



House of Representatives

General Assembly

File No. 455

January Session, 2005

Substitute House Bill No. 6836

House of Representatives, April 20, 2005

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REAL PROPERTY REVALUATION POLICIES AND PROCEDURES.

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

1 Section 1. Section 12-2b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 The Secretary of the Office of Policy and Management shall: (1) In
4 consultation with the Commissioner of Agriculture, develop schedules
5 of unit prices for property classified under sections 12-107a to 12-107e,
6 inclusive, update such schedules by October 1, 1990, and every five
7 years thereafter, and make such data, studies and schedules available
8 to municipalities and the public; (2) [develop regulations setting forth
9 standards and tests for: Certifying revaluation companies and their
10 employees, which regulations shall ensure that a revaluation company
11 is competent in appraising and valuing property, certifying
12 revaluation companies and their employees, requiring that a certified

13 employee supervise all valuations performed by a revaluation
14 company for municipalities, maintaining lists of certified revaluation
15 companies and upon request, advising municipalities in drafting
16 contracts with revaluation companies, and conducting investigations
17 and withdrawing the certification of any revaluation company or
18 employee found not to be conforming to such regulations. The
19 regulations shall provide for the imposition of a fee payable to a
20 testing service designated by the secretary to administer certification
21 examinations] adopt regulations, in accordance with the provisions of
22 chapter 54, to certify revaluation appraisers and the revaluation
23 companies that employ such appraisers by setting standards for
24 education, experience and ethical conduct to ensure competency and
25 suitability in estimating the value of property. Said regulations shall:
26 (A) Contain separate requirements for certification (i) in the valuation
27 of real property of distinct types, by use of appropriate mass appraisal
28 methods, (ii) in the valuation of personal property, (iii) at a revaluation
29 appraisal supervisor level for real property, and (iv) at a revaluation
30 appraisal supervisor level for personal property; (B) require that a
31 person certified at the revaluation appraisal supervisor level oversee
32 the valuation of real personal property; (C) require that a person
33 certified at the revaluation appraisal supervisor level oversee the
34 valuation of personal property; (D) provide that each certification is
35 valid for a five-year period from the date it is issued; (E) provide that
36 each certification is contingent upon passage of a written examination,
37 and allow for the imposition of a fee, payable in a manner determined
38 by the secretary, for a testing service the secretary designates to
39 administer such certification examination; (F) provide a continuing
40 education requirement for the renewal of each certification; and (G)
41 provide for the secretary's revocation, suspension or denial of a
42 certification or a renewal of a certification for cause, including, but not
43 limited to, ethical misconduct; and (3) [by himself, or by an agent
44 whom he may appoint, inquire if all property taxes which are due and
45 collectible by each town or city not consolidated with a town, are in
46 fact collected and paid to the treasurer thereof in the manner
47 prescribed by law, and if accounts and records of the tax collectors and

48 treasurers of such entities are adequate and properly kept] maintain
49 lists of certified revaluation appraisers and certified revaluation
50 companies and make such lists available to the public. The secretary
51 may hold meetings, conferences or schools for assessors, tax collectors
52 or municipal finance officers.

53 Sec. 2. Section 12-55 of the general statutes is repealed and the
54 following is substituted in lieu thereof (*Effective July 1, 2005*):

55 (a) On or before the thirty-first day of January of each year, except
56 as otherwise specifically provided by law, the assessors or board of
57 assessors shall publish the grand list for their respective towns. Each
58 such grand list shall contain the assessed values of all property in the
59 town, reflecting the statutory exemption or exemptions to which each
60 property or property owner is entitled, and including, where
61 applicable, any assessment penalty added in accordance with section
62 12-41, [or] 12-57a or 12-63c for the assessment year commencing on the
63 October first immediately preceding. The assessor or board of
64 assessors shall lodge the grand list for public inspection, in the office of
65 the assessor on or before said thirty-first day of January, or on or
66 before the day otherwise specifically provided by law for the
67 completion of such grand list. The town's assessor or board of
68 assessors shall take and subscribe to the oath, pursuant to section 1-25,
69 which shall be certified by the officer administering the same and
70 endorsed upon or attached to such grand list. For the grand list of
71 October 1, 2000, and each grand list thereafter, each assessor or
72 member of a board of assessors who signs the grand list shall be
73 certified in accordance with the provisions of section 12-40a.

74 (b) Prior to taking and subscribing to the oath upon the grand list,
75 the assessor or board of assessors shall equalize the assessments of
76 property in the town, if necessary, and make any assessment omitted
77 by mistake or required by law. The assessor or board of assessors may
78 increase or decrease the valuation of any property as reflected in the
79 last-preceding grand list, or the valuation as stated in any personal
80 property declaration or report received pursuant to this chapter. In

81 each case of any increase in valuation of a property above the
82 valuation of such property in the last-preceding grand list, or the
83 valuation, if any, stated by the person filing such declaration or report,
84 the assessor or board of assessors shall mail a written notice of
85 assessment increase to the last-known address of the owner of the
86 property the valuation of which has increased. All such notices shall be
87 subject to the provisions of subsection (c) of this section.
88 Notwithstanding the provisions of this section, a notice of increase
89 shall not be required in any year with respect to a registered motor
90 vehicle the valuation of which has increased. In the year of a
91 revaluation, the notice of increase sent in accordance with subsection
92 [(f)] (e) of section 12-62, as amended by this act, shall be in lieu of the
93 notice required by this section.

94 (c) Each notice of assessment increase sent pursuant to this section
95 shall include: (1) The valuation prior to and after such increase; and (2)
96 information describing the manner in which an appeal may be filed
97 with the board of assessment appeals. If a notice of assessment increase
98 affects the value of personal property and the assessor or board of
99 assessors used a methodology to determine such value that differs
100 from the methodology previously used, such notice shall include a
101 statement concerning such change in methodology, which shall
102 indicate the current methodology and the one that the assessor or
103 assessors used for the valuation prior to such increase. Each such
104 notice shall be mailed not earlier than the assessment date and not
105 later than the tenth calendar day immediately following the date on
106 which the assessor or board of assessors signs and attests to the grand
107 list. If any such assessment increase notice is sent later than the time
108 period prescribed in this subsection, such increase shall become
109 effective on the next succeeding grand list.

110 Sec. 3. Section 12-62 of the general statutes is repealed and the
111 following is substituted in lieu thereof (*Effective from passage and*
112 *applicable to assessment years commencing on or after October 1, 2003*):

113 [(a) (1) Commencing October 1, 1997, the assessor or board of

114 assessors of each town shall revalue all of the real estate in their
115 respective municipalities for assessment purposes in accordance with
116 the provisions of subsection (b) of this section. The assessments
117 derived from each such revaluation shall be used for the purpose of
118 levying property taxes in such municipality in the assessment year in
119 which such revaluation becomes effective and in each assessment year
120 thereafter until the next succeeding revaluation in accordance with the
121 provisions of subsection (b) of this section. In the performance of these
122 duties, except in any municipality where there is a single assessor, at
123 least two of the assessors shall act together and all valuations shall be
124 separately approved by a majority of the assessors.

125 (2) The assessor or board of assessors of each town shall view by
126 physical inspection all of the real estate in their respective
127 municipalities for assessment purposes within the period of time
128 provided in subdivision (3) of this subsection.

129 (3) An assessor shall have fulfilled the requirement to view by
130 physical inspection if a physical inspection of a property has been
131 made at any time from June 27, 1997, to October 1, 2009, inclusive, and
132 thereafter, the assessor or board of assessors shall view by physical
133 inspection each parcel of real estate no later than ten years following
134 the preceding inspection.

135 (b) The assessor or board of assessors of each town shall revalue all
136 of the real estate in their respective municipalities not later than five
137 years after the last revaluation conducted in each municipality, except
138 as provided in section 12-62*l*. In carrying out the provisions of this
139 subsection, any municipality which last effected revaluation by
140 statistical means shall effect its next revaluation by physical inspection
141 provided in no case shall a physical inspection be required more than
142 once every ten years. In carrying out the provisions of this subsection,
143 any municipality which last effected revaluation by physical inspection
144 may effect its next revaluation by statistical means.

145 (c) During the conduct of any revaluation in accordance with this
146 section in any municipality and during a period of not less than twelve

147 months immediately following the date on which such revaluation
148 becomes effective, any criteria, guidelines, price schedules or statement
149 of procedures used in such revaluation by the assessors or any
150 revaluation company shall be available for public inspection in the
151 assessor's office in such municipality in the manner provided for
152 public records in subsection (a) of section 1-210. Any such criteria,
153 guidelines, price schedules or statement of procedures shall continue
154 to be available for public inspection until the next revaluation of real
155 property becomes effective. The provisions of this subsection shall be
156 applicable to any such criteria, guidelines, price schedules or statement
157 of procedures placed on file in such assessor's office on or after
158 October 1, 1996.

