
OLR Bill Analysis

sSB 262

AN ACT CONCERNING THE ASSESSMENT OF FARM MACHINERY AND LIVESTOCK AND THE TRANSFER OF LAND CLASSIFIED AS FARM LAND, OPEN SPACE LAND, FOREST LAND AND MARITIME HERITAGE LAND.

SUMMARY:

This bill makes changes to the “490 program,” in which eligible farm, forest, open space, and maritime heritage land is assessed for property tax purposes based on its current use, rather than its full market value. Specifically, it:

1. extends the application deadline for forest land classification;
2. modifies notice and filing requirements for transfers of 490 property that are exempt from a conveyance tax;
3. specifies that such exempt transfers do not affect the 10-year period for purposes of determining a landowner’s obligation for the tax;
4. requires landowners to file a new, rather than a revised, program application with the town assessor whenever land in the program is sold (§ 4);
5. extends the date by which an assessor must file certain information with the town clerk for 490 program property in a revaluation year; and
6. makes a technical change.

The bill also (1) fully exempts horses and ponies from local property taxes, regardless of their use and (2) expands the mandatory property tax exemption for farm machinery.

EFFECTIVE DATE: October 1, 2012, and applicable to assessment years starting on or after that date.

490 PROGRAM CHANGES

Application Deadline for Forest Land Classification (§ 3)

The bill requires landowners seeking to have their land classified as forest land for purposes of the 490 program to file an application dated no later than October 1 with the town assessor, rather than submit it by that date.

Under current law, the October 1 submission deadline conflicts with another statute that requires owners to file the application between September 1 and October 31, unless the town is in a revaluation year, in which case the application must be filed by December 30 (CGS § 12-107d (f)). Thus, under the bill, an owner must submit an application, dated by October 1, within the 60-day filing period, or by December 30th in a revaluation year.

Excepted Property Transfers (§ 5)

With certain exceptions, the law imposes a conveyance tax on farm, forest, open space, and maritime heritage land in the 490 program that is sold or transferred within 10 years of its classification. The conveyance tax does not apply to certain transfers under the law, including transfers (1) for no consideration within a family or (2) resulting from a land owner's death where no consideration was received for the land.

The bill specifies that, for any transfer that is not subject to this conveyance tax, the 10-year period is (1) measured from the date on which the land received its 490 program classification and (2) not affected by the transfer date.

The bill also requires individuals who obtain title to land as a result of an excepted transfer to notify the town assessor by completing a form prescribed by the (1) agriculture commissioner, for farm and open space land; (2) State Forester, for forest land; or (3) Office of Policy and Management secretary, for maritime heritage land.

Landowners who obtain title to classified forest land must also submit a certified forester's report evaluating the property's 490 program eligibility, unless such a report was submitted before the transfer.

Deadline for Tax Assessor to Report to Town Clerk (§ 6)

Under current law, tax assessors must annually, by November 30th, file with the town clerk a certificate for any land classified under the 490 program. The bill extends this deadline to January 31 for any year in which a revaluation of all real property becomes effective.

PROPERTY TAX EXEMPTION FOR HORSES AND FARM MACHINERY (§§ 1-2)

Under current law, horses and ponies are considered personal property and municipalities must assess them at 70% of their fair market value for property tax purposes. Current law exempts from the tax (1) horses and ponies used exclusively for farming and (2) the first \$1,000 of assessed value for those used for other purposes. The bill exempts all horses and ponies owned and kept in the state from property taxes, regardless of their use.

Under current law, municipalities must also exempt from property taxes farm machinery, other than motor vehicles, valued at up to \$100,000. The bill expands this exemption to up to \$100,000 in assessed value, which by law equals 70% of its fair market value. Municipalities may grant an additional exemption of \$100,000 of assessed value for such machinery, by law unchanged by the bill (CGS § 12-91 (b)).

To qualify for the farm machinery exemptions, farmers must individually or as a part of a group, partnership, or corporation, derive at least \$15,000 per year in gross sales from the farming operation or incur at least \$15,000 in farm-related expenses in the most recent assessment year before the assessment year to which the exemption applies. A farmer must apply annually for the exemptions with the local assessor or board of assessors.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/07/2012)