



House of Representatives

General Assembly

File No. 280

February Session, 2010

House Bill No. 5420

House of Representatives, April 1, 2010

The Committee on Environment reported through REP. ROY, R. of the 119th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE TRANSITION FROM THE TEN MIL PROGRAM IN 2011.

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

1 Section 1. Section 12-96 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 Woodland or land suitable for forest planting not less than twenty-
4 five acres in area and not exceeding in value one hundred dollars per
5 acre exclusive of timber growing thereon may, upon application of the
6 owner, be given special classification as forest land for purposes of
7 taxation. Application for such classification shall be made to the State
8 Forester, accompanied by such description of the land as the State
9 Forester may require and by a sworn statement from the assessors of
10 the town giving the true value of the land alone and the true value of
11 any timber thereon. When the value of the land alone exceeds one
12 hundred dollars per acre, it shall not be classified as forest land. When
13 such application has been made, the State Forester shall examine the
14 land and, if he finds the requirements herein specified have been

15 fulfilled, he shall issue a quadruplicate certificate of classification, the
16 original to be filed in the State Forester's office, one copy in the office
17 of the Secretary of the Office of Policy and Management, one copy in
18 the assessors' office of the town in which the land is located and one
19 copy with the owner, who shall cause it to be entered on the land
20 records of such town. Any owner of land classified under this section
21 may, on or after October 1, 1972, but prior to October 1, 1973, and on or
22 after October 1, 2010, but prior to October 1, 2011, convert to the
23 provisions of section 12-107d without penalty, including, but not
24 limited to, any penalty for the value of any standing timber, the sale of
25 land to a land preservation organization or the sale of a conservation
26 easement. Any such owner desiring such conversion shall notify the
27 board of assessors of the town in which the land is located by
28 registered mail and any agreement reached between October 1, 2010,
29 and October 1, 2011, to authorize such transfer shall be executed not
30 later than October 1, 2011.

31 Sec. 2. Section 12-97 of the general statutes is repealed and the
32 following is substituted in lieu thereof (*Effective from passage*):

33 Land bearing timber of more than ten years' growth, such timber
34 having a taxable value, may be classified as forest land as specified in
35 section 12-96, as amended by this act, and shall thereafter be taxed
36 annually at the local rate, but not more than ten mills in any case, upon
37 the true and actual value of the land and timber separately as
38 established by the assessors at the time the classification was made. A
39 revaluation of both land and timber separately shall be made by the
40 assessors fifty years after the date of original classification, such
41 revaluation to be subject to an annual tax at the local rate, but not more
42 than ten mills, for another period of fifty years. At the end of this
43 period, provided such classification has been continuously maintained,
44 such land and timber shall, whenever necessary, be revalued
45 separately by the assessors, and such new valuation shall be taxed
46 annually thereafter at the local rate. Whenever a cutting is made on
47 land classified under this section, except as specified in section 12-100,
48 the material removed shall be subject to a graduated yield tax at the

49 following rates on the value determined as provided in section 12-100:
50 From one to ten years after the land has been classified the tax shall be
51 two per cent of the yield; from eleven to twenty years after the land
52 has been classified the tax shall be three per cent of the yield; from
53 twenty-one to thirty years after the land has been classified the tax
54 shall be four per cent of the yield; from thirty-one to forty years after
55 the land has been classified the tax shall be five per cent of the yield;
56 from forty-one to fifty years after the land has been classified the tax
57 shall be six per cent of the yield; over fifty years after the land has been
58 classified the tax shall be seven per cent of the yield. Any owner of
59 land classified under this section may, on or after October 1, 1972, but
60 prior to October 1, 1973, and on or after October 1, 2010, but prior to
61 October 1, 2011, convert to the provisions of section 12-107d without
62 penalty, including, but not limited to, any penalty for the value of any
63 standing timber, the sale of land to a land preservation organization or
64 the sale of a conservation easement. Any such owner desiring such
65 conversion shall notify the board of assessors of the town in which the
66 land is located by registered mail and any agreement reached between
67 October 1, 2010, and October 1, 2011, to authorize such transfer shall be
68 executed not later than October 1, 2011.

