



House of Representatives

File No. 867

General Assembly

January Session, 2011

(Reprint of File No. 351)

House Bill No. 6263
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 31, 2011

AN ACT CONCERNING THE TRANSITION FROM THE TEN MILL PROGRAM.

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 Section 12-96 of the general statutes is repealed and the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 the effective date of this section, convert to the provisions of
23 section 12-107d without penalty, including, but not limited to, any
24 penalty for the value of any standing timber, provided a sale or
25 donation of such land to a nonprofit land preservation organization or
26 the sale or donation of a permanent conservation easement upon such
27 land precedes such conversion. On and after the last day of the
28 calendar year that represents the fiftieth anniversary of the
29 classification of such owner's land under this section, any owner who
30 elects to continue with such classification shall have an annual tax due
31 that shall not exceed the annual tax due for a similarly situated
32 landowner under the provisions of section 12-107d. Any owner who
33 elects to no longer participate in such classification shall be subject to
34 any applicable penalty as provided in this chapter. Any such owner
35 desiring such conversion shall notify the board of assessors of the town
36 in which the land is located by registered mail. Nothing in this section
37 shall be construed to affect any other agreement between such owner
38 and the town in which the land is located.

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 Section 12-97 of the general statutes is repealed and the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

41 Land bearing timber of more than ten years' growth, such timber
42 having a taxable value, may be classified as forest land as specified in
43 section 12-96, as amended by this act, and shall thereafter be taxed
44 annually at the local rate, but not more than ten mills in any case, upon
45 the true and actual value of the land and timber separately as
46 established by the assessors at the time the classification was made. A
47 revaluation of both land and timber separately shall be made by the
48 assessors fifty years after the date of original classification, such
49 revaluation to be subject to an annual tax at the local rate, but not more

50 than ten mills, for another period of fifty years. At the end of this
51 period, provided such classification has been continuously maintained,
52 such land and timber shall, whenever necessary, be revalued
53 separately by the assessors, and such new valuation shall be taxed
54 annually thereafter at the local rate. Whenever a cutting is made on
55 land classified under this section, except as specified in section 12-100,
56 the material removed shall be subject to a graduated yield tax at the
57 following rates on the value determined as provided in section 12-100:
58 From one to ten years after the land has been classified the tax shall be
59 two per cent of the yield; from eleven to twenty years after the land
60 has been classified the tax shall be three per cent of the yield; from
61 twenty-one to thirty years after the land has been classified the tax
62 shall be four per cent of the yield; from thirty-one to forty years after
63 the land has been classified the tax shall be five per cent of the yield;
64 from forty-one to fifty years after the land has been classified the tax
65 shall be six per cent of the yield; over fifty years after the land has been
66 classified the tax shall be seven per cent of the yield. Any owner of
67 land classified under this section may, on or after October 1, 1972, but
68 prior to October 1, 1973, and on or after the effective date of this
69 section, convert to the provisions of section 12-107d without penalty,
70 including, but not limited to, any penalty for the value of any standing
71 timber, provided a sale or donation of such land to a nonprofit land
72 preservation organization or the sale or donation of a permanent
73 conservation easement upon such land precedes such conversion. On
74 and after the last day of the calendar year that represents the fiftieth
75 anniversary of the classification of such owner's land under this
76 section, any owner who elects to continue with such classification shall
77 have an annual tax due that shall not exceed the annual tax due for a
78 similarly situated landowner under the provisions of section 12-107d.
79 Any owner who elects to no longer participate in such classification
80 shall be subject to any applicable penalty as provided in this chapter.
81 Any such owner desiring such conversion shall notify the board of
82 assessors of the town in which the land is located by registered mail.
83 Nothing in this section shall be construed to affect any other
84 agreement between such owner and the town in which the land is

85 located.

