



Senate

General Assembly

File No. 380

January Session, 2005

Substitute Senate Bill No. 977

Senate, April 18, 2005

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING SEPARATE RATES OF TAXATION FOR REAL ESTATE, THE APPLICATION OF THE CONVEYANCE TAX TO LAND CLASSIFIED AS FARM LAND, FOREST LAND OR OPEN SPACE AND ASSESSMENT OF IMPROVEMENTS TO CERTAIN PROPERTY.

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

1 Section 1. Subsection (b) of section 12-62a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2005, and applicable to assessment years commencing on or after*
4 *October 1, 2005*):

5 (b) Each such municipality shall assess all property for purposes of
6 the local property tax at a uniform rate of seventy per cent of present
7 true and actual value, as determined under section 12-63. Any
8 municipality with a population of more than one hundred thousand,
9 by ordinance adopted by its legislative body, may (1) classify real
10 estate as (A) land or land exclusive of buildings, or (B) buildings on
11 land, and (2) establish a different rate of property tax for each class,

12 provided the higher rate shall apply to land or land exclusive of
13 buildings. As used in this subsection, the term "real estate" does not
14 include farm land, forest land and open space land as such terms are
15 defined in section 12-107b.

16 Sec. 2. Section 12-107a of the general statutes is repealed and the
17 following is substituted in lieu thereof (*Effective July 1, 2005, and*
18 *applicable to sales, transfers or changes in use of land classified as farm land,*
19 *forest land or open space land that occur on or after July 1, 2005*):

20 It is hereby declared [(a)] (1) that it is in the public interest to
21 encourage the preservation of farm land, forest land and open space
22 land in order to maintain a readily available source of food and farm
23 products close to the metropolitan areas of the state, to conserve the
24 state's natural resources and to provide for the welfare and happiness
25 of the inhabitants of the state, [(b)] (2) that it is in the public interest to
26 prevent the forced conversion of farm land, forest land and open space
27 land to more intensive uses as the result of economic pressures caused
28 by the assessment thereof for purposes of property taxation at values
29 incompatible with their preservation as such farm land, forest land and
30 open space land, and [(c)] (3) that the necessity in the public interest of
31 the enactment of the provisions of sections 12-107b to 12-107e,
32 inclusive, as amended by this act, and section 12-504f, as amended by
33 this act, is a matter of legislative determination.

34 Sec. 3. Subsection (b) of section 12-107c of the general statutes is
35 repealed and the following is substituted in lieu thereof (*Effective July*
36 *1, 2005, and applicable to sales, transfers or changes in use of land classified*
37 *as farm land, forest land or open space land that occur on or after July 1,*
38 *2005*):

39 (b) An application for classification of land as farm land shall be
40 made upon a form prescribed by the Commissioner of Agriculture and
41 shall set forth a description of the land, a general description of the use
42 to which it is being put, a statement of the potential liability for tax
43 under the provisions of sections 12-504a to [12-504e] 12-504f, inclusive,
44 as amended by this act, and such other information as the assessor

45 may require to aid the assessor in determining whether such land
46 qualifies for such classification.

47 Sec. 4. Subsection (g) of section 12-107d of the general statutes is
48 repealed and the following is substituted in lieu thereof (*Effective July*
49 *1, 2005, and applicable to sales, transfers or changes in use of land classified*
50 *as farm land, forest land or open space land that occur on or after July 1,*
51 *2005*):

52 (g) A report issued by a certified forester pursuant to subsection (c)
53 of this section shall be on a form prescribed by the State Forester and
54 shall set forth a description of the land, a description of the forest
55 growth upon the land, a description of forest management activities
56 recommended to be undertaken to maintain the land in a state of
57 proper forest condition and such other information as the State
58 Forester may require as measures of forest stocking, distribution and
59 condition and shall include the name, address and certificate number
60 of the certified forester and a signed, sworn statement that the certified
61 forester has determined that the land proposed for classification
62 conforms to the standards of forest stocking, distribution and
63 condition established by the State Forester. An application to an
64 assessor for classification of land as forest land shall be made upon a
65 form prescribed by such assessor and approved by the Commissioner
66 of Environmental Protection and shall set forth a description of the
67 land and the date of the issuance of the certified forester's report and a
68 statement of the potential liability for tax under the provisions of
69 sections 12-504a to 12-504e, inclusive, as amended by this act. The
70 certified forester's report shall be attached to and made a part of such
71 application. No later than October first, such application shall be
72 submitted to the assessor.

