



General Assembly

February Session, 2006

Raised Bill No. 701

LCO No. 3540

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING PROPERTY TAX ASSESSMENTS FOR RESIDENTIAL PROPERTY AND FOR SOLAR PHOTO VOLTAIC SYSTEMS, AND INSTITUTING AN INCENTIVE PROGRAM FOR THE PROVISION OF REGIONAL SERVICES.

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

1 Section 1. (NEW) (*Effective July 1, 2006*) (a) Notwithstanding the
2 provisions of section 12-62 or 12-62a of the general statutes, all
3 appraised valuations of real property as of July 1, 2006, shall remain
4 unchanged, and shall not be reappraised until such time as (1) existing
5 real property undergoes a change in ownership, (2) newly-constructed
6 real property is purchased, or (3) a property owner makes
7 improvements to a property. Upon a change in ownership or purchase
8 of newly-constructed real property, such property shall be assessed at
9 its sales price. When improvements are made, the property's valuation
10 shall increase by the cost of the improvements.

11 (b) The following shall not be considered either newly-constructed
12 property or improvements to property, and property valuations shall
13 not change: (1) Real property reconstructed after a disaster, as declared
14 by the Governor, provided the fair market value of the real property,

15 as reconstructed, is comparable to its fair market value prior to the
16 disaster; (2) the construction, installation, removal or modification of
17 any portion or structural component of an existing building or
18 structure if such construction, installation, removal or modification is
19 for the purpose of making the building or structure more accessible to,
20 or more usable by, a person with disabilities; or (3) the construction or
21 installation of any fire sprinkler system, other fire extinguishing
22 system, fire detection system or fire-related egress improvement.

23 (c) The following shall not be considered a change in ownership for
24 purposes of subsection (a) of this section: (1) The acquisition of real
25 property as a replacement for comparable property if the person
26 acquiring the real property has been displaced from the property
27 replaced by eminent domain proceedings; (2) the purchase or transfer
28 of real property between spouses, including, but not limited to, (A)
29 transfers to a trustee for the beneficial use of a spouse or the surviving
30 spouse of a deceased transferor, or by a trustee of such a trust to the
31 spouse of the trustor, (B) transfers to a spouse that take effect upon the
32 death of a spouse, (C) transfers to a spouse or former spouse in
33 connection with a property settlement agreement or decree of
34 dissolution of a marriage or legal separation, (D) the creation, transfer
35 or termination, solely between spouses, of any coowner's interest, or
36 (E) the distribution of a legal entity's property to a spouse or former
37 spouse in exchange for the interest of the spouse in the legal entity in
38 connection with a property settlement agreement or a decree of
39 dissolution of a marriage or legal separation; (3) the purchase or
40 transfer of the principal residence of the transferor in the case of a
41 purchase or transfer between parents and their children, or the
42 purchase or transfer of the first one million dollars of the cost of all
43 other real property between parents and their children; or (4) the
44 purchase or transfer of the principal residence of the transferor in the
45 case of a purchase or transfer between grandparents and their
46 grandchild or grandchildren, or the purchase or transfer of the first one
47 million dollars of the cost of all other real property between
48 grandparents and their grandchild or grandchildren, if all of the

49 parents of that grandchild or those grandchildren, who qualify as the
50 children of the grandparents, are deceased as of the date of the
51 purchase or transfer. This subdivision shall apply to both voluntary
52 transfers and transfers resulting from a court order or judicial decree.

53 Sec. 2. Subdivision (63) of section 12-81 of the 2006 supplement to
54 the general statutes is repealed and the following is substituted in lieu
55 thereof (*Effective October 1, 2006*):

56 (63) (a) Subject to [authorization of the exemption by ordinance in
57 any municipality and to] the provisions of subparagraph (b) of this
58 subdivision, any solar energy electricity generating system which is
59 not eligible for exemption under subdivision (57) of this section, any
60 cogeneration system, or both, installed on or after July 1, 1981, [, and
61 before October 1, 2006. The ordinance shall establish the number of
62 years that a system will be exempt from taxation, except that it may
63 not provide for an exemption beyond the first fifteen assessment years
64 following the installation of a system. The ordinance shall prohibit the
65 exemption from applying] This exemption shall only apply to the first
66 fifteen assessment years following the installation of a system, and
67 shall not apply to additions to resources recovery facilities operating
68 on October 1, 1994, [or] to resources recovery facilities constructed on
69 and after that date [and may prohibit the exemption from applying] or
70 to property acquired by eminent domain for the purpose of qualifying
71 for the exemption;

72 (b) As used in this subdivision, (A) "solar energy electricity
73 generating system" means equipment which is designed, operated and
74 installed as a system which utilizes solar energy as the energy source
75 for at least seventy-five per cent of the electricity produced by the
76 system and meets the standards established by regulation, in
77 accordance with the provisions of chapter 54, by the Secretary of the
78 Office of Policy and Management, and (B) "cogeneration system"
79 means equipment which is designed, operated and installed as a
80 system which produces, in the same process, electricity and exhaust

