



# House of Representatives

General Assembly

**File No. 196**

February Session, 2004

Substitute House Bill No. 5521

*House of Representatives, March 23, 2004*

The Committee on Planning and Development reported through REP. WALLACE of the 109th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE DUTIES OF THE OFFICE OF POLICY AND MANAGEMENT RELATIVE TO CERTAIN GRANT PROGRAMS.***

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

1 Section 1. Section 12-20a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2004, and*  
3 *applicable to assessment years commencing on or after October 1, 2003*):

4 (a) On or before January first, annually, the Secretary of the Office of  
5 Policy and Management shall determine the amount due to each  
6 municipality in the state, in accordance with this section, as a state  
7 grant in lieu of taxes with respect to real property owned by any  
8 private nonprofit institution of higher education or any nonprofit  
9 general hospital facility or free standing chronic disease hospital or an  
10 urgent care facility that operates for at least twelve hours a day and  
11 that had been the location of a nonprofit general hospital for at least a  
12 portion of calendar year 1996 to receive payments in lieu of taxes for

13 such property, exclusive of any such facility operated by the federal  
14 government or the state of Connecticut or any subdivision thereof. As  
15 used in this section "private nonprofit institution of higher education"  
16 means any such institution, as defined in subsection (a) of section 10a-  
17 34, or any independent college or university, as defined in section 10a-  
18 37, that is engaged primarily in education beyond the high school  
19 level, and offers courses of instruction for which college or university-  
20 level credit may be given or may be received by transfer, the property  
21 of which is exempt from property tax under any of the subdivisions of  
22 section 12-81, as amended; "nonprofit general hospital facility" means  
23 any such facility which is used primarily for the purpose of general  
24 medical care and treatment, exclusive of any hospital facility used  
25 primarily for the care and treatment of special types of disease or  
26 physical or mental conditions; and "free standing chronic disease  
27 hospital" means a facility which provides for the care and treatment of  
28 chronic diseases, excluding any such facility having an ownership  
29 affiliation with and operated in the same location as a chronic and  
30 convalescent nursing home.

31 (b) The grant payable to any municipality under the provisions of  
32 this section in the state fiscal year commencing July 1, 1999, and in  
33 each fiscal year thereafter, shall be equal to seventy-seven per cent of  
34 the property taxes which, except for any exemption applicable to any  
35 such institution of higher education or general hospital facility under  
36 the provisions of section 12-81, as amended, would have been paid  
37 with respect to such exempt real property on the assessment list in  
38 such municipality for the assessment date two years prior to the  
39 commencement of the state fiscal year in which such grant is payable.  
40 The amount of the grant payable to each municipality in any year in  
41 accordance with this section shall be reduced proportionately in the  
42 event that the total of such grants in such year exceeds the amount  
43 appropriated for the purposes of this section with respect to such year.

44 (c) As used in this section and section 12-20b, as amended, the word  
45 "municipality" means any town, consolidated town and city,  
46 consolidated town and borough, borough, district, as defined in

47 section 7-324, and any city not consolidated with a town.

48 Sec. 2. Subsection (d) of section 12-81g of the general statutes is  
49 repealed and the following is substituted in lieu thereof (*Effective from*  
50 *passage*):