159 (d) (1) Written notice of the implementation of a revaluation shall be
160 filed by the chief executive officer of the municipality with the
161 Secretary of the Office of Policy and Management. Such notice shall be
162 filed not later than five business days following the date on which final
163 action with respect to the establishment of a mill rate for the revalued
164 grand list is taken. Any municipality which fails to comply with the
165 provisions of this section shall forfeit ten per cent of the total amount
166 of state grants-in-aid determined by statutory formula, as of the date
167 certification of payment is required to be made to such municipality,
168 for the fiscal year next following the October first assessment date on
169 which the required revaluation was not implemented. Such forfeit
170 shall be based upon the state grants-in-aid which are included in the
171 estimate prepared by the Secretary of the Office of Policy and
172 Management pursuant to section 4-71b. For each succeeding
173 assessment year in which the provisions of this section are not met,
174 such municipality shall forfeit ten per cent of such state grants-in-aid.
175 If the secretary determines that such a forfeit is required, he shall cause
176 the certification made to the State Comptroller for each such grant-in-
177 aid to the municipality, to reflect the amount of reduction in such
178 grant-in-aid.

179 (2) The secretary may waive such forfeit if, in his opinion, there
180 appears to be reasonable cause for the municipality not having

181 implemented a revaluation as required, provided the chief executive
182 officer of the municipality submits a written request for such waiver.
183 Such request shall include the reason for the failure of the municipality
184 to comply with the provisions of this section. The secretary shall
185 promptly consider such request and shall, within fifteen business days,
186 notify the municipality of his decision to grant or deny a waiver of the
187 forfeit. Reasonable cause shall include, (A) a postponement of a
188 revaluation in any town or city, provided such postponement is
189 allowed by the secretary in accordance with the provisions of section
190 12-117, or is ordered by the superior court for the judicial district in
191 which the municipality is located, (B) a postponement of a revaluation
192 in any town or city as the result of the existence of extraordinary
193 circumstances or an act of God, (C) failure on the part of any person or
194 organization performing such revaluation under contract to complete
195 contractual duties to the satisfaction of the municipality, (D) the death
196 or serious illness of the assessor during the conduct of a revaluation,
197 which results in a delay of its implementation, or (E) an agreement
198 entered into pursuant to subdivision (3) of this subsection. No more
199 than one waiver shall be granted pursuant to subparagraph (E) of this
200 subdivision.

201 (3) If a municipality is unable to implement a revaluation in the
202 assessment year as required by this section for any reason other than
203 for reasonable cause as described in subparagraphs (A) to (D),
204 inclusive, of subdivision (2) of this subsection, the chief executive
205 officer of the municipality may submit a written request to the
206 Secretary of the Office of Policy and Management to enter into an
207 agreement with the Office of Policy and Management with respect to
208 the implementation of such revaluation. The municipality may request
209 such agreement no earlier than six months prior to and no later than
210 the October first assessment date which the required revaluation
211 would have affected. The secretary may enter into no more than one
212 agreement with any municipality and only if such municipality has
213 shown good faith efforts toward implementing such revaluation. Such
214 agreement shall establish conditions to be met by the municipality in
215 order to qualify for a waiver of the penalty imposed under subdivision

216 (1) of this subsection. Such conditions shall include, but not be limited
217 to, (A) dates upon which specific aspects of the revaluation shall be
218 completed, (B) an agreement by the municipality to implement,
219 maintain or update a computer system for the purpose of conducting
220 future revaluations, (C) an agreement that the municipality will not
221 seek an authorization from the Office of Policy and Management to
222 assess all real estate according to the list in effect immediately prior to
223 the list to which such revaluation applies pursuant to subsection (b) of
224 section 12-117, (D) a date specific by which a contract must be entered
225 into for conducting the next statutorily required revaluation, and (E)
226 quarterly updates to the secretary on the progress of the revaluation.
227 The dates of such conditions may extend beyond the date of the
228 implementation of the revaluation for which the agreement is
229 requested. Notwithstanding a waiver issued under subdivision (2) of
230 this subsection, the secretary may, upon a review of the totality of the
231 circumstances, cause the municipality to forfeit a percentage of the
232 total amount of state grants-in-aid determined by statutory formula
233 which are included in the estimate prepared by the Secretary of the
234 Office of Policy and Management pursuant to section 4-71b. If one
235 condition of the agreement is not met by a municipality, the amount
236 forfeited shall be one per cent of the total amount of such state grants-
237 in-aid as of the date the condition was not met. If more than one
238 condition of the agreement is not met by a municipality, the amount
239 forfeited may be up to ten per cent of the such state grants-in-aid as
240 determined by the secretary.

241 (e) Any assessor required to view by physical observation or to
242 revalue all real estate in a municipality by the provisions of this section
243 may designate a revaluation company certified in accordance with
244 section 12-2b to view and evaluate or to evaluate, pursuant to a
245 methodology approved by such assessor, all or any portion of such
246 real estate, provided nothing in this subsection shall relieve any
247 assessor of any other requirement relating to such revaluation imposed
248 by any provisions of the general statutes, any public or special act or
249 any municipal charter.

250 (f) The assessor or board of assessors shall send written notice by
251 mail of each revaluation conducted pursuant to this section to each
252 person whose property was revalued. Such notice shall include
253 information describing the property owner's rights to appeal the
254 valuation of his property, including the manner in which an appeal
255 may be filed with the board of assessment appeals. The written notice
256 shall be mailed no earlier than the assessment date and no later than
257 the tenth calendar day immediately following the date on which the
258 grand list abstract is signed and attested to by the assessor or board of
259 assessors. The assessor or board of assessors may require the
260 revaluation company to send such written notice on behalf of the
261 assessor or board of assessors.

262 (g) Notwithstanding the provisions of subparagraph (B) of
263 subdivision (1) of subsection (a) of this section any town which has
264 entered into an agreement to conduct a physical revaluation for a
265 contiguous town and which levies real property taxes on the basis of a
266 revaluation that was implemented for the assessment year
267 commencing October 1, 1987, shall for the assessment year
268 commencing October 1, 1999, revalue all such real property by
269 physical observation.

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

273 (2) On and after October 1, 2002, a town electing to effect its next
274 revaluation earlier than required pursuant to subsection (b) of this
275 section shall effect its next subsequent revaluation on the assessment
276 date that is four years after the date provided in said subsection (b)
277 which date is applicable to the revaluation which is being effected
278 earlier.

279 (i) Notwithstanding any municipal charter, home rule ordinance or
280 special act, no municipality shall be required to revalue the real estate
281 in such municipality for assessment purposes prior to the year of next
282 revaluation as designated in subsection (b) of this section.

283 (j) This section shall not require the revaluation of real estate (1)
284 designated within the 1983 Settlement boundary and taken into trust
285 by the federal government for the Mashantucket Pequot Tribal Nation
286 before June 8, 1999, or (2) taken into trust by the federal government
287 for the Mohegan Tribe of Indians of Connecticut.

288 (k) (1) As used in this subsection: "Coefficient of dispersion",
289 "commercial property", "market sale", "median ratio", "price related
290 differential", "property class", "ratio", "residential property" and
291 "vacant land" have the same meanings as the definitions of those terms
292 in the regulations adopted under section 12-62i.

293 (2) Notwithstanding the provisions of this section, a town shall be
294 exempt from performing its next scheduled revaluation if, as of the
295 date that calculations pursuant to this subsection are performed: (A)
296 The overall level of assessment for all property classes is within plus or
297 minus ten per cent of the seventy per cent assessment ratio required
298 under subsection (b) of section 12-62a, as measured by the overall
299 median ratio; (B) the level of assessment for each property class for
300 which there are fifteen or more market sales is within plus or minus
301 five per cent of the median overall level of assessment for each such
302 property class; (C) the coefficient of dispersion for each property class
303 for which there are fifteen or more market sales is equal to or less than
304 (i) fifteen per cent for all property; (ii) fifteen per cent for residential
305 property; (iii) twenty per cent for commercial property; and (iv) twenty
306 per cent for vacant land; and (D) the price related differential for each
307 property class for which there are fifteen or more market sales is
308 within 0.98 and 1.03. The provisions of this subsection shall terminate
309 on October 1, 2007, and shall not apply to any revaluation scheduled to
310 be implemented on or after said date.

