

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 12-157**—sHB 5035

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

**AN ACT CONCERNING PROPERTY TAX ASSESSMENTS BY  
MUNICIPALITIES**

**SUMMARY:** This act explicitly authorizes municipalities to impose property taxes on structures that are partially completed or under construction.

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

**PROPERTY TAX ON PARTIALLY COMPLETED CONSTRUCTION**

The act explicitly makes partially completed structures and structures under construction (e.g., a house being built) subject to municipal property tax.

Under prior law, it was unclear whether a town's assessor could include the value of partially completed structures and improvements in a property's assessment. While tax assessors had commonly assessed buildings under construction, the question of whether state law authorizes them to do so was the subject of litigation (see **BACKGROUND**).

By law, nonexempt structures, such as residential homes, garages, barns, commercial buildings, and all other building lots and the improvements on them are taxable at a uniform percentage of their true value, as an assessor determines (CGS § 12-62a). The act also requires an assessor to determine the value of partially completed improvements to a structure and tax them accordingly.

The law directs how tax assessors and tax collectors must treat new real estate construction completed after the October 1 assessment date for property tax purposes. If the property was under construction on that date, it becomes taxable on either the date the certificate of occupancy is issued or the date it is first used for the purpose for which it was constructed, whichever is earlier, prorated for the assessment year in which the new construction is completed. The act specifies that, on October 1, the tax is based on the assessed value of the (1) completed new construction or (2) partially completed portion.

The act also makes conforming changes.

**BACKGROUND**

*Superior Court Case on Taxing Structures Under Construction*

The case of *Kasica v. Town of Columbia* concerns a partially constructed house on a 3.44 acre lot in the town of Columbia. In 2008, Columbia's assessor valued the land at \$255,000 and the improvements (35% complete) at \$569,500.

## OLR PUBLIC ACT SUMMARY

The property owner appealed the assessor's valuation to the court, alleging, in part, that the assessor violated CGS § 12-53a by taxing the partially completed house.

The court ruled that without the issuance of a certificate of occupancy by the building inspector, there was no statutory authority for the assessor to (1) value the subject premises as partially improved and (2) add this amount to Columbia's assessment rolls.

OLR Tracking: RP:JM:JSL:ro:tjo:eh