well informed or well advised and acting in what  
51 they consider their best interest, (iii) a reasonable time is allowed for  
52 exposure in the open market, (iv) payment is made in United States'  
53 currency or in terms of financial arrangements comparable thereto,  
54 and (v) the price represents the normal consideration for the real  
55 property sold which is unaffected by special or creative financing or  
56 sales concessions granted by anyone associated with the sale.

57 (E) "Median sales to assessment ratio" means the middle ratio when  
58 ratios are arrayed in ascending or descending order.

59 (F) "Property class" means any one of the following major  
60 classifications of real property: (i) Residential, (ii) commercial, (iii)  
61 industrial or public utility, (iv) agricultural, and (v) vacant land,  
62 subject to the provisions of subdivision (2) of this subsection.

63 (G) "Public utility" means an improved parcel of land used to  
64 provide services to the general public that are typically provided by a  
65 public service company, as defined in section 16-1 of the general  
66 statutes, as amended, and includes the lot or land on which the  
67 building is situated and accessory improvements located on the public  
68 utility lot such as paving, storage buildings and tanks.

69 (H) "Residential property" means an improved parcel of land  
70 devoted to human habitation for use as a domicile of less than five  
71 dwelling units. Property used for human habitation includes, but is not  
72 limited to, year-round residences, rural residences, condominiums,  
73 estates, seasonal residences and individually owned mobile  
74 manufactured homes and includes the lot or land on which the  
75 dwelling is situated and accessory buildings located on the parcel such  
76 as garages, sheds, pools and tennis courts.

77 (I) "Vacant land" means land that is not developed or land lacking in  
78 essential appurtenant improvements above and below water, that are  
79 required in order for the land to serve a useful purpose. It is land that  
80 may be an approved subdivision but is not presently being physically  
81 improved or sold as lots.

82 (2) Notwithstanding the provisions of this section, a town shall be  
83 exempt from performing its next scheduled revaluation provided as of  
84 the date that calculations pursuant to this subsection are performed:  
85 (A) The overall level of assessment for all property classes is within  
86 plus or minus ten per cent of the seventy per cent assessment ratio  
87 required by section 12-62a of the general statutes, as measured by the  
88 overall median sales to assessment ratio, and (B) the coefficient of  
89 dispersion is equal to or less than: (i) Fifteen per cent for all property  
90 classes; (ii) fifteen per cent for all residential property; (iii) twenty per  
91 cent for commercial property; (iv) twenty per cent for industrial  
92 property; (v) twenty per cent for public utility property; and (vi)  
93 twenty per cent for vacant land. For purposes of this subsection,  
94 commercial property, industrial property and public utility property  
95 may be treated as one property class.

96 (3) Not later than April fifteenth of the calendar year preceding the  
97 October first assessment date on which a revaluation pursuant to  
98 subsection (b) of this section is required to be effective, a town  
99 intending to claim exemption from the requirement to implement said  
100 revaluation shall perform the calculations required by this subsection.  
101 Such calculations shall be based on market sales that occurred between  
102 the October first of the previous calendar year and the first day of  
103 April of the calendar year in which said calculations are performed,  
104 provided, if the total number of market sales occurring in said period  
105 is less than thirty, the time period prior to said October first shall be  
106 extended in three-month increments until the number of market sales  
107 is equal to or greater than thirty, but in no event shall such time period  
108 be extended for more than twelve months prior to said October first. If  
109 the time period is extended under the provision of this subsection, the  
110 assessor may adjust the sales price of any property to reflect: (A) The

111 effect of a price change in the real estate market between the date of  
112 sale and the date said calculations are performed; (B) the fact that the  
113 property sold is subject to a lease that does not represent market rent,  
114 as defined in section 12-63b of the general statutes; or (C) the inclusion  
115 of personal property in the price paid for real property that was sold.  
116 The assessor may also adjust the sales price of any property for any  
117 other reason the assessor deems appropriate, provided such assessor  
118 can document the need for the adjustment. Information concerning  
119 such market sales and the statistical analyses of such sales shall be  
120 available for public inspection until the fifteenth day of April  
121 preceding the October first date on which a town's next revaluation  
122 pursuant to subdivision (5) of this subsection is required to be  
123 effective.