311 (3) In order to claim exemption under this subsection from the
312 requirement to implement a revaluation pursuant to subsection (b) of
313 this section, a town shall perform the calculations required by this
314 subsection not earlier than April second and not later than April tenth
315 of the calendar year preceding the October first assessment date on

316 which such revaluation pursuant to subsection (b) of this section is
317 required to be effective, except that a town scheduled to implement a
318 revaluation on October 1, 2003, may perform such calculations not
319 later than thirty days after May 9, 2002. Such calculations shall be
320 based on market sales that occurred between October first of the
321 previous calendar year and April first of the calendar year in which
322 such calculations are performed, provided if the total number of
323 market sales occurring in said period is less than thirty, the time period
324 prior to said October first shall be extended in monthly increments
325 until the number of market sales is equal to or greater than thirty, but
326 in no event shall such time period be extended for more than twelve
327 months prior to said October first. The assessor may adjust the sales
328 price of any property to take into account: (A) The fact that the
329 property sold is subject to a lease that does not represent market rent,
330 as defined in section 12-63b; (B) the inclusion of personal property in
331 the price paid for real property that was sold; or (C) any other factor
332 the assessor deems appropriate provided there is objective criteria
333 substantiating any such adjustment and the reason for such adjustment
334 is documented by the assessor. In the event the time period is extended
335 under the provisions of this subsection, the assessor may also adjust
336 the sales price of any property sale occurring in said extended time
337 period to take into account the effect of a price change in the real estate
338 market between the date of sale and the date such calculations are
339 performed. Information concerning such market sales and the
340 statistical analyses of such sales shall be available for public inspection
341 for not less than one year from the date a town certifies its exemption
342 from the requirement to implement its next scheduled revaluation,
343 provided the Secretary of the Office of Policy and Management does
344 not rescind such exemption, pursuant to section 12-62k.

345 (4) Any town that meets the criteria set forth in this subsection shall,
346 not later than five days after the calculations required by this
347 subsection are performed, certify its exemption from the requirement
348 to implement its next scheduled revaluation pursuant to subsection (b)
349 of this section to the Secretary of the Office of Policy and Management.
350 Such certification shall be signed by the chief executive officer and the

351 assessor and filed in their respective offices and shall specify the
352 assessment date to which such exemption applies. The certification
353 submitted to the secretary shall be accompanied by documentation of
354 the town's compliance with the criteria delineated in this subsection, in
355 such form and manner as the secretary may require. Such
356 documentation shall include, but not be limited to: (A) Information
357 concerning all sales of real property for each property class that
358 occurred during the time period encompassed by the town's analyses;
359 (B) information concerning the market sales used in the analysis for
360 each property class during such time period; (C) documentation
361 concerning the reason used by the assessor to adjust the sales price of
362 each property and the dollar amount of the adjustment; (D)
363 documentation of the reason for not including a real property sale in
364 the analysis of any property class; and (E) the results of each of the
365 applicable calculations described in subdivision (2) of this subsection.
366 Each town that certifies an exemption from the requirement to
367 implement a revaluation pursuant to this subsection shall cooperate
368 with the secretary or the committee established pursuant to section 12-
369 62k in promptly providing any information the secretary or the
370 committee may require. A copy of the certification of a town's
371 exemption from the requirement to implement its next scheduled
372 revaluation, as submitted to the secretary, shall be provided to the
373 town clerk of the town, who shall record such certification on the land
374 records. In the event the secretary rescinds such exemption, the
375 secretary's notice rescinding the town's revaluation exemption
376 certification shall be recorded on the land records.]

377 (a) For purposes of this section:

378 (1) "Assessor" includes a board of assessors, the members of which
379 shall approve all real property valuations derived from a revaluation
380 by a majority vote;

381 (2) "Field review" means the process by which a person examines
382 each parcel of real property in the context of its neighborhood setting,
383 compares the observable attributes of each such parcel to those listed

384 on its corresponding property record, makes any necessary corrections
385 based on such observation, and verifies that each real property parcel's
386 attributes are accounted for in the valuation being developed for a
387 revaluation;

388 (3) "Fully inspect" or "full inspection" means to measure the exterior
389 dimensions of a building or structure, or to verify such dimensions,
390 and to enter and examine the interior of each such building or
391 structure, upon obtaining permission to do so from an adult occupant,
392 in order to observe and record or verify the characteristics and
393 conditions thereof;

394 (4) "Real property" has the same meaning as the real estate
395 described in section 12-64;

396 (5) "Secretary" means the Secretary of the Office of Policy and
397 Management, or such secretary's designee; and

398 (6) "Town" means any town, consolidated town and city or
399 consolidated town and borough.

400 (b) (1) The assessor of each town shall revalue all real property
401 located in such town for assessment purposes in accordance with the
402 provisions of this section. Except as otherwise provided by any
403 provision of the general statutes or any public or special act, or by any
404 provisions of a municipal charter, assessments derived from each
405 revaluation shall be used for the purpose of levying property taxes for
406 the assessment year in which such revaluation is effective and for each
407 assessment year that follows until the ensuing revaluation becomes
408 effective. An assessor shall use generally accepted mass appraisal
409 methods for the valuation of real property in conducting each
410 revaluation and may designate a revaluation company certified in
411 accordance with section 12-2b, as amended by this act, to perform data
412 collection and analyses or mass appraisal valuation and field review
413 functions pursuant to a method the assessor approves. Nothing in this
414 section shall relieve an assessor of any other requirement related to
415 revaluation as imposed by any provision of the general statutes or any

416 public or special act, or by any provisions of a municipal charter that
417 are not contrary to this section.

418 (2) Unless the provisions of section 12-62l and subdivision (3) of this
419 subsection are applicable, a revaluation of all real property in a town
420 shall be effective for the assessment year that is five years after the
421 assessment year in which a revaluation was previously effective in
422 such town. Any town may effect a revaluation of real property earlier
423 than this section requires, provided the town's next revaluation shall
424 be effective not later than five assessment years after the assessment
425 year in which the previous revaluation became effective.

426 (3) The legislative body or board of selectmen, as the case may be, of
427 any town eligible to defer a revaluation pursuant to section 12-62l shall
428 be required to approve such deferral not later than August 1, 2005. Not
429 later than September 1, 2005, the chief executive officer of any town in
430 which such a revaluation deferral is approved shall notify the
431 secretary, in writing, of the effective date of the town's next revaluation
432 and such town shall thereafter implement revaluation when required
433 pursuant to subdivision (2) of this subsection.

434 (c) (1) The assessor may, at any time, fully inspect any parcel of
435 improved real property in order to ascertain or verify the accuracy of
436 data as contained in the assessor's record for such property. The
437 assessor shall maintain a record of the assessment year in which each
438 such parcel of improved real property is fully inspected.

439 (2) The assessor may, at any time, send a questionnaire to any real
440 property owner in order to obtain verification of the accuracy of the
441 characteristics of real property as contained in the assessor's record for
442 such owner's property, or to obtain information regarding the
443 circumstances attendant to such property's acquisition or purchase. An
444 assessor who utilizes questionnaires to verify the accuracy of such real
445 property data shall develop and institute a quality assurance program
446 with respect to responses received to such questionnaires, and shall
447 determine if there is a need to fully inspect all real property during the
448 period set forth in this subsection, based on the results of such quality

449 assurance program.

450 (3) An assessor who does not utilize questionnaires to verify the
451 accuracy of real property data, or who utilizes such questionnaires but
452 is not satisfied with the results of the quality assurance program
453 instituted with respect to responses received to such questionnaires,
454 shall fully inspect all real property not later than the tenth assessment
455 year following the assessment year in which such real property was
456 last fully inspected, provided, with respect to a revaluation
457 implemented during the period from on and after October 1, 2003, to
458 on or before October 1, 2010, an assessor shall have fulfilled such
459 requirement if a full inspection of such property is made at any time
460 during the assessment year commencing October 1, 1996, through the
461 assessment year commencing October 1, 2009, inclusive.

462 (d) Prior to completing each revaluation, the assessor shall conduct
463 a field review to ensure that real property valuations derived from
464 such revaluation are appropriate.

465 (e) (1) Not earlier than the assessment date which is the effective
466 date of a revaluation, and not later than the tenth calendar day
467 immediately following the date on which the grand list for said
468 assessment date is signed, the assessor shall mail a written notice of
469 real property valuation to the last-known address of each owner of real
470 property. Such notice shall provide information concerning property
471 valuation appeal provisions, including, but not limited to, the method
472 of requesting a hearing from the board of assessment appeals.

473 (2) Not later than the date written notices of real property
474 valuations are mailed in accordance with subdivision (1) of this
475 subsection, and for a period of not less than twelve months
476 immediately following the date on which each revaluation becomes
477 effective, the following shall be available for public inspection in the
478 assessor's office in the manner provided for access to public records in
479 subsection (a) of section 1-210: (A) Any criteria, guidelines, price
480 schedules or statement of procedures used in such revaluation, and (B)
481 a compilation of all real property sales in each neighborhood, the

482 selling prices of which are determined to be representative of the fair
483 market values of the properties sold.

484 (f) The chief executive officer of each town shall notify the secretary
485 of the Office of Policy and Management of the assessment date on
486 which each revaluation is effective not later than thirty business days
487 following the date on which the assessor signs and files the grand list
488 reflecting assessments of real property based on values established for
489 such revaluation. In the event a town fails to implement a revaluation
490 effective for the assessment date required by this section for any reason
491 other than an authorization for postponement provided by the
492 secretary pursuant to subsection (b) of section 12-117, the chief
493 executive officer of such town shall notify said secretary of such
494 failure, in writing, not later than thirty business days following the
495 date on which the assessor signs and files the grand list that does not
496 reflect real property assessments based on values established for such
497 required revaluation. Not later than thirty business days following the
498 date the town's legislative body votes to utilize the provisions of
499 section 12-62c, as amended by this act, or the provisions of section 12-
500 62d, as amended by this act, the chief executive officer shall notify the
501 secretary, in writing, of the action taken. Any chief executive officer
502 failing to submit any notification to the secretary as required by this
503 subsection, shall forfeit one hundred dollars to the state for each such
504 failure.

