STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

**TESTIMONY SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
MARCH 2, 2009**

**Michael J. Cicchetti, Deputy Secretary
Office of Policy and Management**

Concerning Raised Senate Bill No. 997 - AN ACT CONCERNING A MUNICIPAL OPTION TO DELAY REVALUATIONS.

Thank you Senator Daily, Representative Staples and distinguished members of the Finance, Revenue and Bonding Committee for allowing me to submit written testimony concerning Raised Senate Bill No. 997 (AN ACT CONCERNING A MUNICIPAL OPTION TO DELAY REVALUATIONS).

This bill would allow a town scheduled to implement a 2008, 2009 or 2010 revaluation to defer that revaluation until not later than 2011.

As you may be aware, Section 7 of Governor's Bill No. 6389 (An Act Promoting Regionalization) would implement the January 6, 2009 recommendations of the Property Revaluation Work Group, by allowing the Secretary of the Office of Policy and Management to extend a town's next revaluation date. A town could receive an extension of up to two years if the town's inability to contract for the services of a revaluation company jointly with another town(s), is due solely to the date the town must complete a revaluation.

We believe that the deferral provisions of the Governor's bill, which provide municipalities with an opportunity to achieve savings by contracting jointly for revaluation services, are preferable to those in Raised Senate Bill No. 997.

Although well intentioned, the provisions of Raised Senate Bill No. 997 will not result in a cost savings for the 45 towns that must implement a 2008 revaluation, as they have already incurred revaluation-related costs. If any of these towns choose to defer that revaluation, they will incur additional costs to revalue all property again by October 1, 2011.

Towns that must implement a 2009 revaluation have entered into contracts with revaluation companies and may have already paid for a portion of contract costs. They too will have to incur additional costs to complete a new revaluation by October 1, 2011.

Regardless of whether all or only some of the eligible towns defer revaluation, there will be a greater demand in 2011 for revaluation company services. Cost increases that could result from such an escalation in demand may not offset the short term savings that deferral towns experience. Moreover, such increases would affect the 36 towns that did not defer a revaluation under the provisions of Raised Senate Bill No. 997, but must implement a 2011 revaluation because their previous revaluations became effective in 2006.

Revaluations implemented in that year after a one or two-year deferral resulted in significant tax burden shifts - shifts that proved painful for some taxpayers. A revaluation deferral period of up to three years could exacerbate such shifts. This is especially true given recent events in the financial and real estate sectors that underscore our inability to predict the rates at which property values change.

The revaluation requirement exists to correct inequities in a town's tax base that develop over time. Towns have an obligation to accurately value property and resolve these inequities so that all taxpayers share equitably in the tax burden. Because a delay in revaluation continues these inequities, we should allow a deferral only if there would be a benefit to all taxpayers. One such benefit is the expenditure reduction that would result from towns acting cooperatively when conducting revaluations.

I urge you to consider the potential unintended consequences of Raised Senate Bill No. 997 and to instead support Governor's Bill No. 6389.