



Senate

General Assembly

File No. 149

January Session, 2005

Substitute Senate Bill No. 201

Senate, April 5, 2005

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING PROPERTY TAX RELIEF FOR OWNER-
OCCUPIED MULTI-FAMILY DWELLINGS LOCATED IN MUNICIPAL
IMPROVEMENT ZONES.**

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

- 1 Section 1. (NEW) (*Effective July 1, 2005*) (a) As used in this section:
- 2 (1) "Improvement zone" means an enterprise zone or railroad depot
3 zone established under chapter 585 of the general statutes, a
4 neighborhood revitalization zone established under chapter 118 of the
5 general statutes or a village district established under section 8-2j of
6 the general statutes; and
- 7 (2) "Multi-family dwelling" means a building containing between
8 two and four, inclusive, residential units.
- 9 (b) Any municipality may, by ordinance, provide property tax relief
10 to residents of such municipality, with respect to multi-family
11 dwellings owned and occupied by such residents as their principal

12 residence and located in an improvement zone.

13 (c) Before a municipality adopts an ordinance for such property tax
 14 relief, the chief elected official of the municipality shall appoint a
 15 committee consisting of not less than five resident taxpayers of such
 16 municipality. Such committee shall undertake and complete, not later
 17 than sixty days after all members of the committee have been
 18 appointed, a study of such property tax relief and shall submit a report
 19 on its findings and conclusions to the board of finance or equivalent
 20 body of such municipality. Such report shall include the following: (1)
 21 Identification of areas within improvement zones where such property
 22 tax relief could help provide stabilization, (2) recommendations with
 23 respect to the form and extent of such property tax relief, (3)
 24 recommendations for the application and approval procedure for such
 25 property tax relief, and (4) an analysis of the fiscal effect of such
 26 property tax relief on property tax revenue for such municipality. Not
 27 later than thirty days after receiving such report, the board of finance
 28 or equivalent body shall submit the report and its recommendations
 29 concerning the report to the chief elected official and legislative body
 30 of the municipality.

31 (d) An ordinance adopted under this section may be amended from
 32 time to time, on recommendation of the board of finance or equivalent
 33 body of the municipality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2005	New section

Statement of Legislative Commissioners:

In the second sentence of section 1 (c), "after all members of the committee have been appointed" was added for clarity.

CE *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill allows any municipality with an Enterprise Zone or railroad depot, neighborhood revitalization zone or village district established within its borders to provide residential property tax relief for owner-occupied of multi-family.

Municipalities electing to impose a tax relief for owner-occupied multi-family dwellings would experience a shift of tax burden from residential to non-residential class property.

OLR Bill Analysis

sSB 201

AN ACT CONCERNING PROPERTY TAX RELIEF FOR OWNER-OCCUPIED MULTI-FAMILY DWELLINGS LOCATED IN MUNICIPAL IMPROVEMENT ZONES**SUMMARY:**

This bill allows towns to provide property tax relief to people who own and occupy multifamily homes in locally designated "improvement zones." Towns that choose to provide this relief must comply with the bill's zone designation and owner eligibility criteria and procedural requirements.

EFFECTIVE DATE: July 1, 2005

CRITERIA

The bill allows towns to overlay an improvement zone designation on areas that have already been designated under other programs. These include state-approved enterprise and railroad depot zones and locally designated neighborhood revitalization zones and village districts. Towns may provide property tax relief to people who own and occupy two- to four-unit homes in these zones as their principle place of residence.

PROCEDURE

Towns that choose to provide tax relief in the zones must do so by adopting an ordinance authorizing the relief. But they must first create a committee to study and recommend whether they should do so. A town's chief elected official (CEO) must appoint the committee, which must consist of at least five people who reside in town and pay property taxes there. The committee has 60 days from when the CEO finished appointing the members to complete the study and report its findings and conclusions to the board of finance or the equivalent body.

The study must:

1. identify areas within an improvement zone where tax relief could help stabilize them,
2. recommend the type of tax relief the town should provide and the extent to which it should do so,
3. recommend the procedure the town should use for receiving and approving tax relief applications, and
4. analyze how providing tax relief could affect the town's finances.

The board of finance or its equivalent must submit the report to the CEO and the legislative body within 30 days after receiving it. In doing so, the board must include its recommendations regarding the report.

After adopting an ordinance authorizing the tax relief, the town may amend it if the board or its equivalent recommends it.

BACKGROUND

Zones

Towns may designate as improvement zones already existing enterprise, railroad depot, or neighborhood revitalization zones or village districts. The law authorizes 17 enterprise zones, all of which have been approved (CGS § 32-70). Businesses within these zones qualify for property tax abatements and corporate business tax credits if they develop or improve facilities and create new jobs. Towns with these zones can also extend these benefits to abandoned or underused railroad depots located outside of the zones (CGS § 32-75a).

Towns can designate neighborhood revitalization zones as a way to engage residents in preparing and implementing neighborhood plans. The designation allows residents and local officials to (1) request waivers of state and local codes and regulations that impede plan implementation, (2) to take property in the designated zone by eminent domain, and (3) ask the courts to appoint rent receivers in order to bring deteriorated buildings up to health and safety code standards (CGS § 7-600).

The law allows zoning commissions to designate village districts and

adopt regulations to protect their distinctive character, landscape, and historic structures (CGS § 8-2j).

COMMITTEE ACTION

Commerce Committee

Joint Favorable Report

Yea 21 Nay 0