505 (g) (1) Except as provided in subsection (e) of this section, any town
506 that fails to implement a revaluation for the assessment date required
507 by this section, or that implements a revaluation that does not comply
508 with the requirements set forth in regulations adopted pursuant to
509 subsection (g) of this section, shall be subject to an annual penalty
510 equal to a ten per cent loss of certain state grants. Such penalty shall
511 apply to those grants determined by statutory formula that are
512 included in the estimate the secretary prepares pursuant to section 4-
513 71a. Not later than the first day of July of each fiscal year in which the
514 secretary imposes such penalty, the secretary shall notify the
515 commissioner of each agency that certifies payment of any such grant

516 of the requirement to reduce the affected town's grant by ten per cent
517 for such year, and such reduction shall be reflected in the certification
518 made to the State Comptroller for the payment of each such grant for
519 such year. In the event that such commissioner certifies any such grant
520 prior to receiving the secretary's notice, such commissioner shall
521 reduce any remaining installment of such grant to reflect such penalty.
522 If there are no remaining installments of any such grant that the
523 commissioner certifies, any grant the secretary certifies for payment
524 may be reduced by the necessary amount, even if said grant is not
525 included in the estimate prepared pursuant to section 4-71a. Such
526 penalty shall not be applicable with respect to a revaluation that is
527 postponed as a result of the secretary's authorization pursuant to
528 subsection (b) of section 12-117.

529 (2) If, in the secretary's opinion, there appears to be reasonable cause
530 for a town's failure to implement a revaluation pursuant to the
531 requirements of this section, the secretary may waive the penalty
532 imposed by subdivision (1) of this subsection. Reasonable cause shall
533 include a postponement of a revaluation in any town due to (A) an
534 extraordinary circumstance or an act of God, (B) the failure on the part
535 of any revaluation company to complete contractual duties to the
536 satisfaction of the assessor and the chief executive officer of the town,
537 (C) the assessor's death or incapacitation during the conduct of a
538 revaluation, which results in a delay of its implementation, or (D) an
539 order by the superior court for the judicial district in which the town is
540 located regarding such revaluation, or the potential for such an order,
541 following said court's decision with respect to the proceeding brought
542 before it. The chief executive officer of the town shall submit a written
543 request for such penalty waiver not later than thirty days following the
544 date of the commencement of the fiscal year in which such penalty is
545 applicable. Such request shall include the reason for the town's failure
546 to comply with the provisions of this section. Not later than thirty
547 business days after receiving such request, the secretary shall notify
548 the chief executive officer of the secretary's decision to grant or deny
549 the penalty waiver, provided the secretary may delay a decision
550 regarding a waiver related to a potential order of a court of jurisdiction

551 until said court renders its decision. Any town aggrieved by the
552 secretary's decision concerning such penalty waiver may, not later
553 than ten business days after receiving the secretary's notice of decision
554 concerning such waiver, appeal the secretary's determination to the
555 superior court for the judicial district in which such town is located
556 and such court shall expedite such appeal. The secretary shall not
557 grant a town a penalty waiver under the provisions of this subsection
558 with respect to consecutive years unless the General Assembly
559 approves such action.

560 (h) The secretary shall adopt regulations, in accordance with the
561 provisions of chapter 54, to (1) establish at least two performance-
562 based revaluation testing standards, (2) require assessors to comply
563 with one of such standards in conducting each revaluation, and (3)
564 require any certificate of regulatory compliance to be jointly signed by
565 the assessor and a person certified as a revaluation appraisal
566 supervisor, pursuant to section 12-2b, as amended by this act, who is
567 employed by any revaluation company the assessor designates to
568 establish real property valuations or to review such valuations
569 pursuant to the provisions of a contract.

570 (i) This section shall not require the revaluation of real estate (1)
571 designated within the 1983 Settlement boundary and taken into trust
572 by the federal government for the Mashantucket Pequot Tribal Nation
573 before June 8, 1999, or (2) taken into trust by the federal government
574 for the Mohegan Tribe of Indians of Connecticut.

575 Sec. 4. Section 12-62c of the general statutes is repealed and the
576 following is substituted in lieu thereof (*Effective July 1, 2005, and*
577 *applicable to assessment years commencing on or after October 1, 2005*):

578 [(a) Any municipality may, with respect to the assessment list in
579 such municipality in a year in which a revaluation becomes effective,
580 as required under section 12-62, for the assessment years commencing
581 on or after October 1, 1987, by vote of its legislative body provide for a
582 gradual increase in assessed values of real property for purposes of
583 property tax, commencing with the year in which such revaluation

584 becomes effective and continuing for a certain number of years as
585 elected by such municipality, not exceeding three years immediately
586 following the year of such revaluation. Such gradual increase in
587 assessed values shall be the result of incremental increases in the rate
588 of assessment of real property, to be added as provided in subsection
589 (b) of this section to the assessment ratio determined under section 10-
590 261a for the year immediately preceding revaluation in such
591 municipality.

592 (b) Upon electing to increase assessed values in the manner allowed
593 in this section, there shall be determined, with respect to said
594 assessment ratio for the year immediately preceding such revaluation,
595 the difference between the assessment rate at seventy per cent of
596 present true and actual value, as required under subsection (b) of
597 section 12-62a, and said ratio of assessed value of real property to fair
598 market value in the year immediately preceding revaluation for such
599 municipality. Such difference shall represent the portion of the
600 assessment rate at seventy per cent to be added to said ratio for such
601 municipality in attaining the required assessment rate of seventy per
602 cent of present true and actual value. Such amount shall be added to
603 said ratio in equal increments, as determined in accordance with this
604 subsection, over the number of years elected by such municipality,
605 provided the total number of years for such purpose may not exceed
606 four years including the year of such revaluation. For the purposes of
607 this subsection, increments shall be considered equal if such
608 increments are equal (1) in terms of the absolute amount of the
609 increase in the assessment ratio for each of the years of such gradual
610 increase in assessed value or (2) in terms of the percentage of increase
611 in the assessment ratio from year to year which is applicable to such
612 gradual increase in assessed value, for each year of the term of such
613 gradual increase in assessed value.

614 (c) In a municipality which has adopted the assessment procedure
615 allowed in this section, new construction which is first assessed for
616 purposes of property tax, after the assessment date on which such
617 revaluation becomes effective but before the assessment rate has been

618 increased to seventy per cent of present true and actual value, shall be
619 assessed initially at the rate applicable in the procedure as adopted by
620 such municipality at the time of such initial assessment, and thereafter
621 at the rate of assessment applicable with respect to all real property on
622 the assessment list in such municipality.]

623 (a) (1) A municipality implementing a revaluation of all real
624 property pursuant to section 12-62, as amended by this act, may
625 provide for a phase-in of real property assessment increases resulting
626 from such revaluation in accordance with one of the methods set forth
627 in subsection (b) of this section. The legislative body of the
628 municipality shall approve the decision to provide for a phase-in, the
629 number of assessment years for which such phase-in is effective and
630 the method of such phase-in of real property assessment increases. If
631 the legislative body is a town meeting, the board of selectmen shall
632 approve such decision and term. In any municipality that provides for
633 a phase-in, the assessor shall gradually increase the assessed values of
634 real property effective in the assessment year preceding that in which
635 the revaluation is implemented, in accordance with one of the methods
636 set forth in subsection (b) of this section. In no event shall the term of a
637 phase-in extend beyond the implementation date of the town's next
638 revaluation. Following the conclusion of such term, the assessment of
639 real property shall reflect the rate of assessment that would have been
640 applicable in the year said revaluation was implemented, except for
641 such phase-in.

642 (2) The legislative body or board of selectmen, as the case may be,
643 may approve the discontinuance of a phase-in of real property
644 assessment increases resulting from the implementation of a
645 revaluation, at any time prior to the completion of the phase-in term
646 originally approved, provided such approval shall be made on or
647 before the assessment date that is the commencement of the
648 assessment year in which the discontinuance of such phase-in is
649 effective.

650 (b) A municipality shall use one of the following methods to

651 determine the phase-in of real property assessment increases resulting
652 from the implementation of a revaluation: (1) The assessment of each
653 parcel of real property for the assessment year preceding that in which
654 such revaluation is effective shall be subtracted from the assessment of
655 each such real property parcel derived from such revaluation, and the
656 annual amount of incremental assessment increase for each such real
657 property parcel shall be the total of such subtraction divided by the
658 number of years of the phase-in term; or (2) the assessment ratio for all
659 real property for the assessment year preceding that in which a
660 revaluation is effective, shall be subtracted from the seventy per cent
661 assessment ratio applicable in the year of such revaluation, and the
662 annual incremental rate of assessment increase applicable to all parcels
663 of real property shall be the result of such subtraction divided by the
664 number of years of the phase-in term.

