



# Senate

General Assembly

**File No. 194**

January Session, 2013

Senate Bill No. 961

*Senate, March 27, 2013*

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

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

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

1 Section 1. (NEW) (*Effective October 1, 2013, and applicable to assessment*  
2 *years commencing on or after said date*) Notwithstanding the provisions  
3 of subdivision (68) of section 12-81 of the general statutes and section  
4 12-91 of the general statutes, as amended by this act, any municipality  
5 may, by vote of its legislative body, or in a municipality where the  
6 legislative body is a town meeting, by vote of the board of selectmen,  
7 exempt from property taxation horses or ponies of any value.

8 Sec. 2. Section 12-91 of the general statutes is repealed and the  
9 following is substituted in lieu thereof (*Effective October 1, 2013, and*  
10 *applicable to assessment years commencing on or after said date*):

11 (a) All farm machinery, except motor vehicles, as defined in section

12 14-1, to the assessed value of one hundred thousand dollars, any horse  
13 or pony which is actually and exclusively used in farming, as defined  
14 in section 1-1, when owned and kept in this state by, or when held in  
15 trust for, any farmer or group of farmers operating as a unit, a  
16 partnership or a corporation, a majority of the stock of which  
17 corporation is held by members of a family actively engaged in farm  
18 operations, shall be exempt from local property taxation; provided  
19 each such farmer, whether operating individually or as one of a group,  
20 partnership or corporation, shall qualify for such exemption in  
21 accordance with the standards set forth in subsection (d) of this section  
22 for the assessment year for which such exemption is sought. Only one  
23 such exemption shall be allowed to each such farmer, group of  
24 farmers, partnership or corporation. Subdivision (38) of section 12-81  
25 shall not apply to any person, group, partnership or corporation  
26 receiving the exemption provided for in this subsection.

27 (b) Any municipality, upon approval by its legislative body, may  
28 provide an additional exemption from property tax for such  
29 machinery to the extent of an additional assessed value of one hundred  
30 thousand dollars. Any such exemption shall be subject to the same  
31 limitations as the exemption provided under subsection (a) of this  
32 section and the application and qualification process provided in  
33 subsection (d) of this section.

34 (c) Any municipality, upon approval by its legislative body, may  
35 provide an exemption from property tax for any building used actually  
36 and exclusively in farming, as defined in section 1-1, or for any  
37 building used to provide housing for seasonal employees of such  
38 farmer. The municipality shall establish the amount of such exemption  
39 from the assessed value, provided such amount may not exceed one  
40 hundred thousand dollars with respect to each eligible building. Such  
41 exemption shall not apply to the residence of such farmer and shall be  
42 subject to the application and qualification process provided in  
43 subsection (d) of this section.

44 (d) Annually, on or before the first day of November or the

45 extended filing date granted by the assessor pursuant to section 12-42,  
46 each such individual farmer, group of farmers, partnership or  
47 corporation shall make written application for the exemption provided  
48 for in subsection (a) of this section to the assessor or board of assessors  
49 in the town in which such farm is located, including therewith a  
50 notarized affidavit certifying that such farmer, individually or as part  
51 of a group, partnership or corporation, derived at least fifteen  
52 thousand dollars in gross sales from such farming operation, or  
53 incurred at least fifteen thousand dollars in expenses related to such  
54 farming operation, with respect to the most recently completed taxable  
55 year of such farmer prior to the commencement of the assessment year  
56 for which such application is made, on forms to be prescribed by the  
57 Commissioner of Agriculture. Failure to file such application in said  
58 manner and form on or before the first day of November shall be  
59 considered a waiver of the right to such exemption for the assessment  
60 year. Any person aggrieved by any action of the assessors shall have  
61 the same rights and remedies for appeal and relief as are provided in  
62 the general statutes for taxpayers claiming to be aggrieved by the  
63 doings of the assessors or board of assessment appeals.

64 Sec. 3. Subsection (g) of section 12-107d of the general statutes is  
65 repealed and the following is substituted in lieu thereof (*Effective*  
66 *October 1, 2013, and applicable to assessment years commencing on or after*  
67 *said date*):

68 (g) A report issued by a certified forester pursuant to subsection (c)  
69 of this section shall be on a form prescribed by the State Forester and  
70 shall set forth a description of the land, a description of the forest  
71 growth upon the land, a description of forest management activities  
72 recommended to be undertaken to maintain the land in a state of  
73 proper forest condition and such other information as the State  
74 Forester may require as measures of forest stocking, distribution and  
75 condition and shall include the name, address and certificate number  
76 of the certified forester and a signed, sworn statement that the certified  
77 forester has determined that the land proposed for classification  
78 conforms to the standards of forest stocking, distribution and

79 condition established by the State Forester. An application to an  
80 assessor for classification of land as forest land shall be made upon a  
81 form prescribed by such assessor and approved by the Commissioner  
82 of Energy and Environmental Protection and shall set forth a  
83 description of the land and the date of the issuance of the certified  
84 forester's report and a statement of the potential liability for tax under  
85 the provisions of sections 12-504a to 12-504e, inclusive. The certified  
86 forester's report shall be signed and dated by the certified forester not  
87 later than October first and shall be attached to and made a part of  
88 such application. [No later than October first, such application shall be  
89 submitted to the assessor.]