73 Sec. 5. Section 12-107e of the general statutes is repealed and the
74 following is substituted in lieu thereof (*Effective July 1, 2005, and*
75 *applicable to sales, transfers or changes in use of land classified as farm land,*
76 *forest land or open space land that occur on or after July 1, 2005*):

77 (a) The planning commission of any municipality in preparing a

78 plan of conservation and development for such municipality may
79 designate upon such plan areas which it recommends for preservation
80 as areas of open space land, provided such designation is approved by
81 a majority vote of the legislative body of such municipality. Land
82 included in any area so designated upon such plan as finally adopted
83 may be classified as open space land for purposes of property taxation
84 or payments in lieu thereof if there has been no change in the use of
85 such area which has adversely affected its essential character as an
86 area of open space land between the date of the adoption of such plan
87 and the date of such classification.

88 (b) An owner of land included in any area designated as open space
89 land upon any plan as finally adopted may apply for its classification
90 as open space land on any grand list of a municipality by filing a
91 written application for such classification with the assessor thereof not
92 earlier than thirty days before or later than thirty days after the
93 assessment date, provided in a year in which a revaluation of all real
94 property in accordance with section 12-62 becomes effective such
95 application may be filed not later than ninety days after such
96 assessment date. The assessor shall determine whether there has been
97 any change in the area designated as an area of open space land upon
98 the plan of development which adversely affects its essential character
99 as an area of open space land and, if the assessor determines that there
100 has been no such change, said assessor shall classify such land as open
101 space land and include it as such on the grand list. An application for
102 classification of land as open space land shall be made upon a form
103 prescribed by the Commissioner of Agriculture and shall set forth a
104 description of the land, a general description of the use to which it is
105 being put, a statement of the potential liability for tax under the
106 provisions of section 12-504a to [12-504e] 12-504f, inclusive, as
107 amended by this act, and such other information as the assessor may
108 require to aid in determining whether such land qualifies for such
109 classification.

110 (c) Failure to file an application for classification of land as open
111 space land within the time limit prescribed in subsection (b) of this

112 section and in the manner and form prescribed in said subsection (b)
113 shall be considered a waiver of the right to such classification on such
114 assessment list.

115 (d) Any person aggrieved by the denial by an assessor of any
116 application for the classification of land as open space land shall have
117 the same rights and remedies for appeal and relief as are provided in
118 the general statutes for taxpayers claiming to be aggrieved by the
119 doings of assessors or boards of assessment appeals.

120 Sec. 6. Section 12-504a of the general statutes is repealed and the
121 following is substituted in lieu thereof (*Effective July 1, 2005, and*
122 *applicable to sales, transfers or changes in use of land classified as farm land,*
123 *forest land or open space land that occur on or after July 1, 2005*):

124 (a) If at any time there is a change of ownership for any property
125 that is classified as farm land pursuant to section 12-107c, as amended
126 by this act, forest land pursuant to section 12-107d, as amended by this
127 act, or open space land pursuant to section 12-107e, as amended by this
128 act, a revised application shall be filed with the assessor pursuant to
129 said sections 12-107c, 12-107d and 12-107e.

130 [(a)] (b) Any land which has been classified by the record owner
131 thereof as open space land pursuant to section 12-107e, as amended by
132 this act, if sold or transferred by him within a period of ten years from
133 the time he first caused such land to be so classified, shall be subject to
134 a conveyance tax applicable to the total sales price of such land, which
135 tax shall be in addition to the tax imposed under sections 12-494 to 12-
136 504, inclusive. Said conveyance tax shall be at the following rate: (1)
137 Ten per cent of said total sales price if sold within the first year
138 following the date of such classification; (2) nine per cent if sold within
139 the second year following the date of such classification; (3) eight per
140 cent if sold within the third year following the date of such
141 classification; (4) seven per cent if sold within the fourth year following
142 the date of such classification; (5) six per cent if sold within the fifth
143 year following the date of such classification; (6) five per cent if sold
144 within the sixth year following the date of such classification; (7) four

145 per cent if sold within the seventh year following the date of such
146 classification; (8) three per cent if sold within the eighth year following
147 the date of such classification; (9) two per cent if sold within the ninth
148 year following the date of such classification; and (10) one per cent if
149 sold within the tenth year following the date of such classification. No
150 conveyance tax shall be imposed on such record owner by the
151 provisions of sections 12-504a to 12-504f, inclusive, as amended by this
152 act, following the end of the tenth year after the date of such
153 classification by [such] the record owner or person acquiring title to
154 such land or causing such land to be so classified.