665 (c) The assessment of any new construction that first becomes
666 subject to taxation during an assessment year encompassed within the
667 term of a phase-in adopted pursuant to this section, shall be
668 determined in the same manner as the assessment of all other
669 comparable real property in that assessment year, such that the total of
670 incremental increases applicable to such other comparable real
671 property are reflected in the assessment of such new construction prior
672 to its proration pursuant to section 12-53a.

673 Sec. 5. Section 12-63b of the general statutes is repealed and the
674 following is substituted in lieu thereof (*Effective July 1, 2005*):

675 (a) The assessor or board of assessors in any town, when
676 determining the present true and actual value of real property as
677 provided in section 12-63, which property is used primarily for the
678 purpose of producing rental income, exclusive of such property used
679 solely for residential purposes, containing not more than six dwelling
680 units and in which the owner resides, and with respect to which
681 property there is insufficient data [in such town] based on current
682 bona fide sales of comparable property which may be considered in
683 determining such value, shall determine such value on the basis of [an

684 appraisal] a mass appraisal method which shall include to the extent
685 applicable with respect to such property, consideration of each of the
686 following methods: [of appraisal:] (1) Replacement cost less
687 depreciation, plus the market value of the land, (2) the gross income
688 multiplier method as used for similar property, and (3) capitalization
689 of net income based on market rent for similar property. The
690 provisions of this section shall not be applicable with respect to any
691 housing assisted by the federal or state government except any such
692 housing for which the federal assistance directly related to rent for
693 each unit in such housing is no less than the difference between the fair
694 market rent for each such unit in the applicable area and the amount of
695 rent payable by the tenant in each such unit, as determined under the
696 federal program providing for such assistance.

697 (b) For purposes of subdivision (3) of subsection (a) of this section
698 and, generally, in its use as a factor in any [appraisal] mass appraisal
699 methods applicable with respect to real property used primarily for
700 the purpose of producing rental income, the term "market rent" means
701 the rental income that such property would most probably command
702 on the open market as indicated by present rentals being paid for
703 comparable space. In determining market rent the assessor shall
704 consider the actual rental income applicable with respect to such real
705 property under the terms of an existing contract of lease at the time of
706 such determination.

707 Sec. 6. Subsection (b) of section 12-117 of the general statutes is
708 repealed and the following is substituted in lieu thereof (*Effective from*
709 *passage and applicable to assessment years commencing on and after October*
710 *1, 2005*):

711 (b) If, in the opinion of the board of assessment appeals and the
712 chief executive officer, the number of appeals pending before such
713 board is such as to preclude fair and equitable consideration of such
714 appeals within the time restriction prescribed in this section, the
715 Secretary of the Office of Policy and Management may, upon the
716 request in writing of the board of assessment appeals approved by the

717 chief executive officer, setting forth such opinion, authorize the
718 assessors to assess all real estate according to the grand list in effect
719 immediately prior to the grand list from which such appeals are taken,
720 subject only to transfers of ownership, additions for new construction
721 and reductions for demolitions. The grand list from which such
722 appeals are taken shall then become the grand list for the assessment
723 day next ensuing, subject only to such adjustments as are authorized
724 by the board of assessment appeals, unless the town has, in the
725 intervening time period, completed a revaluation of all real property in
726 accordance with section 12-62, as amended by this act. The secretary
727 shall not authorize a postponement pursuant to the provisions of this
728 subsection for more than one year, and no postponement shall be
729 allowed in any consecutive years.

730 Sec. 7. Section 7-328 of the general statutes is repealed and the
731 following is substituted in lieu thereof (*Effective July 1, 2005*):

732 (a) The territorial limits of the district shall constitute a separate
733 taxing district, and the assessor or assessors of the town shall separate
734 the property within the district from the other property in the town
735 and shall annually furnish the clerk of the district with a copy of the
736 grand list of all property in the district after it has been completed by
737 the board of assessment appeals of the town. If the legislative body of
738 the town elects, pursuant to section [12-62a or] 12-62c, as amended by
739 this act, to defer all or any part of the amount of the increase in the
740 assessed value of real property in the year a revaluation becomes
741 effective and in any succeeding year in which such deferment is
742 allowed, the grand list furnished to the clerk of the district for each
743 such year shall reflect assessments based upon such deferment. When
744 the district meeting has fixed the tax rate, the clerk shall prepare a rate
745 bill, apportioning to each owner of property his proportionate share of
746 the taxes, which rate bill, when prepared, shall be delivered to the
747 treasurer; and the district and the treasurer thereof shall have the same
748 powers as towns and collectors of taxes to collect and enforce payment
749 of such taxes, and such taxes when laid shall be a lien upon the
750 property in the same manner as town taxes, and such liens may be

751 continued by certificates recorded in the land record office of the town,
752 and foreclosed in the same manner as liens for town taxes. The
753 assessor or board of assessment appeals shall promptly forward to the
754 clerk of the district any certificate of correction or notice of any other
755 lawful change to the grand list of the district. The district clerk shall,
756 within ten days of receipt of any such certificate or notice, forward a
757 copy thereof to the treasurer, and the assessment of the property for
758 which such certificate or notice was issued and the rate bill related
759 thereto shall be corrected accordingly. If the district constructs any
760 drain, sewer, sidewalk, curb or gutter, such proportion of the cost
761 thereof as such district determines may be assessed by the board of
762 directors, in the manner prescribed by such district, upon the property
763 specially benefited by such drain, sewer, sidewalk, curb or gutter, and
764 the balance of such costs shall be paid from the general funds of the
765 district. In the construction of any flood or erosion control system, the
766 cost to such district may be assessed and shall be payable in
767 accordance with sections 25-87 to 25-93, inclusive. Subject to the
768 provisions of the general statutes, the district may issue bonds and the
769 board of directors may pledge the credit of the district for any money
770 borrowed for the construction of any public works or the acquisition of
771 recreational facilities authorized by sections 7-324 to 7-329, inclusive,
772 and such board shall keep a record of all notes, bonds and certificates
773 of indebtedness issued, disposed of or pledged by the district. All
774 moneys received by the directors on behalf of the district shall be paid
775 to the treasurer. No contract or obligation which involves an
776 expenditure in the amount of (1) ten thousand dollars or more in
777 districts where the grand list is less than or equal to twenty million
778 dollars, or (2) twenty thousand dollars or more in districts where the
779 grand list is greater than twenty million dollars, in any one year shall
780 be made by the board of directors, unless the same is specially
781 authorized by a vote of the district, nor shall the directors borrow
782 money without like authority. The clerk of the district shall give
783 written notice to the treasurer of the town in which the district is
784 located of any final decision of the board of directors to borrow money,
785 not later than thirty days after the date of such decision. The district

786 may adopt ordinances, with penalties to secure their enforcement, for
787 the purpose of regulating the carrying out of the provisions of sections
788 7-324 to 7-329, inclusive, and defining the duties and compensation of
789 its officers and the manner in which their duties shall be carried out.

790 (b) Upon the request of the clerk of any district, the registrar of
791 voters and the assessor of the town in which the district is located shall
792 provide a list of voters of the district.

793 Sec. 8. Section 12-19b of the general statutes is repealed and the
794 following is substituted in lieu thereof (*Effective July 1, 2005*):

795 Not later than April first in any assessment year, any town or
796 borough to which a grant is payable under the provisions of section 12-
797 19a shall provide the Secretary of the Office of Policy and Management
798 with the assessed valuation of the real property eligible therefor as of
799 the first day of October immediately preceding, adjusted in accordance
800 with any gradual increase in or deferment of assessed values of real
801 property implemented in accordance with section 12-62c, as amended
802 by this act, [or subsection (e) of section 12-62a,] which is required for
803 computation of such grant. Any town which neglects to transmit to the
804 secretary the assessed valuation as required by this section shall forfeit
805 two hundred fifty dollars to the state, provided the secretary may
806 waive such forfeiture in accordance with procedures and standards
807 adopted by regulation in accordance with chapter 54. Said secretary
808 may on or before the first day of August of the state fiscal year in
809 which such grant is payable, reevaluate any such property when, in
810 the secretary's judgment, the valuation is inaccurate and shall notify
811 such town of such reevaluation by certified or registered mail. Any
812 town or borough aggrieved by the action of the secretary under the
813 provisions of this section may, not later than ten business days
814 following receipt of such notice, appeal to the secretary for a hearing
815 concerning such reevaluation. Such appeal shall be in writing and shall
816 include a statement as to the reasons for such appeal. The secretary
817 shall, not later than ten business days following receipt of such appeal,
818 grant or deny such hearing by notification in writing, including in the

819 event of a denial, a statement as to the reasons for such denial. Such
820 notification shall be sent by certified or registered mail. If any town or
821 borough is aggrieved by the action of the secretary following such
822 hearing or in denying any such hearing, the town or borough may not
823 later than ten business days after receiving such notice, appeal to the
824 superior court for the judicial district wherein such town is located.
825 Any such appeal shall be privileged.