51 (d) The Secretary of the Office of Policy and Management shall  
52 adopt regulations, in accordance with the provisions of chapter 54,  
53 establishing: (1) A procedure under which a municipality shall  
54 determine eligibility for the additional exemption under subsection (a)  
55 of this section, provided such procedure shall include a provision that  
56 when an applicant has filed for such exemption and received approval  
57 for the first time, such applicant shall be required to file for such  
58 exemption biennially thereafter, subject to the provisions of subsection  
59 (e) of this section; (2) a procedure by which a person may make  
60 application to the secretary for an extension of the application period  
61 in the case of an extenuating circumstance due to illness or  
62 incapacitation, or for other good cause as the secretary may determine,  
63 and a procedure by which said secretary may grant such an extension;  
64 (3) the manner in which a municipality shall apply for reimbursement  
65 from the state for the revenue loss represented by the additional  
66 exemptions provided for in subsections (a) and (b) of this section,  
67 which shall require, for each person for whom reimbursement is  
68 requested, information regarding the provision of section 12-81, as  
69 amended, that qualifies such person for an exemption and the amount  
70 of the exemption granted to such person under said provision, and  
71 which shall provide a penalty for late filing of such application for  
72 reimbursement of two hundred fifty dollars but shall also provide that  
73 the secretary may waive such forfeiture in accordance with procedures  
74 and standards contained in such regulations; and [(3)] (4) the manner  
75 in which the Office of Policy and Management may audit and make  
76 adjustments to applications for reimbursement from municipalities for  
77 a period of not more than one year next succeeding the deadline for  
78 such application.

79 Sec. 3. Section 12-81g of the general statutes is amended by adding

80 subsection (f) as follows (*Effective from passage*):

81 (NEW) (f) Notwithstanding the provisions of subsection (a) of this  
82 section, the Social Security income of the spouse of a person making  
83 application for exemption from property tax under subsection (a) of  
84 this section shall not be included in the qualifying income of such  
85 person, for purposes of determining eligibility for said exemption, if  
86 such spouse is a resident of a health care or nursing home facility in  
87 this state receiving payment related to such spouse under the Title XIX  
88 Medicaid program.

89 Sec. 4. Section 12-94b of the general statutes, as amended by section  
90 184 of public act 03-6 of the June 30 special session, is repealed and the  
91 following is substituted in lieu thereof (*Effective from passage*):

92 On or before March fifteenth, annually, commencing March 15,  
93 1998, the assessor or board of assessors of each municipality shall  
94 certify to the Secretary of the Office of Policy and Management, on a  
95 form furnished by said secretary, the amount of exemptions approved  
96 under the provisions of subdivisions (72) and (74) of section 12-81, as  
97 amended, together with such supporting information as said secretary  
98 may require including the number of taxpayers with approved claims  
99 under said subdivisions (72) and (74) and the original copy of the  
100 applications filed by them. On or after March 1, 2005, any municipality  
101 which neglected to certify to the secretary the amount of exemptions  
102 approved under subdivisions (72) and (74) of section 12-81, as  
103 amended, together with the supporting information, shall forfeit two  
104 hundred fifty dollars to the state, provided said secretary may waive  
105 such forfeiture in accordance with procedures and standards adopted  
106 by regulation in accordance with chapter 54. Said secretary shall  
107 review each such claim as provided in section 12-120b, as amended by  
108 this act. Not later than December [first] fifteenth next succeeding the  
109 conclusion of the assessment year for which the assessor approved  
110 such exemption, the secretary shall notify each claimant of the  
111 modification or denial of the claimant's exemption, in accordance with  
112 the procedure set forth in section 12-120b, as amended by this act. Any

113 claimant aggrieved by the results of the secretary's review shall have  
114 the rights of appeal as set forth in section 12-120b, as amended by this  
115 act. With respect to property first approved for exemption under the  
116 provisions of subdivisions (72) and (74) of section 12-81, as amended,  
117 for the assessment years commencing on or after October 1, 2000, the  
118 grant payable for such property to any municipality under the  
119 provisions of this section shall be equal to eighty per cent of the  
120 property taxes which, except for the exemption under the provisions of  
121 subdivisions (72) and (74) of section 12-81, as amended, would have  
122 been paid. The secretary shall, on or before December fifteenth,  
123 annually, certify to the Comptroller the amount due each municipality  
124 under the provisions of this section, including any modification of  
125 such claim made prior to December [first] fifteenth, and the  
126 Comptroller shall draw an order on the Treasurer on or before the  
127 twenty-fourth day of December following and the Treasurer shall pay  
128 the amount thereof to such municipality on or before the thirty-first  
129 day of December following. If any modification is made as the result of  
130 the provisions of this section on or after the December fifteenth  
131 following the date on which the assessor has provided the amount of  
132 the exemption in question, any adjustments to the amount due to any  
133 municipality for the period for which such modification was made  
134 shall be made in the next payment the Treasurer shall make to such  
135 municipality pursuant to this section. The amount of the grant payable  
136 to each municipality in any year in accordance with this section shall  
137 be reduced proportionately in the event that the total of such grants in  
138 such year exceeds the amount appropriated for the purposes of this  
139 section with respect to such year. As used in this section,  
140 "municipality" means each town, city, borough, consolidated town and  
141 city and consolidated town and borough and each district, as defined  
142 in section 7-324, and "next succeeding" means the second such date.

