



General Assembly

February Session, 2008

**Raised Bill No. 5801**

LCO No. 2635

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Referred to Committee on Planning and Development

Introduced by:  
(PD)

***AN ACT CONCERNING ASSESSMENT OF APARTMENT BUILDINGS.***

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

1 Section 1. Section 12-63b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2008, and*  
3 *applicable to assessment years commencing on or after October 1, 2008*):

4 (a) The assessor or board of assessors in any town, when  
5 determining the present true and actual value of real property as  
6 provided in section 12-63 of the 2008 supplement to the general  
7 statutes, at any time, whether or not the town is conducting a  
8 reevaluation of all real property pursuant to section 12-62, which  
9 property is used primarily for the purpose of producing rental income,  
10 exclusive of such property used solely for residential purposes,  
11 containing not more than six dwelling units and in which the owner  
12 resides, [and with respect to which property there is insufficient data  
13 in such town based on current bona fide sales of comparable property  
14 which may be considered in determining such value,] shall determine  
15 such value on the basis of an appraisal which shall include to the  
16 extent applicable with respect to such property, consideration of each  
17 of the following methods of appraisal: (1) Replacement cost less

18 depreciation, plus the market value of the land, (2) the gross income  
19 multiplier method as used for similar property, and (3) capitalization  
20 of net income based on market rent for similar property. The  
21 provisions of this section shall not be applicable with respect to any  
22 housing assisted by the federal or state government except any such  
23 housing for which the federal assistance directly related to rent for  
24 each unit in such housing is no less than the difference between the fair  
25 market rent for each such unit in the applicable area and the amount of  
26 rent payable by the tenant in each such unit, as determined under the  
27 federal program providing for such assistance.

28 (b) For purposes of subdivision (3) of subsection (a) of this section  
29 and, generally, in its use as a factor in any appraisal with respect to  
30 real property used primarily for the purpose of producing rental  
31 income, the term "market rent" means the rental income that such  
32 property would most probably command on the open market as  
33 indicated by present rentals being paid for comparable space. In  
34 determining market rent the assessor shall consider the actual rental  
35 income applicable with respect to such real property under the terms  
36 of an existing contract of lease at the time of such determination.

37 Sec. 2. Section 12-63c of the general statutes is repealed and the  
38 following is substituted in lieu thereof (*Effective October 1, 2008, and*  
39 *applicable to assessment years commencing on or after October 1, 2008*):

40 (a) In determining the present true and actual value in any town of  
41 real property used primarily for purposes of producing rental income,  
42 the assessor, which term whenever used in this section shall include  
43 assessor or board of assessors, shall [have power to] require, [subject to  
44 the conditions in subsection (b) of this section,] and, in the conduct of  
45 any appraisal of such property pursuant to the capitalization of net  
46 income method, as provided in section 12-63b, as amended by this act,  
47 that the owner of such property annually submit [or make available] to  
48 the assessor not later than the first day of [June] May, on a form  
49 provided by the assessor, the best available information disclosing the

50 actual rental and rental-related income and operating expenses  
51 applicable to such property. Submission of such information shall be  
52 required whether or not the town is conducting a revaluation of all  
53 real property pursuant to section 12-62. The assessor may grant an  
54 extension of not more than thirty days to file such information upon  
55 determination that there is good cause, provided the owner of such  
56 property files a request for an extension with the assessor not later  
57 than April fifteenth.

58 (b) Any such information related to actual rental and rental-related  
59 income and operating expenses and not already a matter of public  
60 record which is submitted or made available to the assessor shall not  
61 be subject to the provisions of section 1-210 of the 2008 supplement to  
62 the general statutes.

63 (c) If upon receipt of information as required under subsection (a) of  
64 this section the assessor finds that such information does not appear to  
65 reflect actual rental and rental-related income or operating expenses  
66 related to the current use of such property, additional verification  
67 concerning such information may be requested by the assessor. All  
68 information received by the assessor under subsection (a) of this  
69 section shall be subject to audit by the assessor or a designee of the  
70 assessor. Any person claiming to be aggrieved by the action of the  
71 assessor hereunder may appeal the actions of the assessor to the board  
72 of assessment appeals and the Superior Court as otherwise provided in  
73 this chapter.

74 (d) (1) For purposes of this section: (A) "Books, papers, documents  
75 and other records" includes, but is not limited to, federal tax forms  
76 relating to the rental or rental-related income and operating expenses,  
77 general ledgers, balance sheets, disbursement ledgers, financial  
78 statements, invoices, operating expense reports, and building or  
79 leasehold ledgers, and (B) "designee of an assessor" means a  
80 Connecticut municipal assessor certified in accordance with subsection  
81 (b) of section 12-40a, a certified public accountant, a revaluation

82 company certified in accordance with section 12-2c, or an individual  
83 certified as a revaluation company employee in accordance with  
84 section 12-2b.

85 (2) The assessor or board of assessors may perform an audit or  
86 require a designee of the assessor to perform an audit of such  
87 information related to actual rental and rental-related income and  
88 operating expenses applicable to such property pursuant to this  
89 section. The assessor shall give notice in writing to the owner,  
90 custodian or other person having knowledge of any such information  
91 of the time and place of such audit with respect to such property. Such  
92 notice shall be placed in the hands of such person or left at the usual  
93 place of residence or business of such person or shall be sent to such  
94 person by registered or certified mail at the last-known place of  
95 residence or business not later than forty-five days following the date  
96 for which such information was required to be filed. Such notice shall  
97 direct the person named therein to appear before the assessor or board  
98 of assessors, or before a designee of said assessor, with books of  
99 account, papers, documents and other records for examination under  
100 oath relative to such property or the rental and rental-related income  
101 and operating expenses applicable to such property.

102 (3) No person shall be excused from giving testimony or producing  
103 books of account, papers, documents and other records on the ground  
104 that such testimony and such production of documents may  
105 incriminate such person. Such testimony and such production of  
106 documentary evidence shall not be used in any criminal proceeding  
107 against such person. Any person who fails to appear at the time and  
108 place of such audit as designated in such notice, or, having appeared,  
109 refuses to answer any pertinent question or who fails to produce the  
110 books, papers or other documents mentioned in such notice, shall be  
111 fined not more than one hundred dollars or imprisoned not more than  
112 thirty days, or both.

113 [(d)] (e) Any owner of such real property required to submit or

114 make available information to the assessor in accordance with  
115 subsection (a) of this section for any assessment year, who fails to  
116 submit such information or fails to make it available as required under  
117 said subsection (a) or who submits information or makes it available in  
118 incomplete or false form with intent to defraud, shall be subject to a  
119 penalty [assessment] equal to a [ten] twenty-five per cent increase in  
120 the assessed value of such property for such assessment year. Such  
121 penalty shall be added to the assessment of such property in the last  
122 completed grand list.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008, and applicable to assessment years commencing on or after October 1, 2008</i>	12-63b
Sec. 2	<i>October 1, 2008, and applicable to assessment years commencing on or after October 1, 2008</i>	12-63c

**Statement of Purpose:**

To revise the process for disclosure of income and expense information in the valuation of rental income real property and to provide for the use of United States Housing and Urban Development guidelines for fixing assessments in enterprise zones.

*[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.]*