826 Sec. 9. Subsection (a) of section 12-20b of the general statutes is
827 repealed and the following is substituted in lieu thereof (*Effective July*
828 *1, 2005*):

829 (a) Not later than April first in each year, any municipality to which
830 a grant is payable under the provisions of section 12-20a shall provide
831 the Secretary of the Office of Policy and Management with the assessed
832 valuation of the tax-exempt real property as of the immediately
833 preceding October first, adjusted in accordance with any gradual
834 increase in or deferment of assessed values of real property
835 implemented in accordance with section 12-62c, as amended by this
836 act, [or subsection (e) of section 12-62a,] which is required for
837 computation of such grant. Any municipality which neglects to
838 transmit to the Secretary of the Office of Policy and Management the
839 assessed valuation as required by this section shall forfeit two hundred
840 fifty dollars to the state, provided the secretary may waive such
841 forfeiture in accordance with procedures and standards adopted by
842 regulation in accordance with chapter 54. Said secretary may, on or
843 before the first day of August of the state fiscal year in which such
844 grant is payable, reevaluate any such property when, in his judgment,
845 the valuation is inaccurate and shall notify such municipality of such
846 reevaluation. Any municipality aggrieved by the action of said
847 secretary under the provisions of this section may, not later than ten
848 business days following receipt of such notice, appeal to the secretary
849 for a hearing concerning such reevaluation, provided such appeal shall
850 be in writing and shall include a statement as to the reasons for such
851 appeal. The secretary shall, not later than ten business days following
852 receipt of such appeal, grant or deny such hearing by notification in

853 writing, including in the event of a denial, a statement as to the reasons
854 for such denial. If any municipality is aggrieved by the action of the
855 secretary following such hearing or in denying any such hearing, the
856 municipality may within two weeks of such notice, appeal to the
857 superior court for the judicial district in which the municipality is
858 located. Any such appeal shall be privileged. Said secretary shall
859 certify to the Comptroller the amount due each municipality under the
860 provisions of section 12-20a, or under any recomputation occurring
861 prior to September first which may be effected as the result of the
862 provisions of this section, and the Comptroller shall draw his order on
863 the Treasurer on or before the fifteenth day of September following
864 and the Treasurer shall pay the amount thereof to such municipality
865 on or before the thirtieth day of September following. If any
866 recomputation is effected as the result of the provisions of this section
867 on or after the January first following the date on which the
868 municipality has provided the assessed valuation in question, any
869 adjustments to the amount due to any municipality for the period for
870 which such adjustments were made shall be made in the next payment
871 the Treasurer shall make to such municipality pursuant to this section.

872 Sec. 10. Subsection (a) of section 12-53 of the general statutes is
873 repealed and the following is substituted in lieu thereof (*Effective July*
874 *1, 2005*):

875 (a) For purposes of this section: (1) "Omitted property" means
876 property for which complete information is not included in the
877 declaration required to be filed by law with respect to either the total
878 number and type of all items subject to taxation or the true original
879 cost and year acquired of all such items, (2) "books", "papers",
880 "documents" and "other records" includes, but is not limited to, federal
881 tax forms relating to the acquisition and cost of fixed assets, general
882 ledgers, balance sheets, disbursement ledgers, fixed asset and
883 depreciation schedules, financial statements, invoices, operating
884 expense reports, capital and operating leases, conditional sales
885 agreements and building or leasehold ledgers, and (3) "designee of an
886 assessor" means a Connecticut municipal assessor certified in

887 accordance with subsection (b) of section 12-40a, a certified public
888 accountant, a revaluation company certified in accordance with section
889 12-2c for the valuation of personal property, or an individual certified
890 as a revaluation [company employee] appraiser in accordance with
891 section 12-2b, as amended by this act, for the valuation of personal
892 property.

893 Sec. 11. Subsection (g) of section 12-62d of the general statutes is
894 repealed and the following is substituted in lieu thereof (*Effective July*
895 *1, 2005*):

896 (g) (1) Any municipality electing to provide residential property tax
897 relief in accordance with this section shall conduct a management
898 study of its municipal government within one year following
899 implementation of such program. Such study shall include, but not be
900 limited to, a program review of expenditure, organization,
901 management of finances and assessment practices. The study shall
902 include input from the local business community and residential
903 property taxpayers.

904 (2) The study results shall be reported to the legislative body of the
905 municipality for consideration. The legislative body shall hold at least
906 two public hearings and shall consider the recommendations of the
907 study and public input thereon. Following such public hearings, the
908 legislative body shall develop a plan of implementation and shall file
909 such plan with the Secretary of the Office of Policy and Management
910 and with the General Assembly.

911 (3) Any municipality which fails to comply with the provisions of
912 this subsection shall be subject to the penalty provisions of subsection
913 [(e)] (g) of section 12-62, as amended by this act.

914 Sec. 12. Section 12-62h of the general statutes is repealed and the
915 following is substituted in lieu thereof (*Effective July 1, 2005*):

916 (a) The assessor of each municipality having stayed the further
917 implementation of phase-in with respect to a revaluation implemented

918 on October 1, 1993, shall, on the grand list for the assessment year
919 commencing October 1, 1996, recommence such phase-in by reflecting
920 assessments that include the incremental value that would, except for
921 such stay, have been added in the assessment year commencing
922 October 1, 1994, and for each assessment year thereafter, until the term
923 of the phase-in as adopted by the municipality is completed, such
924 assessors shall reflect assessments which include the addition of the
925 applicable phase-in increment. Any municipality which has elected to
926 defer all or part of the increase in the assessed value of real property
927 pursuant to section [12-62a or] 12-62c, as amended by this act, shall, as
928 of October 1, 1996, reflect ownership and valuation changes for each
929 assessment year during such stay.

930 (b) Notwithstanding the provisions of any special act or this section,
931 any municipality which elected to defer further implementation of a
932 phase-in adopted pursuant to section 12-62c, as amended by this act,
933 [or pursuant to subsection (e) of section 12-62a,] may continue to defer
934 the further implementation of such phase-in for the assessment years
935 commencing October 1, 1995, and October 1, 1996, provided
936 ownership and appropriate valuation changes with respect to such
937 assessment years shall be reflected. The grand list of any such
938 municipality for the assessment year commencing October 1, 1997,
939 shall include assessments that reflect seventy per cent of the fair
940 market value of real property as determined in accordance with said
941 revaluation.

942 Sec. 13. Section 12-129p of the general statutes is repealed and the
943 following is substituted in lieu thereof (*Effective July 1, 2005*):

944 (a) Notwithstanding the provisions of sections 12-129b to 12-129d,
945 inclusive, if the amount of tax benefit calculated in accordance with
946 said sections and provided thereunder for any homeowner qualified
947 for the program of tax relief under said sections is equivalent to two
948 thousand dollars or more in the assessment year commencing October
949 1, 1985, such benefit shall not, in any subsequent assessment year
950 exceed the amount of such benefit to which such homeowner was

951 entitled for said assessment year commencing October 1, 1985, and
952 additionally, if the amount of such tax benefit for any homeowner so
953 qualified is less than two thousand dollars in the assessment year
954 commencing October 1, 1985, the amount of such homeowner's benefit
955 shall not, in any subsequent assessment year, exceed two thousand
956 dollars.

957 (b) In any municipality which, as of July 6, 1987, has deferred any
958 part of the amount of increased assessed value of real property
959 pursuant to subsection (e) of section 12-62a, revision of 1958, revised to
960 January 1, 2005, the maximum benefit to which any homeowner shall
961 be entitled pursuant to subsection (a) of this section shall be the
962 amount to which such homeowner is entitled pursuant to sections
963 12-129b to 12-129d, inclusive, in the first assessment year in which no
964 deferral of assessed value occurs, and no maximum benefit shall be
965 imposed in any year prior to such first assessment year in which no
966 deferral occurs.

967 Sec. 14. Section 35-51 of the general statutes is repealed and the
968 following is substituted in lieu thereof (*Effective July 1, 2005*):

969 As used in this chapter, unless the context requires otherwise:

970 (a) "Improper means" includes theft, bribery, misrepresentation,
971 breach or inducement of a breach of duty to maintain secrecy, or
972 espionage through electronic or other means, including searching
973 through trash.

