



General Assembly

February Session, 2006

Raised Bill No. 535

LCO No. 2668

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Referred to Committee on Planning and Development

Introduced by:

(PD)

AN ACT AUTHORIZING THE PHASE-IN OF PROPERTY TAX ASSESSMENTS AND EXTENDING THE TIME FOR REVALUATIONS.

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

1 Section 1. Section 12-62c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2006, and*
3 *applicable to assessment years commencing on or after October 1, 2006*):

4 [(a) Any municipality may, with respect to the assessment list in
5 such municipality in a year in which a revaluation becomes effective,
6 as required under section 12-62, for the assessment years commencing
7 on or after October 1, 1987, by vote of its legislative body provide for a
8 gradual increase in assessed values of real property for purposes of
9 property tax, commencing with the year in which such revaluation
10 becomes effective and continuing for a certain number of years as
11 elected by such municipality, not exceeding three years immediately
12 following the year of such revaluation. Such gradual increase in
13 assessed values shall be the result of incremental increases in the rate
14 of assessment of real property, to be added as provided in subsection
15 (b) of this section to the assessment ratio determined under section 10-
16 261a for the year immediately preceding revaluation in such

17 municipality.

18 (b) Upon electing to increase assessed values in the manner allowed
19 in this section, there shall be determined, with respect to said
20 assessment ratio for the year immediately preceding such revaluation,
21 the difference between the assessment rate at seventy per cent of
22 present true and actual value, as required under subsection (b) of
23 section 12-62a, and said ratio of assessed value of real property to fair
24 market value in the year immediately preceding revaluation for such
25 municipality. Such difference shall represent the portion of the
26 assessment rate at seventy per cent to be added to said ratio for such
27 municipality in attaining the required assessment rate of seventy per
28 cent of present true and actual value. Such amount shall be added to
29 said ratio in equal increments, as determined in accordance with this
30 subsection, over the number of years elected by such municipality,
31 provided the total number of years for such purpose may not exceed
32 four years including the year of such revaluation. For the purposes of
33 this subsection, increments shall be considered equal if such
34 increments are equal (1) in terms of the absolute amount of the
35 increase in the assessment ratio for each of the years of such gradual
36 increase in assessed value or (2) in terms of the percentage of increase
37 in the assessment ratio from year to year which is applicable to such
38 gradual increase in assessed value, for each year of the term of such
39 gradual increase in assessed value.

40 (c) In a municipality which has adopted the assessment procedure
41 allowed in this section, new construction which is first assessed for
42 purposes of property tax, after the assessment date on which such
43 revaluation becomes effective but before the assessment rate has been
44 increased to seventy per cent of present true and actual value, shall be
45 assessed initially at the rate applicable in the procedure as adopted by
46 such municipality at the time of such initial assessment, and thereafter
47 at the rate of assessment applicable with respect to all real property on
48 the assessment list in such municipality.]

49 (a) (1) A municipality implementing a revaluation of all real
50 property may phase-in a real property assessment increase resulting
51 from such revaluation, by requiring the assessor to gradually increase
52 the assessment or the rate of assessment applicable to all such property
53 or to any of the classes of real property listed in subdivision (3) of
54 subsection (b) of this section which has increased in value by fifty per
55 cent or more in the assessment year preceding that in which the
56 revaluation is implemented, in accordance with one of the methods set
57 forth in said subsection (b). The legislative body of the municipality
58 shall approve the decision to provide for such phase-in, the method by
59 which it is accomplished and its term, provided the number of
60 assessment years over which such gradual increases are reflected shall
61 not exceed five assessment years, including the assessment year for
62 which the revaluation is effective. If the legislative body is a town
63 meeting, the board of selectmen shall approve such decision, method
64 and term. Whenever used in this section, "municipality" means any
65 town, borough, consolidated town and city, consolidated town and
66 borough or any city not consolidated with a town.

