



Senate

General Assembly

File No. 557

February Session, 2004

Substitute Senate Bill No. 598

Senate, April 13, 2004

The Committee on Finance, Revenue and Bonding 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 A PROPERTY TAX HOMESTEAD EXEMPTION, A DIFFERENTIAL PROPERTY TAX ON VACANT LAND AND THE PROPERTY TAX CAP AND SURCHARGE PROGRAM.

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 may, by
3 vote of its legislative body, adopt a property tax ordinance under
4 which a portion, not to exceed fifty per cent, of the assessed value, up
5 to the amount of one hundred fifty thousand dollars, of any single
6 parcel of owner-occupied residential real property containing not more
7 than three dwelling units shall be exempt from the property tax,
8 provided such property is the permanent place of abode of such
9 owner.

10 Sec. 2. (NEW) (*Effective from passage and applicable to assessment years*
11 *commencing on or after October 1, 2003*) Any municipality may, by vote
12 of its legislative body, adopt a property tax ordinance that provides for

13 a surcharge on the property tax imposed on any parcel of real property
 14 that consists of vacant land, without buildings or structures, except
 15 that such surcharge shall not apply to open space land, forest land,
 16 farm land or parks. Such surcharge may not exceed an amount equal
 17 to two times the amount of such tax.

18 Sec. 3. (NEW) (*Effective October 1, 2004, and applicable to assessment*
 19 *years commencing on or after October 1, 2004*) Any municipality, if
 20 certified by the Secretary of the Office of Policy and Management
 21 under criteria established by the secretary, may, by vote of its
 22 legislative body, provide for a property tax cap and surcharge
 23 program consistent with the provisions of section 12-62d of the general
 24 statutes and, notwithstanding said section 12-62d, such program may
 25 allow any such surcharge to be levied for all of the first assessment
 26 year for which it will be effective.

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>
Sec. 3	<i>October 1, 2004, and applicable to assessment years commencing on or after October 1, 2004</i>

FIN 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:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Policy & Mgmt., Off.	GF - Cost	Indeterminate	Indeterminate

Note: GF=General Fund

Municipal Impact:

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

Explanation

State cost and municipal revenue gain for PILOT payments to the degree that the millrates increase as a result of the grand list shift. Municipalities currently receive a 45% reimbursement on state-owned property under the PILOT program pursuant to CGS 12-19a.

The bill allows a municipality 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.

The bill also allows any municipality that qualifies under 12-62d to provide residential property tax relief funded by a surcharge on non-residential property other than motor vehicles starting with their 2004 Grand List.

Starting with the 2003 Grand List year, there will be a grand list shift for municipalities that choose to adopt provisions of this bill. Therefore the combined impact of the assessment exemption and surcharge on vacant land would require an adjustment to the mill rate to offset a net grand list reduction. For municipalities that qualify for

the surcharge on non-residential property for their 2004 Grand List year, the magnitude of the mill rate change, if any, should be less if they also elected to adopt the assessment exemption and surcharge on vacant land.

OLR Bill Analysis

sSB 598

AN ACT CONCERNING A PROPERTY TAX HOMESTEAD EXEMPTION, A DIFFERENTIAL PROPERTY TAX ON VACANT LAND AND THE PROPERTY TAX CAP AND SURCHARGE PROGRAM**SUMMARY:**

This bill allows 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, other than parks and open space, forest, and farm land.

By law, municipalities that met certain criteria were allowed to establish a tax relief program for homeowners, funded by a surcharge on non-residential property other than motor vehicles. The eligibility criteria were that (1) the municipality had implemented revaluation in 1989 and established the program in that year and (2) the effective tax rate on residential property (the total tax imposed on residential properties divided by their actual value) was at least 1.5%. The bill allows a municipality, if certified by the Office of Policy and Management (OPM), under criteria adopted by the OPM secretary, to establish a program consistent with law by vote of its legislative body. The bill specifies that the surcharge imposed under the program can be applied to tax bills for all of the first assessment year for which the surcharge is in effect.

EFFECTIVE DATE: Upon passage and applicable to assessment years starting on or after October 1, 2003 for the first two provisions; October 1, 2004 and applicable to assessment years starting on or after that date for the third provision.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 26 Nay 19