143 Sec. 5. Subdivision (4) of subsection (d) of section 12-120b of the  
144 general statutes is repealed and the following is substituted in lieu  
145 thereof (*Effective July 1, 2004, and applicable to certifications by the*  
146 *Secretary of the Office of Policy and Management on and after July 1, 2001*):

147 (4) [Not later than the date by which the secretary is required to  
 148 certify to the Comptroller the amount of payment with respect to any  
 149 such program, the] The secretary shall notify each claimant of the final  
 150 modification or denial of financial assistance as claimed, in accordance  
 151 with the procedure set forth in this subsection. A copy of the notice of  
 152 final modification or denial shall be sent concurrently to the assessor or  
 153 municipal official who approved such financial assistance. With  
 154 respect to property tax exemptions under section 12-81g, as amended  
 155 by this act, or subdivision (55), (59), (60) or (70) of section 12-81, and  
 156 tax relief pursuant to section 12-129d or 12-170aa, as amended, the  
 157 notice pursuant to this subdivision shall be sent not later than one year  
 158 after the date claims for financial assistance for each such program are  
 159 filed with the secretary. For property tax exemptions under  
 160 subdivision (72) or (74) of section 12-81, as amended, such notice shall  
 161 be sent not later than the date by which a final modification to the  
 162 payment for such program must be reflected in the certification of the  
 163 secretary to the Comptroller. For the program of rebates under section  
 164 12-170d, such notice shall be sent not later than the date by which the  
 165 secretary certifies the amounts of payment to the Comptroller.

166 Sec. 6. Section 12-170aa of the general statutes, as amended by  
 167 section 183 of public act 03-6 of the June 30 special session, is amended  
 168 by adding subsection (k) as follows (*Effective July 1, 2004, and applicable*  
 169 *to claims for reimbursement filed on and after July 1, 2001*):

170 (NEW) (k) If the Secretary of the Office of Policy and Management  
 171 makes any adjustments to the grants for tax reductions or assumed  
 172 amounts of property tax liability claimed under this section  
 173 subsequent to certifying to the Comptroller the payment of said grants  
 174 in any year, the amount of such adjustment shall be reflected in the  
 175 next payment the Treasurer shall make to such municipality pursuant  
 176 to this section.

This act shall take effect as follows:	
Section 1	<i>July 1, 2004, and applicable to assessment years commencing on or after October 1, 2003</i>

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Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>July 1, 2004, and applicable to certifications by the Secretary of the Office of Policy and Management on and after July 1, 2001</i>
Sec. 6	<i>July 1, 2004, and applicable to claims for reimbursement filed on and after July 1, 2001</i>

**Statement of Legislative Commissioners:**

In section 4, "neglects to transmit" was changed to "neglected to certify" and "together with the supporting information," was inserted before "shall forfeit" for clarity.

**PD**      *Joint Favorable Subst.-LCO*

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:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Policy & Mgmt., Off.	Cost	Minimal	Minimal
Policy & Mgmt., Off.	Savings	Potential	Potential
		Minimal	Minimal

**Municipal Impact:** None

**Explanation**

Section 1 redefines private colleges and universities for the purposes of the PILOT Private College and Hospital program administered by the Office of Policy and Management (OPM), which results in no fiscal impact.

