



Senate

General Assembly

File No. 219

January Session, 2011

Substitute Senate Bill No. 898

Senate, March 28, 2011

The Committee on Planning and Development reported through SEN. CASSANO of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PROPERTY TAX RELIEF FOR LOW AND MODERATE INCOME OWNERS OF RESIDENTIAL PROPERTY.

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

1 Section 1. (NEW) (*Effective October 1, 2011, and applicable to assessment*
2 *years commencing on or after October 1, 2011*) (a) For purposes of this
3 section, (1) "low income" means persons and families having an
4 aggregate family income equal to or over twenty-six per cent but less
5 than fifty per cent of the area median income, as determined by the
6 United States Department of Housing and Urban Development; and
7 (2) "moderate income" means persons and families having an
8 aggregate family income equal to or over fifty per cent but less than
9 eighty per cent of the area median income, as determined by the
10 United States Department of Housing and Urban Development.

11 (b) Notwithstanding subsection (b) of section 12-62a of the general
12 statutes, any municipality may, by vote of its legislative body or, in a
13 municipality where the legislative body is a town meeting, by vote of

14 the board of selectmen, assess any residential property owned by low
15 and moderate income households, including, but not limited to, a
16 single family unit in a common interest community, at less than
17 seventy per cent of the present true and actual value, as determined
18 under section 12-63 of the general statutes.

19 (c) Any municipality that elects, pursuant to subsection (b) of this
20 section, to reduce the assessment of residential property owned by low
21 and moderate income households shall establish a procedure under
22 which such municipality shall determine eligibility for such reduced
23 assessment. Such procedure shall include a provision that when an
24 applicant has filed for such reduced assessment and received approval
25 for the first time, such reduced assessment shall only apply for two
26 assessment years, subject to the provisions of subsection (d) of this
27 section, and such applicant shall be required to refile for such reduced
28 assessment thereafter in order to continue such reduced assessment.

29 (d) Any person who has submitted an application and been
30 approved in any assessment year for the reduced assessment under
31 subsection (b) of this section shall, in the assessment year immediately
32 following approval, be presumed to be qualified for such reduced
33 assessment. If, in the assessment year immediately following approval,
34 such person has qualifying income in excess of the maximum allowed
35 under this section, such person shall notify the tax assessor in the
36 municipality on or before the next filing date for such reduced
37 assessment and shall be denied such reduced assessment for the
38 following assessment year and for any subsequent assessment year
39 until such person has reapplied and again qualified for such reduced
40 assessment. Any person who fails to notify the tax assessor of such
41 disqualification shall be liable to the municipality in the amount of
42 property tax revenue loss due to the reduced assessment improperly
43 taken.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2011, and applicable to assessment years commencing on or after October 1, 2011</i>	New section
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PD *Joint Favorable Subst.*

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:*** See Below***Explanation***

Any municipality choosing to assess low and moderate income households' residential property at less than seventy percent would experience a reduction in its grand list. This would result in an increased mill rate, given a constant tax levy.

The Out Years***State Impact:*** None***Municipal Impact:*** See Above

OLR Bill Analysis**sSB 898*****AN ACT CONCERNING PROPERTY TAX RELIEF FOR LOW AND MODERATE INCOME OWNERS OF RESIDENTIAL PROPERTY.*****SUMMARY:**

This bill allows municipalities to lower the property tax assessment on homes owned by people with incomes below area averages. Current law requires municipalities to assess property at 70% of the present true and actual value (i.e., what assessors deem “fair market value”). The bill authorizes a municipality by vote of its legislative body (or in a municipality where the legislative body is a town meeting, by vote of the board of selectmen) to assess any residential property owned by low- and moderate-income households, including a single family unit in a common interest community, at less than 70% of fair market value.

The bill (1) requires municipalities that vote to allow reduced assessments to create eligibility and application procedures and (2) bases household qualification as low- and moderate-income on U.S. Department of Housing and Urban Development (HUD) criteria.

The bill makes any person who fails to notify a tax assessor of his or her disqualification for a reduced rate (due to an increase in income) liable to the municipality for the amount of property tax lost due to the improper reduced assessment.

EFFECTIVE DATE: October 1, 2011, applicable to assessment years commencing on or after October 1, 2011.

REDUCED ASSESSMENT***Eligibility and Application Procedures***

Under the bill, municipalities that vote to reduce assessments for

residential property owned by low- and moderate-income households must establish a procedure to determine eligibility for reduced assessments. The procedure must include a provision that:

1. applies the reduced assessment for only two assessment years when a reduced assessment is approved for the first time, subject to an individual's self reporting if his or her income increases beyond the percentages allowed and
2. requires an applicant to refile for the reduced assessment after two years in order to continue to receive the reduction.

The bill specifies that any person who applied for and received approval for the reduced assessment is presumed to be qualified in the assessment year immediately following approval. However, if the person has qualifying income that exceeds thresholds for low- and moderate-income households in the assessment year immediately following approval, he or she must notify the municipal tax assessor on or before the next filing date for the reduced assessment. The person is then ineligible for a reduced assessment in the following assessment year and for any subsequent assessment year until he or she reapplies and again qualifies for the reduced assessment.

Low- and Moderate-Income

The bill defines "low income" to mean a person or family having an aggregate family income between 26% and 50% of the area median income (AMI), as HUD determines. "Moderate income" means a person or family having an aggregate family income equal between 50% and 80% of the AMI .

BACKGROUND

AMI

HUD uses AMI to determine income limits for its rental assistance programs. Connecticut also uses AMI to determine income limits for several programs. For example, incentive housing zone law uses AMI to determine the affordability of housing projects in such zones. Table 1 outlines AMI for Connecticut:

Table 1: HUD 2010-2011 Connecticut AMI*

<i>Area</i>	<i>AMI in \$</i>
Bridgeport	86,600
Danbury	107,600
Stamford-Norwalk	125,700
Hartford - West Hartford - East Hartford	84,700
Southern Middlesex County	96,800
Milford-Ansonia-Seymour	87,400
New Haven-Meriden	80,900
Waterbury	68,400
Colchester-Lebanon	94,100
Norwich-New London	81,200
Litchfield County	86,000
Windham County	68,200

*HUD's FY 2010 estimates, in effect through May 2011, use a formula to update 2000 Census data that applies 2008 American Community Survey three-year data, which the U.S. Census Bureau publishes.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 3 (03/08/2011)