155 [(b)] (c) Any land which has been classified by the record owner
156 thereof as farm land pursuant to section 12-107c, as amended by this
157 act, or as forest land pursuant to section 12-107d, as amended by this
158 act, if sold or transferred by him within a period of ten years from the
159 time he acquired title to such land or from the time he first caused such
160 land to be so classified, whichever is earlier, shall be subject to a
161 conveyance tax applicable to the total sales price of such land, which
162 tax shall be in addition to the tax imposed under sections 12-494 to 12-
163 504, inclusive. Said conveyance tax shall be at the following rate: (1)
164 Ten per cent of said total sales price if sold within the first year of
165 ownership by such record owner; (2) nine per cent if sold within the
166 second year of ownership by such record owner; (3) eight per cent if
167 sold within the third year of ownership by such record owner; (4)
168 seven per cent if sold within the fourth year of ownership by such
169 record owner; (5) six per cent if sold within the fifth year of ownership
170 by such record owner; (6) five per cent if sold within the sixth year of
171 ownership by such record owner; (7) four per cent if sold within the
172 seventh year of ownership by such record owner; (8) three per cent if
173 sold within the eighth year of ownership by such record owner; (9)
174 two per cent if sold within the ninth year of ownership by such record
175 owner; and (10) one per cent if sold within the tenth year of ownership
176 by such record owner. No conveyance tax shall be imposed by the
177 provisions of sections 12-504a to 12-504f, inclusive, as amended by this
178 act, following the end of the tenth year of ownership by [such] the
179 record owner or person acquiring title to such land or causing such

180 land to be so classified.

181 Sec. 7. Section 12-504c of the general statutes is repealed and the
182 following is substituted in lieu thereof (*Effective July 1, 2005, and*
183 *applicable to sales, transfers or changes in use of land classified as farm land,*
184 *forest land or open space land that occur on or after July 1, 2005*):

185 The provisions of section 12-504a, as amended by this act, shall not
186 be applicable to the following: [(a)] (1) Transfers of land resulting from
187 eminent domain proceedings; [(b)] (2) mortgage deeds; [(c)] (3) deeds
188 to or by the United States of America, state of Connecticut or any
189 political subdivision or agency thereof; [(d)] (4) strawman deeds and
190 deeds which correct, modify, supplement or confirm a deed previously
191 recorded; [(e)] (5) deeds between husband and wife and parent and
192 child when no consideration is received, except that a subsequent
193 nonexempt transfer by the grantee in such cases shall be subject to the
194 provisions of said section 12-504a as it would be if the grantor were
195 making such nonexempt transfer; [(f)] (6) tax deeds; [(g)] deeds
196 releasing any property which is a security for a debt or other
197 obligation; [(h)] (7) deeds of foreclosure; [(8)] deeds of partition; [(i)] (9)
198 deeds made pursuant to a merger of a corporation; [(j)] (10) deeds
199 made by a subsidiary corporation to its parent corporation for no
200 consideration other than the cancellation or surrender of the capital
201 stock of such subsidiary; [(k)] (11) property transferred as a result of
202 death [by devise or otherwise] when no consideration is received and
203 in such transfer the date of acquisition or classification of the land for
204 purposes of sections 12-504a to 12-504f, inclusive, as amended by this
205 act, whichever is earlier, shall be the date of acquisition or
206 classification by the decedent; [(l)] (12) deeds to any corporation, trust
207 or other entity, of land to be held in perpetuity for educational,
208 scientific, aesthetic or other equivalent passive uses, provided such
209 corporation, trust or other entity has received a determination from the
210 Internal Revenue Service that contributions to it are deductible under
211 applicable sections of the Internal Revenue Code; [(m)] (13) land
212 subject to a covenant specifically set forth in the deed transferring title
213 to such land, which covenant is enforceable by the town in which such