69 Sec. 3. Section 12-98 of the general statutes is repealed and the
70 following is substituted in lieu thereof (*Effective from passage*):

71 Land fully stocked with forest trees not more than ten years old,
72 except scattered older trees the value of which for timber does not
73 increase the assessed value of the property, land incompletely or
74 partially stocked with forest trees not more than ten years old, when
75 planted with a sufficient number of additional trees to assure a spacing
76 of approximately eight by eight feet over the entire area, and open land
77 planted with forest trees not less than seven hundred to the acre,
78 provided in each case the trees planted shall be ash, chestnut, maple,
79 oak, tulip, white pine, red pine, Scotch pine, European larch or
80 Norway spruce, or any other kinds of trees approved by the State
81 Forester, and provided the State Forester shall approve the manner in
82 which the trees are planted, may be classified as forest land as

83 specified in section 12-96, as amended by this act, and shall thereafter
 84 be taxed annually at the local rate, but not more than ten mills in any
 85 case, on a valuation of the land alone established and reestablished by
 86 the assessors of the town as provided in section 12-97, as amended by
 87 this act. Whenever a cutting has been made, except as specified in
 88 section 12-100, a yield tax of ten per cent shall be levied on the value of
 89 the material removed, such value to be determined as provided in
 90 section 12-100. Whenever a timber crop has been removed, either in
 91 one or several cuttings, and the land reforested, either naturally or by
 92 planting, such land may be reclassified upon application by the owner,
 93 or the existing classification may be continued and tax collected on the
 94 established valuation as hereinbefore provided for the balance of the
 95 uncompleted valuation period. If the existing classification is
 96 continued, a revaluation shall be made at the end of such uncompleted
 97 period and taxes thereafter assessed as hereinbefore provided. Any
 98 owner of land classified under this section may, on or after October 1,
 99 1972, but prior to October 1, 1973, and on or after October 1, 2010, but
 100 prior to October 1, 2011, convert to the provisions of section 12-107d
 101 without penalty, including, but not limited to, any penalty for the
 102 value of any standing timber, the sale of land to a land preservation
 103 organization or the sale of a conservation easement. Any such owner
 104 desiring such conversion shall notify the board of assessors of the town
 105 in which the land is located by registered mail and any agreement
 106 reached between October 1, 2010, and October 1, 2011, to authorize
 107 such transfer shall be executed not later than October 1, 2011.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-96
Sec. 2	<i>from passage</i>	12-97
Sec. 3	<i>from passage</i>	12-98

ENV *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 11 \$	FY 12 \$
Various Municipalities	Revenue Impact	See Below	See Below

Explanation

The bill will preclude an increase in the net grand list of certain municipalities as a result of certain properties converting from the "10 mil" program to the "490" program.

Properties that switch from the "10 mil" program to the "490" program will be able to forgo the revaluation of the land that happens under the "10 mil" program every 50 years. If the revaluation occurs the land would be assessed on a "best use" basis, which assesses the value of the land based on the potential for development. If the property is entered into the "490" program it would be valued on a "current use" basis which assesses the value of the land based on its current use. If the land is assessed on a "current use" basis it would be valued significantly less than the "best use" basis which results in an effective decrease in municipalities' net grand list.

There are currently approximately 14,000 acres in the "10 mil" program that have their assessed property value fixed.

The Out Years

The bill limits the period properties can convert from the "10 mil" program to the period beginning October 1, 2010 and ending October

1, 2011.

OLR Bill Analysis**HB 5420*****AN ACT CONCERNING THE TRANSITION FROM THE TEN MIL PROGRAM IN 2011.*****SUMMARY:**

This bill allows an owner of forest land currently enrolled in the state's "10 mill program" to convert to the state's forest preservation program without penalty, including penalties for the value of standing timber, land sales to a preservation organization, or conservation easement sales.

The land owner must convert the land between October 1, 2010 and October 1, 2011. All agreements must be executed by October 1, 2011.

EFFECTIVE DATE: Upon passage

BACKGROUND***Ten Mill Law***

By law, a property owner may enroll in the "10 mill program" (1) property with a minimum of 25 acres that, excluding timber, has a value of up to \$100 per acre; (2) timber land of more than ten years' growth; and (3) land stocked with trees up to 10 years old. Land classified under this law is taxed, based on 100% of the true valuation established by the assessors at the time of classification. The valuation is frozen for a 50-year period, providing the land use does not change. Law establishes the tax rate at up to 10 mills. At the end of the 50-year period, the land is revalued and is again taxed at a rate up to 10 mills for another 50 years. The 10-mill classification does not terminate upon sale or transfer of the land. It is tied to the land, not to the owner.

Forest Land Preservation

If approved by a municipality's legislative body, the owners of designated forest land can have the property assessed as open space under the state's "490 program," without factoring in the price buyers are willing to pay for the land's development potential (CGS § 12-107d).

COMMITTEE ACTION

Environment Committee

Joint Favorable

Yea 30 Nay 0 (03/17/2010)