Section 2 permits the regulations for the state-reimbursed Additional Exemption for Income Eligible Veterans to be amended to allow claimants to request an extension of the application deadline, which results in no fiscal impact.

Section 3 allows married veterans under the additional veterans property tax exemption program to exclude a spouse’s social security income if the spouse resides in a Medicaid funded health care or nursing home facility. This will result in increased eligibility for the program, and thus increased costs. Although the extent of these costs are unknown, they are not expected to be significant. The law already allows this for elderly and disabled homeowners, and of the 43,959 claims in that account, only 256 or 0.58%, qualified because of the income disregard, thus a similar pattern is expected is the additional veterans property tax exemption program.

Section 4 requires the Office of Policy and Management (OPM) to

adopt regulations that would impose a \$250 forfeiture requirement for towns that fail to certify the real and personal property tax exemptions granted to businesses under the Manufacturing Machinery and Equipment and Commercial Vehicles Exemption. This may result in a minor cost savings to the account, which is not expected to be significant.

Sections 5 and 6 make administrative changes, which result in no fiscal impact.

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**OLR Bill Analysis**

sHB 5521

***AN ACT CONCERNING THE DUTIES OF THE OFFICE OF POLICY AND MANAGEMENT RELATIVE TO CERTAIN GRANT PROGRAMS***

**SUMMARY:**

This bill makes mostly administrative changes to the programs under which the state reimburses towns for property tax exemptions granted to veterans, elderly and disabled people, and businesses for economic development. Most are similar to corresponding provisions in other tax exemption programs.

The bill makes more veterans eligible for the additional veterans' property tax exemption by allowing married veterans to exclude a spouse's Social Security income if the spouse resides in a Medicaid-funded health care or nursing home facility. The law already allows this for elderly and disabled homeowners and renters who qualify for property tax relief.

The bill extends the deadlines by which the Office of Policy and Management (OPM) must notify:

1. businesses and elderly and disabled homeowners about their claims for property tax exemptions, and
2. tax collectors about their claims for reimbursement under the elderly tax freeze programs.

The bill imposes the same \$250 forfeiture requirement on towns when they fail to certify the property tax exemptions for manufacturing machinery and equipment and freight having motor vehicles. The \$250 forfeiture already applies when towns fail to certify the real and personal property tax exemptions for business in enterprise zone, and other designated areas.

The bill gives the OPM secretary the same authority to adjust grants under the elderly and disabled homeowners tax relief program that he

has under other programs that reimburse towns for tax exemptions.

Lastly, the bill tightens the criteria a private college or university has to meet in order for the town to qualify for the statutory, state-reimbursed property tax exemption for these institutions.

EFFECTIVE DATE: Upon passage for the provisions regarding the additional veterans' property tax exemption and reimbursement for the machinery and equipment and freight-hauling motor vehicle property tax exemptions. The provision regarding eligibility criteria for the tax exemption for private colleges and universities takes effect July 1, 2004 and applies to assessment years beginning on or after October 1, 2003. The provisions extending the deadlines by which OPM must notify certain parties claiming tax exemptions or reimbursements take effect July 1, 2004 and apply to certifications the secretary makes on or after July 1, 2001. And the provision allowing OPM to adjust reimbursement amounts takes effect July 1, 2004 and applies to reimbursement claims filed on or after July 1, 2001.

## **ADDITIONAL VETERANS' PROPERTY TAX EXEMPTION**

### ***Social Security Income***

The bill changes the income criteria under which veterans qualify for the additional state-reimbursed property tax exemption. The law requires towns to provide a basic and an additional veterans' property tax exemption and allows them to provide a third on top of these two if they so choose. The amount of exemption for the second, additional exemption depends on a veteran's income.

