



# House of Representatives

General Assembly

**File No. 304**

February Session, 2004

Substitute House Bill No. 5524

*House of Representatives, March 29, 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 A HOMESTEAD EXEMPTION AND A DIFFERENTIAL PROPERTY TAX ON VACANT LAND.**

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

1 Section 1. (NEW) (*Effective from passage and applicable to assessment*  
2 *years commencing on or after October 1, 2003*) Any municipality which  
3 has provided for residential property tax relief under section 12-62d of  
4 the general statutes may, by vote of its legislative body, adopt a  
5 property tax ordinance under which a portion, not to exceed fifty per  
6 cent, of the assessed value, up to the amount of one hundred fifty  
7 thousand dollars, of any single parcel of owner-occupied residential  
8 real property containing not more than three dwelling units shall be  
9 exempt from the property tax, provided such property is the  
10 permanent place of abode of such owner.

11 Sec. 2. (NEW) (*Effective from passage and applicable to assessment years*  
12 *commencing on or after October 1, 2003*) Any municipality which has

13 provided for residential property tax relief under section 12-62d of the  
14 general statutes may, by vote of its legislative body, adopt a property  
15 tax ordinance that provides for a surcharge on the property tax  
16 imposed on any parcel of real property that consists of vacant land,  
17 without buildings or structures. Such surcharge may not exceed an  
18 amount equal to two times the amount of such tax.

This act shall take effect as follows:	
Section 1	<i>from passage and applicable to assessment years commencing on or after October 1, 2003</i>
Sec. 2	<i>from passage and applicable to assessment years commencing on or after October 1, 2003</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:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Municipalities	Effect	FY 05 \$	FY 06 \$
Hartford	See Below	See Below	See Below

**Explanation**

The bill allows a municipality that has provided residential property tax relief under 12-62d to adopt an ordinance to also provide an exemption of up to 50% of the amount of real residential dwelling assessment and up to \$150,000 and also adopt an ordinance to surcharge any parcel of vacant land up to two times the tax levied on such property.

It is assumed that the City of Hartford would adopt the options available under this bill in lieu of the current property tax relief provided by the City under CGS 12-62d.

The City would experience a decrease of about \$519.0 million in its 10/1/03 net grand list (assessed value less exemptions allowed under state law) as a result of adopting the optional property tax assessment exemption. Therefore the combined impact of the assessment exemption and surcharge on vacant land in lieu of the current property tax relief would require a minimal adjustment to the mill rate (less than 10%) to offset a net grand list reduction. Assuming a millrate of 44 mills for current law, the millrate would have to increase by approximately 10% or to about 48 mills for FY 05. This estimate is based on financial information provided by the City.

**OLR Bill Analysis**

sHB 5524

**AN ACT CONCERNING A HOMESTEAD EXEMPTION AND A DIFFERENTIAL PROPERTY TAX ON VACANT LAND**

**SUMMARY:**

The law allowed municipalities that meet certain criteria to establish a residential property tax relief program, funded by a tax surcharge on other types of property. It appears that Hartford was the only municipality that took advantage of this provision.

The bill allows such municipalities, with the vote of the their legislative bodies, to adopt property tax ordinances under which:

1. up to half of the assessed value of a parcel containing owner-occupied housing with up to three units, up to \$150,000, is exempt from the property tax, so long as the property is the owner's permanent abode; and
2. a surcharge of up to two times the property tax is placed on vacant land that has no buildings or structures.

EFFECTIVE DATE: Upon passage and applicable to assessment years starting on or after October 1, 2003.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 17      Nay 2