81 steam, waste steam, heat or other resultant thermal energy which is
82 used for space or water heating or cooling, industrial, commercial,
83 manufacturing or other useful purposes and which meets standards
84 established by regulation, in accordance with the provisions of chapter
85 54, by the Secretary of the Office of Policy and Management;

86 [(c) Any municipality which adopts an ordinance authorizing an
87 exemption provided by this subdivision may enter into a written
88 agreement with an applicant for the exemption, which may require the
89 applicant to make payments to the municipality in lieu of taxes. The
90 agreement may vary the amount of the payments in lieu of taxes in
91 each assessment year of the agreement, provided the payment in any
92 assessment year is not greater than the taxes which would otherwise
93 be due in the absence of the exemption. Any agreement negotiated
94 under this subdivision shall be submitted to the legislative body of the
95 municipality for its approval or rejection;]

96 [(d)] (c) Any person claiming the exemption provided in this
97 subdivision for any assessment year [and whose application has been
98 approved in accordance with subparagraph (c) of this subdivision]
99 shall, on or before the first day of November in such assessment year,
100 file with the assessor or board of assessors in the town in which the
101 system is located written application claiming the exemption. Failure
102 to file the application in the manner and form as provided by such
103 assessor or board within the time limit prescribed shall constitute a
104 waiver of the right to the exemption for such assessment year. Such
105 application shall not be required for any assessment year following
106 that for which the initial application is filed, provided if such solar
107 energy electricity generating system or cogeneration system is altered
108 in a manner which would require a building permit, such alteration
109 shall be deemed a waiver of the right to such exemption until a new
110 application, applicable with respect to such altered system, is filed and
111 the right to such exemption is established as required initially.

112 Sec. 3. (NEW) (*Effective July 1, 2006*) (a) For purposes of this section,

113 "regional planning agency" means any regional planning agency
114 organized under the provisions of chapter 127 of the general statutes.

115 (b) There is established a regional performance incentive program
116 that shall be administered by the Secretary of the Office of Policy and
117 Management. On or before December 1, 2006, any regional planning
118 agency may submit to said secretary a proposal for provision of a
119 service that is currently provided by one or more municipalities within
120 such agency's region. If such proposal is approved as provided in this
121 section, funding shall be provided for the regionalized service
122 beginning in fiscal year 2008.

123 (c) The proposal shall (1) describe a service currently provided by a
124 municipality or municipalities within such agency's region, (2) provide
125 a description of how such service would be delivered on a regional
126 basis, including consideration of what entity would be responsible for
127 such service, and how the same population would continue to be
128 served, (3) describe the amount and the manner in which each
129 municipality will reduce its mill rate as a result of the savings realized
130 through the switch from a municipal service to a regional service, (4)
131 include a cost benefit analysis both of the municipal provision of such
132 service and of regional provision of such service, (5) set out a plan of
133 implementation for such regional service, (6) estimate the savings that
134 will be realized by each municipality, and (7) any other items
135 requested by said secretary. Each proposal shall have attached to it a
136 resolution by the legislative body of each municipality affected by the
137 proposal endorsing such proposal. Such proposal shall be submitted
138 on a form prescribed by said secretary.

139 (d) (1) Not later than February 1, 2007, said secretary shall submit to
140 the joint standing committee of the General Assembly having
141 cognizance of matters relating to finance, revenue and bonding a
142 prioritized list of the submissions received pursuant to this section.
143 The list shall be prioritized based upon the money saved by each
144 municipality in the region, the quality of the service to be offered on a

145 regional basis, the number of municipalities included within a
146 proposal, any increase in the number of persons served, the ability to
147 implement the proposal in a timely manner, the need for the proposed
148 regional service, and the quality and thoroughness of the proposal.

149 (2) Along with the list submitted pursuant to subdivision (1) of this
150 subsection, said secretary shall submit recommendations for funding
151 of services through a revenue intercept. Consideration of such funding
152 source shall be based upon the (1) amount of funding needed for each
153 proposal, (2) potential of the proposals for leveraging other public and
154 private investments, and (3) ability of such funding source to provide
155 long-term support for the proposed regional services.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	New section
Sec. 2	<i>October 1, 2006</i>	12-81(63)
Sec. 3	<i>July 1, 2006</i>	New section

Statement of Purpose:

To (1) reform the manner of property tax assessments by providing for revaluations only when real property undergoes a change in ownership or has improvements made, (2) extend the exemption from property tax for solar energy electricity generating systems, and (3) establish a regional performance incentive program to encourage reduction in mill rates through provision of services on a regional basis.

[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.]