



General Assembly

**Substitute Bill No. 535**

February Session, 2006

\* SB00535PD 031706 \*

**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 Section 12-62c of the general statutes is repealed and the  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. A municipality shall not have in  
63 effect a phase-in of the real property assessment pursuant to this  
64 section if such municipality has in effect a tax relief plan and surcharge  
65 pursuant to section 12-62d. If the legislative body is a town meeting,  
66 the board of selectmen shall approve such decision, method and term.  
67 Whenever used in this section, "municipality" means any town,  
68 borough, consolidated town and city, consolidated town and borough  
69 or any city not consolidated with a town.

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

84 (b) A municipality shall use one of the following methods to  
85 determine the phase-in of real property assessment increases resulting  
86 from the implementation of a revaluation:

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

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

101       (3) The ratio of the total assessed value of all taxable real property in  
102 each of the following property classes for the assessment year  
103 preceding that in which a revaluation is effective and the total fair  
104 market value of such property in each class as determined from  
105 records of actual sales in said year, shall be subtracted from the rate of  
106 assessment set forth in section 12-62a, and the annual incremental rate  
107 of assessment increase applicable to all parcels of real property in each  
108 such class shall be the result of such subtraction divided by the  
109 number of years of the phase-in term: (A) Residential property; (B)  
110 commercial property, including apartments containing five or more  
111 dwelling units, industrial property and public utility property; and (C)  
112 vacant land. In the event the assessor determines that there are no  
113 records of actual sales of real property in any such property class in  
114 said year or that the number of such actual sales is insufficient for  
115 purposes of determining a rate of increase under this subdivision, the  
116 annual incremental rate of assessment increase determined under  
117 subdivision (2) of this subsection shall be used for said property class.

118       (c) The assessment of any new construction that first becomes  
119 subject to taxation during an assessment year encompassed within the

120 term of a phase-in shall be determined in the same manner as the  
121 assessment of all other comparable real property in said assessment  
122 year, such that the total of incremental increases applicable to such  
123 other comparable real property are reflected in the assessment of such  
124 new construction prior to the proration of such assessment pursuant to  
125 section 12-53a.

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

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

138 (NEW) (l) Notwithstanding the provisions of this subsection, the  
139 Secretary of the Office of Policy and Management may exempt any  
140 town from performing its next scheduled revaluation in accordance  
141 with regulations adopted by the secretary in accordance with the  
142 provisions of chapter 54. The regulations shall include, but not be  
143 limited to, (1) standards and criteria for an exemption, which shall  
144 include, but not be limited to, a demonstration of fiscal stability and  
145 responsibility, and (2) application procedures. Any exemption granted  
146 under this section shall be for a period of five years. At the end of such  
147 five-year period a town may apply for an extension. The secretary shall  
148 approve such extension if the town continues to meet the standards  
149 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

**PD**      *Joint Favorable Subst.*