214 land is located, to refrain from selling, transferring or developing such
215 land in a manner inconsistent with its classification as farm land
216 pursuant to section 12-107c, as amended by this act, forest land
217 pursuant to section 12-107d, as amended by this act, or open space
218 land pursuant to section 12-107e, as amended by this act, for a period
219 of not less than eight years from the date of transfer, if such covenant is
220 violated the conveyance tax set forth in this chapter shall be applicable
221 at the rate multiplied by the market value as determined by the
222 assessor which would have been applicable at the date the deed
223 containing the covenant was delivered and, in addition, the town or
224 any taxpayer therein may commence an action to enforce such
225 covenant; [and (n)] (14) land the development rights to which have
226 been sold to the state under chapter 422a; and (15) deeds to or from
227 any limited liability company when the grantors or grantees are the
228 same individuals as the principals or members of the limited liability
229 company. If [such] action is taken under subdivision (13) of this section
230 by [such] a taxpayer, such action shall commence prior to the ninth
231 year following the date of the deed containing such covenant and the
232 town shall be served as a necessary party.

233 Sec. 8. Section 12-504d of the general statutes is repealed and the
234 following is substituted in lieu thereof (*Effective July 1, 2005, and*
235 *applicable to sales, transfers or changes in use of land classified as farm land,*
236 *forest land or open space land that occur on or after July 1, 2005*):

237 Any person aggrieved by the imposition of a tax under the
238 provisions of sections 12-504a to 12-504f, inclusive, as amended by this
239 act, may appeal therefrom as provided in sections 12-111, [and] 12-112
240 and 12-118. If the time for appealing to the board of assessment
241 appeals has passed, the taxpayer may appeal at the next regularly
242 scheduled meeting.

243 Sec. 9. Section 12-504e of the general statutes is repealed and the
244 following is substituted in lieu thereof (*Effective July 1, 2005, and*
245 *applicable to sales, transfers, or changes in use of land classified as farm land,*
246 *forest land or open space land that occur on or after July 1, 2005*):

247 Any land which has been classified by the owner as farm land
248 pursuant to section 12-107c, as amended by this act, as forest land
249 pursuant to section 12-107d, as amended by this act, or as open space
250 land pursuant to section 12-107e, as amended by this act, if changed by
251 him, within a period of ten years of his acquisition of title, to use other
252 than farm, forest or open space, shall be subject to said conveyance tax
253 as if there had been an actual conveyance by him, as provided in
254 sections 12-504a and 12-504b, as amended by this act, at the time he
255 makes such change in use, [and classification. Said conveyance tax
256 schedule shall apply to fair market values as determined by the
257 assessor under the provisions of section 12-63 for all other property.]
258 For the purposes of this section: (1) The value of any such property
259 shall be the fair market value thereof as determined by the assessor in
260 conjunction with the most recent revaluation, and (2) the date used for
261 purposes of determining such tax shall be the date on which the use of
262 such property is changed, or the date on which the assessor becomes
263 aware of a change in use of such property, whichever occurs first.

264 Sec. 10. Section 12-504h of the general statutes is repealed and the
265 following is substituted in lieu thereof (*Effective July 1, 2005, and*
266 *applicable to sales, transfers or changes in use of land classified as farm land,*
267 *forest land or open space land that occur on or after July 1, 2005*):

268 Any such classification of farm land pursuant to section 12-107c, as
269 amended by this act, forest land pursuant to section 12-107d, as
270 amended by this act, or open space land pursuant to section 12-107e, as
271 amended by this act, shall be deemed personal to the particular owner
272 who requests and receives such classification and shall not run with
273 the land. Any such land which has been classified by [the] a record
274 owner [as farm land pursuant to section 12-107c, as forest land
275 pursuant to section 12-107d, or as open space land pursuant to section
276 12-107e] shall remain so classified without the filing of any new
277 application subsequent to such classification, notwithstanding the
278 provisions of said sections 12-107c, 12-107d and 12-107e, until either of
279 the following shall occur: (1) The use of such land is changed to a use
280 other than that described in the application for the existing

281 classification by said record owner, or (2) such land is sold or
282 transferred by said record owner. Upon the sale or transfer of any such
283 property, the classification of such land as farm land pursuant to
284 section 12-107c, as amended by this act, forest land pursuant to section
285 12-107d, as amended by this act, or open space land pursuant to
286 section 12-107e, as amended by this act, shall cease as of the date of
287 sale or transfer. In the event that a change in use of any such property
288 occurs, the provisions of section 12-504e, as amended by this act, shall
289 apply in terms of determining the date of change and the classification
290 of such land as farm land pursuant to section 12-107c, as amended by
291 this act, forest land pursuant to section 12-107d, as amended by this
292 act, or open space land pursuant to section 12-107e, as amended by this
293 act, shall cease as of such date.