124 (4) Any town that meets the criteria set forth in this subsection shall  
125 certify its exemption from the requirement to implement its next  
126 scheduled revaluation pursuant to subsection (b) of this section to the  
127 Secretary of the Office of Policy and Management. Such certification  
128 shall be signed by the chief executive officer and the assessor and filed  
129 in their respective offices and shall specify the assessment date to  
130 which such exemption applies. A copy of said certification shall also be  
131 submitted to the town clerk, who shall record such certification on the  
132 land records.

133 (5) Any town that certifies its exemption from the requirement to  
134 implement a required revaluation pursuant to this subsection shall be  
135 required to implement its next revaluation for the assessment date  
136 commencing four years following the assessment date of the  
137 revaluation that was not implemented due to such exemption. The  
138 provisions of this subsection shall not be construed as prohibiting a  
139 town from certifying an exemption from the requirement to implement  
140 a revaluation, pursuant to subsection (b) of this section, more than  
141 once.

142 (NEW) (l) Notwithstanding the provisions of this section, any town  
143 that is scheduled to implement a revaluation for the October 1, 2003,

144 assessment date may, not later than thirty days after the effective date  
 145 of this act, perform the calculations required by subsection (k), and  
 146 certify its exemption from the requirement to effect its next scheduled  
 147 revaluation as of said assessment date.

148 Sec. 3. Subsection (c) of section 9-199 of the general statutes is  
 149 repealed and the following is substituted in lieu thereof (*Effective from*  
 150 *passage*):

151 (c) Notwithstanding the provisions of subsection (a) of this section  
 152 or of any special act, municipal charter or home rule ordinance, a  
 153 municipality may, by ordinance, authorize its legislative body to  
 154 appoint additional members to the board of assessment appeals for  
 155 any assessment year. [in which a revaluation becomes effective, for the  
 156 assessment year prior to such year of revaluation and for the  
 157 assessment year following such year of revaluation.]

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>

**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:** None

**Municipal Impact:**

Effect	Municipalities	FY 03 \$	FY 04 \$
Savings	Various Municipalities	Potential	Potential

**Explanation**

There will be a cost savings to municipalities that certify that they qualify for an exemption to forgo their next scheduled revaluation. The estimated cost to conduct a revaluation is \$25 to \$50 per parcel. Costs vary among municipalities based on how diverse a municipality is and what portion of the grand list is residential.

**OLR Bill Analysis**

sSB 74

**AN ACT CONCERNING PERIODIC REVALUATION OF REAL PROPERTY BY TOWNS****SUMMARY:**

The law requires towns to tax real property at 70% of fair market value and to revalue property every four years. This bill allows a town to qualify for an exemption from its next required revaluation by certifying to the state that its property values have remained relatively stable within the bill's guidelines. A town shows it is qualified by following a calculation that considers the town's property values collectively, and within these property classes: (1) residential, (2) commercial, (3) industrial, (4) public utility, and (5) vacant land.

Starting October 1, 2002, the bill requires any town choosing to do a revaluation ahead of the required schedule to keep to the schedule for its next revaluation. Current law requires the subsequent revaluation to be four years after the "ahead-of-schedule" revaluation.

The bill also removes the limitation on what assessment years town legislative bodies can appoint new members to the board of assessment appeals. Current law allows appointments only in (1) years that a revaluation becomes effective or (2) the year before or after a revaluation.

EFFECTIVE DATE: Upon passage

**REVALUATION EXEMPTION CRITERIA AND PROCESS*****Criteria***

The bill provides an exemption from the next scheduled revaluation if the town's calculations show:

1. the overall level of assessment for all property classes is within a range of plus or minus 10% of the 70% assessment ratio, as measured by the overall median sales-to-assessment ratio and

2. the average deviation of assessment-to-sales ratios from the median assessment-to-sales ratio (coefficient of dispersion) is no greater than 15% for all property classes, 15% for residential property, 20% for commercial, 20% for industrial, 20% for public utility property, and 20% for vacant land. For this purpose, the town may choose to treat commercial, industrial, and public utility property as one class.

