



General Assembly

**Substitute Bill No. 701**

February Session, 2006

\* SB00701FIN\_\_040406\_\_ \*

**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. Section 12-62c of the general statutes is repealed and the  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. Subsection (a) of subdivision (63) of section 12-81 of the 2006  
133 supplement to the general statutes is repealed and the following is  
134 substituted in lieu thereof (*Effective October 1, 2006*):

135 (63) (a) Subject to authorization of the exemption by ordinance in  
136 any municipality and to the provisions of subparagraph (b) of this  
137 subdivision, any solar energy electricity generating system which is  
138 not eligible for exemption under subdivision (57) of this section, any  
139 cogeneration system, or both, installed on or after July 1, 1981, [ and  
140 before October 1, 2006.] The ordinance shall establish the number of  
141 years that a system will be exempt from taxation, except that it may  
142 not provide for an exemption beyond the first fifteen assessment years  
143 following the installation of a system. The ordinance shall prohibit the  
144 exemption from applying to additions to resources recovery facilities  
145 operating on October 1, 1994, or to resources recovery facilities  
146 constructed on and after that date and may prohibit the exemption  
147 from applying to property acquired by eminent domain for the  
148 purpose of qualifying for the exemption.

149       Sec. 3. (NEW) (*Effective July 1, 2006*) (a) For purposes of this section,  
150 "regional council of governments" means any such council organized  
151 under the provisions of sections 4-124i to 4-124p, inclusive, of the  
152 general statutes.

153       (b) There is established a regional performance incentive program  
154 that shall be administered by the Secretary of the Office of Policy and  
155 Management. On or before December 1, 2006, any regional council of  
156 governments may submit to said secretary a proposal for provision of  
157 a service that is currently provided by one or more municipalities  
158 within such council's region. If such proposal is approved as provided  
159 in this section, funding shall be provided for the regionalized service  
160 beginning in fiscal year 2008.

161       (c) The proposal shall (1) describe a service currently provided by a  
162 municipality or municipalities within such council's region, (2) provide  
163 a description of how such service would be delivered on a regional  
164 basis, including consideration of what entity would be responsible for  
165 such service, and how the same population would continue to be  
166 served, (3) describe the amount and the manner in which each  
167 municipality will reduce its mill rate as a result of the savings realized  
168 through the switch from a municipal service to a regional service, (4)  
169 include a cost benefit analysis both of the municipal provision of such  
170 service and of regional provision of such service, (5) set out a plan of  
171 implementation for such regional service, (6) estimate the savings that  
172 will be realized by each municipality, and (7) any other items  
173 requested by said secretary. Each proposal shall have attached to it a  
174 resolution by the legislative body of each municipality affected by the  
175 proposal endorsing such proposal. Such proposal shall be submitted  
176 on a form prescribed by said secretary.

177       (d) (1) Not later than February 1, 2007, said secretary shall submit to  
178 the joint standing committee of the General Assembly having  
179 cognizance of matters relating to finance, revenue and bonding a  
180 prioritized list of the submissions received pursuant to this section.  
181 The list shall be prioritized based upon the money saved by each

182 municipality in the region, the quality of the service to be offered on a  
 183 regional basis, the number of municipalities included within a  
 184 proposal, any increase in the number of persons served, the ability to  
 185 implement the proposal in a timely manner, the need for the proposed  
 186 regional service, and the quality and thoroughness of the proposal.

187 (2) Along with the list submitted pursuant to subdivision (1) of this  
 188 subsection, said secretary shall submit information on the (1) amount  
 189 of funding needed for each proposal, and the potential of the proposals  
 190 for leveraging other public and private investments.

191 (e) There is established an account to be known as the "regional  
 192 performance incentive program account" which shall be a separate  
 193 nonlapsing account within the General Fund. The account may contain  
 194 any moneys required by law to be deposited in the account. The  
 195 moneys in said account shall be used for the funding of regional  
 196 performance incentive programs established pursuant to this section.

197 Sec. 4. (*Effective July 1, 2006*) The sum of \$5,000,000 shall be  
 198 transferred from the resources of the General Fund to the regional  
 199 performance incentive program account established pursuant to  
 200 section 3 of this act.

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</i>	12-81(63)(a)
Sec. 3	<i>July 1, 2006</i>	New section
Sec. 4	<i>July 1, 2006</i>	New section

**FIN**            *Joint Favorable Subst.*