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

88 Land fully stocked with forest trees not more than ten years old,
89 except scattered older trees the value of which for timber does not
90 increase the assessed value of the property, land incompletely or
91 partially stocked with forest trees not more than ten years old, when
92 planted with a sufficient number of additional trees to assure a spacing
93 of approximately eight by eight feet over the entire area, and open land
94 planted with forest trees not less than seven hundred to the acre,
95 provided in each case the trees planted shall be ash, chestnut, maple,
96 oak, tulip, white pine, red pine, Scotch pine, European larch or
97 Norway spruce, or any other kinds of trees approved by the State
98 Forester, and provided the State Forester shall approve the manner in
99 which the trees are planted, may be classified as forest land as
100 specified in section 12-96, as amended by this act, and shall thereafter
101 be taxed annually at the local rate, but not more than ten mills in any
102 case, on a valuation of the land alone established and reestablished by
103 the assessors of the town as provided in section 12-97, as amended by
104 this act. Whenever a cutting has been made, except as specified in
105 section 12-100, a yield tax of ten per cent shall be levied on the value of
106 the material removed, such value to be determined as provided in
107 section 12-100. Whenever a timber crop has been removed, either in
108 one or several cuttings, and the land reforested, either naturally or by
109 planting, such land may be reclassified upon application by the owner,
110 or the existing classification may be continued and tax collected on the
111 established valuation as hereinbefore provided for the balance of the
112 uncompleted valuation period. If the existing classification is
113 continued, a revaluation shall be made at the end of such uncompleted
114 period and taxes thereafter assessed as hereinbefore provided. Any
115 owner of land classified under this section may, on or after October 1,
116 1972, but prior to October 1, 1973, and on or after the effective date of
117 this section, convert to the provisions of section 12-107d without
118 penalty, including, but not limited to, any penalty for the value of any

119 standing timber, provided a sale or donation of such land to a
 120 nonprofit land preservation organization or the sale or donation of a
 121 permanent conservation easement upon such land precedes such
 122 conversion. On and after the last day of the calendar year that
 123 represents the fiftieth anniversary of the classification of such owner's
 124 land under this section, any owner who elects to continue with such
 125 classification shall have an annual tax due that shall not exceed the
 126 annual tax due for a similarly situated landowner under the provisions
 127 of section 12-107d. Any owner who elects to no longer participate in
 128 such classification shall be subject to any applicable penalty as
 129 provided in this chapter. Any such owner desiring such conversion
 130 shall notify the board of assessors of the town in which the land is
 131 located by registered mail. Nothing in this section shall be construed to
 132 affect any other agreement between such owner and the town in which
 133 the land is located.

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

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 12 \$	FY 13 \$
Various Municipalities	Revenue Impact	See Below	See Below

Explanation

The bill will preclude an increase in the net grand list of various 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. Land assessed on a "current use" basis would be valued significantly less than if assessed on the "best use" basis, which precludes an increase in the various municipalities' net grand lists.

There are currently approximately 14,050 acres in the "10 mil" program (in 34 different communities) that have their assessed property value fixed.

House "A" clarifies the original bill by replacing the term "tax" with "annual tax." This does not alter the underlying fiscal impact, as

described above.

The Out Years

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 14 \$	FY 15 \$	FY 16 \$
Various Municipalities	Revenue Impact	See Above	See Above	See Above

Sources: Department of Environmental Protection,, 3/7/11 Testimony

OLR Bill Analysis**HB 6263 (as amended by House "A")******AN ACT CONCERNING THE TRANSITION FROM THE TEN MILL PROGRAM.*****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 ("490 program") without penalty. The exemption includes penalties for the value of standing timber, if a sale or donation of the land to a nonprofit land preservation organization or a permanent conservation easement on the land occurs before the conversion.

Alternatively, the bill specifies that woodlands retaining a 10 mill classification on their 50th-year revaluation will be assessed at a tax rate not to exceed the similar properties classified as "forestland" under the forest preservation program. Any landowner who elects to discontinue participation in the 10 mill program will be subject to any applicable penalties.

*House Amendment "A" makes technical changes.

EFFECTIVE DATE: Upon passage

BACKGROUND***Ten Mill Program***

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 10 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, provided the land use does not change. The law establishes the tax rate for such land 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 and is tied to the land, not to the owner.

If the 10-mill classification is cancelled before the end of the 50-year period, the land will be taxed as other land and a penalty will be assessed. The penalty is equal to five mills per year on the difference between the land and timber's valuation at the time of classification and the current valuation (CGS § 12-99).

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 27 Nay 0 (03/18/2011)

Planning and Development Committee

Joint Favorable
Yea 19 Nay 0 (04/18/2011)

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 52 Nay 0 (05/10/2011)