974 (b) "Misappropriation" means: (1) Acquisition of a trade secret of
975 another by a person who knows or has reason to know that the trade
976 secret was acquired by improper means; or (2) disclosure or use of a
977 trade secret of another without express or implied consent by a person
978 who (A) used improper means to acquire knowledge of the trade
979 secret; or (B) at the time of disclosure or use, knew or had reason to
980 know that his knowledge of the trade secret was (i) derived from or
981 through a person who had utilized improper means to acquire it; (ii)
982 acquired under circumstances giving rise to a duty to maintain its

983 secrecy or limit its use, including but not limited to disclosures made
984 under section 1-210, sections 31-40j to 31-40p, inclusive, or subsection
985 [(c)] (e) of section 12-62, as amended by of this act; or (iii) derived from
986 or through a person who owed a duty to the person seeking relief to
987 maintain its secrecy or limit its use; or (C) before a material change of
988 his position, knew or had reason to know that it was a trade secret and
989 that knowledge of it had been acquired by accident or mistake.

990 (c) "Person" means a natural person, corporation, limited liability
991 company, business trust, estate, trust, partnership, association, joint
992 venture, government, governmental subdivision or agency, or any
993 other legal or commercial entity.

994 (d) Notwithstanding the provisions of sections 1-210, 31-40j to 31-
995 40p, inclusive, and subsection [(c)] (e) of section 12-62, as amended by
996 this act, "trade secret" means information, including a formula, pattern,
997 compilation, program, device, method, technique, process, drawing,
998 cost data or customer list that: (1) Derives independent economic
999 value, actual or potential, from not being generally known to, and not
1000 being readily ascertainable by proper means by, other persons who can
1001 obtain economic value from its disclosure or use, and (2) is the subject
1002 of efforts that are reasonable under the circumstances to maintain its
1003 secrecy.

1004 Sec. 15. Subsection (b) of section 35-57 of the general statutes is
1005 repealed and the following is substituted in lieu thereof (*Effective July*
1006 *1, 2005*):

1007 (b) This chapter does not affect: (1) Contractual or other civil
1008 liability or relief that is not based upon misappropriation of a trade
1009 secret; (2) criminal liability for misappropriation of a trade secret; or (3)
1010 the duty of any person or state or municipal agency to disclose
1011 information pursuant to section 1-210, sections 31-40j to 31-40p,
1012 inclusive, or subsection [(c)] (e) of section 12-62, as amended by this
1013 act, or wherever expressly provided by law.

1014 Sec. 16. (NEW) (*Effective October 1, 2005*) The Secretary of the Office

1015 of Policy and Management shall develop and publish a model contract
 1016 with provisions which may be used by municipalities in contracting
 1017 with revaluation vendors. Such model contract shall include, but need
 1018 not be limited to, provisions providing for (1) specifying a scope of
 1019 services for different revaluation methods and procedures, (2)
 1020 revaluation of various classes of property, and (3) use of such contract
 1021 by one municipality or by a group of municipalities. There shall be no
 1022 requirement that a municipality include any provision developed by
 1023 such secretary in any contract such municipality may enter into with a
 1024 revaluation vendor.

1025 Sec. 17. Subsections (e) and (f) of section 12-62a of the general
 1026 statutes, and sections 12-62i and 12-62k of the general statutes are
 1027 repealed. (*Effective from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	12-2b
Sec. 2	<i>July 1, 2005</i>	12-55
Sec. 3	<i>from passage and applicable to assessment years commencing on or after October 1, 2003</i>	12-62
Sec. 4	<i>July 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	12-62c
Sec. 5	<i>July 1, 2005</i>	12-63b
Sec. 6	<i>from passage and applicable to assessment years commencing on and after October 1, 2005</i>	12-117(b)
Sec. 7	<i>July 1, 2005</i>	7-328
Sec. 8	<i>July 1, 2005</i>	12-19b
Sec. 9	<i>July 1, 2005</i>	12-20b(a)
Sec. 10	<i>July 1, 2005</i>	12-53(a)
Sec. 11	<i>July 1, 2005</i>	12-62d(g)
Sec. 12	<i>July 1, 2005</i>	12-62h
Sec. 13	<i>July 1, 2005</i>	12-129p

Sec. 14	<i>July 1, 2005</i>	35-51
Sec. 15	<i>July 1, 2005</i>	35-57(b)
Sec. 16	<i>October 1, 2005</i>	New section
Sec. 17	<i>from passage</i>	Repealer section

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 06 \$	FY 07 \$
Policy & Mgmt., Off.	GF - Cost	Minimal	Minimal

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
All Municipalities	Savings	See Below	See Below

Explanation

The bill requires the Office of Policy and Management (OPM) to develop and publish a model contract for hiring revaluation companies. OPM is anticipated to incur only minimal costs since it is likely they will use the guidelines contained in the Assessors Handbook, which is published by the Connecticut Association of Assessing Officers, to develop the model contract.

The bill will result in savings to municipalities to the extent that efficiencies can be achieved by:

- (1) Performing inspections over time instead of all in one year;
- (2) Having a greater ability to use in-house staff to complete inspections; and
- (3) Developing and implementing a questionnaire process, which results in a reduction in the number of parcels that are required to be physically inspected.

OLR Bill Analysis

sHB 6836

**AN ACT CONCERNING REAL PROPERTY REVALUATION
POLICIES AND PROCEDURES****SUMMARY:**

This bill reorganizes the statutes governing the way towns must revalue property. In doing so, it makes many substantive and technical changes, some of which reflect current terminology and practice.

The bill retains the five-year revaluation cycle and authorizes several specific revaluation methods. Assessors can implement the revaluation based on current data or supplement it by surveying property owners. Their choice determines whether, under the bill, they must ultimately enter and inspect each property within 10 years after its last inspection. Assessors must also determine if their initial revaluations are appropriate by viewing each property in its neighborhood setting.

The bill allows assessors to use comparable sales data from other towns to determine the value of an income-producing property, such as an apartment complex. Current law restricts them to data from their respective towns.

The bill changes several administrative requirements towns must meet after completing a revaluation. These include the time period when the public may inspect revaluation documents and the deadline for notifying the Office of Policy and Management (OPM) about a revaluation's effective date. The bill also sets deadlines by which towns must decide if they will defer revaluations scheduled in 2003, 2004, and 2005 and notify OPM about the effective date of their next revaluation. The bill changes some of the procedural requirements for deferring, postponing, or phasing in a revaluation.

The bill specifies how OPM must impose revaluation-related penalties and changes some of the requirements for having them waived.

The bill specifies new requirements and parameters for phasing in a

revaluation. These apply to the two methods current law allows and the bill consolidates in one section.

The bill requires assessors to make an additional adjustment to the grand list each time they update and publish it. The law requires them to show each property's assessed value as adjusted to reflect exemptions and penalties. The bill requires the adjustments to include penalties for failing to submit income and expense statements, which assessors may require from rental property owners.

The bill specifies the types of regulatory standards the OPM secretary must adopt for certifying revaluation companies and revaluation appraisers. It also requires the regulations to address certification renewal and specify the grounds for revoking, suspending, or denying certification. The bill requires OPM to develop and publish model contracts towns may use when hiring companies to conduct a revaluation.

Lastly, the bill eliminates the OPM secretary's authority to inquire about the way towns collect property taxes and maintain collection records.

EFFECTIVE DATE: July 1, 2005, except for the provisions (1) authorizing revaluation methods, which are effective upon passage and applicable to assessment years beginning on or after October 1, 2003; (2) consolidating the phase-in methods, which are effective July 1, 2005 and applicable to assessment years beginning on or after October 1, 2005; (3) authorizing model revaluation contracts, which are effective October 1, 2005; (4) making conforming changes regarding performance-based standards and phase-in requirements and eliminating the revaluation exemption committee, which are effective upon passage.

REVALUATION CYCLES AND METHODS

Statistical and Physical Revaluations

Under current law, assessors must revalue all property at least once every five years. They may do so by:

1. physically inspecting all properties,

2. physically inspecting some properties and using statistics for the others, or
3. using only statistics.

In towns with two or more assessors, at least two must revalue each property, and a majority of the assessors must approve each revaluation. The bill eliminates this requirement.

The bill amends the statutes to reflect the methods and terms assessors use to revalue property. In doing so, it eliminates the notion that assessors revalue property either by using statistical methods or physically inspecting each property.

Whether assessors must physically inspect a property depends on the last time they inspected it. Under current law, they must inspect each property at least once every 10 years. This rule seems to give them the option of physically inspecting properties on different 10-year cycles. In other words, it allows them to physically inspect some properties each year between scheduled revaluations and use information they gathered from the inspection to determine the properties' values for the next scheduled revaluation.

But current law also seems to lock assessors into physically inspecting all properties for the next revaluation if they used statistics for the previous one. The bill eliminates this requirement and the term, "statistical means." It keeps the 10-year cycle for physical inspections but changes the conditions for when towns must conduct them.

New Revaluation Methods and Rules

The bill retains the five-year cycle, but changes how towns must revalue property. These changes also determine when a town must inspect property. The bill requires assessors or the revaluation companies they hire to use mass appraisal methods.

The bill gives the assessor three options, two of which may require subsequent property inspections.

1. He can base the revaluation on the information he has on file for each property. If he chooses this option, he must "fully inspect" each property within 10 years of its last full inspection.

(Presumably, this would be the last time the town physically inspected each property under current law.) This means he must measure a building's exterior dimensions and enter and examine its interior.