The first criterion measures the degree to which fair market values have gone up or down since the last revaluation. The second criterion measures the degree to which fair market values have changed within specific classes of property.

### ***Timeline and Data***

To gain an exemption, a town must perform the calculations required in the bill by April 15 of the calendar year before the October 1 assessment date upon which the scheduled revaluation would be based.

The calculations must be based on market sales occurring between the October 1 and April 1 immediately preceding the April 15 calculations. If there are fewer than 30 sales for that period, then the timeframe must be extended back in additional three month increments (but no further than the previous October 1) until there are at least 30 sales in the sample.

If the time is extended back in this way, the bill allows the assessor to adjust the sales price of any property to take into account:

1. real estate price changes between the sale date and the calculation date;
2. whether the sold property is leased for a below-market rent;
3. whether personal property was included in the sale price; or
4. any other factor he considers appropriate, with supporting documentation.

Information on market sales and the statistical analysis must be publicly available until the April 15 before the October 1 when the town's revaluation is scheduled to take effect.

A town scheduled for revaluation for the October 1, 2003 assessment

year may claim an exemption if it performs the calculations and certifies its exemption by 30 days after the bill is enacted.

### ***Exemption Certification***

A town that meets the bill's statistical criteria must certify its exemptions to the Office of Policy and Management (OPM) secretary, specifying the assessment date to which the exemption applies. The certification must be signed by the town's assessor and chief executive officer, filed in their respective offices, and submitted to the town clerk for filing in the town's land records.

### ***Subsequent Revaluations and Exemptions***

Towns claiming exemptions under the bill must perform their next scheduled revaluation four years after what would have been the exempted revaluation's assessment date. But, a town may use the exemption procedure more than once.

## **DEFINITIONS**

The bill takes its definitions from state regulations that sets municipal revaluation standards (Conn. Agencies Reg. § 12-62i-1).

### ***Property Classes***

5. "Commercial property" is improved land for the sale of goods or services including dining establishments, motor vehicle services, warehouse and distribution facilities, retail services, banks, office buildings, multi-purpose buildings that house more than one occupation, commercial condominiums for retail or wholesale use, nonresidential living accommodations, recreation facilities, entertainment facilities, hotel and motels. It includes the lot and accessory improvements such as paved areas and storage buildings.
6. "Industrial property" is an improved parcel of land used for the producing or fabricating durable and nondurable man-made goods from raw material or compounded parts including manufacturing and processing facilities, industrial condominiums, and mining and quarrying operations, including the lot and accessory improvements such as paved areas, storage buildings, and tanks.
7. "Public utility property" means improved land used to provide services to the public that are typically provided by a public service

company, including the lot and accessory improvements such as paved areas, storage buildings, and tanks.

8. "Residential property" means improved land devoted to human habitation for use as a domicile of less than five dwelling units. Property used for human habitation includes year-round residences, rural residences, condominiums, estates, seasonal residences and individually owned mobile manufactured homes and includes the lot and accessory buildings such as garages, sheds, pools, and tennis courts.
9. "Vacant land" means undeveloped land or land lacking essential improvements required for the land to serve a useful purpose. It may be an approved subdivision that is not presently being physically improved or sold as lots.

### **Market Sale**

"Market sale" means a sale for the most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the real property will sell in a competitive and open market under all conditions necessary for a fair sale with the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. It includes the consummation of a sale on a specified date and the passing of title from seller to buyer under conditions whereby (1) the buyer and seller are typically motivated, (2) both parties are well informed or well advised and acting in what they consider their best interest, (3) a reasonable time is allowed for exposure in the open market, (4) payment is made in U.S. currency or in comparable financial terms, and (5) the price represents the normal consideration for the real property sold and is unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

### **COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 17      Nay 0