90 Sec. 4. Subsection (a) of section 12-504a of the general statutes is  
91 repealed and the following is substituted in lieu thereof (*Effective*  
92 *October 1, 2013, and applicable to assessment years commencing on or after*  
93 *said date*):

94 (a) If at any time there is a change of ownership for any property  
95 that is classified as farm land pursuant to section 12-107c, forest land  
96 pursuant to section 12-107d, as amended by this act, open space land  
97 pursuant to section 12-107e or maritime heritage land pursuant to  
98 section 12-107g, a [revised] new application shall be filed with the  
99 assessor pursuant to said section 12-107c, 12-107d, 12-107e or [section]  
100 12-107g, provided such change of ownership is not an excepted  
101 transfer pursuant to section 12-504c, as amended by this act.

102 Sec. 5. Section 12-504c of the general statutes is repealed and the  
103 following is substituted in lieu thereof (*Effective October 1, 2013, and*  
104 *applicable to assessment years commencing on or after said date*):

105 (a) The provisions of section 12-504a shall not be applicable to the  
106 following: (1) Transfers of land resulting from eminent domain  
107 proceedings; (2) mortgage deeds; (3) deeds to or by the United States  
108 of America, state of Connecticut or any political subdivision or agency  
109 thereof; (4) strawman deeds and deeds which correct, modify,  
110 supplement or confirm a deed previously recorded; (5) deeds between  
111 [husband and wife] spouses and parent and child when no

112 consideration is received, except that a subsequent nonexempt transfer  
113 by the grantee in such cases shall be subject to the provisions of said  
114 section 12-504a as it would be if the grantor were making such  
115 nonexempt transfer; (6) tax deeds; (7) deeds of foreclosure; (8) deeds of  
116 partition; (9) deeds made pursuant to a merger of a corporation; (10)  
117 deeds made by a subsidiary corporation to its parent corporation for  
118 no consideration other than the cancellation or surrender of the capital  
119 stock of such subsidiary; (11) property transferred as a result of death  
120 when no consideration is received and in such transfer the date of  
121 acquisition or classification of the land for purposes of sections 12-504a  
122 to 12-504f, inclusive, or section 12-107g, whichever is earlier, shall be  
123 the date of acquisition or classification by the decedent; (12) deeds to  
124 any corporation, trust or other entity, of land to be held in perpetuity  
125 for educational, scientific, aesthetic or other equivalent passive uses,  
126 provided such corporation, trust or other entity has received a  
127 determination from the Internal Revenue Service that contributions to  
128 it are deductible under applicable sections of the Internal Revenue  
129 Code; (13) land subject to a covenant specifically set forth in the deed  
130 transferring title to such land, which covenant is enforceable by the  
131 town in which such land is located, to refrain from selling, transferring  
132 or developing such land in a manner inconsistent with its classification  
133 as farm land pursuant to section 12-107c, forest land pursuant to  
134 section 12-107d, open space land pursuant to section 12-107e or  
135 maritime heritage land pursuant to section 12-107g, for a period of not  
136 less than eight years from the date of transfer, if such covenant is  
137 violated the conveyance tax set forth in this chapter shall be applicable  
138 at the rate multiplied by the market value as determined by the  
139 assessor which would have been applicable at the date the deed  
140 containing the covenant was delivered and, in addition, the town or  
141 any taxpayer therein may commence an action to enforce such  
142 covenant; (14) land the development rights to which have been sold to  
143 the state under chapter 422a; and (15) deeds to or from any limited  
144 liability company when the grantors or grantees are the same  
145 individuals as the principals or members of the limited liability  
146 company. If action is taken under subdivision (13) of this [section]

147 subsection by a taxpayer, such action shall commence prior to the  
148 ninth year following the date of the deed containing such covenant  
149 and the town shall be served as a necessary party.

150 (b) Any person who obtains title to land as a result of a change of  
151 ownership enumerated in subsection (a) of this section shall provide  
152 notice of such change of ownership to the assessor by completing a  
153 form prescribed by (1) the Commissioner of Agriculture if such land is  
154 classified as farm land pursuant to section 12-107c or open space land  
155 pursuant to section 12-107e; (2) the State Forester if such land is  
156 classified as forest land pursuant to section 12-107d, as amended by  
157 this act; or (3) the Secretary of the Office of Policy and Management if  
158 such land is classified as maritime heritage land pursuant to section 12-  
159 107g. In addition to the notice required under this subsection, any  
160 person who obtains title to land classified as forest land shall submit a  
161 report issued by a certified forester in accordance with section 12-107d,  
162 as amended by this act, if such a report has not been submitted prior to  
163 the change of ownership.