2. The assessor can mail questionnaires to the property owners to verify and update the information in the property records. If he does this, he must assess the quality of the responses (i.e., quality assurance program) and determine if he needs to fully inspect all real property. If the quality is poor, he must then inspect each property within 10 years of its last physical inspection.
3. Lastly, the assessor can fully inspect some or all of the properties. Options one and two still apply to those properties he did not inspect.

Regardless of which option the assessor chooses, he must view each property in its neighborhood setting (i.e., field review) before completing the revaluation to insure that the new valuation is appropriate.

The bill explicitly authorizes assessors to inspect a property at any time in order to verify the data they collected about. But it allows them to do so only with an adult occupant's permission.

The bill requires assessors to view each property in its neighborhood setting (i.e., field review) each time they conduct a revaluation. In doing so, assessors must update the information they have on file regarding the property, correct any discrepancies, and verify that they captured its attributes.

The bill provides a window during which the 10-year full inspection requirement does not apply to a property. Any town that implements a revaluation between October 1, 2003 and October 1, 2010 satisfies the full inspection requirement if it fully inspected the property at any time between October 1, 1996 and October 1, 2009.

Performance-Based Standards

The bill specifies that OPM must adopt at least two performance-based standards for testing whether a revaluation accurately measured

changes in property value and requires towns to meet at least one of those standards. Current law requires towns to meet all of the standards and subjects them to a penalty, which the bill retains, if they do not.

The penalty is a reduction in state grants determined according to a statutory formula. The bill requires OPM to calculate the 10% penalty based on the amounts it estimates towns will receive in the governor's recommended budget. Current law requires OPM to base the 10% on the amounts it estimates towns will receive in the budget act.

PENALTY ADMINISTRATION

Imposing Penalties

The bill specifies the process OPM must follow when imposing a penalty for failing to implement a revaluation or implementing one that does not meet one of OPM's regulatory standards. The penalty does not apply to situations where a town fails to implement a revaluation on time because the assessor or board of assessment appeals needed more time to complete it.

The OPM secretary must notify the commissioner of each agency that makes a formula grant to the town to reduce the grant amount by 10%. The secretary must do this by July 1 for each fiscal year he imposes the penalty. The grant amount the commissioner certifies to the comptroller for that fiscal year must reflect the reduction. If he certified the full amount before the secretary notified him, the commissioner must reduce any remaining installment payments. If there are none, the secretary can reduce any grant he administers regardless of how it is calculated.

Waiver Process

The bill modifies the process the secretary must follow when a town asks him to waive a penalty. The law specifies the grounds under which he may do so and requires him to act on the request within 15 business days after he received it. The grounds are:

1. an extraordinary circumstance or an act of God,
2. a revaluation company's failure to complete its contractual duties to the town's satisfaction,

3. a delay in completing the revaluation caused by the assessor's death or incapacitation, or
4. a Superior Court order regarding the revaluation.

The bill expands the last of these to include the possibility that the court might issue an order affecting the revaluation.

The bill extends the deadline by which secretary must respond to a waiver request from 15 business days after receiving the request to 30. But it allows him to delay his decision pending a possible court order regarding the request.

The bill explicitly allows towns to appeal the secretary's decision to the Superior Court. The town must file its appeal within 10 business days after receiving notice of the secretary's decision. The court must expedite the appeal.

The bill bans the secretary from granting towns consecutive-year waivers without the General Assembly's approval.

POST-REVALUATION REQUIREMENTS

Inspecting Revaluation Documents

The bill narrows the time period during which the public may inspect the criteria, guidelines, and similar material the town used to conduct the revaluation. Under current law, assessors must allow the public to inspect these materials in the assessors' offices from when they began revaluing property to at least 12 months after the revaluation takes effect. It also allows the public to continue inspecting these materials up until the next revaluation, but does not specify where the documents must be kept.

The bill narrows the time for public inspection from the date the assessors notify property owners about their new valuations to at least 12 months after the revaluation's effective date. But it drops the minimum requirement that the town allow the public to continue inspecting the revaluation material after that date. The bill specifically allows the public to inspect the list of property sales by neighborhood the assessors used to determine fair market value.

OPM Notification

The bill requires towns to notify OPM secretary about certain decisions regarding a revaluation and forfeit \$100 to the state each time they fail to do so. It requires towns to notify the secretary about a revaluation's effective date within 30 days after the assessor signs and files the revalued grand list. Current law requires towns to notify the secretary within five days after they set the tax rate based on that grand list.

The bill also requires towns to notify the secretary if they take certain steps to ease a revaluation's impact. The law allows towns to phase in increases in assessed values for all taxpayers, or to ease the burden on residential taxpayers. The bill requires town chief executive officers to notify the secretary within 30 days after their respective legislative bodies approved these actions.

The bill additionally requires towns to notify the secretary if they fail to implement the revaluation for any reason other than giving the board of assessment appeals more time to properly hear appeals. A town's chief elected official must notify the secretary within 30 days after the assessor signs the unvalued grand list.

DEFERRING OR POSTPONING REVALUATIONS***Deferrals***

The law allows towns that were scheduled to revalue property in 2003, 2004, and 2005 to defer doing so until 2006. Under the bill, towns that want to defer the revaluation must decide whether to do so by August 1, 2005. These towns must then notify the secretary by September 1, 2005 about the effective date of their next revaluation. They must begin revaluing property on the five-year cycle from that date.

The bill eliminates the authorization allowing towns to defer a revaluation if statistics show little or no change in property values since the last revaluation. Under current law, the authorization expires October 1, 2007.

The bill eliminates the conditions under which a town can, with the secretary's approval, postpone a revaluation it cannot complete. It also eliminates a committee established to advise OPM about these postponements. Under current law, the secretary and the town must

enter into an agreement specifying how the town will complete the revaluation and the conditions the town must meet in order for the secretary to waive the statutory penalty for failing to implement a revaluation.

Postponement Notifications

The bill limits the extent to which the secretary can approve a town's request to postpone a revaluation. By law, he may do this if the board of assessment appeals cannot finish hearing the appeals by the statutory deadline, even if the town extends it by two months. In these cases the secretary can postpone the revaluation, at the town's request, for one year and allow the town to tax property based on the prior year's grand list. The bill limits the postponement period to one year and prohibits him from granting postponements for consecutive years.

REVALUATION PHASE-INS

The bill specifies certain requirements and parameters for phasing in a revaluation. The law provides two methods for phasing in a revaluation. One phases in the difference between a property's assessed value before and after revaluation; the other bases the phase-in on the difference between the ratio of property's fair market and assessed value before revaluation and the same ratio after revaluation. The phase-in period under the first method is five years; the period under the second is four years.

The bill codifies these methods in one section and makes the procedural requirements that govern them uniform. The bill requires local legislative bodies to specify the phase-in period, which cannot exceed five years, and the phase-in method when they approve a phase-in. It makes the selectmen responsible for acting on a proposed phase-in in towns where the town meeting is the legislative body.

By law, a town cannot institute a phase-in without the legislative body's approval. The bill specifies that the phase-in period cannot extend into the town's next five-year revaluation cycle and that properties must be assessed based on the revaluation when the phase-in is over. It also allows the legislative body to stop a phase-in before the end of the phase-in period. These provisions currently apply to phase-ins based on a property's assessed value before and after

revaluation.

GRAND LIST MODIFICATIONS

The bill requires assessors to make an additional adjustment to the grand list each time they update and publish it. The law requires them to show each property's assessed value as adjusted to reflect exemptions and penalties. The bill requires the adjustments to include penalties for failing to submit income and expense statements, which assessors may require from rental property owners.

REVALUATION COMPANY AND EMPLOYEE CERTIFICATION STANDARDS

The bill modifies the types of regulatory standards OPM must adopt for certifying revaluation companies and their employees, which the bill refers to as revaluation appraisers. Under current law, the regulations must set standards and tests for certifying revaluation companies and their employees. The regulations must also require a certified employee to supervise a revaluation. OPM must also adopt regulations for maintaining lists for certified companies and investigating and withdrawing their certifications. Under the regulations, it may charge fees for administering certification tests.

The bill specifies that the regulations must set standards for education, experience, and ethical conduct. They must also set standards for certifying the revaluation of different types of properties and the supervisors who oversee their revaluation. The regulations must provide for a five-year certification, which is available only if the appraiser passes a written exam. As under current law, the regulations may impose testing and examination fees.

They must include a continuing education requirement that appraisers must meet in order to renew their certifications. And they must specify the grounds under which the secretary may revoke, suspend, or deny certification. The grounds must include ethical misconduct.

MODEL CONTRACTS

The bill requires OPM to develop and publish model contracts for hiring revaluation companies. The contracts must specify a scope of services for different revaluation methods and procedures, provisions for revaluing different types of properties, and sections under which

one or more towns can use the contract. Towns are not required to include any of the model contracts' language in an actual revaluation contract.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 42 Nay 1