

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 11-212—HB 6559

*Finance, Revenue and Bonding Committee
Planning and Development Committee*

**AN ACT CONCERNING THE MUNICIPAL OPTION TO ADOPT
ASSESSMENT RATES LIMITING PROPERTY TAX INCREASES ON
RESIDENTIAL PROPERTIES**

SUMMARY: Beginning with the 2011 assessment year, this act requires a municipality that meets certain conditions to make annual adjustments to the assessment ratios for residential and apartment property, as long as the assessment ratio for any property class does not exceed 70%. It applies to any municipality that, in the 2010 assessment year, was implementing the law that allows towns to provide a special property tax relief program (see BACKGROUND). Hartford is the only municipality that used this program and is thus the only municipality that must make these assessment ratio adjustments. The act supersedes the law requiring that all property be assessed for property tax purposes at 70% of its fair market value.

The act defines “residential property” as any building, land, and accessory buildings and improvements having one to three dwelling units, and “apartment property” as having four or more.

The act also allows voters in Hartford to petition for a referendum on any budget that increases the tax levy by more than 2.6% over that for the prior fiscal year.

EFFECTIVE DATE: Upon passage, and applicable to assessment years beginning on or after October 1, 2011.

PROPERTY TAX ASSESSMENT RATIO ADJUSTMENTS

Residential Property

For the 2011 assessment year (which begins October 1, 2011, with taxes due in FY 13), the act requires Hartford’s assessor to calculate an assessment ratio for residential property that (1) produces an average annual property tax increase attributable to a revaluation of 3.5% over the 2010 assessment year and (2) is at least 23%.

The act also requires an additional adjustment to residential property assessments. For each assessment year, the assessor must adjust the assessment ratio for residential property for the following grand list to reflect the growth in property taxes levied over the previous fiscal year. He must do so by January 31st or upon completing the grand list, whichever is later.

To determine the adjustment, the assessor must annually calculate the difference between the total amount of taxes the city levied in the current and prior fiscal years, adjusted for inflation using the consumer price index for urban

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consumers in the northeast region. As Table 1 shows, the assessment ratio adjustment depends on this difference. The assessor must apply the adjustment to the assessment ratio for the next grand list. Thus, the first such adjustment would apply to the 2012 assessment year, for taxes due in FY 14.

Table 1: Residential Property Assessment Ratio Adjustments

<i>If Tax Levy in the Current Fiscal Year (adjusted for inflation)</i>	<i>Increase in Residential Property Assessment Ratio</i>
Exceeds that of the prior FY by more than 100% of the inflation rate	5%
Exceeds that of the prior FY by between 50% and 100% of the inflation rate	3.5%
Exceeds that of the prior FY by 50% of the inflation rate or less	2.5%
Is equal to or up to 0.5% less than that of the prior FY	1.5%
Is less than that of the prior FY by at least 0.5%	None

Apartment Property

The act requires Hartford to assess apartment property at 50% of its fair market value for the 2011 assessment year. Beginning with the 2012 assessment year, the assessor must proportionately increase this assessment ratio so that it is 70% by the 2015 assessment year.

BUDGET REFERENDUM

If the current tax levy increases by more than 2.6% over that of the prior fiscal year, the act requires a referendum on the budget that established the increase (i.e., the current budget) if 1% of Hartford voters petition for one by June 15th. While the act specifies that the budget does not take effect unless a majority of voters approve it, it authorizes a referendum on the current budget near the end of the fiscal year. Thus, it appears voters would be voting on a budget that has already taken effect.

The act allows only one referendum, which must be held within 10 days after the town clerk receives the petition. If voters do not approve the budget, the city must limit the tax levy increase to 2.6% or less over the prior fiscal year.

BACKGROUND

Hartford's Property Tax Relief Program

PA 06-183 allowed Hartford to implement a special property tax relief

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program for residential and apartment property from 2006 to 2010. Instead of assessing all real property at 70% of fair market value, the act allowed Hartford to assess different types of property at different rates. It required the Hartford assessor to calculate two annual assessment ratios, one for the residential and apartment property classes and one for all other classes. The two ratios had to produce, in the revaluation year and each of the four following years (2006 through 2010), an average annual property tax increase attributable to the revaluation of 3.5% for the residential and apartment classes.

PA 06-183 required the city to use the revenue from the tax increases on residential and apartment property to proportionately reduce the 15% tax surcharge on the other property classes that had been in place since Hartford instituted its property "tax cap" program in 1990. The surcharge had to be no more than 7.5% in the October 1, 2010 assessment year. PA 06-183 repealed the statute authorizing the surcharge as of the same assessment year.

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