67 (2) The legislative body or board of selectmen, as the case may be,
68 may approve the discontinuance of a phase-in of real property
69 assessment increases resulting from the implementation of a
70 revaluation, at any time prior to the completion of the phase-in term
71 originally approved, provided such approval shall be made on or
72 before the assessment date that is the commencement of the
73 assessment year in which such discontinuance is effective. In the
74 assessment year following the completion or discontinuance of phase-
75 in, assessments shall reflect the valuation of real property established
76 for such revaluation, subject to additions for new construction and
77 reductions for demolitions occurring subsequent to the date of
78 revaluation and on or prior to the date of its completion or
79 discontinuance, and the rate of assessment applicable in such year as
80 required by section 12-62a.

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

82 determine the phase-in of real property assessment increases resulting
83 from the implementation of a revaluation:

84 (1) The assessment of each parcel of real property for the assessment
85 year preceding that in which such revaluation is effective shall be
86 subtracted from the assessment of each such parcel in the effective year
87 of said revaluation, and the annual amount of incremental assessment
88 increase for each such parcel shall be the total of such subtraction
89 divided by the number of years of the phase-in term;

90 (2) The ratio of the total assessed value of all taxable real property
91 for the assessment year preceding that in which a revaluation is
92 effective and the total fair market value of such property as
93 determined from records of actual sales in said year, shall be
94 subtracted from the rate of assessment set forth in section 12-62a, and
95 the annual incremental rate of assessment increase applicable to all
96 parcels of real property shall be the result of such subtraction divided
97 by the number of years of the phase-in term;

98 (3) The ratio of the total assessed value of all taxable real property in
99 each of the following property classes for the assessment year
100 preceding that in which a revaluation is effective and the total fair
101 market value of such property in each class as determined from
102 records of actual sales in said year, shall be subtracted from the rate of
103 assessment set forth in section 12-62a, and the annual incremental rate
104 of assessment increase applicable to all parcels of real property in each
105 such class shall be the result of such subtraction divided by the
106 number of years of the phase-in term: (A) Residential property; (B)
107 commercial property, including apartments containing five or more
108 dwelling units, industrial property and public utility property; and (C)
109 vacant land. In the event the assessor determines that there are no
110 records of actual sales of real property in any such property class in
111 said year or that the number of such actual sales is insufficient for
112 purposes of determining a rate of increase under this subdivision, the
113 annual incremental rate of assessment increase determined under

114 subdivision (2) of this subsection shall be used for said property class.

115 (c) The assessment of any new construction that first becomes
116 subject to taxation during an assessment year encompassed within the
117 term of a phase-in shall be determined in the same manner as the
118 assessment of all other comparable real property in said assessment
119 year, such that the total of incremental increases applicable to such
120 other comparable real property are reflected in the assessment of such
121 new construction prior to the proration of such assessment pursuant to
122 section 12-53a.

123 (d) Not later than thirty business days following the date a
124 municipality's legislative body or board of selectmen, as the case may
125 be, votes to phase-in real property assessment increases resulting from
126 such revaluation, or votes to discontinue such a phase-in, the chief
127 executive officer of the municipality shall notify the Secretary of the
128 Office of Policy and Management, in writing, of the action taken. Any
129 chief executive officer failing to submit a notification to said secretary,
130 as required by this subsection, shall forfeit one hundred dollars to the
131 state for each such failure.

132 Sec. 2. Section 12-62 of the general statutes is amended by adding
133 subsection (l) as follows (*Effective October 1, 2006, and applicable to*
134 *assessment years commencing on or after October 1, 2006*):

135 (NEW) (l) Notwithstanding the provisions of this subsection, the
136 Secretary of the Office of Policy and Management may exempt any
137 town from performing its next scheduled revaluation in accordance
138 with regulations adopted by the secretary in accordance with the
139 provisions of chapter 54. The regulations shall include, but not be
140 limited to, (1) standards and criteria for an exemption, which shall
141 include, but not be limited to, a demonstration of fiscal stability and
142 responsibility, and (2) application procedures. Any exemption granted
143 under this section shall be for a period of five years. At the end of such
144 five-year period a town may apply for an extension. The secretary shall
145 approve such extension if the town continues to meet the standards

146 and criteria established in regulations adopted under this subsection.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-62c
Sec. 2	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-62

Statement of Purpose:

To authorize municipalities implementing a revaluation to phase-in property tax assessments increase and to require the Secretary of the Office of Policy and Management to establish criteria for exempting towns from revaluation for a period of five years.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]