164 (c) For any change of ownership enumerated in subsection (a) of  
165 this section except subdivision (7), the ten-year period provided under  
166 section 12-504a, as amended by this act, shall be measured from the  
167 date on which the land was classified as farm land pursuant to section  
168 12-107c, forest land pursuant to section 12-107d, as amended by this  
169 act, open space land pursuant to section 12-107e or maritime heritage  
170 land pursuant to section 12-107g and shall not be affected by the date  
171 of such change of ownership.

172 Sec. 6. Section 12-504f of the general statutes is repealed and the  
173 following is substituted in lieu thereof (*Effective October 1, 2013, and*  
174 *applicable to assessment years commencing on or after said date*):

175 The tax assessor shall file annually [, not later than sixty days after  
176 the assessment date,] with the town clerk a certificate for any land  
177 [which] that has been classified as farm land pursuant to section 12-  
178 107c, as forest land pursuant to section 12-107d, as amended by this  
179 act, as open space land pursuant to section 12-107e or as maritime

180 heritage land pursuant to section 12-107g, which certificate shall set  
 181 forth the date of the initial classification and the obligation to pay the  
 182 conveyance tax imposed by this chapter. [Said] Such certificate shall be  
 183 filed not later than sixty days after the assessment date, except that in a  
 184 year in which revaluation required under section 12-62 becomes  
 185 effective, such certificate shall be filed not later than January thirty-first  
 186 following the assessment date. Such certificate shall be recorded in the  
 187 land records of such town. Any such classification of land shall be  
 188 deemed personal to the particular owner who requests such  
 189 classification and shall not run with the land. The town clerk shall  
 190 notify the tax assessor of the filing in the land records of the sale of any  
 191 such land. Upon receipt of such notice the tax assessor shall inform the  
 192 new owner of the tax benefits of classification of such land as farm  
 193 land, forest land, [or] open space land or maritime heritage land.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013, and applicable to assessment years commencing on or after said date</i>	New section
Sec. 2	<i>October 1, 2013, and applicable to assessment years commencing on or after said date</i>	12-91
Sec. 3	<i>October 1, 2013, and applicable to assessment years commencing on or after said date</i>	12-107d(g)
Sec. 4	<i>October 1, 2013, and applicable to assessment years commencing on or after said date</i>	12-504a(a)
Sec. 5	<i>October 1, 2013, and applicable to assessment years commencing on or after said date</i>	12-504c

Sec. 6	<i>October 1, 2013, and applicable to assessment years commencing on or after said date</i>	12-504f
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**PD**      *Joint Favorable*

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:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 14 \$</b>	<b>FY 15 \$</b>
Various Municipalities	Grand List Reduction	See Below	See Below

**Explanation**

The bill allows municipalities to exempt horses and ponies valued at more than \$1,000 from property taxes. It also expands the mandatory property tax exemption for farm machinery to an assessed value of \$100,000 (or a value of \$142,857 assessed at 70%).

Municipalities that choose to exempt horses and ponies valued at \$1,000 would incur a grand list reduction, which would result in a loss of tax levy given a constant mill rate. The 2010 statewide Grand List included 1,902 horses and ponies valued at more than \$1,000.

Municipalities will incur a grand list reduction due to the expansion of the mandatory property tax exemption for farm machinery. This will result in a loss of tax levy, given a constant mill rate.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****SB 961*****AN ACT CONCERNING THE ASSESSMENT OF LIVESTOCK AND FARM MACHINERY 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. eliminates a conflicting provision concerning 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, with one exception, that these 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 technical changes.

The bill also (1) allows municipalities to exempt horses and ponies from local property taxes, regardless of their use; (2) expands the

mandatory property tax exemption for farm machinery; and (3) extends the application deadline for property tax exemptions for farm machinery, horses, and buildings for farmers granted an extension to submit their personal property tax declarations.

EFFECTIVE DATE: October 1, 2013, and applicable to assessment years starting on or after that date.

#### **490 PROGRAM CHANGES**

##### ***Application Deadline for Forest Land Classification (§ 3)***

By law, landowners seeking to have their land classified as forest land for purposes of the 490 program must (1) hire certified foresters to determine and report if the land meets state standards and (2) include a copy of the report with their 490 program applications. The bill requires the forester's report to be signed and dated no later than October 1.

The bill also repeals a requirement that landowners submit the applications by October 1. This provision 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)).

##### ***Excepted Property Transfers (§ 5)***

With some 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 those (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 not subject to this conveyance tax, except those due to foreclosure, 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 30<sup>th</sup>, 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 EXEMPTIONS FOR HORSES AND FARM MACHINERY AND BUILDINGS (§§ 1-2)**

***Horses and Ponies***

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 allows 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 fully exempt all horses and ponies from property taxes, regardless of their use.

***Farm Machinery***

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.

***Deadline for Applying for Farm Machinery, Horse, and Building Exemptions***

By law, farmers must apply annually, by November 1, for property tax exemptions for farm machinery, horses, and buildings. The bill extends this deadline for farmers that have been granted a filing extension for their personal property declarations, to the extended deadline set by the assessor.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 18 Nay 0 (03/13/2013)