As under the elderly and disabled tax relief programs, the bill excludes the Social Security income of a veteran's spouse if the spouse resides in a Medicaid-funded health care or nursing home facility.

### ***Deadline Extension***

The bill also requires the OPM secretary to adopt regulations for extending the October 1 deadline by which veterans must apply for the additional exemption. The regulations must specify the process for requesting and granting an extension, which the secretary may grant for extenuating circumstances due to illness or incapacitation or, as he determines, other good cause.

***Additional Information***

The bill also requires OPM to adopt regulations under which it must require towns to provide information about veterans' eligibility for the additional exemption. OPM must require towns to provide this information when they apply for the state reimbursement.

**DEADLINE FOR NOTIFYING CLAIMANTS ABOUT CHANGES**

The bill changes the deadlines by which the secretary must notify people and businesses when he changes or denies their claims for state-reimbursed property tax abatements. Current law requires him to notify the claimants and the appropriate local officials no later than the statutory deadline by which he must certify the claim amounts to the comptroller (in most cases, December 1).

The bill extends, from December 1 to December 15, the secretary's deadline for notifying a business about whether he modified or denied its claim for the tax exemption for manufacturing machinery and equipment and freight-hauling equipment. (Businesses must submit their claims to the tax assessor, who sends them to OPM for approval. OPM then reimburses towns for the revenue loss.) The bill correspondingly extends, from December 1 to December 15, the deadline by which the secretary must certify the grant amounts to the comptroller.

The bill also extends the notification deadlines for other tax exemption programs from December 1 to one year after the statutory deadline for filing claims under these programs. The deadline for filing claims under the tax exemption programs for elderly and disabled homeowners and people with total disabilities is July 1. Consequently, the bill gives the secretary up to June 30 to notify these taxpayers about whether he modified or denied their claims.

The deadline for filing claims under the enterprise zone program is August 1. Hence, the bill gives the secretary up to July 30 to notify these taxpayers about whether he modified or denied their claims.

Lastly, the deadline for filing claims under the elderly tax freeze program is January 1. Hence, the bill gives the secretary up to December 30 to notify these taxpayers about whether he modified or

denied their claims.

## **FORFEITURE**

Beginning March 1, 2005, towns must forfeit \$250 to the state if they fail to certify exemptions for manufacturing machinery and equipment and freight-hauling motor vehicles. But, as with the enterprise zone exemptions, the secretary can waive the forfeiture for reasons he must specify in regulations.

## **ADJUSTING CLAIMS UNDER THE ELDERLY AND DISABLED HOMEOWNER TAX RELIEF PROGRAM**

The bill allows the secretary to adjust a town's claim for reimbursement under the elderly and disabled homeowner tax relief program to reflect changes he made to the previous claim after he certified the amount to the comptroller. The law already allows him to adjust claims in this manner for reimbursements under the manufacturing machinery and equipment and freight-hauling motor vehicle tax relief program.

## **TAX EXEMPTION FOR PRIVATE INSTITUTIONS OF HIGHER EDUCATION**

The bill tightens the criteria the secretary uses to determine if the state will reimburse towns for a property tax exemption granted to a private college or university. Under current law, a town qualifies for reimbursement if the institution provides instruction beyond the high school level. Under the bill, the institution must also meet the statutory definition of a "private institution of higher education" or "independent college or university" and offer college- or university-level courses for credit that may be transferred to other colleges and universities.

A college or university is a private institution of higher education if it is licensed or accredited to offer one or more higher education degree programs. It can be a person, school, board, association, limited liability company, or corporation. Alternatively, college or university qualifies as an independent college or university if it:

1. is a nonprofit institution established in Connecticut,
2. is authorized to grant degrees here,

3. has its home campus in Connecticut,
4. is not part of the state's higher education system, and
5. is an institution whose primary function is not the preparation of students for religious vocation.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 15    Nay 0