294 Sec. 11. Section 12-504f of the general statutes is repealed and the
295 following is substituted in lieu thereof (*Effective July 1, 2005*):

296 The tax assessor shall file annually, not later than sixty days after
297 the assessment date, with the town clerk a certificate for any land
298 which has been classified as farm land pursuant to section 12-107c, as
299 amended by this act, as forest land pursuant to section 12-107d, as
300 amended by this act, or as open space land pursuant to section 12-107e,
301 as amended by this act, which certificate shall set forth the date of the
302 initial classification and the obligation to pay the conveyance tax
303 imposed by this chapter. Said certificate shall be recorded in the land
304 records of such town. Any such classification of land shall be deemed
305 personal to the particular owner who requests such classification and
306 shall not run with the land. The town clerk shall notify the tax assessor
307 of the filing in the land records of the sale of any such land. Upon
308 receipt of such notice the tax assessor shall inform the new owner of
309 the tax benefits of classification of such land as farm land, forest land
310 or open space land.

311 Sec. 12. (NEW) (*Effective October 1, 2005, and applicable to assessment*
312 *years commencing on or after October 1, 2005*) The assessor or board of
313 assessors in any town, when determining the present true and actual

314 value of real property, as provided in section 12-63 of the general
 315 statutes, that is a residence or a child day care center or group day care
 316 center and for which there has been maintenance or replacement of a
 317 structural element, shall not determine that the value of such real
 318 property has increased because of such maintenance or replacement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	12-62a(b)
Sec. 2	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-107a
Sec. 3	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-107c(b)
Sec. 4	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-107d(g)
Sec. 5	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-107e

Sec. 6	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-504a
Sec. 7	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-504c
Sec. 8	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-504d
Sec. 9	<i>July 1, 2005, and applicable to sales, transfers, or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-504e
Sec. 10	<i>July 1, 2005, and applicable to sales, transfers or changes in use of land classified as farm land, forest land or open space land that occur on or after July 1, 2005</i>	12-504h
Sec. 11	<i>July 1, 2005</i>	12-504f
Sec. 12	<i>October 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	New section

PD **Joint Favorable Subst.**

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Department of Revenue Services	GF - Revenue Impact	Minimal	Minimal

Note: GF=General Fund

Municipal Impact:

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

Explanation

Section 1 permits certain towns to tax non-residential real property at a different, presumably higher mill rate than residential property. These towns may choose to do this if their legislative bodies adopt an authorizing ordinance. Municipalities electing to impose a higher mill rate on non-residential real property may experience a revenue gain which will be shared between the towns. It is anticipated that towns electing to impose a higher mill rate on non-residential real property will receive increased payment in lieu of taxes (PILOT) for state owned property. Under current law, if appropriations are insufficient to fully fund these PILOT payments, all other payments are reduced proportionately, thus all other towns would experience a revenue loss.

Sections 2 through 11, inclusive: To the extent that state owned properties may be assessed differently, a minimal fiscal impact may occur to some municipalities in their payment in lieu of property taxes for state owned property. Under current law, there are provisions, which prorate the grant if appropriations are insufficient to fully fund the reimbursements. Therefore, no additional costs will result to the state, but reimbursements to municipalities may minimally increase, or decrease, depending upon the change of the property tax assessments.

There is anticipated a minimal revenue impact, less than \$10,000, to the state and municipal Real Estate Conveyance Taxes to the degree that classification of such lands change when transferred or sold within 10 years of the original classification. There is a minimal revenue loss to the state and municipalities as a result of the bill exempting additional transactions involving deeds of foreclosure and deeds to and from limited liability corporations.

Section 12 excludes real property value increases on residences or day care centers that are attributable to structural maintenance or improvements in determining such property's assessed value. Therefore such municipality could increase its mill rate or modify spending to offset any decrease in property taxes as a result of the reduction on their grand list.

OLR Bill Analysis

sSB 977

AN ACT CONCERNING SEPARATE RATES OF TAXATION FOR REAL ESTATE, THE APPLICATION OF THE CONVEYANCE TAX TO LAND CLASSIFIED AS FARM LAND, FOREST LAND OR OPEN SPACE AND ASSESSMENT OF IMPROVEMENTS TO CERTAIN PROPERTY**SUMMARY:**

By law, the assessment of property for tax purposes is generally based on its present market value. This bill bars assessors, when assessing real property that is a residence, child day care center, or group day care center for which there has been "maintenance or replacement of a structural element," from determining that the property's value has increased because of this maintenance or replacement.

The bill makes many changes to the "490" program, in which eligible farm, forest, or open space land is assessed based on its current use, rather than its full market value. Among other things, the bill modifies when transactions involving the land or changes in its use make it subject to a conveyance tax

The bill allows the five largest cities to tax land at a higher rate than buildings and other improvements made to the land (i.e., split rate property tax).

EFFECTIVE DATE: July 1, 2005 for the provision requiring notice to the assessor of sales of land in the 490 program; July 1, 2005 and applicable to sales, transfers, and changes in use of land on or after this date for the remaining changes to the 490 program; and October 1, 2005 and applicable to assessment years starting on or after that date for the assessment of property maintenance and replacement and split rate tax provisions.

CHANGES TO THE 490 PROGRAM***General Provisions***

Under current law, the classification as farm, forest, or open space land

under the 490 program runs until (1) the land's use is changed to something other than was described in the owner's application or (2) the land is sold. The bill additionally terminates the classification when the land is transferred. The bill requires that the classification terminate as of the date of sale or transfer. In the case of a change in use, the classification terminates on the earlier of the date the use changes or the assessor becomes aware of this change. (It is unclear how the latter could precede the former.)

Under the bill, the town clerk must notify the assessor of the sale of any land that is in the program when the sale is filed in the land records. Upon receiving the notice, the assessor must notify the new owner of the tax benefits of participating in the program. The bill requires the filing of a revised program application with the assessor whenever ownership of land in the program changes.

The bill requires that applications to classify property as forest land be submitted to the assessor by October 1.

Conveyance Tax

By law, a conveyance tax is imposed on land in the program that is sold within 10 years of its classification. The tax is 10% if the land is sold in the first year following its classification, and decreases by 1% per year. The bill extends this tax to land that is transferred during this period. In the case of open space land (but not farm or forest land), the bill imposes the tax based on sales or transfers within 10 years if a person other than the owner caused the land to be classified as open space.

Exemptions

By law, the conveyance tax does not apply in several circumstances. The bill additionally exempts transactions involving deeds to or from a limited liability corporation when the grantors or grantees are the same individuals as the principals or members of the corporation. Under current law, the tax does not apply when property is transferred as a result of death, e.g., by devise. The bill limits this exception to cases where no consideration was received for the land. The bill exempts deeds of foreclosure rather than deeds releasing property that is security for a debt or obligation.

Under current law, the tax does not apply if the land is subject to a covenant that runs for at least eight years and is enforceable by the municipality that precludes the land from being sold or used for purposes inconsistent with the program. The bill extends this provision to also require the covenant to bar transfers of the land for purposes inconsistent with the program. Under current law, if the covenant is violated, the property is subject to the tax at the rate that would have applied at the date when the deed containing the covenant was delivered. The bill specifies that the tax applies to the land's market value as determined by the assessor. By law, the town or any of its residents can initiate an action to enforce the covenant. The bill specifies that if a taxpayer initiates the action, the action must commence before the ninth year following the date of the deed containing the covenant.

Appeals

By law, anyone aggrieved by the imposition of the tax can appeal to board of assessment appeals. The bill specifies that if the board's deadline for hearing appeals has passed, the taxpayer can appeal at its next regularly scheduled meeting.

SPLIT-RATE PROPERTY TAX

The bill allows cities with populations over 100,000 to tax land at a higher rate than buildings and other improvements on the land. The affected cities are Bridgeport, Hartford, New Haven, Stamford, and Waterbury. These cities may tax most property in this manner on or after the October 1, 2005 assessment year if their legislative bodies adopt implementing ordinances. But they cannot do so with respect to land in the 490 program.

BACKGROUND

Related Bills

HB 6703, "An Act Concerning Planning for Community Preservation," favorably reported by the Planning and Development Committee, contains the same split-rate tax provisions as this bill.

SB 1317, "An Act Providing for a Personal Property Tax Exemption for Family Day Care Homes," favorably reported by the Human Services Committee, exempts from the personal property tax, the homes

actually actively and exclusively used in operating the business.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 13 Nay 5